Zambeef Products PLC Annual Report 2016

Zambeef Products PLC

Annual Report 2016

A bold retail strategy for African growth

Contents

Our profile

Zambeef Products PLC ("Zambeef", the "Company", or, together with its subsidiaries the "Group") is the largest vertically integrated food retailing brand in Zambia.

The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, stockfeed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 hectares of row crops under irrigation, which are planted twice a year and a further 8,623 hectares of rainfed/dry-land crops available for planting each year. The Group is also expanding its West Africa operations in Nigeria and Ghana.

Our vertically integrated business model provides for strong foundations for growth and:

- Underpins margin capture and value add;
- Secures supply chain; and
- Reduces risk and earnings volatility.

Our vision and strategy

Our vision is to be one of the most accessible and affordable quality protein providers in the Southern Africa region, delivered through the Group's extensive retail and distribution network.

Highlights

EBITDA

2016: USD 29.2m
2015: USD 21.2m

38%

Profit after tax

2016: USD 14.5m
2015: USD (7.7)m

USD22m

Gearing

2016: 26%
2015: 60.3%

57%

Debt-to-EBITDA

2016: 1.7
2015: 4.2

60%

Cost/Income Ratio

2016: 25.7%
2015: 28.2%

9%

Current ratio

2016: 1.6
2015: 1.0

60%

CDC Group PLC equity investment in Zambeef of USD65m

Continued growth and expansion in retailing of Cold Chain Food Products

Cash settlement of RCL Foods Ltd put options on Zam Chick & Zamhatch, allowing Zambeef to regain 100% control of our poultry operations

Zambeef at a glance

A robust business model of vertical integration

Retail and distribution

- Vast majority of Zambeef products retailed directly to end consumer, in a value added form, through the Group's extensive retail distribution network.
- 57% of Zambeef's turnover is through its retail network.
- Currently 140 retail outlets in Zambia: 83 retail outlets, ten macro stores, four fast food outlets, ten Novatek outlets, two Zamshu outlets and 31 Shoprite butcheries.
- Currently 31 retail outlets in West Africa: six retail outlets and 20 Shoprite butcheries in Nigeria; and five Shoprite butcheries in Ghana.
- Shoprite butcheries throughout Zambia, Nigeria and Ghana provide an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- Total Shoprite butcheries of 56: Zambia (31); Nigeria (20) and Ghana (5).
- Zambeef also operates one of the largest transport and trucking fleets in Zambia and has its own workshop to service and maintain its vehicle fleet.
- Gives the Group control over logistics and distribution.

Cold chain food production

- One of the largest suppliers, processors and distributors of beef in Zambia. Six beef abattoirs and three feedlots located throughout Zambia, with a capacity to slaughter 115,000 cattle and feedlot 30,000 grain-fed cattle p.a. In 2016, Zambeef slaughtered 69,848 cattle (2015: 57,945).
- One of the largest chicken and egg producers in Zambia, currently producing 9.9 million day-old chicks p.a.; processing 6.75 million chickens p.a. (2015: 6.69 million); and producing over 40.2 million eggs p.a. (2015: 39.3 million).
- One of the largest piggeries, pig abattoir and pork processing plants in Zambia, with a capacity to slaughter 100,000 pigs p.a. In 2016, Masterpork slaughtered 69,644 pigs (2015: 52,938), of which 9,478 pigs came from Zambeef's own Nkumba piggery.
- One of the largest dairy farms and milk processing plants in Zambia, with approximately 2,321 dairy cattle, of which 1,000 are currently lactating and producing 7.4 million litres of milk p.a. (2015:6.4 million litres). With the addition of third-party milk purchases the dairy/milk plant processed over 14.8 million litres of milk during 2016 (2015: 12.4 million).
- Meat processing plants handled and distributed over 40,000 M.T. of processed meats in 2016.
- Meat and dairy processing plants add value in producing yoghurt, drinking yoghurt, cheese, butter, milk based juices and processed meat products.
- Beef, pork and dairy operations are currently working towards FSSC 22000 compliance.

Stockfeed (Novatek)

- One of the leading animal feed suppliers in Zambia and the surrounding region, with a capacity of 14,000 M.T. p.m. (Lusaka plant). In 2016, Novatek produced over 150,000 tons of stockfeed (2015: 130,000 tons).
- Second feed mill to be commissioned in the Copperbelt during Q1/2017, with a capacity of 11,000 M.T. p.m.
- Over 75 per cent. of Novatek's stockfeed production is for the large and growing poultry sector.
- Approximately 35 per cent. of Novatek's production is for internal consumption within the Zambeef Group; the balance of 65 per cent. is sold in the external market, both within Zambia and the surrounding region.
- Novatek stockfeed marketing and distribution aided by over 92 branded Novatek agency distribution points and ten Novatek outlets in Zambia.
- Novatek products have been certified by the Zambia Bureau of Standards (ZS 017, ZS 018 and ZS 019) and Novatek is also ISO 9001 (Quality Management) and ISO 22,000 (Food Safety Management) certified.

Cropping

- One of the largest irrigated row cropping operations in Zambia.
- Approximately 7,971 Ha irrigated and 8,623 Ha rainfed, arable, developed land available for planting each year.
- Crop production focused on maize and soybeans during summer and wheat and maize during winter.
- In 2016, Zambeef Cropping division produced 39,942 tons soybean (2015: 36,253 tons); 40,643 tons wheat (2015: 48,759 tons); 33,032 tons maize (2015: 22,973 tons); and 27,334 tons maize silage (2015: 29,713 tons).
- 125,000 M.T. storage capacity.
- Farming division provides raw materials input (wheat, soybean, and maize) for further value add processing within the Group.

Other businesses

- Wheat mill with a capacity to mill 30,000 M.T. of wheat p.a. In 2016, the wheat mill produced 9,820 tons of flour (2015: 12,720 tons).
- Wheat mill adds value to the wheat from the Zambeef farms, producing flour.
- One of the largest tanneries in Zambia, with a processing capacity of 100,000 hides p.a. In 2016, the tannery processed 97,533 hides (2015: 100,510 hides).
- One of the largest shoe plants in Zambia with a processing capacity of 90,000 pairs p.a. In 2016, the shoe plant produced 67,746 pairs of shoes (2015: 89,197 pairs).
- Tannery and shoe plant add value to the by-product of the beef abattoir division (cattle hides); producing leather, industrial footwear and protective leather clothing.
- Zamshu has received ISO 20345 certification for some of its mining sector boots.

Feeding a growing region

Zambia

- One of the fastest growing economies in Sub-Saharan Africa (SSA).
- GDP increased by 65%, from USD12.8 billion (2006) to USD21.2 billion (2015)
- Rapidly expanding consumer base, driven by an emerging middle class and high levels of urbanisation.
- One of the world's fastest growing populations in the world; current population of around 16 million.
- GDP per capita increased by 27% from USD1,030 (2006) to USD1,308 (2015).

Nigeria

- One of the largest economies in Africa.
- GDP increased by 230% from USD146 billion (2006) to USD481 billion (2015)
- GDP per capita increased by 160% from USD1,015 (2006) to USD2,640 (2015)
- Africa's most populous country, with current population of over 188 million.
- Rapidly expanding consumer base, fuelled by an emerging middle class and high levels of urbanisation.

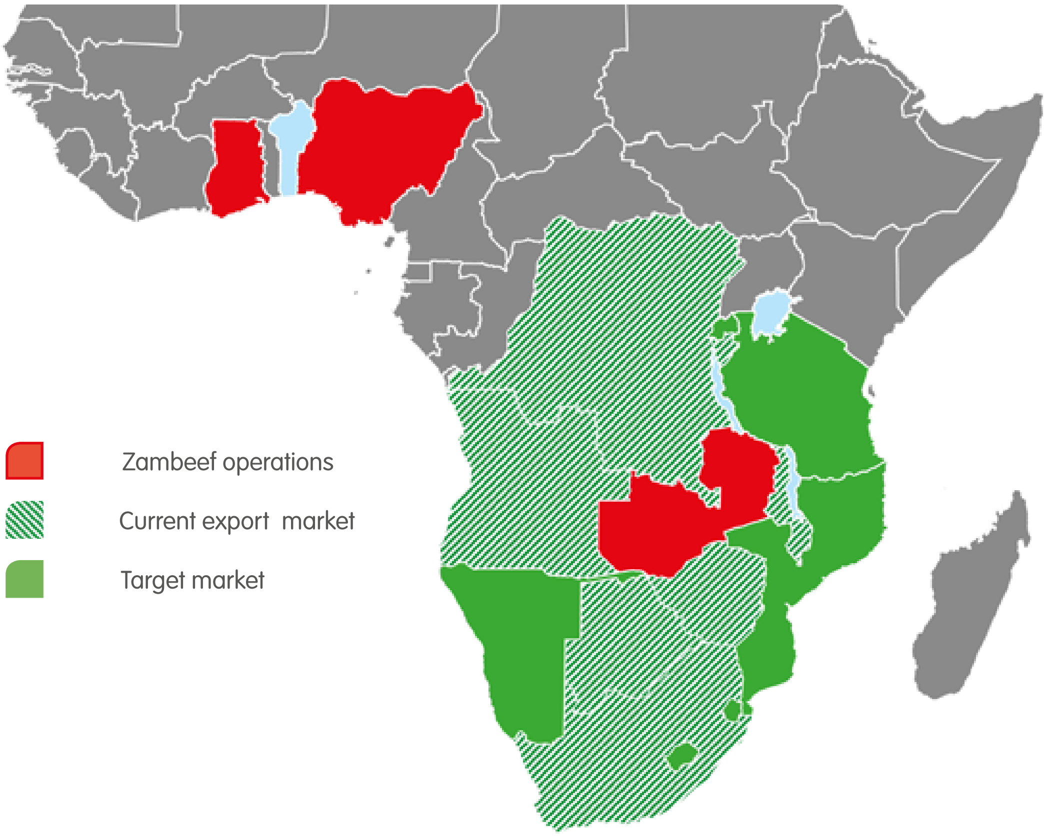
Ghana

- GDP increased by 68% from USD20.4 billion (2006) to USD37.9 billion (2015).
- Current population of over 28 million.

SADC/COMESA

- SADC comprises 15 member states with a total population of approximately 280 million people and a combined GDP of approximately USD575 billion.
- COMESA comprises 19 member states with a population of approximately 450 million people and a combined GDP of approximately USD657 billion.

171 outlets up 17 (11%)



		2016	2015	
Zambia	**Zambeef Outlets**	83	86	-3
	Zambeef Macros	10	7	3
	Zamchick Inns	4	6	-2
	Novatek	10	5	5
	Zamshu Outlets	2	0	2
		109	104	5
	Shoprite Butcheries	31	26	5
		140	**130**	**10**
Nigeria	**Shoprite Butcheries**	20	14	6
	Master Meats Outlets	6	6	0
		26	**20**	**6**
Ghana	**Shoprite butcheries**	**5**	**4**	**1**


Beef
GOULASH
Beef
MINUTE STEAK
STEAK & KIDNEY
CHUCK
Beef
FRYING STEAK
Beef
GOULASH
Beef
MINUTE STEAK
Beef
GOULASH
Beef
FRYING STEAK
MINUTE STEAK
Beef
GOULASH

Strategic report

Chairman's report

This has been a momentous year for Zambeef, with the successful completion of CDC's equity investment of USD65m, the cash settlement of USD23.4m of RCL's put options and the strong financial and operational performance across the Group

Overview

The 2016 financial year has been a momentous year for the Zambeef Group.

The improved performance that the Group reported in its interim results statement in June continued into the second half and resulted in the Group reporting record profits for the year.

We signed an investment agreement with CDC Group Plc (CDC) under which they have become a significant and supportive shareholder in the Group and provided us with USD65 million of new capital. We have utilized part of this amount to regain 100 per cent. control of our poultry operations, a key strategic area for our business, through the cash settlement of the two put options held by RCL Foods Ltd (RCL) over their 49 per cent. shareholding in Zam Chick Ltd, and 51 per cent. shareholding in Zamhatch Ltd.

Operational results

It is pleasing to be able to report the Group's Profit After Tax of ZMW157.4 million (USD14.5 million), compared with a loss of ZMW54.6 million (USD7.7 million) for the same period last year.

Volumes handled by our retail business grew 11 per cent. with a particularly strong performance from the value added branded dairy products.

EBITDA has increased by 111.1 per cent. in Zambian Kwacha terms (38 per cent. in US Dollars), from ZMW149.5 million to ZMW316.6 million (USD21.2 million to USD29.2 million). Administrative costs as a percentage of turnover improved from 28.2 per cent. in the year-ended 30 September, 2015, to 25.7 per cent. for the current year, as a result of more effective cost management.

These results have been helped by the final settlement reached with the Zambia Revenue Authority (ZRA) over an historical disputed Zamanita Ltd tax liability, resulting in a write-back to the profit and loss account of approximately ZMW34 million (USD3.1 million).

The strong operational performance during the year, together with the cash injection from CDC, has significantly strengthened Zambeef's balance sheet and enabled the Group to settle, in cash, the USD23.4 million due to RCL Foods Ltd for settlement of the put options it held and exercised over Zam Chick Ltd and Zamhatch Ltd, as well as fund Group capital expenditure of ZMW178.8 million (USD16.5 million), particularly focused on the roll out of the macro retail stores as well as reducing Group debt by 24 per cent. from USD72 million to USD55 million.

Operating environment

After volatile performance in the 2015 financial year, the Zambian Kwacha has shown improved stability during the period under review.

The closing rate at 30 September 2016 was 10.01ZMW/USD, as against 12.02ZMW/USD at 30 September 2015. However, the average rate for this year was 10.83ZMW/USD, compared with 7.06ZMW/USD in 2015, which had a negative impact on the

US Dollar turnover and gross profit growth comparisons compared with last year.

Zambia is regarded as one of Africa's most mature and stable political democracies. In support of this reputation, peaceful General Elections were held during September 2016, in which President Edgar Chagwa Lungu's ruling Patriotic Front party was returned to office for a further five years. The President has committed to addressing the Balance of Payments deficit and to a balanced budget.

To this end, the government has sought support from the International Monetary Fund (IMF), which should lead to continuing Kwacha stability and improved economic growth.

Investment in Zambeef by CDC Group Plc (CDC)

In line with our objective of forging strategic alliances that will contribute to Zambeef's sustained long-term growth, negotiations with CDC were successfully concluded in September of this year. Under the agreement, CDC has invested USD65 million in Zambeef through the issue of 52,601,435 new Ordinary Shares at a price of USD0.18 per share, a total of USD9.5 million, and 100,057,658 Convertible Redeemable Preference Shares at a price of USD0.55 for a total of USD55.5 million.

On the assumption that CDC converts its Convertible Redeemable Preference Shares to Ordinary Zambeef shares, it would potentially hold 38 per cent. of the Company's enlarged share capital. While this will result in a dilution of existing shareholders, it was the view of the board that the benefits that will flow from this significant inward investment will create additional shareholder value that will offset the effects of the dilution. At an Extraordinary General Meeting held on 8 September, existing shareholders voted unanimously to approve this transaction. CDC's voting rights are currently limited to 34.85 per cent.

CDC, established in 1948, is the UK's leading development finance institution, active in Africa and South Asia. Its strategic vision is to help grow businesses, create jobs and make a lasting difference to the people in those parts of the world where they are active. Zambeef is proud to have them as a major shareholder.

We welcome CDC's David Osborne and Tim Pollock who have joined the Zambeef board, and look forward to their contribution. The experience they bring to the board, together with the commitment by CDC to encouraging best practice in relation to the social and environmental impact, operational safety and corporate governance in all the companies in which they invest, will assist Zambeef in its quest to be a leader in Africa in these areas.


NOVATEK
Feeding for prosperity
NOVATEK
animal feeds

Strategic priorities

Zambeef's vision is to become a major provider of cold chain food products in Zambia and the Southern African Development Community (SADC) / Common Market for Eastern and Southern Africa (COMESA) regions, where there is a population of 450 million people. In pursuit of this vision, the Group is committed to a number of strategic priorities:

1. Expansion of our retail network

The Zambeef retail network encompasses 56 meat butchery concessions in the Shoprite chain of supermarkets in Zambia, Nigeria and Ghana, and 115 stand-alone Company stores, located principally in Zambia. The retail network is the strategic distribution channel for the sale of the broad range of cold chain products including beef, poultry meat, pork products and dairy products, stockfeed and day-old chicks, produced within the Group.

This market-driven retail approach is Zambeef's critical differentiator in the Zambian market, the source of a major competitive advantage, and makes Zambeef a significant retailer on the African continent.

The new concept: large format 'macro stores', has been a success, and we will continue to roll out new outlets of this type in the coming year. The retail network is expected to have a major pull effect on our cold chain, stockfeed and day-old chick production in the coming years.

2. Expansion of our cold chain production facilities

The strong market demand fuelling our continued retail chain growth is dependent on consistent supplies of product to satisfy existing and potential customer demand. To this end there is a need to continually maintain and, where necessary, expand capacity in our cold chain, stockfeed and day-old chick production facilities. Accordingly, in the coming year, capital expenditure will be allocated to complete the stockfeed plant expansion at Mpongwe; the installation of a new rotary milking parlour at Kalundu Diary; the expansion of the day-old chick hatchery; the expansion of the Masterpork processing plant and to increase the Zam Chick slaughtering and processing capacity.

Budgeted capital expenditure spend for the coming year is expected to be approximately USD21 million.

3. Reducing gearing

It is pleasing to report that debt levels have been reduced further during the past year, with the debt-to-equity ratio reducing from 60 per cent. to 26 per cent. The Group's underlying operating cash flows should permit it to continue to reduce gearing over the coming year.

4. Dividend policy

With the improved operational performance of the Group, and the strengthening of the balance sheet through the CDC transaction, the board's intention is to adopt a policy of regular progressive dividend payments to shareholders from 2017 onwards.

Board changes

During the year, Irene Muyenga and Adam Fleming retired from the board, having both served as directors for 12 years. We thank Irene and Adam for their valued contributions over this period, and wish them both well in the future. We welcome Graham Clark to the board. Graham brings a considerable depth of experience of African agribusiness and the foods sector.

Following completion of the CDC investment, we are pleased to welcome CDC directors, David Osborne and Tim Pollock, to the board and look forward to benefitting from their insight and contribution.

Conclusion and outlook

Zambeef has ended the financial year in a strong position. Operationally, it has delivered record profits through efficient delivery of its strategic priorities, and a platform has been created from which to continue sustainable long term growth.

The balance sheet has been significantly strengthened as a result of CDC having made a substantial investment in the Group.

Zambeef now has the ability once again to invest in growing its business, accelerate the roll-out of its new macro stores and expand its production capacity in order to meet the growing demand for its products, both in Zambia and in the surrounding SADC/COMESA regions.

We have an outstanding management team, and loyal, committed and motivated staff, whose efforts have driven us to this position of strength. I thank them all for their valued contribution.

Zambeef operates in a dynamic expanding market, where the demand for its products, both locally and in neighboring countries, is expected to grow rapidly in order to meet the needs of an increasing population.

We are entering into a new era for Zambeef, and I am confident that the Group is well positioned to take advantage of the opportunities that lie ahead.

Finally, I would like to thank my board colleagues for their support and commitment during the year.

Dr. Jacob Mwanza
Chairman
22 November 2016

Joint Chief Executive Officers' review

Continued focus on the production and retailing of cold chain food products, with good performance from our stockfeed and cropping divisions, has resulted in record profits for the year, with Group debt and gearing also reducing significantly this year

Overview

The 2016 financial year has been a highly successful year for Zambeef Products PLC, with the Group achieving a record profit after tax of ZMW157.4 million (USD14.5 million) compared with a loss of ZMW54.6 million (USD7.7 million) in the previous year.

EBITDA increased in Zambian Kwacha terms by 111.7 per cent. from ZMW149.5 million to ZMW316.6 million and in US Dollar terms by 38 per cent from USD21.2 million to USD29.2 million.

The adjusted profit after tax, adjusting for unrealised exchange gains and losses as well as the tax write-back in relation to the former Zamanita edible oils division, increased from ZMW6.6 million to ZMW95.2 million and in US Dollars from USD0.9 million to USD8.8 million.

These strong financial results are an endorsement of the board's strategy to focus on its retailing and cold chain food products divisions while implementing its strategy to reduce gearing and address exposure to currency fluctuations.

The year has also seen a significant strengthening of the Zambeef balance sheet and improvement in liquidity ratios. The current ratio has increased from 1.0 to 1.58, and the debt-to-equity ratio has fallen from 60 per cent. to 26 per cent. The total debt-to-EBITDA ratio has dropped from 4.24 to 1.73, while total Group debt has reduced from USD72 million to USD55 million. This places the Group in a strong position to continue to grow its retailing and distribution network, both in Zambia and West Africa, and expand its cold chain food product operations.

Not only has 2016 been a successful year in terms of financial performance but it has also been a transformational year for Zambeef as a Company.

Negotiations were concluded with CDC Group Plc, which have resulted in CDC becoming a significant shareholder in Zambeef, through the investment of USD65 million of new capital. CDC is the UK's developmental finance institution which invests in Africa and South Asia to help to grow businesses, create jobs and make a lasting difference to the people in those parts of the world. CDC has a long and successful history in Zambia, and Zambeef is pleased to welcome it as a shareholder of the Group.

Acquisition of 100 per cent. of Zam Chick Ltd and Zamhatch Ltd

On 23 March 2016, Zambeef received notification from RCL Foods Ltd that it was exercising its put options, requiring Zambeef to acquire its shares in Zam Chick Ltd and Zamhatch Ltd, either in exchange for Zambeef shares or cash. The total settlement value of the put options was agreed as USD23,385,604 with either party having the right to pursue a disputed amount of around USD1 million, which both parties believed due to them.

The Zambeef board took the view that the settlement of the put options in Zambeef shares would have resulted in a dilution to the existing shareholders of Zambeef without any balance sheet benefits flowing from such a dilution, and hence resolved to settle the put options in cash. This was completed on 22 September 2016, resulting in Zam Chick Ltd and Zamhatch Ltd becoming 100 per cent. subsidiaries of Zambeef Products PLC.

Zam Chick Ltd is the company through which Zambeef conducts its chicken broiler operations, while Zamhatch Ltd is a green field company which commissioned one of the best hatcheries in the region in September 2015, has a breeder farm and is in the process of completing a 12,000 ton per month modern stockfeed plant, due for completion in early 2017. The combined turnover of these operations was ZMW279 million (USD25.7 million) and a net profit of ZMW44 million (USD4.1 million). These are core parts of the business. The chicken broiler operation is a material part of the cold chain food product operations, while the hatchery and stockfeed operations are key growth areas of the business with Zambeef using its new macro stores to sell stockfeed and day-old chicks to small-scale farmers and the informal sector. These will be important growth areas for Zambeef going forward, driven by the expansion of the Zambeef retail network, and hence Zambeef shareholders will benefit from having these poultry and stockfeed operations fully owned by Zambeef.

Investment by CDC Group PLC (CDC) into Zambeef

On 8 September 2016, Zambeef shareholders approved the investment by CDC of USD65 million in Zambeef through the issue of 52,601,435 new Ordinary Shares at a price of USD0.18 each, for a total consideration of USD9.5 million and the issuance of 100,057,658 Convertible Redeemable Preference Shares at a price of USD0.55 each for a total of USD55.5 million. The ordinary shares issued represent 17.5 per cent. of the enlarged ordinary issued share capital of Zambeef. The preference shares are convertible in whole or in part by CDC into ordinary shares on a one-for-one basis for the first eight years and thereafter on a basis of 3.0833 ordinary shares for each preference share. Zambeef has the right to redeem all or part of the preference shares at the redemption price, which will give CDC a 12 per cent. compounded return on investment. The zero-coupon preference shares pay a dividend only if a dividend is paid to ordinary shareholders, and in such cases, the dividend per share will be the same as that for ordinary shares. CDC has voting rights over 34.85 per cent. of the Company's share capital.

CDC is the UK's developmental finance institution established in 1948 and which currently has net assets of around USD5 billion. CDC has a long and successful history of investing in Zambia, which includes having been involved with the establishment of Chilanga Cement, Zambia Sugar, Kariba Dam and Mpongwe Farm. CDC prioritises investing in agribusinesses because it is a sector where growth leads to jobs and it helps provide access to safe and nutritious food to meet expanding populations' food requirements. Zambeef is pleased to welcome CDC as a supportive long-term investor in Zambeef.

The proceeds from this investment by CDC have been used to settle the put options to RCL Foods Ltd of USD23.4 million and reduce debt. In addition, it will allow Zambeef to grow its business and in particular its retailing platform and cold chain food business as well as expanding its stockfeed operations.

Expansion of retail network

In line with the strategic priorities set out in our 2015 Annual Report, a key focus area for the year has been the expansion of Zambeef's retailing activities. During the year, Zambeef's total retail network increased from 154 outlets to 171 outlets. This expansion has been driven both by the expansion of the Shoprite retail network both in Zambia, Nigeria and Ghana, as well as Zambeef expanding its own retail network, with the building of new Zambeef macro outlets. Shoprite is the South African supermarket giant with which Zambeef has a concession agreement for its in-store meat market butcheries in Zambia and West Africa.

During the year, Shoprite opened five new stores in Zambia, six in Nigeria and one in Ghana all with Zambeef concessions within. Zambeef opened 11 new stores in Zambia, while six outdated Zambeef stores were relocated or closed during the year.

All of the new Zambeef stores are on premises owned by Zambeef and are outlets that have been built and fitted to Zambeef's specifications with the Group's own construction, IT and refrigeration teams, ensuring cost effective and timely delivery of our roll-out programme. During the next financial year, we expect this momentum to continue, with Shoprite planning an additional four stores in Zambia, four in Nigeria and one in Ghana. In addition, Zambeef is looking to roll out an additional ten Zambeef macro stores.

Going forward, the retail operations will remain the key focus for Zambeef. The retailing expansion will be the engine room that will drive Zambeef's growth and ensure the Group plays a leading role in providing food to a fast growing and urbanising population in Zambia, West Africa and the wider SADC/COMESA regions. Due to the strategic focus on retailing, Zambeef has restructured its retailing operations so that the entire Zambian retailing and distribution functions are now operated through a wholly owned subsidiary called Zambeef Retailing Ltd. In addition, the segmental report now separates out the Zambian retailing activities, allowing a greater focus on this critical area of the business.

In order to ensure constant supply for this expansion of its retailing operations, Zambeef will continue to invest in its cold chain food product divisions as well as the hatchery and stockfeed operations as all of these operations are driven by the retail expansion. In addition, Zambeef plans to

Joint Chief Executive Officers' review (continued)

construct a large new depot outside Kitwe in order to improve distribution to the expanding Copperbelt retailing network, which will improve efficiencies in terms of supplying the Copperbelt.

It is worth noting that 56.7 per cent. of Zambeef's total group revenue is generated from retail sales through its own retail network, making Zambeef a major retailer on the continent.

New stockfeed plant

Zambeef's stockfeed operation, which trades under the brand name Novatek, has been the fastest growing and top performing division within the Group this year, helped by the expansion of the retail network and growth in demand from ruminant, monogastric and aquaculture producer customers in both the formal and informal sectors. The existing plant in Lusaka is operating at full capacity and is not able to keep up with demand. Following Zambeef's acquisition of 100 per cent. of Zamhatch, Novatek will now take full control of the modern new stockfeed plant that Zamhatch will be commissioning in early 2017, nearly doubling the production capacity of Novatek.

Accounting for the new stockfeed plant will be consolidated into the Novatek division. The new plant, which is being built at Zambeef's Mpongwe Farm, will ensure Novatek has one plant in Lusaka to supply Lusaka, the southern half of Zambia and the southern export markets, and a second plant which is ideally placed to supply the Copperbelt market, the northern half of Zambia and the northern export markets. This will save in transport costs and further improve the efficiencies of Novatek.

The second plant will cost a further USD2 million to complete and will be operational in February 2017. The additional capacity will facilitate the continued growth of Novatek sales of stockfeed and Zambeef's day-old chicks in the Zambian market. External sales to ruminant, monogastric and aquaculture producer customers now account for 71.2 per cent. of Novatek's annual volumes.

Debt reduction

A key strategic objective of the Zambeef board for the last two years has been to reduce the gearing of Zambeef and address exposure to currency fluctuations which have distorted financial performance in recent years. During the 2015 financial year, net debt was reduced from USD118.5 million to USD72.3 million. It is pleasing to again have reduced this net debt position to USD55.5 million at 30 September 2016. Zambeef is now in a position where it has a strong balance sheet with a debt-to-equity ratio of 26 per cent. and a total debt to EBITDA ratio of 1.73. The Group's underlying operating cash flows should permit it to continue to reduce gearing further over the coming year.

Outlook and conclusion

Zambeef is clearly focused on areas of operations where it considers itself the market leader in the region. These involve the retailing of beef, chicken, pork, eggs, dairy products and fish; the management of a vertically integrated proteins supply chain covering production, processing and distribution; as well as the production of stockfeed and day-old chicks for both external and internal channels. These activities constitute the core areas of our business and Zambeef will continue to invest in growing these areas. Expanding the retail network, which is the engine room that will drive the growth in the core operations, continues to be the priority for the foreseeable future.

Zambeef is fortunate to be operating in areas with some of the fastest growing urbanising populations in the world. The consequence of this is that the demand for food is growing rapidly and the challenge will be for Zambeef to continue to invest in its core operations to meet this growing demand. Zambeef aims to make its Zambian operations an efficient production base from which it can become a leading supplier of affordable proteins to the wider SADC/COMESA regions. These regions have a population of around 450 million people and as a result are an exciting market for Zambeef going forward. It is pleasing to note that Zambeef is making real progress in becoming a food provider to these wider regions and is exporting to Zimbabwe, Angola, Democratic Republic of Congo, Burundi, Botswana and Malawi. Continued efforts will be made to continue to grow exports into these regions.

It has been a difficult year for the Nigerian business and economy. However, Shoprite are continuing their impressive expansion, and, as a result, our operations will continue to grow strongly. With an established presence in one of Africa's biggest economies, Zambeef is well positioned in Nigeria and believes this business will become a material part of Zambeef's operations going forward.

It has been an extremely busy two years at Zambeef. We feel incredibly proud of our entire 6,000 workforce and what they have achieved over this period. Our operations are becoming world-class and as a result we believe Zambeef can become a meaningful food provider to the wider SADC/COMESA regions as well as West Africa. The company is well placed to take full advantage of the significant opportunities that exist and can look forward to the future with a great deal of confidence.

We thank our entire workforce for the contribution they have all made to the success of Zambeef. In addition, we would like to thank our Chairman, Dr Jacob Mwanza, as well as our entire board of directors for their valuable guidance and support.

Carl Irwin/Francis Grogan
Joint CEOs
22 November 2016

Operational and financial review

The 2016 financial year has seen Zambeef achieve strong volume growth in its operations. The cold chain food production operations achieved volume growth of around 11 per cent. while the stockfeed volumes increased by 15 per cent. largely driven by the retailing expansion during the year. This has been coupled with strong cost control, resulting in administration costs excluding depreciation as a percentage of turnover reducing from 28.2 per cent. to 25.8 per cent. This strong volume growth with strict cost controls has contributed to a record profit after tax of ZMW157 million (USD14.5 million).

The new hatchery, which came on line during the year, contributed ZMW11.7 million (USD1.0 million) to these profits in its first year of operation, and is likely to prove to be a significant profit contributor in the future. We believe Zambeef's share of the Zambian proteins market continues to grow. Shareholders can be satisfied with this performance, particularly with the average exchange rate for the year having depreciated by 53.4 per cent. from 7.06ZMW/USD in 2015 to 10.82ZMW/USD in 2016 and Zambia's economy having slowed down in the last year.

Turnover for the year increased by 52.8 per cent. in ZMW but reduced slightly by 0.4 per cent. in USD as a result of the depreciation of the ZMW. The decision to retain 12,000 tons of wheat in stock from the 2016 harvest, in order to mill into flour for sale during 2017, has impacted negatively on sales growth for 2016, but will benefit next year's turnover results. The improved margin from selling the wheat as flour will also be reflected in next year's profits.

Operating profits increased by 15.7 per cent. in ZMW but down by 24.6 per cent. in USD while operating profit margins reduced from 10.4 per cent. to 7.9 per cent. This reduction was primarily driven by the cropping division, whose income is largely received in USD, having benefited in 2015 from a depreciating ZMW currency and been negatively impacted on in 2016 by an appreciating currency. This division was also impacted by wheat prices reducing from around USD440/ton to USD400/ton.

EBITDA increased by 111.7 per cent. in ZMW and 38 per cent. in USD and the EBITDA margin increased from 9.6 per cent. to 13.3 per cent. Adjusted profits after tax increased from ZMW6.6 million (USD0.9 million) to ZMW95.2 million (USD8.8 million). Debt levels have come down from USD118.5 million in 2014 to USD55.5 million in 2016. This will significantly reduce the impact of exchange rate movements on future results.

Zambeef aims to build on these strong results by growing the business through the continued expansion of its retailing network and Cold Chain Food Products division, while maintaining margins and controlling administration costs.

Exchange rate movements

During the year, the ZMW initially depreciated from 12.02ZMW/USD at 30 September 2015 to just under 15.00ZMW/USD in November 2015. Since then we have seen an appreciation of the ZMW with the exchange rate finishing the financial year at 10.01ZMW/USD. The effect of this was that the average exchange rate for the year was 10.83ZMW/USD - a 53.4 per cent. depreciation on the average rate of 7.06ZMW/USD for 2015.

The exchange rates for the last two years are summarised in the table below:

	2016 ZMW/USD	2015 ZMW/USD
Average rate for year	10.83	7.06
Closing rate at 30 September	10.01	12.02

The depreciating ZMW exchange rate during 2016 has made our products competitive into the region, as our prices have reduced in USD terms. This has helped towards achieving our long term goal of being a major food producer for the wider SADC/COMESA regions.

The appreciation of the ZMW year end exchange rates has resulted in both realised and unrealised exchange gains being recorded of ZMW58.4 million (USD5.4 million). It is worth noting that the business has a natural hedge in that most of its cropping income is USD denominated. Hence the exchange gains from an appreciating currency are partially offset by reduction in cropping profits.

The ZMW has been stable for the last six months and it is hoped that this stability will continue. With Zambeef having significantly reduced its gearing over the last two years, the potential impact arising from exchange rate movements has been significantly reduced.

Administration and overhead costs

Strong control of administrative and overhead costs has continued to be a key focus of management, with these costs excluding depreciation as a percentage of turnover reducing from 28.2 per cent. in 2015 to 25.7 per cent. in 2016. The control of these costs will remain a priority. However, there will be upward pressure on these costs during 2017. The largest single cost is wages and salaries, which accounts for 50.3 per cent. of total administration and overhead costs. Fuel represents five per cent. of costs. Since the year end we have already seen an increase in the fuel price of 30 per cent. with further increases expected, as the Government fuel subsidy is reduced. Electricity represents 5.8 per cent. of costs and large price increases are also expected, as Zambia moves towards a market-based electricity pricing policy. Zambia is expected to have good rains this year, which should be positive for power generation. As a result it is hoped that power load shedding will reduce which will, to a degree, offset these cost increases.

Operational and financial review (continued)

Finance costs

This period has seen finance costs for the Group increasing from ZMW55.3 million (USD7.8 million) to ZMW111.3 million (USD10.3 million). This large increase was made up of three parts:

- Following the rapid depreciation of the ZMW at the end of 2015, Zambeef moved USD short term facilities to ZMW at significantly higher interest rates, resulting in a larger proportion of the short term debt being at higher interest rates;
- ZMW interest rates increased from an average of around 16 per cent. in 2015 to around 28 per cent. in 2016 as strong measures were implemented to curb inflation and stabilize the ZMW; and
- The average exchange rate for the year depreciated by 53.4 per cent. resulting in the interest on dollar facilities increasing significantly in ZMW.

With the Zambeef Group debt levels having reduced during the year these costs will reduce substantially during 2017.

Capital expenditure

Total capital expenditure during the year was ZMW178.8 million (USD16.5 million) with Zambeef having paid a further USD23.4 million for the acquisition of 49 per cent. of Zam Chick Ltd and 51 per cent. of Zamhatch Ltd, which amount included the repayment of shareholder loans to RCL Foods Ltd.

The largest item of capital expenditure was ZMW22.6 million (USD2.09 million) on the new stockfeed plant in Zamhatch Ltd, which will commence operations in February 2017 and increase the Novatek capacity from 140,000 tons of stockfeed per year to 250,000 tons per year. Farming replacement capex during the year was ZMW19.9 million (USD1.8 million), ensuring our farming operations remain world class assets. Capex of ZMW15.6 million (USD1.4 million) was spent increasing capacity at Masterpork, which remain one of the fastest growing parts of Zambeef's operations. Capex on Zampalm was ZMW13.5 million (USD1.2 million) in order to fund a further 150 hectares of palms planted during the year. The egg layer operations invested ZMW13.5 million (USD1.2 million) to increase the layer operations from 153,000 to 273,000 layers in order to meet the demand for eggs. ZMW7.5 million (USD0.69 million) was spent on building four new macro stores opened during the year and ZMW7.8 million (USD0.72 million) on the new Kitwe processing plant, which will open during 2017, and allow for the expansion of our Copperbelt operations and supply into North Western Province in Zambia. ZMW7.1 million (USD0.7 million) was spent on upgrading our distribution fleet and ZMW4.1 million (USD0.4 million) on a new beef abattoir in Mbala to ensure the supply of beef.

For 2017, the capex budget is approximately USD21 million, with the main focus being on investments in the high return parts of the business. The main projects include:

- USD3.2 million on the construction of a further ten macro outlets and the completion of the Kitwe processing plant;
- USD1.5 million on expanding the dairy operations;
- USD2.8 million on completing the second stockfeed plant;
- USD1.7 million expanding the hatchery from 215,000 day-old chicks per week to 315,000;
- USD1 million in Nigeria to ensure we have the capacity to keep growing in line with the Shoprite expansion;
- USD1.5 million on the delivery and implementation of the ESAP; and
- USD0.6 million on upgrade and expansion of Masterpork operations.

It is worth noting that as part of the CDC investment in Zambeef, we will be following programs to ensure we work towards meeting the highest international standards in terms of Quality and Control, Health and Safety, Environmental and Social Policy and Animal Welfare. It is pleasing to report that Novatek is now the only stockfeed operation in Zambia which is ISO 9001 compliant, Zamleather has received ISO 20345 certification for some of its boots for the mining sector and our beef, dairy and pork operations are working on programs for FSSC 22000 compliance which will ensure that the highest international standards are met in food safety.

Divisional performance

The board has decided to simplify the reporting structure of the business to provide a clearer strategic focus on performance of core activities for Zambeef's shareholders and potential investors. Henceforth, the Group will report upon five key business units being "Retail", "Cold Chain Food Production", "Stockfeed", "Row Crops" and "Other Businesses" (which include Milling and Zamleather), rather than reporting upon 16 divisions. In 2017, it is our intention to start to publish the EBT and return on capital employed within each of the five units.

Operational and financial review (continued)

The two tables below provide a summary of the segmental and divisional performance.

Table 1: Segmental turnover and gross profit in ZMW

Division	2016 Turnover ZMW	2015 Turnover ZMW	% Change 2015 to 2016	2016 Gross Profit ZMW	2015 Gross Profit ZMW	% Change 2015 to 2016
Retailing - Zambia	1,131,524	843,269	34.2%	132,872	96,299	38.0%
Retailing - West Africa	216,535	129,951	66.6%	48,827	31,124	56.9%
Total Retailing	1,348,059	973,220	38.5%	181,699	127,423	42.6%
Cold Chain Food Production	1,134,693	850,986	33.3%	266,080	195,487	36.1%
Stockfeed	697,563	407,863	71.0%	143,916	73,821	95.0%
Row Crops	413,391	397,125	4.1%	251,860	253,326	-0.6%
Others	213,964	307,389	-30.4%	32,391	64,555	-49.8%
Total	3,807,670	2,936,583	29.7%	875,946	714,612	22.6%
Less: Intra/Inter Group Sales	(1,431,522)	(1,128,268)	26.9%	-		
Less: Discontinued Operations		(253,443)			(47,899)	
Group Total	2,376,148	1,554,872	52.8%	875,946	666,713	31.4%

Table 2: Segmental turnover and gross profit in USD

Division	2016 Turnover USD	2015 Turnover USD	% Change 2015 to 2016	2016 Gross Profit USD	2015 Gross Profit USD	% Change 2015 to 2016
Retailing - Zambia	104,481	119,443	-12.5%	12,269	13,640	-10.1%
Retail - West Africa	19,994	18,407	8.6%	4,509	4,408	2.3%
Total Retailing	124,475	137,850	-9.7%	16,778	18,049	-7.0%
Cold Chain Food Production	104,771	120,536	-13.1%	24,567	27,689	-11.3%
Stockfeed	64,410	57,771	11.5%	13,289	10,456	27.1%
Row Crops	38,171	56,250	-32.1%	23,256	35,882	-35.2%
Others	19,758	43,539	-54.6%	2,991	9,144	-67.3%
Total	351,585	415,947	-15.5%	80,881	101,220	-20.1%
Less: Intra/Inter Group Sales	(132,181)	(159,811)	-17.3%	-	-	
Less: Discontinued Operations		(35,898)			(6,785)	
Group Total	219,404	220,237	-0.4%	80,881	94,435	-14.4%

Retail & Distribution

Retailing Zambia

	2016 ZMW'000s	2015 ZMW'000s	% change	2016 USD'000s	2015 USD'000s	% change	% of Group 2016
Revenue	1,131,524	843,269	34.2	104,481	119,443	(12.5)	29.7
Gross profit	132,872	96,299	38.0	12,269	13,640	(10.1)	14.8

The Zambian retailing operations increased gross profits by 38 per cent. in ZMW but decreased in USD by 10.1 per cent. During the year, four new Zambeef macro stores, five new Novatek outlets, two new Zamleather outlets and five new Shoprite stores were opened. Additionally, six outdated outlets were closed resulting in the Zambian retail network increasing from 130 to 140 outlets.

This division is a key focus area for the next year with ten new macro outlets, ten new Novatek outlets and some additional Zamleather outlets all planned to be opened during 2017.

With the ZMW having stabilised and the planned roll-out of the Zambeef macro outlets, this division is expected to grow in both ZMW and USD in 2017. In Zambia 52.4 per cent. of the Group's turnover is sold through Zambeef's own retail network and as a result the continued expansion of this retail network will ensure continued growth for Zambeef.

Retailing West Africa (Master Meats Nigeria and Master Meats Ghana)

	2016 ZMW'000s	2015 ZMW'000s	% change	2016 USD'000s	2015 USD'000s	% change	% of Group 2016
Revenue	216,535	129,951	66.6	19,994	18,407	8.6	5.7
Gross profit	48,827	31,124	56.9	4,508	4,409	2.3	5.6

Zambeef's West African operations have grown, with six new Shoprite stores opening in Nigeria and one in Ghana during the year, taking the West African retail network to 25 Shoprite stores and six Master Meats outlets. This momentum will continue into 2017, with a further four Shoprite stores in Nigeria and one in Ghana expected to be opened.

Despite the challenging macroeconomic environment, which has seen the average Nigerian Naira exchange rate depreciate by 64 per cent. and the Ghana Cedi by 7.3 per cent. to the USD, as well as severe fuel and foreign exchange shortages, it is pleasing to report an increase in gross profits of 56.9 per cent. in ZMW and 2.3 per cent. in USD. West Africa accounts for 5.6 per cent. of Group gross profits.

Nigeria remains one of the largest market in Africa with a population of around 180 million people. Although it has been a difficult year in Nigeria, Zambeef is well positioned in this market.

With Shoprite's continued expansion and the Nigerian macroeconomic fundamentals improving, these operations will become material for Zambeef.

Cold Chain Food Production

	2016 ZMW'000s	2015 ZMW'000s	% change	2016 USD'000s	2015 USD'000s	% change	% of Group 2016
Revenue	1,134,693	850,986	33.3	104,771	120,537	(13.1)	29.8
Gross profit	266,082	195,487	36.1	24,567	27,691	(11.3)	30.4

The Cold Chain Food Production operations have shown an average volume growth for beef, chicken, pork and fish of 8.0 per cent. while dairy grew 19.1 per cent. and eggs by 2.2 per cent. These operations have all been pulled by the expansion of the retailing network referred to above. Cold Chain Food Production now accounts for 30.4 per cent. of the gross profits of the Group. Gross profits increased in ZMW by 36.1 per cent. but reduced in USD by 11.3 per cent. This reduction in USD gross profits is a direct result of the average exchange rate having depreciated by 53.4 per cent. from 2015 to 2016. These divisions revenues are ZMW based, hence when there is a rapid depreciation of the ZMW, the need to adjust selling prices in order to compensate for the inflationary impact of this devaluation of the currency has to be phased-in over a period of time, with the resultant impact on margins.

The volume growth is expected to continue as a result of the retailing expansion. With the ZMW showing stability we expect this volume growth to be reflected in both ZMW and USD gross profits increasing in 2017.

The cold chain food product divisions are analysed in more detail below.

Beef (Zambeef)

Volumes in the beef category increased by 16.5 per cent. from 14.1 million kgs to 16.43 million kgs and cattle slaughtered increased from 52,938 to 69,848, making beef the second fastest growing category in terms of volumes. The depreciation of the average exchange rate by 53.4 per cent. has reduced the Zambian beef price in USD and made our beef competitive into the region increasing both formal and informal exports into the region.

During March 2016, Zambeef opened a new abattoir in Mbala, which has been a success, as it allowed Zambeef greater access to supplies of local traditional cattle, which contributed to the increased volumes of beef sold during the year.

With the expansion of the retailing network and the recent stability of the ZMW it is expected that the gross profits of the beef category will grow in both ZMW and USD in 2017.

Chicken (Zam Chick and Zamhatch)

The Zam Chick operations have been operating at capacity for the last two years, processing 6.7 million chickens and selling 10.7 million kgs of chicken. With increased demand from the expansion of the retail network, Zam Chick is in the process of increasing capacity by 30,000 birds per week, which represents an increase in processing capacity of 20 per cent. This extra capacity is expected to be completed in March 2017 within a capital expenditure budget of USD0.7 million.

The Zamhatch hatchery commenced operations towards the end of September 2015 and has performed ahead of expectations. The hatchery is now producing 215,000 day-old chicks per week. This is budgeted to increase to 315,000 birds per week during the 2017 financial year.

This hatchery complements the Novatek operations, supplying day-old chicks to the Novatek retail network for sale to smallholders as well as supplying Zam Chick's internal broiler chicken production needs. In its first year of operations the hatchery has contributed 3.7 per cent. of the Groups gross profits and with the expansion taking place will continue to be a fast growing part of Zambeef's business.

With extra capacity coming on line for both the chicken broiler operations and hatchery in 2017, the Group's chicken operations can look forward to growth in 2017.

Pork (Masterpork)

Masterpork has continued to grow, with volumes increasing by 9.4 per cent. to 10.0 million kgs. During the year, the pork processing plant expanded capacity, which will allow the business to continue to grow. USD1.7 million was invested in almost doubling the cooked product manufacturing capacity, as well as substantially increasing the cold storage and blast freezing capacity to cater for this future growth. Masterpork is working on obtaining FSSC 22000 (Food Safety System Certification) registration which will make it the first food manufacturer in Zambia to achieve this international food safety certification.

With the depreciation of the ZMW, the Masterpork products are competitive into the region and Masterpork will continue to work on developing new markets in the region. Masterpork expects to continue to grow in volumes and gross profits in 2017.

Milk and dairy products (Zammilk)

Milk volumes have increased by 19.1 per cent. to 14.8 million litres, making milk and dairy products the fastest growing category in terms of volumes. The business has invested USD0.7 million in capex in 2016, with a further USD1.5 million budgeted for 2017. This capital expenditure includes the building of a new rotary milking and cow shed parlor at Kalundu Dairy as part of the continued growth of the milk production from Zambeef's own dairy herd. In addition, this expenditure also includes investing in extra capacity at the Huntley milk processing facilities and widening the range of branded value added yoghurt and drinking yoghurt lines produced. The milk processing plant is, like Masterpork, working towards FSSC 22000 (Food Safety System Certification) as part of its commitment to producing the highest quality products.

Dairy product volumes increased strongly towards the end of the year supported by increased milk production at Zambeef's dairy as well as by the buying in of fresh milk from other dairy farms. This strong growth in milk production at the end of 2016 is expected to continue into 2017, which will enable Zammilk to meet the increasing demand for its dairy products from both formal and informal sales channels.

Fish

Fish volumes fell for the period by 16.7 per cent. from 2.2 million kgs to 1.8 million kgs, due to the rise in imported fish prices with the depreciation of the ZMW. This was the only cold chain food product in which volumes decreased as consumers moved to other protein sources as prices moved quickly up in ZMW. With the recent stability in the ZMW, volumes are expected to increase again.

Eggs (Zamegg)

Egg volumes grew by 2.2 per cent. to 40.2 million eggs during 2016. During the year, USD1.2 million has been invested to increase the layer chicken housing from 153,000 layer capacity to 273,000. This capacity increase has been phased in from the end of 2016 through into the beginning of 2017. As a result, 2017 will see strong volume growth.

Stockfeed (Novatek)

	2016 ZMW'000s	2015 ZMW'000s	% change	2016 USD'000s	2015 USD'000s	% change	% of Group 2016
Revenue	697,563	407,863	71.0	64,410	57,771	11.5	18.3
Gross profit	143,916	73,821	95.0	13,289	10,456	27.1	16.4

Novatek has had an outstanding year with volumes increasing by 15.3 per cent. from 130,280 tons to 150,280 tons. The Lusaka plant has been operating at maximum capacity during the second half of the year and we look forward to our second stockfeed plant starting production in February 2017, which will alleviate some of the strain on the Lusaka plant and increase capacity by a further 11,000 tons per month.

This second plant is being constructed at Mpongwe Farm and will be ideally placed to service the Copperbelt, North Western and DRC markets. The cost of completing the second plant will be approximately USD2 million and will give Novatek the capacity to meet the underlying growth in demand for quality stockfeeds.

The stockfeed operations account for 16.4 per cent. of the gross profits of the Group. During the year gross profits increased by 95.0 per cent. in ZMW and 27.1 per cent. in USD.

Novatek volumes have been boosted by the Zamhatch hatchery, which came on stream at the end of September 2015, allowing Zambeef to sell day-old chicks and stockfeed together to both the formal and informal sectors. Novatek sales have also been helped by the roll-out of the new Novatek outlets within the Zambeef macro outlets that opened during the past year.

The increase in Novatek's production capacity as the second stockfeed plant comes on stream in February 2017 should enable Novatek to meet growth in demand from ruminant, monogastric and aquaculture producer customers in both the formal and informal sectors.

Cropping

	2016 ZMW'000s	2015 ZMW'000s	% change	2016 USD'000s	2015 USD'000s	% change	% of Group 2016
Revenue	413,391	397,125	4.1	38,171	56,250	(32.1)	10.9
Gross profit	251,860	253,326	(0.6)	23,256	35,882	(35.2)	28.8

The cropping division accounted for 28.8 per cent. of the Group's gross profit contribution. Gross profits were down by 0.6 per cent. in ZMW and 35.2 per cent. in USD. The cropping division incurs most of its income in USD as maize, wheat and soya are traded mainly in USD in Zambia. As a result, this division significantly benefitted in 2015 from a depreciating ZMW currency, which translated into a one-off currency translation gain on closing grain stocks of circa. USD9.6 million (ZMW119 million), while in 2016, the division was adversely affected by the impact of an appreciating ZMW currency. In addition, the weakening global wheat markets resulted in wheat prices falling from USD440/ton to USD400/ton.

Despite the currency movements the farming operations performed well. The summer soya crop was on budget harvesting 39,942 tons with the summer maize crop slightly behind budget at 15,532 tons and the silage on budget at 27,334 tons. This was an excellent achievement in a very difficult season with the region having experienced a severe drought as well as power shortages. These excellent yields in one of the toughest seasons Zambia has experienced shows the quality of the Zambeef farming assets and the importance of irrigation.

For the 2016 winter crop, Zambeef came in on budget at 40,643 tons for the wheat and slightly behind budget at 17,024 tons for the winter maize. Again these are outstanding results with the winter crop being subject to power shortages which impacted this irrigated crop.

Other Businesses

Flour Milling: performed satisfactorily during the year with gross profits increasing in ZMW by 71.5 per cent. and USD by 11.8 per cent. During the year, only 12,996 tons of wheat were milled as Zambeef had sold large volumes of wheat during the 2015 harvest rather than store it for milling in the 2016 year. For 2017, Zambeef has decided to increase the quantity of wheat to be milled from 13,000 tons to 25,000 tons. The intention is to retail this additional flour through the Zambeef retail network, thereby meeting expected growth in demand from existing customers.

Zamleather: has had a difficult year with world hide prices dropping with oversupply from Brazil and Chinese demand dropping. This has made the lower grade hides difficult to move on the international market. At the same time the demand for mining boots decreased following a slowdown in the mining sector in Zambia. This resulted in the number of shoes sold from the Zamshu plant decreasing by 24.1 per cent. from 89,197 to 67,746.

This has led to gross profits decreasing by 25.3 per cent. in ZMW and 51.3 per cent. in USD. Expectations are that the world leather industry will have another tough year in 2017, hence 2017 is expected to be another difficult year for Zamleather.

Discontinued Activities

Edible Oils: Zambeef sold its edible oil processing operation, Zamanita Ltd, to Cargill Holdings BV in June 2015. Since then Zambeef has continued to sell Zamanita oil through its retailing network on commission. Consequently, revenue has fallen from ZMW219 million (USD40.0 million) to ZMW92 million (USD8.5 million) and gross profit has fallen from ZMW40 million (USD5.7 million) to ZMW2.7 million (USD0.3 million).

Sustainability report

Zambeef is committed to meeting the highest international standards in terms of quality and control, health and safety, environmental and social policy and animal welfare.

Zambeef takes a 'triple bottom line' approach to its sustainability and is committed to ensuring a positive social, environmental and economic impact.

Policy

Zambeef's environmental and social policy is aimed at demonstrating our commitment to excellence and leadership in promoting environmentally and socially sound and sustainable development. The Group believes that sustainable development is a fundamental aspect of sound business management. We are committed in providing a safe and healthy workplace, protecting the environment and being a responsible corporate citizen in the communities where we operate. The policy provides the foundation for achieving the following corporate policy objectives:

- To provide a safe and healthy workplace and to ensure that personnel are properly trained and have appropriate safety and emergency equipment.
- To be an environmentally and socially responsible neighbour in the communities where we operate and to act promptly and responsibly to correct incidents or conditions that endanger community or worker health, safety, or the environment.
- To conduct our business in compliance with applicable environmental, social, and health and safety laws and regulations.
- To be a responsible and committed corporate citizen and to be a useful and effective member of the communities within which we operate.
- To aim to reduce poverty by establishing strong partnerships with local communities, and supporting community initiatives, especially in the health and education areas, that deliver sustainable long-term results and real benefits to the communities within which we operate.
- To regularly review our strategies, objectives and targets and to monitor environmental and social programmes to ensure continuous improvement of our environmental and social performance.
- To conduct ongoing audits to ensure compliance with environmental, social and health and safety legislation and to report periodically to the Board of Directors.

Compliance mechanisms

As part of the conditions associated with some of the Group's term loans as well as the recent CDC Group PLC equity investment, Zambeef signed up to an Environmental and Social Action Plan ("ESAP"). The key deliverables of the ESAP relate to:

1. Social and environmental assessment and management system.
2. Labour and working conditions.
3. Pollution prevention and abatement.
4. Community health, safety and security.
5. Land acquisition and involuntary settlement.
6. Biodiversity conservation and sustainable natural resource management.

The ESAP requires the Group to meet both Zambian as well as international standards relating to the environment and social management.

Zambeef must also report annually to some of its lenders certain qualitative and quantitative project performance data under the following key headings:

1. Environmental and social management.
2. Occupational health and safety performance.
3. Significant environmental and social events.
4. Sustainability of project and associated operations.
5. Compliance with World Bank Group, IFC, EU and local environmental and social requirements.
6. Progress on implementing the ESAP.
7. General information and feedback.

In addition, as part of the conditions of the CDC Group PLC equity investment, Zambeef has set up a sub-committee of the board (Environmental and Social Committee) to monitor compliance with the ESAP.

Zambeef has a dedicated unit of 12 staff to deal with environmental compliance and improvements to the operations. In addition, Zambeef regularly contracts other global/international consultants and experts for advice and guidance. The dedication has resulted in no penalty by the authorities for any form of environmental violations in the preceding three years on Zambeef's part.

Social investment

At the United Nations Sustainable Development Summit in September 2015, the UN adopted its document "Transforming Our World: the 2030 Agenda for Sustainable Development", known as the Sustainable Development Goals (SDGs).

The 17 SDGs are the successor to the United Nations Millennium Development Goals (MDGs) that previously formed the backbone of Zambeef's social investment agenda.

Zambeef is in the process of strengthening its commitment to social investment by bringing its approach into line with these revised SDG goals. Zambeef continues to support worthy causes, organisations and charities aimed at poverty alleviation through both cash donations as well as providing free Zambeef products on a regular basis.

Zambeef continues to give support in the following areas:

- Construction of schools and health centres.
- Provision of electricity and clean water facilities.
- Funding of educational and healthcare materials.
- Donation of food to the vulnerable.
- Support to promotion of sport.
- Support to traditional ceremonies.

Zambeef works very closely with small and medium scale farmers in every sphere of its operations. These farmers make up the majority of the company's suppliers of beef, pork, maize for its Novatek stockfeed operations among others.

The Group has a cattle improvement programme in Western Province (with two NGOs). This scheme aims to improve cattle population numbers, quality of cattle and reproduction rates within the national herd. The programme is specifically targeted at small-scale farmers, and includes an educational programme in animal husbandry, cattle dipping for the reduction of tick-borne diseases and provision of treatment for liver fluke. Under the scheme, Zambeef will pay a premium price for all cattle that successfully undergo the prescribed treatments. Zambeef will also provide 30 bulls for breeding from its own herd in order to improve the genetics of the current traditional herd in the project area.

Zambeef's programme of supporting the growth of small-scale dairy farmers in Mongu (Western Province), with an NGO called Musika is ongoing and progress has been recorded, with the Mongu milk processing plant now fully operational. Under the scheme, Zambeef undertook to:

- construct a milk processing plant in Mongu.
- provide technical assistance, training and guidance to small-scale dairy farmers to improve yields and good animal husbandry.
- provide an assured market for smallholder milk farmers.

Environmental conservation

The environmental stewardship of Zambeef's five farms is a responsibility the Group takes extremely seriously.

The company actively manages the natural environment in which it operates, ensuring that habitat is preserved for wildlife and indigenous trees and plants across the farms.

In June 2015 the Zambia Environmental Management Agency (ZEMA) awarded Zambeef its 2015 award for consistency in complying with Environmental Impact Assessment Regulations.

The award recognises Zambeef's consistency in ensuring that projects or developments undertaken were preceded by the execution of an Environmental Impact Assessment in accordance with the requirements of the Environmental Management Act, which addresses issues regarding environmental protection, pollution control and challenges arising from climate change, pollution from persistent organic pollutants and electronic waste.

Zambeef introduced a 'windrow cropping' system in 2015 that allows for the production of organic fertiliser from organic waste on the farm to be used in its cropping operations. The organic

Sustainability report (continued)

fertiliser will replace 50 per cent. of the synthetic fertilisers used on its Huntley farm in Chisamba, cutting costs but also preserving the integrity of the soil and improving fertility.

Zambeef introduced treatment ponds at Huntley in 2013, protecting the environment by breaking down effluent for at least three months before discharge. The move was commended by ZEMA in recognition of the positive improvements towards sound environment management practices at the farm.

At the Zampalm plantation in Mpika waste material from used fruit bunches is either further processed into other raw material for finished products or recycled for organic compost.

The animal migration corridor maintained at the Zambeef Chiawa Farm in Mpongwe provides safe passage for animals and has resulted in flora and fauna flourishing in the corridor and surrounding areas.

Zambeef is also mindful of the impact of climate change and the need for sustainable agricultural practices in this context.

In September 2015 it hosted a delegation as part of a seminar programme on Food Security in a Climate Perspective headed by the Norwegian Development Corporation.

All company projects go through an impact assessment in order to identify positive and negative impacts and potential mitigation factors in accordance with local and international standards.

During the year, two Environmental Project Briefs were submitted and approved by ZEMA.

Zambeef also maintains some of the highest international biosecurity standards in the country which are strictly observed on all its farms and across its different operations and processes.

Some of our lenders have kindly assisted Zambeef with Technical Assistance ("TA") funding, which has been utilised to employ local and international consultants to assist the Group in successfully delivering the ESAP. Some of the TA funded projects have included the following:

1. The implementation of a Food Safety Management System based on Food Safety Systems Certification 22000 for its beef, pork and dairy products which it has targeted for completion by December 2017.
2. To improve the Group's community engagement and stakeholder management; biodiversity conservation and sustainable living natural resource management, with a focus on the Company's five farming operations.

In line with the Zambeef ESAP, we will be following programmes to ensure we work towards meeting the highest international standards in terms of quality and control, health and safety, environmental and social policy and animal welfare.

It is pleasing to report that Novatek is now the only stockfeed operation in Zambia which is ISO 9001 and ISO 22000 compliant; Zamleather has received ISO 20345/ISO 2000 certification for some of its boots for the mining sector; and our beef, dairy and pork operations are working on programs for FSSC 22000 (Food Safety System Certification) compliance, which will ensure that the highest international standards are met in food safety.

Employment

Zambeef continues to be one of the largest employers in the country, with over 6,000 staff.

- ✓ Over 98% of employees are Zambian.
- ✓ The Group's cropping division provides significant employment to rural communities, where poverty levels are higher than in urban areas.

Reinvestments

- ✓ Zambeef has a strong development record, being one of the largest investors in the agricultural sector in Zambia over the last seven years, amounting to over USD150 million.

Taxes

- ✓ The Group is a significant contributor to government revenues.
- ✓ For the year to September 2016, the Group paid over ZMW144 million (USD13.3 million) to the Zambia Revenue Authority in taxes.

Local capital markets

- ✓ A significant percentage of the Group's shareholding is owned by local institutional investors and pension funds including the National Pension Scheme Authority (NAPSA), which means every working Zambian has a stake in the Company.

Preferential local procurement

- ✓ Zambeef is one of the largest business partners and employers in many rural areas. Zambeef actively promotes the procurement of locally produced raw materials, resulting in poverty alleviation and sustainable development of these rural economies.
- ✓ Zambeef supports a number of small and medium scale outgrowers; a large percentage of Zambeef's cattle, pigs, chickens and milk are sourced in rural areas or through outgrower schemes.
- ✓ The economic multiplier effect of the Group's policy of sourcing from local small-scale suppliers is significant.

Export earnings

- ✓ The Group is a member of the Zambia Development Agency's elite Million Dollar Club of leading exporters.
- ✓ For the FYE 30 September 2016, the Group recorded foreign exchange export income of over USD8.6 million, while total Group USD-denominated revenues were USD55 million.

Skills development

- ✓ The Group is fully committed to developing and training its employees at all levels.
- ✓ The Group's continual reinvestment in human resources has resulted in many senior positions being held by Zambians.

Food security

- ✓ Zambeef plays a pivotal role in the food security of Zambia, ensuring the country has sufficient capacity to feed its growing population as well as a surplus for export to help feed neighbouring countries.


ZAMBEEF

Corporate Governance

Corporate governance

The Board of Directors believe that high ethical standards in the conduct of business, and a verifiable corporate governance framework of policies and procedures should be at the heart of how we do business

Zambeef values excellence in corporate governance, and the principles that enhance openness, integrity, transparency and accountability. High ethical standards in the conduct of business, and a verifiable framework of corporate governance policies and procedures, underpin all Zambeef's decision making and management.

The Board of Directors believe that demonstrably good corporate governance fosters trust and confidence in the management of our business, amongst all our stakeholders.

Corporate Governance Code

The Board has an approved Corporate Governance Code, originally issued in 2006, which is regularly monitored for compliance on an annual basis, via the Audit Committee. In June 2011, the Company was also admitted to the AIM Market of the London Stock Exchange and, whilst not technically required to comply with the UK Corporate Governance Code, the Board agreed to progressively adopt best practices in line with the UK Corporate Governance Code so far as it is practicable for a public company of its size, stage of development and nature quoted on AIM.

Board Of Directors

The Board of Directors has been appointed by the shareholders, and is responsible to the shareholders, for the performance and direction of Zambeef, through the establishment of strategic objectives and key policies, as well as approving major business decisions. The Board currently consists of nine directors, of whom six are independent Non-Executive directors, and three are Executive directors.

The Board believes that its overall composition is appropriate, with no individual or group dominating the decision making process. The role of Chairman is a separate role and position from that of the Joint Chief Executive Officers. The Chairman is considered to be independent.

The Board is responsible for:

- **Strategy and leadership** - setting the long term objectives and strategic aims;
- **Values and standards** - developing and monitoring the Group Code of Ethics and Conduct and the Anti Bribery and Corruption programme;
- **Governance** - approval of Board membership, review of corporate governance processes, Board Committees' terms of reference, Board and Committee performance, Board and senior executive succession planning, senior executive appointments;
- **Business performance** - monitoring financial and business performance of the Group, approval of the annual and half year financial results, interim management statements, dividend policy, monitoring executive performance; and
- **Representing shareholders' interests** - Shareholder and market feedback, analysis of shareholder register.

Corporate Governance In Action

Risk Management

An effective Group Risk Assessment/Risk Management tool, based on recommended best practice and regular inputs from senior management, is formally reviewed on a quarterly basis. Formal risk assessments are carried out at group level, and are carried out per company and division, in conjunction with respective General Managers, every quarter. This provides the Audit Committee and directors with regular updates/ mitigating action plans on all the major risks facing the Group.

Internal Audit

The dedicated and independent Internal Audit function, operating under an Internal Audit Charter, reports directly to the Audit Committee of the Board, to maintain its independence and objectivity. It independently reviews and monitors governance processes, the risk management framework/ processes, and related mitigating action plans implemented by Management. It also provides objective assurance of the operation and validity of the systems of internal control through its regular compliance audit programmes, making recommendations for improvement as required.

The Board requires competitive bidding for significant purchases and contracts, above determined thresholds, through a formal

Board approved Delegations of Authority policy document that covers the Board and senior management.

Share Dealing Code
The Company has adopted a share dealing code for dealings in shares by the Directors and senior employees that is appropriate for an AIM listed company. The Directors ensure that they comply with Rule 21 of the AIM rules for Companies relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's relevant employees.

Incident Reporting, Anti Bribery/ Corruption, and Whistleblowing policies and procedures
The Company has detailed policies and procedures covering Incident Reporting, Anti Bribery and Corruption (ABC), and Whistleblowing.

The Group's ABC programme has been formulated in conjunction with CDC Group PLC (CDC), following best international practice. It is well structured, documented and rigorously monitored.

There is a dedicated internal high level Whistle Blowing Manager, managing reports and complaints. These complaints can be made in various forms, and anonymously, without fear of adverse consequences. This policy has active senior management encouragement and has had widespread communication within the Group, with a verifiable and transparent process of handling complaints.

Internal Audit closely monitors, reviews and reports on all of these policies to the Audit Committee of the Board.

Group Code of Ethics and Conduct
The Company has implemented, and widely disseminated, a Group Code of Ethics and Conduct, in line with its Corporate Governance Code section on Organizational Integrity. This Code of Ethics covers the important principles and more detailed ethical guidelines with respect to responsibility, accountability, transparency, and fairness.

The key aspects covered under this Code are:

Responsibility and Accountability
- Obedience to all laws, applicable rules and regulations;
- Honesty, accuracy and full disclosure in all reports;
- Highest standards of service and productivity;
- Safeguarding and protection of all Zambeef's assets and intellectual property;
- Confidentiality regarding non-public information;
- Provision of a safe and healthful work place, environmental protection in all our operations, and being a responsible corporate citizen in our communities;

Transparency
- Honesty and clear communication in all dealings.
- Avoidance of conflicts of interest.
- Avoidance of accepting or offering gifts or entertainment.
- Avoidance of all forms of criminal activity.

Fairness
- Fair treatment of all stakeholders.
- Personal growth and professional development of staff.
- Valuing the diversity of cultures and beliefs.
- Respect for the communities where Zambeef is located.

Board Engagement
The attendance by the Directors during the year was as follows:

Directors' attendance of Board	Board		Audit		Environment & Social		Remuneration & Succession	
	A	B	A	B	A	B	A	B
Non-Executive							1	1
Dr Jacob Mwanza	5	5						
Dr Lawrence Sikutwa	5	3	4	4				
Irene Muyenga*	2	2	4	4				
Adam Fleming *	2	2						
John Rabb	5	5					1	1
Graham Clark #	3	3	2	2			1	1
David Osborne #	1	1						
Tim Pollock #	1	1						
Executive								
Francis Grogan	5	5						
Carl Irwin	5	5						
Yusuf Koya	5	4						
Danny Museteka (Company Secretary)	5	5	4	4			1	1

* Director left during the year
# Director joined during the year
A indicates the number of meetings held during the period in which the Director was a member of the Board and/or Committee.
B indicates the number of meetings attended during the period in which the Director was a member of the Board and /or Committee.

Corporate governance continued

Board of Directors

Remuneration and Succession Committee

Chairman
David Osborne
Members
Dr. Lawrence Sikutwa
Graham Clark
John Rabb

Responsibilities:

- To regularly review the structure, size, knowledge, experience and diversity of the Board, as well as the sub-committees of the Board, and make recommendations to the Board with regard to any changes.
- To be responsible for identifying, evaluating and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- To give full consideration to succession planning for Directors and other senior executive management, and in particular, for the key roles of Chairman and Chief Executive Officer of the Company. The appointment of CEO and directors can only be made following a formal, rigorous assessment by this Committee and its formal recommendations being made to the Board, having also evaluated the balance of skills, knowledge, experience and diversity on the Board.
- To determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive, the Chairman of the Board , the executive directors, the company secretary, and such other members of the executive management of the Group to whom the Board has extended the remit of the Committee.
- In determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.
- The committee ensures clear, transparent reporting of the Remuneration Committee's agreed fees and remuneration, for both the executive directors and non-executive directors, in the formal Report of the Directors in the Annual Report. This requires formal approval by the shareholders in an AGM. The Chairman ensures he is available to answer any questions/ comments put forward by the shareholders in the AGM regarding directors' fees and remuneration.
- Perform evaluations of the Board, Board Committees, respective Chairmen and non-executive Directors, and recommend training where necessary.

Audit Committee

Chairman
Dr. Lawrence Sikutwa
Members
Graham Clark
David Osborne
Independent Advisor and co-opted member - Hastings Mtine

Responsibilities:

- The primary role of the audit committee is to ensure the integrity of the financial reporting and audit process, including review of the interim and annual financial statements before they are submitted to the board for final approval.
- To ensure that a sound risk management and internal control system is maintained as well as reviewing the system for monitoring compliance with applicable laws and regulations.
- To give due consideration and review of Corporate governance matters in accordance with relevant frameworks including the LuSE Corporate Governance Code and the UK Corporate Governance Code.
- Monitor and review the reports and function of the Internal Audit department, in line with its own charter, which requires systematic evaluation of the effectiveness of risk management, control, compliance and governance processes for the Group.
- At least once a year, the members of the committee should meet the external auditors without the presence of any Executive Director.
- The committee should also consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment and/or reappointment of the company's external auditors.

Environmental and Social Committee

Chairman
Graham Clark
Members
Tim Pollock
John Rabb
Dr. Lawrence Sikutwa

Responsibilities:

- Provide strategic advice and guidance to the Board in relation to systemic and strategic Environmental and Social issues which affect the Company's business model and strategy.
- Ensure that the Company has in place adequate and robust systems, policies and procedures for monitoring the Environmental and Social management of the Company, in accordance with applicable legislation and Good International Industry Practice (GIIP), defined by IFC Performance Standards.
- Monitor the implementation of the Environmental and Social Action Plan and any corrective action plans that may be developed in due course.
- Oversee any Company investigations relating to breaches of ES laws, regulations and standards and/or the Company's ES policies, management systems and plans.
- Ensure good corporate citizenship through promotion of equality, prevention of unfair discrimination and reduction of corruption.
- Ensure contribution to development of the communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed.
- Monitor the ethical conduct of the Company, its executives and senior officials.

Board Evaluation

The Board every year carries out a self-assessment of its performance during the year, based on its Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member. Areas covered in the self-assessment include:

- Management of Board meetings and discussions;
- External and Internal Board relationships;
- Skills of Board members;
- Reaction to events;
- Chairman;
- Chairman and CEO relationships;
- Attendance and contribution in meetings;
- Open channels of communication;
- Risk and Control frameworks;
- Composition;
- Terms of reference;
- Committees of the Board;
- Company Secretary;
- Timeliness of information;
- Board agenda;
- AGM;
- External stakeholders;
- Induction and training; and
- Succession planning.

Board Committees

The Board has three principal standing committees, led by Non-Executive Chairmen, and written terms of reference. The terms of reference are per recommended best practice for AIM listed companies/ICSA, and also per requirements from co-operating partners.

Directors' Interests in other companies

In compliance with Section 218 of the Companies Act of Zambia, all Directors are required to declare to the Board their interests in other companies and this is taken into account in the event that any such company enters into any contract with any Group company. The Group has a Related Parties Transactions policy which aims to ensure transparency in related party transactions as well as identification and removal of any potential conflict of interest in such transactions.

Directors' shareholdings

In compliance with Section 225 of the Companies Act of Zambia, all directors are required to disclose their shareholdings in the Company and any related companies. The register containing this information is available for inspection by shareholders for 14 days before the Annual General Meeting, at the meeting and three days thereafter.

Company Secretary

The Board appoints the Company Secretary and all Directors have access to his services. If deemed necessary, the Board may seek independent professional advice on some matters.

The Company Secretary ensures the following:

- Sufficient and timeous information is provided to all the Members prior to commencement of the Board and sub-committee meetings.
- Promotion of Good Corporate Governance, and related frameworks and standards.
- Good relations and liaison with Security and Exchange Commission (SEC), the Lusaka Stock Exchange (LuSE), and Patents and Companies Registration (PACRA).
- Maintenance of statutory registers.
- Key liaison for investors and contact point for shareholders.
- Board is updated on relevant statutory amendments and developments.

Board of Directors

Dr. Jacob Mwanza (age 80)
Non-Executive Chairman
Nationality: Zambian

Qualifications:
PhD (Cornell University, USA).
MA Economics (W. Germany).

Experience:
Over 30 years' business management experience, both in the public and private sectors. Previously Governor of the Bank of Zambia. Currently Chancellor of the University of Zambia.

External appointments
Has served and is currently serving on several boards, including IMF Advisory Group on Sub-Sahara African Economic and Social Affairs, Pangaea Securities, David Shepard Foundation and Kafue Sanctuary.

Committee membership
None.

Francis Grogan (age 55)
Joint CEO
Nationality: Irish

Qualifications:
BSc Agriculture (Ireland).

Experience:
Over 23 years' experience in agriculture and meat, both in Ireland and Zambia. Co-founder of Zambeef.

External appointments
Other directorships include Zambezi Ranching & Cropping Ltd, Fraca Meat Company Ltd and Tractorzam Ltd.

Committee membership
None.

Dr. Carl Irwin (age 51)
Joint CEO
Nationality: Zambian

Qualifications:
B. Com (University of Cape Town).
FCA (UK).
FZICA.
Honorary doctorate (Copperbelt University).

Experience:
Over 20 years' accounting and finance experience with a number of companies, including Coopers & Lybrand UK. Co-founder of Zambeef.

External appointments
Other directorships include Proflight Commuter Services Ltd, Zambezi Ranching & Cropping Ltd, Kanyanja Development Company Ltd, Leopard Investment Company Ltd, Fraca Meat Company Ltd and Tractorzam Ltd.

Committee membership
None.

Yusuf Koya (age 51)
Executive Director
Nationality: British

Qualifications:
BSc in Geology & Economics (Keele University, UK).
MSc in Economics (Keele University, UK).
AIFS (UK).

Experience:
Over 20 years' business management experience in corporate finance and credit risk management, both in the UK and Zambia. Previously Country Credit Director with Barclays Bank Zambia PLC.

External appointments
Director in Marhaba Service Station Ltd.

Committee membership
None.

John Rabb (age 73)
Non-Executive Director
Nationality: S. African

Qualifications:
BSc (Agriculture).
MBA (RSA).

Experience:
Over 30 years' business management experience. Formerly Managing Director of the Wooltru Group in South Africa, which was listed on the Johannesburg Stock Exchange.

External appointments
Has served on, and is currently serving on, several boards, including Wellspring Ltd.

Committee membership
Member of the Remuneration and Succession Committee, and Environmental and Social Committee.

Dr. Lawrence Sikutwa (age 62)

Non-Executive Director
Nationality: Zambian

Qualifications:
MBA.
FCII.
Post Grad Diploma in Insurance (UK).
Honorary doctorate (University of Lusaka).

Experience:
Over 30 years' experience in business management.
Previously General Manager of Zambia State Insurance Corporation Limited.

External appointments
Currently Chairman of Lawrence Sikutwa Associates Ltd Group of Companies.

Committee membership
Chairman of the Audit Committee.
Member of the Remuneration and Succession Committee, and Environmental and Social Committee.

Graham Clark (age 61)

Non-Executive Director
Nationality: Australian

Qualifications:
Bachelor of Accountancy (Honours).
Fellow of the Institute of Chartered Accountants (Australia).

Experience:
Over 30 years' accounting and finance experience in Australia and Sub-Saharan Africa with major food and agriculture companies, including directorship of listed companies.

External appointments
Previously chairman of London Sugar Group, and LDC Commercial Trade Group.
Currently Chairman of Challenger Trade Finance Fund and Director of Glen Eden Trading.

Committee membership
Chairman of the Environmental and Social Committee.
Member of the Remuneration and Succession Committee, and Audit Committee.

David Osborne (age 52)

Non-Executive Director
Nationality: British

Qualifications:
Cambridge University; Trinity College (Natural Sciences).

Experience:
Over 30 years' investment experience in private equity and infrastructure in UK, Europe, Africa and Asia.
Previously Managing Partner and Head of the Islamic Infrastructure Fund at CapAsia.

External appointments
Director of Direct Equity Team and Head of Portfolio Management with CDC Group PLC.

Committee membership
Chairman of the Remuneration and Succession Committee.
Member of the Audit Committee.

Tim Pollock (age 58)

Non-Executive Director
Nationality: British

Qualifications:
Royal Agricultural College, Cirencester (Agriculture).
London Business School (Corporate Finance).

Experience:
Over 30 years' management, supply chain, manufacturing and M&A experience in agribusiness.
Previously director of Strategic Development and Operations with Lallemand Inc, and CEO of Grainfarmers Group.

External appointments
Investment Director of Food and Agriculture with CDC Group PLC.

Committee membership
Member of the Environmental and Social Committee.

Report of the Directors

In compliance with Division 8.3 of the Zambian Companies Act, the Directors submit their report on the activities of the Group for the year ended 30 September 2016.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agribusinesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stockfeed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 Ha of row crops under irrigation and 8,623 Ha of rain-fed/dry-land crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana.

2. The Company

The Company is incorporated and domiciled in Zambia.

Business address	**Postal address**
Plot 4970, Manda Road	Private Bag 17
Industrial Area	Woodlands
Lusaka	Lusaka
ZAMBIA	ZAMBIA

3. Share capital

Details of the Company's authorised and issued share capital are as follows:

	30 September 16		30-September 15	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	4,000	638
Issued and fully paid				
Ordinary shares				
300,579,590 of ZMW0.01 each	3,006	449	2,480	396
Preference shares - convertible redeemable				
100,057,658 of ZMW0.01 each	1,000	100	-	-

4. Results

The Group's results are as follows:

Group	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	USD'000s 2015
Revenue	5	2,376,148	219,404	1,554,872	220,237
Profit/(Loss) before taxation		134,592	12,427	(35,575)	(5,038)
Taxation charge	9	(10,798)	(997)	(4,661)	(660)
Profit/(loss) from discontinued operation		33,592	3,101	(14,377)	(2,036)
Group profit/(loss) for the year		157,386	14,531	(54,613)	(7,734)
Group profit/(loss) attributable to:					
Equity holders of the parent		137,103	12,659	(63,614)	(9,009)
Non-controlling interest		20,283	1,872	9,001	1,275
		157,386	14,531	(54,613)	(7,734)

5. Dividends

There has been no dividend proposed for the year ended 30 September 2016 (2015: ZMW nil).

6. Management

The senior management currently comprises:

Francis Grogan	- Joint Chief Executive Officer
Carl Irwin	- Joint Chief Executive Officer
Yusuf Koya	- Executive Director
Craig Harris	-Chief Financial Officer
Danny Museteka	-Company Secretary
Mike Lovett	-General Manager Farming Division
Felix Lupindula	-Corporate Affairs Manager
Pravin Abraham	-Chief Internal Auditor
Ebrahim Israel	-General Manager – International Retailing
Murray Moore	-General Manager – Beef and Dairy
David Mynhardt	-General Manager – Sinazongwe Farm
Robert Hoskins Davies	-General Manager – Chiawa Farm
Francis Mondomona	-General Manager – Huntley Farm
Richard Franklin	-General Manager – Zamleather Limited
Walter Roodt	-General Manager – Stockfeed
Harry Hayden-Payne	-General Manager – Zampalm Limited
Steven Hapelt	-General Manager – Dairy
Webster Mapulanga	-General Manager – Master Pork Limited
Theo de Lange	-Group Technical Manager
Bartholomew Mbao	-Dairy Processing Manager
Andries Van Rensburg	-Piggery Manager
Samson Lungu	-Flour Mill Manager
Charles Milupi	-Poultry Manager
Ivor Chilufya	-Group Financial Controller
Justin Rust	-Commercial Manager
Basil Webber	-Commercial Manager
Christiaan Engelbrecht	-Commercial Manager
Niyaas Dalal	-Finance Manager – Zambeef Products Limited, Zam Chick Limited
Rory Park	-Finance Manager – Master Pork Limited, Zampalm Limited, Zamhatch Limited
Simon Nkhata	-Finance Manager – Zambeef Retailing Limited
Baron Chisola	-Financial Controller – Group Inventory
Eustace Bobo	-Financial Controller – Group Fixed Assets
Shadreck Banda	-Financial Controller – Group Suppliers
Samantha Dale	-Group Head – Debtors and Credit Control
Anthony Seno	-Head of IT
Guy Changole	-Head of Human Resources
Mathews Mbasela	-Head of Payroll Processing
EddieTembo	-Chief Security Manager
Jones Kayawe	-Head of Environment, Health and Safety
Field Musongole	-Maintenance Manager
Justo Kopulande	-CSR/PR Manager
Ernest Gondwe	-Regional Manager – Shoprite & Excellent Meats
Francis Mulenga	-Regional Manager – Shoprite
Noel Chola	-Regional Manager – Shoprite
Rodgers Chinkuli	-Regional Manager – Zambeef Outlets
Deon Conradie	-Managing Director - Master Meats Nigeria
Hillary Anderson	-National Retail Manager - Nigeria
Lufeyo Nkhoma	-General Manager - Master Meats Ghana
Clement Mulenga	-General Manager - Master Meats Nigeria

Report of the Directors (continued)

7. Directors and Secretary

The Directors in office at the financial period and at the date of this report were as follows:

Dr. Jacob Mwanza	-	Chairman
Dr. Lawrence S. Sikutwa		
John Rabb		
Irene M. Muyenga	-	Resigned on June 13, 2016
Charles Mpundu	-	Resigned on October 23, 2015
Adam Fleming	-	Resigned on March 18, 2016
Graham Clark	-	Appointed on March 18, 2016
David Osborne	-	Appointed on September 8, 2016
Tim Pollock	-	Appointed on September 8, 2016
Francis Grogan	-	Joint Chief Executive Officer
Dr. Carl Irwin	-	Joint Chief Executive Officer
Yusuf Koya	-	Executive Director
Danny Museteka	-	Company Secretary

8. Directors' Interests

The Directors held the following interests in the Company's ordinary shares at the reporting date:

	30-September-16		30-September-15	
	Direct	**Indirect**	**Direct**	**Indirect**
Jacob Mwanza (Dr)	1,100,000	-	1,100,000	-
Carl Irwin (Dr)	3,763	5,406,445	3,763	5,406,445
Francis Grogan	995,000	3,591,631	995,000	4,591,631
John Rabb	-	14,000,000	-	12,000,000
Graham Clark	-	1,000,000	-	-
Yusuf Koya	245,482	-	245,482	-
	2,344,245	24,003,076	2,344,245	21,998,076

9. Directors' fees and remuneration

The following gross amounts were paid during the year to Directors:

ZMW	Salary	Bonus	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan 2 (Shares)
Non-Executive							
Jacob Mwanza	847,608	-	-	-	-	-	-
Irene Muyenga	789,005	-	-	-	-	-	-
Lawrence Sikutwa	360,613	-	-	-	-	-	-
Adam Fleming	107,165	-	-	-	-	-	-
Graham Clark	164,253	-	-	-	-	-	
John Rabb	269,957	-	-	-	-	-	-
David Osborne	-	-	-	-	-	-	-
Tim Pollock	-	-	-	-	-	-	
Executive							
Francis Grogan	2,925,056	4,126,769	Company House	Company Car	480,462	Yes	6,250,000
Carl Irwin	3,290,735	4,126,769	-	Company Car	480,462	Yes	6,250,000
Yusuf Koya	3,456,381	201,275	-	-	400,385	Yes	275,000
Danny Museteka	2,849,657	201,275	-	-	-	Yes	275,000

Further, the Board co-opted Mr. Hastings Mtine into the Audit Committee as an expert advisor. Mr. Mtine's remuneration is ZMW4.6 thousand per sitting and ZMW12 thousand for any special projects and advisory services.

9. Directors fees and remuneration (continued)

In addition to the above, all Executive Directors are entitled to a gratuity of 10 per cent of their gross basic salary paid over the contract term, less statutory deductions for tax.

The Long Term Incentive Plan 2 ("LTIP 2") has the following key terms/conditions:

a) Structure: market value option shares ("Options");
b) Exercise price: 15 pence;
c) Maximum shares: The annual award base value (number of shares multiplied by the share price on the date of grant plus number of Options multiplied by the exercise price) may not exceed three times the Executive's base salary; (this term/condition does not apply to the two Joint CEOs under the JCEO LTIP Scheme) and
d) Vesting period: three years from 2015 to 2018; exercisable from June 2018.
e) The Options can only be exercised if Zambeef achieves the following targets:
   i) If the share price reaches 40 pence, then 25 per cent. of the Options become exercisable.
   ii) If the share price reaches 48 pence, a further 25 per cent. of the Options become exercisable.
   iii) If the share price reaches 56 pence, a further 25 per cent. of the Options become exercisable.
   iv) If the share price reaches 65 pence, the final 25 per cent. of the Options become exercisable.
   v) Zambeef achieving a debt-to-equity (gearing) ratio of less than 35 per cent. in the audited accounts immediately prior to exercising the Options.
   vi) Zambeef achieving a current ratio (current assets divided by current liabilities) of 1.5 or higher in the audited annual accounts immediately prior to the exercising of the Options.
   vii) Zambeef generating free cash flows.
   viii) The Zambeef share price triggers set above will be considered achieved if in the 14 days immediately prior to exercising the Options, the shares have traded continuously at not less than these prices for 14 days.
   ix) The Options will be exercisable at any time for 2 years after the 3 year period from the issue of the Options have lapsed.
   x) The Options can only be exercised if the relevant executives are still employed by the Company.

10. Significant Shareholdings

As at 30 September 2016, the Company has been advised of the following notable interests in its ordinary share capital:

Investor Name	Current position	Percentage of Shareholding
CDC Group Plc	52,601,435	17.5%
M & G Investment Management	45,029,408	15.0%
National Pension Scheme Authority (Zambia)	24,979,819	8.3%
Rhodora	22,797,537	7.6%
Sussex Trust	14,000,000	4.7%
SQM Frontier Management	11,432.410	3.8%
Artio Global Investors	9,360,000	3.1%

During the year the Company issued 100,057,658 convertible redeemable preference shares to CDC Group Plc.

11. Employees

The Group employed an average of 6,253 (30 September 2015 – 6,251) employees and total salaries and wages were ZMW307 million (USD28.3 million) for the year ended 30 September 2016 (30 September 2015 – ZMW231 million (USD32.7 million).

The average number of persons employed by the Group in each month of the financial year is as follows:

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Headcount	5,870	5,987	6,077	5,875	6,123	6,648	6,327	6,351	6,378	6,416	6,546	6,442

Report of the Directors continued

12. Safety, Health and Environmental issues

As part of some of the Group's term loans, as well the recent CDC Group PLC equity investment, the Group has signed up to an Environmental and Social Action Plan ("ESAP"), which requires the Group to meet both local Zambian standards as well as international standards relating to the environment.

The Group provides education and healthcare services to its employees. The Group also supports various community activities in the areas that it operates from.

13. Legal matters

There are no significant legal or arbitration proceedings (including to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company or any subsidiary of the Group) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company or any member of the Group.

14. Gifts and donations

The Group made donations of ZMW2.2 million (USD0.2 million) (30 September 2015: ZMW2.1 million [USD0.3 million]) to a number of activities.

15. Export sales

The Group made exports of ZMW90.7million (USD8.6 million) during the period (30 September 2015: ZMW120.1 million [USD17 million]).

16. Property, plant and equipment

Assets totalling ZMW178.8 million (USD16.5 million) were purchased by the Group during the period (30 September 2015 – ZMW293.9 million [USD41.6 million]) which included expenditure on the palm plantation development during the period of ZMW12.2 million (USD1.1 million) (30 September 2015 – ZMW11.7 million [USD1.7 million]).

17. Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations.

18. Events since the Year-End

There have been no significant events affecting the Group since the year-end.

19. Annual financial statements

The annual financial statements set out on pages 45 to 116 have been approved by the directors.

20. Auditor

In accordance with the provisions of section 171(3) of the Zambian Companies Act, the auditors, Messrs Grant Thornton, will retire as auditors of the Company at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Danny Shaba Museteka
Company Secretary
Date: 22 November 2016

Statement Of Directors' Responsibilities

Section 164 of the Zambian Companies Act 1994 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the directors are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Zambian Companies Act 1994. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion:

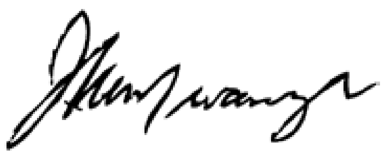
(a) the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2015, and of its financial performance and its cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with the provisions of the second schedule to section 164 of the Companies Act and International Financial Reporting Standards.

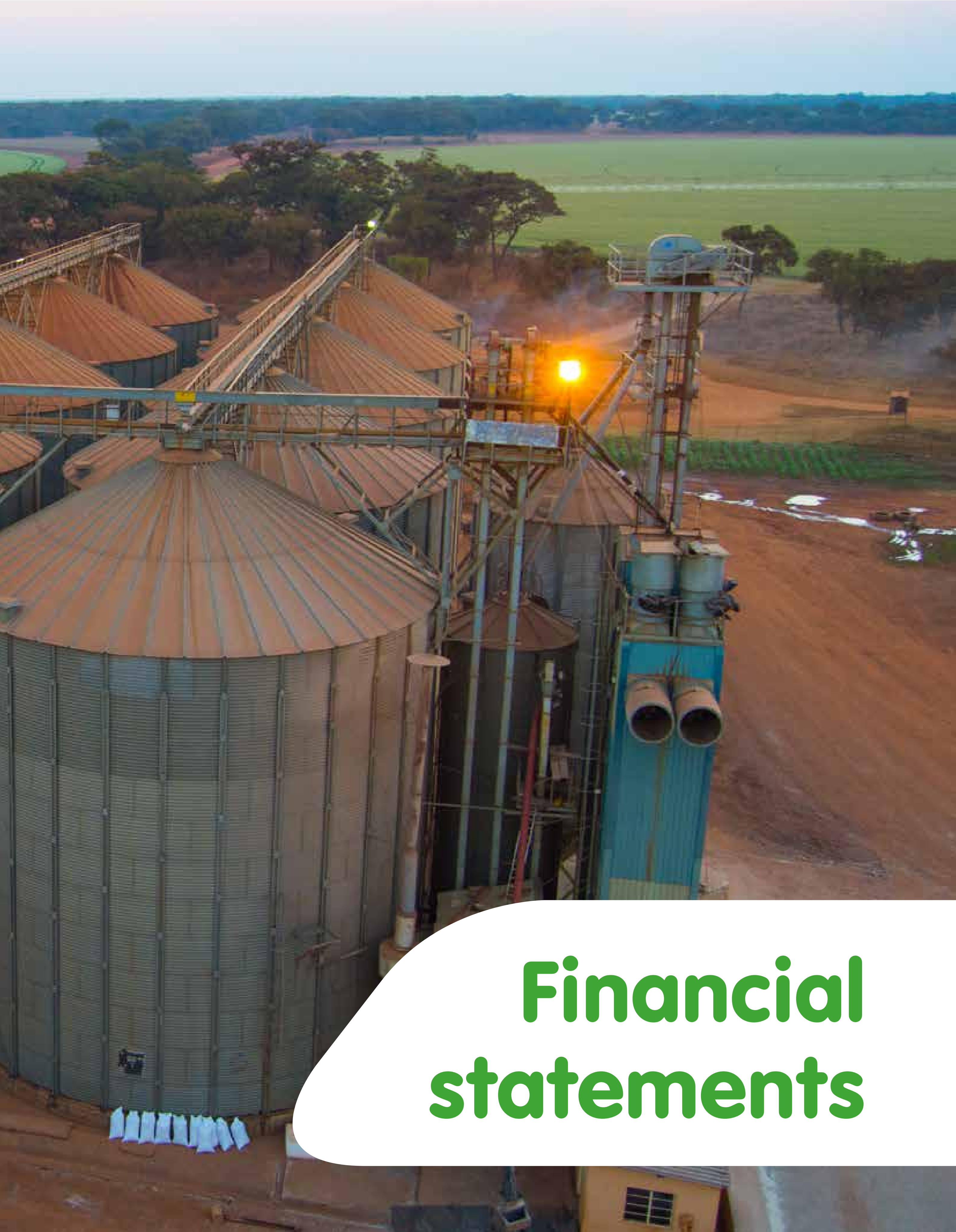
This statement is made in accordance with a resolution of the Directors.

Signed at Lusaka on 22 November 2015



Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer



Financial statements

Report of the Independent Auditors to the Members of Zambeef Products PLC and its Subsidiaries

We have audited the accompanying financial statements of Zambeef Products PLC and its subsidiaries, which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position as at 30 September 2016, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 41 the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as at 30 September 2016 have been properly prepared in accordance with the Zambian Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.

Grant Thornton
Chartered Accountants

Edgar Hamuwele (AUD/F000111).
Name of Partner signing on behalf of the firm
Lusaka
Date: 22 November 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2016

Group	Notes	2016	2016	2015	2015
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	5	2,376,148	219,404	1,554,872	220,237
Net gain/(loss) arising from price changes in fair value of biological assets	16	13,257	1,224	(4,528)	(641)
Cost of sales		(1,513,459)	(139,747)	(883,631)	(125,160)
Gross profit		875,946	80,881	666,713	94,436
Administrative expenses		(690,047)	(63,716)	(505,343)	(71,578)
Other income		1,694	156	708	100
Operating profit	6	187,593	17,321	162,078	22,958
Exchange gains/(losses) on translating foreign currency transactions and balances		58,345	5,387	(142,358)	(20,164)
Finance costs	8	(111,346)	(10,281)	(55,295)	(7,832)
Profit/(loss) before taxation		134,592	12,427	(35,575)	(5,038)
Taxation charge	9	(10,798)	(997)	(4,661)	(660)
Group income/(loss) for the year from continuing operations		123,794	11,430	(40,236)	(5,698)
Profit/(loss) from discontinued operations (i)		33,592	3,101	(14,377)	(2,036)
Group income/(loss) for the year		157,386	14,531	(54,613)	(7,734)
Group income/(loss) attributable to:					
Equity holders of the parent		137,103	12,659	(63,614)	(9,009)
Non-controlling interest		20,283	1,872	9,001	1,275
		157,386	14,531	(54,613)	(7,734)
Other comprehensive income:					
Exchange gains/ (losses) on translating presentational currency		(86,511)	16,909	186,567	(83,779)
Total comprehensive income /(loss) for the year		70,875	31,440	131,954	(91,513)
Total comprehensive income /(loss) for the year attributable to:					
Equity holders of the parent		52,292	29,473	121,212	(90,626)
Non-controlling interest		18,583	1,967	10,742	(887)
		70,875	31,440	131,954	(91,513)

		Ngwee	Cents	Ngwee	Cents
Earnings per share					
Basic and diluted earnings per share – continued operations	11	41.38	3.82	(19.86)	(2.81)
Basic and diluted earnings per share – discontinued operations	11	13.42	1.24	(5.80)	(0.82)
Total Basic and diluted earnings per share	11	54.80	5.06	(25.66)	(3.63)

(i) The profit from discontinued operations in the current year results from the reversal of a portion of the tax liability for a previously owned subsidiary (Zamanita Limited).

Consolidated Statement of Changes in Equity

For the year ended 30 September 2016

(i) In Zambian Kwacha	Issued share capital	Share premium	Preference share capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October 2014	2,480	506,277	-	3,506	513,620	294,114	1,319,997	23,341	1,343,338
Loss for the year	-	-	-	-	-	(63,614)	(63,614)	9,001	(54,613)
Transfer of surplus depreciation	-	-	-	-	(8,949)	8,949	-	-	-
Other comprehensive income									
Exchange gains on translating presentational currency	-	-	-	184,826	-	-	184,826	1,741	186,567
Total comprehensive income	-	-	-	184,826	(8,949)	(54,665)	121,212	10,742	131,954
At 30 September 2015	**2,480**	**506,277**	**-**	**188,332**	**504,671**	**239,449**	**1,441,209**	**34,083**	**1,475,292**
Profit for the year	-	-	-	-	-	137,103	137,103	20,283	157,386
Transfer of surplus depreciation					(18,906)	18,906	-	-	-
Other comprehensive income									
Exchange gain on translating presentational currency	-	-	-	(84,811)	-	-	(84,811)	(1,700)	(86,511)
Other comprehensive income	**-**	**-**	**-**	**(84,811)**	**(18,906)**	**156,009**	**52,292**	**18,583**	**70,875**
Transactions with owners									
Non-controlling interest shares acquired	-	-	-	-	-	22,177	22,177	(60,282)	(38,105)
Shares issued	526	618,735	1,000				620,261	-	620,261
Total Transactions with owners	**526**	**618,735**	**1,000**	**-**	**-**	**22,177**	**642,438**	**(60,282)**	**582,156**
At 30 September 2016	**3,006**	**1,125,012**	**1,000**	**103,521**	**485,765**	**417,635**	**2,135,939**	**(7,616)**	**2,128,323**

Consolidated Statement of Changes in Equity

For the year ended 30 September 2016

(i) In US Dollar	Issued share capital	Share premium	Preference share capital	Foreign exchange reserve	Revaluation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 2014	396	-	123,283	(80,095)	101,777	65,165	210,526	3,723	214,249
Loss for the year	-	-	-	-	-	(9,009)	(9,009)	1,275	(7,734)
Transfer of surplus depreciation	-	-	-	-	(1,268)	1,268	-	-	-
Other comprehensive income									
Exchange gains on translating presentational currency	-	-	-	(81,617)	-	-	(81,617)	(2,162)	(83,779)
Total comprehensive income	-	-	-	(81,617)	(1,268)	(7,741)	(90,626)	(887)	(91,513)
At 30 September 2015	**396**	**-**	**123,283**	**(161,712)**	**100,509**	**57,424**	**119,900**	**2,836**	**122,736**
Profit for the year	-	-	-	-	-	12,659	12,659	1,872	14,531
Transfer of surplus depreciation	-	-	-	-	(1,746)	1,746	-	-	-
Other comprehensive income									
Exchange gain on translating presentational currency	-	-	-	16,813	-	-	16,813	96	16,909
Total comprehensive income	**-**	**-**	**-**	**16,813**	**(1,746)**	**14,404**	**29,472**	**1,968**	**31,440**
Transactions with owners									
Non-controlling interest shares acquired	-	-	-	-	-	2,047	2,047	(5,565)	(3,518)
Shares issued	53	100	61,812	-	-	-	61,965	-	61,965
Total Transactions with owners	**53**	**100**	**61,812**	**-**	**-**	**2,047**	**64,012**	**(5,565)**	**58,447**
At 30 September 2016	**449**	**100**	**185,095**	**(144,901)**	**98,763**	**73,875**	**213,384**	**(761)**	**212,623**

Company Statement of Changes in Equity

For the year ended 30 September 2016

(i) In Zambian Kwacha	Issued share capital	Preference share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
At 1 October 2014	2,480	-	506,277	306,483	308,433	1,123,673
Profit for the year	-	-	-	-	5,438	5,438
Transfer of surplus depreciation	-	-	-	(8,771)	8,771	-
Other comprehensive income						
Exchange gains on translating presentational currency	-	-	-	-	147,325	147,325
Total comprehensive income	-	-	-	(8,771)	161,534	152,763
At 30 September 2015	**2,480**	**-**	**506,277**	**297,712**	**469,967**	**1,276,436**
Profit for the year	-	-	-	-	91,377	91,377
Transfer of surplus depreciation	-	-	-	(16,731)	16,731	-
Other comprehensive income:						
Exchange gain on translating presentational currency	-	-	-	-	(73,394)	(73,394)
Total comprehensive income	**-**	**-**	**-**	**(16,731)**	**34,714**	**17,983**
Shares issued	526	1,000	618,735	-	-	620,261
Total Transactions with owners	**526**	**1,000**	**618,735**	**-**	**-**	**620,261**
At 30 September 2016	**3,006**	**1,000**	**1,125,012**	**280,891**	**504,681**	**1,914,680**

Company Statement of Changes in Equity

For the year ended 30 September 2016

(i) In US Dollar	Issued share capital	Preference share capital	Share premium	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 2014	396	-	123,283	57,775	(63,622)	61,382	179,214
Profit for the year	-	-	-	-	-	770	770
Transfer of surplus depreciation	-	-	-	(1,242)	-	1,242	-
Other comprehensive income							
Exchange losses on translating presentational currency	-	-	-	-	(73,792)	-	(73,792)
Total comprehensive income	-	-	-	(1,242)	(73,792)	2,012	(73,022)
At 30 September 2015	396	-	123,283	56,533	(137,414)	63,394	106,192
Profit for the year	-	-	-	-	-	8,439	8,439
Transfer of surplus depreciation	-	-	-	(2,370)	-	2,370	-
Other comprehensive income:							
Exchange losses on translating presentational currency	-	-	-	-	14,708	-	14,708
Total comprehensive income	-	-	-	(2,370)	14,708	10,809	23,147
Transactions with owners							
Shares issued	53	100	61,812	-	-	-	61,965
Total Transactions with owners	**53**	**100**	**61,812**	**-**	**-**	**-**	**61,965**
At 30 September 2016	449	100	185,095	54,163	(122,706)	74,203	191,304

Consolidated Statement of Financial Position

For the year ended 30 September 2016

ASSETS	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current assets					
Goodwill	12	157,922	15,776	15,699	1,306
Property, plant and equipment	13	1,769,966	176,820	1,833,630	152,548
Plantation development expenditure	13	94,302	9,421	80,824	6,724
Biological assets	16	48,480	4,843	34,006	2,829
Deferred tax asset	9(e)	28,366	2,834	25,344	2,108
		2,099,036	**209,694**	**1,989,503**	**165,515**
Current assets					
Biological assets	16	187,026	18,684	155,192	12,911
Inventories	17	544,739	54,419	412,239	34,296
Trade and other receivables	18	113,151	11,304	210,229	17,491
Amounts due from related companies	19	10,543	1,053	8,893	740
Income tax recoverable	9(c)	1,759	176	4,571	380
Cash and cash equivalents	20	64,806	6,474	-	-
		922,024	**92,110**	**791,124**	**65,818**
Total assets		**3,021,060**	**301,804**	**2,780,627**	**231,333**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	2,480	396
Preference share capital	21	1,000	100	-	-
Share premium	22	1,125,012	185,095	506,277	123,283
Other reserves		1,006,921	27,740	932,452	(3,779)
		2,135,939	213,384	1,441,209	119,900
Non-controlling interest		(7,616)	(761)	34,083	2,836
		2,128,323	**212,623**	**1,475,292**	**122,736**
Non-current liabilities					
Interest bearing liabilities	23	261,734	26,147	439,282	36,546
Obligations under finance leases	24	31,485	3,145	15,198	1,264
Amounts due to related companies	27	-	-	44,443	3,697
Deferred liability	25	10,442	1,043	9,254	770
Deferred tax liability	9(e)	4,039	403	8,115	675
		307,700	**30,738**	**516,292**	**42,952**
Current liabilities					
Interest bearing liabilities	23	116,223	11,611	120,943	10,062
Collateral management agreement	23	118,849	11,873	91,852	7,642
Obligations under finance leases	24	19,697	1,968	11,644	969
Trade and other payables	26	322,133	32,179	372,333	30,976
Amounts due to related companies	27	313	31	35	3
Taxation payable	9(c)	7,822	781	1,588	132
Cash and cash equivalents	20	-	-	190,648	15,861
		585,037	**58,443**	**789,043**	**65,645**
Total equity and liabilities		**3,021,060**	**301,804**	**2,780,627**	**231,333**

The financial statements on pages 45 to 116 were approved by the Board of Directors on 22 November 2016 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer

Company Statement of Financial Position

For the year ended 30 September 2016

ASSETS	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current assets					
Property, plant and equipment	13	1,161,485	116,032	1,291,810	107,472
Investment in subsidiaries	15	293,763	29,347	118,688	9,874
Deferred tax asset	9(e)	28,366	2,834	25,344	2,109
		1,483,614	**148,213**	**1,435,842**	**119,455**
Current assets					
Biological assets	16	170,511	17,034	148,910	12,389
Inventories	17	413,670	41,326	311,242	25,893
Cash and cash equivalents	20	37,193	3,716	-	-
Trade and other receivables	18	43,866	4,582	149,719	12,456
Amounts due from related companies	19	463,114	46,265	284,432	23,663
Income tax recoverable	9(c)	-	-	4,038	336
		1,130,354	**112,924**	**898,341**	**74,737**
Total assets		**2,613,968**	**261,137**	**2,334,183**	**194,192**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	2,480	396
Preference share capital	21	1,000	100	-	-
Share premium	22	1,125,012	185,095	506,277	123,283
Other reserves		785,662	5,660	767,679	(17,487)
		1,914,680	**191,304**	**1,276,436**	**106,192**
Non-current liabilities					
Interest bearing liabilities	23	261,734	26,147	432,464	35,979
Obligations under finance leases	24	19,685	1,967	12,765	1,062
Deferred liability	25	2,266	227	1,670	139
Deferred tax liability	9(e)	3,382	338	2,967	247
		287,067	28,679	449,866	37,427
Current liabilities					
Interest bearing liabilities	23	229,394	22,916	205,976	17,136
Obligations under finance leases	24	14,108	1,409	9,168	763
Trade and other payables	26	164,467	16,404	251,846	20,953
Amounts due to related companies	27	325	33	36	3
Taxation payable	9(c)	3,927	392	-	-
Cash and cash equivalents	20	-	-	140,855	11,718
		412,221	41,154	607,881	50,573
Total equity and liabilities		**2,617,415**	**261,137**	**2,334,183**	**194,192**

The financial statements on pages 45 to 116 were approved by the Board of Directors on 22 November 2016 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer

Consolidated Statement of Cash Flows

For the year ended 30 September 2016

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Cash inflow from operating activities					
Profit/(loss) before taxation		134,592	12,427	(35,575)	(5,038)
Finance costs	8	111,346	10,281	59,585	8,440
Loss on disposal of property, plant and equipment		1,124	104	7,040	997
Depreciation	13	77,784	7,182	67,050	9,497
Profit on discontinued operations		33,592	3,101	-	-
Fair value price adjustment	16	(13,257)	(1,224)	4,528	641
Net unrealised foreign exchange losses		(28,626)	(2,643)	46,873	6,639
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		**316,555**	**29,228**	**149,501**	**21,176**
Increase in biological assets		(46,308)	(4,276)	(26,995)	(3,824)
(Increase)/decrease in inventory		(132,500)	(12,235)	32,214	4,563
Decrease/(increase) in trade and other receivables		97,078	8,949	(87,886)	(12,448)
Increase/(decrease) in amounts due from related companies		(1,650)	(137)	2,640	374
(Decrease)/increase in trade and other payables		(50,200)	(4,636)	154,036	21,818
(Decrease)/increase in amounts due to related companies		(44,165)	(4,078)	44,478	6,300
Increase in deferred liability		1,188	110	1,781	252
Income tax paid	9(c)	(8,850)	(817)	(6,144)	(870)
Net cash inflow from operating activities		**131,148**	**12,109**	**263,625**	**37,341**
Investing activities					
Purchase of property, plant and equipment	13	(166,513)	(15,376)	(235,048)	(33,293)
Expenditure on plantation development	13	(12,259)	(1,132)	(11,654)	(1,651)
Movement in investments		-	-	23,827	3,375
Proceeds from sale of assets		-	-	3,352	474
Proceeds from the issue of shares		620,262	57,273	-	-
Purchase of shares		(175,075)	(16,166)	-	-
Proceeds from the sale of Zamanita		-	-	197,809	27,037
Net cash outflow on investing activities		**266,415**	**24,599**	**(21,714)**	**(4,058)**
Net cash inflow before financing activities		**397,563**	**36,708**	**241,911**	**33,283**
Financing activities					
Long term loans repaid		(110,289)	(10,184)	(97,578)	(13,821)
Receipt/(repayment of short term funding		26,997	2,493	(109,386)	(15,494)
Lease finance obtained/(repayment)		16,249	1,500	(1,993)	(282)
Finance costs including discontinued operations	8	(111,346)	(10,281)	(59,585)	(8,440)
Net cash outflow on financing activities		**(178,389)**	**(16,472)**	**(268,542)**	**(38,037)**
Increase/(decrease) in cash and cash equivalents		**219,177**	**20,236**	**(26,631)**	**(4,754)**

Consolidated Statement of Cash Flows (continued)

For the year ended 30 September 2016

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Cash and cash equivalents at beginning of year		(190,648)	(15,861)	(147,868)	(23,583)
Effects of exchange rate changes on the balance of cash held in foreign currencies		36,280	2,099	(16,149)	12,476
Cash and cash equivalents at end of year	**20**	**64,806**	**6,474**	**(190,648)**	**(15,861)**
Represented by:					
Cash in hand and at bank	20	95,747	9,565	49,106	4,085
Bank overdrafts	20	(30,941)	(3,091)	(239,754)	(19,946)
		64,806	**6,474**	**(190,648)**	**(15,861)**

Company Statement of Cash Flows

For the year ended 30 September 2016

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Cash inflow from operating activities					
Profit/(loss) before taxation		101,173	9,342	(4,850)	(687)
Finance costs		87,815	8,109	48,182	6,825
Depreciation	13	43,728	4,037	34,844	4,935
Fair value price adjustment	16	(12,587)	(1,162)	4,904	695
Loss on disposal of property, plant and equipment		824	76	3,648	517
Loss on disposal of investment		-	-	(112,168)	(15,888)
Net unrealised foreign exchange differences		(17,010)	(1,571)	46,641	6,606
Earnings before interest, tax, depreciation and amortisation		**203,943**	**18,831**	**21,201**	**3,003**
Increase in biological assets		(21,601)	(1,995)	(11,962)	(1,694)
Increase in inventory		(102,428)	(9,458)	(125,327)	(17,752)
Decrease/(increase) in trade and other receivables		103,853	9,574	(96,027)	(13,602)
(Increase)/decrease in amounts due from related companies		(178,682)	(16,484)	33,875	4,798
(Decrease)/increase in trade and other payables		(87,379)	(8,068)	175,869	24,911
Increase/(decrease) in amounts due to related companies		289	27	(60,761)	(8,606)
Increase in deferred liability		596	55	98	14
Income tax paid	9(c)	(4,438)	(410)	(592)	(84)
Net cash outflow operating activities		**(85,847)**	**(7,928)**	**(63,626)**	**(9,012)**
Investing activities					
Purchase of property, plant and equipment	13	(49,743)	(4,593)	(37,438)	(5,303)
Proceeds from the issue of shares		620,261	57,273	-	-
Movements in investments	14/15	(175,075)	(16,166)	62,721	8,884
Proceeds from disposal of investment		-	-	197,809	28,018
Proceeds from sale of assets		65	6	-	-
Net cash inflow from investing activities		**395,509**	**36,520**	**223,092**	**31,599**
Net cash inflow before financing activities		**309,662**	**28,592**	**159,466**	**22,587**
Financing activities					
Long term loans repaid		(101,811)	(9,401)	(58,732)	(8,319)
Movement in short term funding		39,938	3,688	(14,494)	(2,053)
Lease finance obtained/(repayment)		11,823	1,092	(3,716)	(526)
Interest paid		(87,815)	(8,109)	(48,182)	(6,825)
Net cash outflow from financing activities		**(137,865)**	**(12,730)**	**(125,124)**	**(17,723)**
Increase in cash and cash equivalents		**171,797**	**15,862**	**34,342**	**4,864**
Cash and cash equivalents at beginning of year		(140,855)	(11,718)	(112,115)	(17,881)
Effects of exchange rate changes on the balance of cash held in foreign currencies		6,251	(428)	(63,082)	1,299
Cash and cash equivalents at end of year	**20**	**37,193**	**3,716**	**(140,855)**	**(11,718)**
Represented by:					
Cash in hand and at bank	20	52,239	5,219	7,322	609
Bank overdrafts	20	(15,046)	(1,503)	(148,177)	(12,327)
		37,193	**3,716**	**(140,855)**	**(11,718)**

Notes to the Financial Statement

For the year ended 30 September 2016

The Group

("Group") is one of the largest agribusinesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stockfeed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 Ha of row crops under irrigation and 8,623 Ha of rain-fed/dry-land crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana.

2. Principal accounting policies

The principal accounting policies applied by the Group in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the parent Company and its subsidiary companies made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Intercompany transactions and profits are eliminated on consolidation and all income and profit figures relate to external transactions only.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition or up to the effective date of disposal, as applicable.

(b) Going Concern

At the reporting date loans and other finance amounts repayable within twelve months amount to ZMW254.8 million (USD25.5 million) [2015: ZMW224.4 million (USD18.7 million)]. After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Group has also increased its term facilities to fund the capital assets being acquired during the current financial year and the next financial year. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out during the financial year.

(c) Basis of presentation

The financial statements are prepared in accordance with the provisions of the Zambian Companies Act 1994 and International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "Preparation of financial statements" (Revised 2007). The Group has elected to present the "Statement of Comprehensive Income" in one statement namely the "Statement of Comprehensive Income".

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of property, plant and equipment, and financial assets and liabilities at fair value through profit or loss. Biological assets are measured at fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2. Principal accounting policies continued

(d) Foreign currencies

(i) Presentation and functional currency

The Company has twelve operating branches of which eleven have a functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farms Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:

the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to origin prices being USD;

the pricing of Mpongwe's principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;

the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;

the Mpongwe assets were purchased in USD;

upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and

the majority of financial liabilities associated with working capital funding and capital expenditure are sourced in USD and repayable in USD, with a substantial portion of the Company's term liabilities secured on the assets of Mpongwe.

In light of this, Mpongwe's assets and liabilities are translated to ZMW and consolidated with other branches of the Company for reporting and tax purposes in Zambia.

As a result of using a functional currency of USD for Mpongwe, there arose an exchange difference of ZMW73.4 million (2015: ZMW147.3 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income of the company and an exchange adjustment under property, plant and equipment.

The Group's reporting currency in Zambia is ZMW and the presentation of financial statements to Non-Zambian shareholders and for the purposes of being listed on the AIM market of the London Stock Exchange also necessitate the presentation of the financial statements in United States Dollars (USD).

(ii) Basis of translating presentation currency to USD for the purposes of supplementary information

Income statement items have been translated using the average exchange rate for the year as an approximation to the actual exchange rate. Assets and liabilities have been translated using the closing exchange rate. Any differences arising from this process have been recognised in other comprehensive income and accumulated in the foreign exchange reserve in equity.

Equity items have been translated at the closing exchange rate. Exchange differences arising on retranslating equity items and opening net assets have been transferred to the foreign exchange reserve within equity.

The following exchange rates have been applied:

ZMW:USD	Average exchange rate	Closing exchange rate
Year ended 30 September 2015	7.06	12.02
Year ended 30 September 2016	10.83	10.01

All historical financial information, except where specifically stated, is presented in Zambian Kwacha rounded to the nearest ZMW'000s and United States Dollars rounded to the nearest USD'000s.

2. Principal accounting policies continued

(d) Foreign currencies continued

(iii) Basis of translating transactions and balances

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Non-operating foreign exchange gains and losses mainly arise on fluctuations of the exchange rate between United States Dollars and Zambian Kwacha. Due to the instability of the exchange rate, which may result in significant unrealised variances of foreign exchange related assets and liabilities, these gains and losses have been presented below operating profit in the statement of Comprehensive Income.

(iv) Basis of translating foreign operations

In the consolidated financial statements the financial statements of the foreign subsidiaries originally presented in their local currency have been translated into Zambian Kwacha. Assets and liabilities have been translated into Zambian Kwacha at the exchange rates ruling at the year end. Statement of comprehensive income items have been translated at an average monthly rate for the year. Any differences arising from this procedure are taken to the foreign exchange reserve.

ZMW: Nigeria Naira	Average exchange rate	Closing exchange rate
Year ended 30 September 2015	27.20	16.64
Year ended 30 September 2016	29.09	31.47

ZMW: Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2015	0.52	0.32
Year ended 30 September 2016	0.36	0.40

(e) New and revised standards that are effective for annual periods beginning on or after 1 January 2016

The Group has not adopted any new standards or amendments that have a significant impact on the Group's results or financial position.

The standards and amendments that are effective for the first time in 2016 (for entities with a 31 December 2016 year end) and could be applicable to the Group are:

- 'Annual Improvements to IFRSs' 2012-2014 cycle
- 'Disclosure Initiative' (Amendments to IAS 1)
- 'Clarification of Acceptable Methods of Depreciation and Amortisation' (Amendments to IAS 16 and IAS 38)
- 'Agriculture: Bearer Plants' (Amendments to IAS 16 and IAS 41)
- 'Accounting for Acquisitions of Interests in Joint Operations' (Amendments to IFRS 11)
- 'Equity Method in Separate Financial Statements' (Amendments to IAS 27)
- 'Investment Entities: Applying the Consolidation Exception' (Amendments to IFRS 10, IFRS 12 and IAS 27).

These amendments do not have a significant impact on these financial statements and therefore disclosures have not been made.

In addition, IFRS 14 'Regulatory Deferral Accounts' is also effective from 1 January 2016. However, it is only applicable to first time adopters of IFRS and therefore is not applicable to the Group.

Notes to the Financial Statements continued

For the year ended 30 September 2016

2. Principal accounting policies continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's financial statements.

IFRS 9 'Financial Instruments'

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables and investments in debt-type assets currently classified as Available For Sale (AFS) and Held To Maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in other comprehensive income.
- if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 introduces new guidance that will require the Group to evaluate the separability of multiple elements based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative stand-alone selling prices.

2. Principal accounting policies (continued)

The Group is currently in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of distinct goods or services and the allocation of consideration to them.

loss contracts – Under existing IFRSs, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss. When a contract covers a number of assets, the construction of each asset is treated as a separate contract for this purpose if the segmentation criteria in IAS 11 'Construction Contracts' are met.

IFRS 15 does not include any guidance on how to account for loss contracts. Accordingly, such contracts will be accounted for using the guidance in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Under IAS 37, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there may be some instances where loss provisions recognised in the past will not be recognised under IFRS 15 because the contract as a whole is profitable. In addition, when IFRS 15 requires the Group to combine two or more contracts that are entered into at or near the same time, the assessment of whether the contract is onerous will be performed at the level of the combined contracts. Lastly, the Group notes that a loss contract under IAS 11 is measured using an estimate of the total contract costs including, for example, an appropriate allocation of construction overheads. This is likely to be greater than the 'unavoidable costs' identified under IAS 37.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

The Group is currently in the process of reviewing all its customer contracts to ascertain the extent to which the new requirements will impact the recognition and measurement of loss provisions.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for finance leases (note 2(m)) and operating leases (note 2(m)) as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

(g) Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net asset acquired is credited to the statement of comprehensive income in the period of acquisition. Changes in the Group's ownership interest that do not result in a loss of control are accounted for as equity transactions. Purchase of non controlling interests are recognized directly within equity being the difference between the fair value of the consideration paid and the relevant share acquired of the carrying value of the net assets to the subsidiary.

Contingent and deferred consideration arising as a result of acquisitions is stated at fair value. Contingent and deferred consideration is based on management's best estimate of the likely outcome and best estimate of fair value, which is usually, but not always, a contracted formula based on a multiple of net profit after tax. All acquisition expenses are recognised in the statement of comprehensive income.

2. Principal accounting policies (continued)

(h) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of. A component can be distinguished operationally and for financial reporting purposes if:

- its operating assets and liabilities can be directly attributed to it
- its income (gross revenue) can be directly attributed to it
- at least a majority of its operating expenses can be directly attributed to it.

Profit or loss from discontinued operations, including prior year comparatives, is presented in a single amount in the income statement. This amount comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the disposal of the Group's share of the entity's net assets.

The disclosures for discontinued operations in the prior years relate to all operations that have been discontinued by the reporting date for the latest period presented.

(i) Goodwill

Goodwill represents future economic benefits arising from a business combination that is not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Refer to the note for a description of impairment testing procedures.

(j) Revenue recognition

Revenue comprises the sale of goods as shown in note 5. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyers and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

Revenue comprises the fair value of consideration received or receivable for the sale of the Group's products in the ordinary course of the Group's activities. Revenue is shown net of trade allowances, duties and taxes paid and after eliminating sales within the Group.

Revenue from sale of agricultural commodities

Revenue for the agribusiness division includes the invoice value of goods where the Group grows or takes ownership risk on the relevant produce. Revenue is recognised when the supply of the goods are contracted. There are no discounts or other arrangements that create uncertainty over the level of revenue recognised.

Revenue from retail sales

Revenue from the sale of products produced and supplied via Zambeef's retail outlets and to external parties is recognised on delivery to customers either by way of cash sales or credit sales.

(k) Property, plant and equipment

All classes of property, plant and equipment are stated at valuation except for plantation development expenditure and capital work in progress which are stated at historical cost. Capital work in progress relates to internally constructed building parts and plant and machinery and are categorised as such on completion. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the statement of comprehensive income during the financial year in which they are incurred.

2. Principal accounting policies continued

(k) Property, plant and equipment continued

The Group has adopted a policy of revaluing all classes of property, plant and equipment, excluding capital work in progress and plantation development expenditure. Revaluations are conducted with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus in shareholders' equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Land and buildings	2%
Motor vehicles	20%
Furniture & equipment	10%
Plant & machinery	5-10%

Capital work in progress is not depreciated.
The assets' residual values and useful lives are reviewed at each reporting date and adjusted where appropriate.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(l) Plantation development expenditure

Plantation development expenditure comprises assets held for plantation development activities. All capital expenditure related costs are recognised under plantation development during the development stage. Upon completion of any development phase, capitalised items are transferred to property, plant and equipment and depreciated, which depreciation is capitalised until the oil palms reach maturity and the plantation generates operating income.

All costs relating directly to plantation development are capitalized until such time as the oil palms reach maturity and meet the criteria for commercial production, at which point capitalized items are reclassified as mature plantations in property, plant and equipment, and all further costs expensed and depreciation commences. Such capitalized costs include:

– construction of roads and bridges attached to the plantation
– installation of drainage
– land preparation
– construction of an office block and workshops
– borrowing costs

Notes to the Financial Statements continued
For the year ended 30 September 2016

2. Principal accounting policies continued
(l) Plantation Development Expenditure continued
These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on the straight-line method to write off the cost of assets over their estimated useful lives. The principal annual rates of depreciation are:

Bridges and roads	5%
Mature plantations	4%

Mature plantations are amortised over the estimated productive life of the trees estimated to be 25 years. The period of the plantations' productive life was determined by vegetative growth calculated and estimated by management.

(m) Leased assets
Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance lease. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each accounting period.

Rentals payable under operating leases are charged to profit or loss in the statement of comprehensive income over the term of the relevant lease and in accordance with the terms of the relevant leases.

(n) Financial assets
For the purpose of measurement financial assets are classified into categories. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(o) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

(p) Impairment of assets
(i) Financial assets carried at amortised cost
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
  – adverse changes in the payment status of issuers or debtors in the Group; or
  – national or local economic conditions that correlate with defaults on the assets in the Group.

2. Principal accounting policies continued

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individual assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) Impairment of goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(q) Financial liabilities

The Group's financial liabilities include bank overdrafts, interest bearing liabilities, obligations under finance leases and trade and other payables. Financial liabilities are recognised when the Group becomes party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'Finance costs' in the consolidated statement of comprehensive income. Financial liabilities are recognised initially at their fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2. Principal accounting policies continued

(r) Biological assets

(i) Current assets

Biological assets are valued at their fair values less estimated point of sale costs as determined by the Directors. The fair value of livestock is determined based on market prices of animals of similar age, breed and genetic merit. Standing crops are revalued to fair value at each reporting date based on the estimated market value of fully grown standing crops adjusted for the age and condition of the crops at the reporting date. Feedlot, standing and dairy cattle, chickens (broilers and layers), and pigs have been classified as current biological assets based on Directors' expectation of their useful economic life. Upon maturity of biological assets, they are transferred to inventory through harvest and culling.

Net gains and losses arising from changes in fair value less estimated point of sale costs of biological assets are recognised in profit and loss in the statement of comprehensive income.

(ii) Non-current assets

Oil palms are revalued to fair value at each reporting date on a discounted cash flow basis by reference to the fresh fruit branches ("FFB") expected to be harvested over the full remaining productive life of the trees up to 25 years. Oil palms which are not yet mature at the accounting date, and hence are not producing FFB, are valued at cost as an approximation of fair value which is not capable of being accurately measured.

All expenditure on the oil palms up to maturity is treated as an addition to the oil palms. Such costs include seedling costs, holing and planting, transport and field distribution, lining and pruning. The variation in the value of the oil palms in each accounting period, after allowing for additions to the oil palms in the period, is charged or credited to profit or loss in the statement of comprehensive income as appropriate, with no depreciation being provided on such assets.

(s) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first in first out basis and includes all expenditure incurred in the normal course of business in bringing the goods to their present location and condition, including production overheads based on normal level of activity. Net realizable value takes into account all further costs directly related to marketing, selling and distribution.

Biological assets are transferred to inventory at the point of harvest/slaughter at fair value in accordance with IAS 41.

(t) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank overdrafts, deposits held at call with banks, structured agricultural finance, other short-term highly liquid investments and balances held with banks.

Bank overdrafts are defined as facilities which are repayable on demand and classified as current liabilities.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared 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 recognized within 'finance costs' in profit or loss in the statement of comprehensive income in the period in which they are incurred.

(v) Interest bearing liabilities

Short term interest bearing liabilities include all amounts expected to be repayable within twelve months from the reporting date, including instalments due on loans of longer duration. Long term interest bearing liabilities represent all amounts payable more than twelve months from the reporting date.

2. Principal accounting policies continued

(w) Other income

Other income is income not related to the operation or management of the specific business activities of the Group, but which arises from the function of operating an agri-business. Other income comprises the fair value of the consideration received or receivable.

(x) Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

(x) Taxation (continued)

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(y) Employee benefits

(i) Pension obligations

The Group has a plan with National Pension Scheme Authority (NAPSA) where the Group pays an amount equal to the employee's contributions. Employees contribute 5 per cent. of their gross earnings up to the statutory cap.

(ii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(z) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders at a general meeting.

2. Principal accounting policies continued

(aa) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. This reserve is non-distributable.

Foreign currency translation differences arising from translating to presentational currency and translating foreign operations are included in the foreign exchange reserve. These reserves are non-distributable.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income. All transactions with owners of the parent are recorded separately within equity.

(bb) Segmental reporting

IFRS 8 requires segments to be identified on the basis of the internal reports about operating units of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and to assess their performance. The Group operates 14 main reportable divisions which match the main external revenues earned by the Group:

- Beef
- Chicken
- Pork
- Crops
- Stockfeed
- Eggs
- Zamhatch
- Fish
- Milk and dairy
- Edible oils
- Mill and bakery
- Leather and shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

Due to the nature of the Group's operations, namely that Groups of assets and liabilities are each used to generate a number of the revenue streams above, balance sheet items cannot be discretely allocated to the above components, and the CODM also reviews management information regarding the operating assets and liabilities of the main reporting entities within the Group as follows:

- Zambeef
- Retailing
- Zam Chick
- Zamanita
- Master Pork
- Zampalm
- Other

The 'Other' segment includes the foreign subsidiaries, Zamleather Limited and Zamhatch Limited. Foreign subsidiaries include the Group's two majority-owned subsidiaries in Nigeria and Ghana. Inter and intra-divisional, and inter-company sales are recognised based on an internally set transfer price. The prices are reviewed periodically and aim to reflect what each Business segment could achieve if it sold its output to external parties at arm's length.

2. Principal accounting policies continued

(cc) Provisions (Restructuring costs and legal claims)

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(dd) Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and judgements are under continuous review.

(i) Plantation development expenditure

Management exercises judgement in assessing whether costs incurred at the Zampalm plantation:

- Continue plantation development expenditure (and are therefore capitalised).
- Constitute other classes of property, plant and equipment (and are therefore capitalised and allocated as such).
- Relate directly to palm oil trees (and are therefore accounted for via the valuation of biological assets).

(ii) Deferred tax

Management applies judgement in assessing whether a deferred tax asset is recognised on carried forward trading losses based on anticipated future profits.

3. Critical accounting estimates and judgements continued
Significant accounting estimates
(i) Translating to the presentational currency

Management have applied the average exchange rate as an approximation to the actual exchange rate for the purposes of translating the Group's consolidated financial statements into USD. The Directors have conducted an exercise to evaluate the impact of these fluctuations on the presentation of the Group's results and has concluded that the application of the average exchange rate is a reasonable approximation to the actual rate. The Group has long-term borrowings denominated in USD and management has conducted sensitivity analysis on the Group's reported profits and equity for the periods reported (see note 28).

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value (see note 12).

(iii) Valuation of biological assets and inventory

Biological assets are measured at fair value less estimated costs to sell. In estimating fair values and costs to sell, management takes into account the most reliable evidence at the times the estimates are made.

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment takes into account historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW13.3 million (USD1.2 million) (2015: ZMW0.77 million [USD0.13 million]) is affected by price changes in different market segments, and ZMW249.5 million (USD23 million) (2015: ZMW223.3 million [USD38 million]) is affected by physical changes in different segments.

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW545.2 million (USD54.5 million) (2015: ZMW412.2 million [USD34.3 million]) is affected by price changes in different market segments. Refer to note 16.

4. Management of financial risk

The Group's Board of Directors believes that the Group is well positioned in an improving economy. Factors contributing to the Group's strong position are:

a. Growth in the Zambian economy leading to higher disposable incomes.
b. Increase in the retail foot print of the Group.
c. Increase in production facilities of the Group leading to higher volumes available for retail.
d. Improvements in the management team across various areas of the Group leading to positive reinforcement of strong operational synergies.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt.

4.1 Financial risk

The Group is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are cash flow risk, interest rate risk, foreign exchange risk and credit risk. These risks are exposed to general and specific market movements.

The Group manages these positions with a framework that has been developed to monitor its customers and return on its investments.

4.2 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The area where the Group is exposed to credit risk is amounts due from customers.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to the level of credit given to a single customer. Such risk is subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved annually by the Board of Directors.

4. Management of financial risk continued

4.3 Interest risk

The Group has exposure to both variable and fixed interest rates on its borrowings. The area where the Group is exposed to interest risk is where the variable rate benchmark such as LIBOR, Zambian Treasury Bill rate, or the Bank of Zambia Policy rate may change.

The Group structures its debt with low spreads over the variable rate benchmark and protects itself with matching fixed interest rates on its borrowings. Management periodically review economic conditions relating to such variable benchmarks and is allowed to consider alternate debt structures where the need may arise.

4.4 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital structure

(i) In Zambian Kwacha	2016 ZMW'000s	2015 ZMW'000s
Cash and cash equivalents	64,806	(190,648)
Interest bearing liabilities	(547,988)	(678,919)
Equity	2,135,939	1,441,209
	1,652,757	571,642

(ii) In United States Dollars	2016 USD'000s	2015 USD'000s
Cash and cash equivalents	6,474	(15,861)
Interest bearing liabilities	(54,744)	(56,483)
Equity	213,383	119,900
	165,113	47,556

The Directors define capital as equity plus cash less borrowings and its financial strategy in the short term is to minimize the level of debt in the business whilst ensuring sufficient finances are available to continue the Group's business activities.

4.5 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from exchange rate fluctuations. Foreign currency denominated purchases and sales, together with foreign currency denominated borrowings, comprise the currency risk of the Group. These risks are minimized by matching the foreign currency receipts to the foreign currency payments as well as holding foreign currency bank accounts and export sales.

4.6 Agricultural risk

Agricultural production by its nature contains elements of significant risks and uncertainties which may adversely affect the business and operations of the Group, including but not limited to the following: (i) any future climate change with a potential shift in weather patterns leading to floods or droughts and associated crop losses; (ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields; (iii) wild and domestic animal conflicts and crop raiding; and (iv) livestock disease outbreaks. Adverse weather conditions represent a significant operating risk to the Business, affecting the quality and quantity of production and the levels of farm inputs.

The Group minimises these risks through a robust insurance policy on biological stock (crop and livestock) and grain inventory.

5. Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ('CODM'), which is the Chief Executive Officer, to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margin information is sufficient for the CODM to use for such purposes. The CODM reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and liabilities of the main business divisions within the Group.

Year ended 30 September 2016

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Beef	476,102	169,591
Chicken	245,101	51,744
Pork	223,810	43,934
Milk and dairy	126,585	65,913
Fish	48,319	18,385
Eggs	35,837	14,345
Total Cold Chain Food Products	**1,155,754**	**363,912**
Zamhatch	**54,464**	**32,341**
Stockfeed	**697,572**	**146,291**
Crops	**413,391**	**251,860**
Master Meats (Nigeria)	182,825	39,421
Master Meats (Ghana)	33,710	9,406
Total West Africa	**216,535**	**48,827**
Mill and Bakery	89,243	20,571
Leather and shoes	33,037	9,216
Edible oils	92,008	2,928
Total Other	**214,288**	**32,715**
Total	**2,752,004**	**875,946**
Less: Intra/Inter Group Sales	**(375,856)**	**-**
Group total	2,376,148	875,946
Central operating costs and other income		(688,353)
Operating profit		**187,593**
Foreign exchange gains		58,345
Finance costs		(111,346)
Profit before tax		**134,592**

5. Segmental reporting continued

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	1,161,484	192,846	62,521	46,159	306,956	1,769,966
Biological assets and inventories	584,181	85,922	20,414	48,480	41,680	780,677
Cash, cash equivalents and bank overdrafts	37,193	7,991	232	738	18,652	64,806

(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD'000s
Beef	43,960	15,658
Chicken	22,632	4,778
Pork	20,666	4,057
Milk and dairy	11,688	6,086
Fish	4,462	1,698
Eggs	3,309	1,325
Total Cold Chain Food Products	**106,717**	**33,602**
Zamhatch	**5,029**	**2,986**
Stockfeed	**64,411**	**13,508**
Crops	**38,171**	**23,256**
Master Meats (Nigeria)	16,881	3,640
Master Meats (Ghana)	3,113	869
Total West Africa	**19,994**	**4,509**
Mill and Bakery	8,240	1,899
Leather and shoes	3,051	851
Edible oils	8,496	270
Total Other	**19,787**	**3,021**
Total	**254,109**	**80,881**
Less: Intra/Inter Group Sales	(34,705)	
Group total	**219,404**	**80,881**
Central operating costs and other income		(63,560)
Operating profit		**17,321**
Foreign exchange gains		5,387
Finance costs		(10,281)
Profit before tax		**12,427**

5. Segmental reporting continued

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Master Pork USD'000s	Zampalm USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	116,032	19,265	6,246	4,612	30,665	176,820
Biological assets and inventories	58,360	8,584	2,039	4,843	4,164	77,990
Cash, cash equivalents and bank overdrafts	3,716	798	23	74	1,863	6,474

Year ended 30 September 2015

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Beef	391,950	135,995
Chicken	179,622	42,980
Pork	167,730	32,900
Milk and dairy	101,617	52,904
Fish	36,547	13,832
Eggs	29,031	11,371
Total Cold Chain Food Products	**906,497**	**289,982**
Zamhatch	**-**	**-**
Stockfeed	**407,867**	**74,602**
Crops	**397,125**	**253,326**
Master Meats (Nigeria)	109,064	26,536
Master Meats (Ghana)	20,887	4,588
Total West Africa	**129,951**	**31,124**
Mill and Bakery	56,430	12,867
Leather and shoe	32,213	12,345
Edible oils	218,918	40,367
Total Other	**307,561**	**65,579**
Total	**2,149,001**	**714,613**
Less: Intra/Inter Group Sales	(340,686)	-
Less: Discontinued operations	(253,443)	(47,900)
Group Total	**1,554,872**	**666,713**
Central operating costs and other income		(504,635)
Operating profit		**162,078**
Foreign exchange losses		(142,358)
Finance costs		(55,295)
Loss before tax		**(35,575)**

5. Segmental reporting continued

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	1,161,484	192,846	62,521	46,159	306,956	1,769,966
Biological assets and inventories	521,212	85,922	20,414	48,480	104,649	780,677
Cash, cash equivalents and bank overdrafts	37,193	7,991	232	738	18,652	64,806

(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD' 000s
Beef	55,517	19,263
Chicken	25,442	6,088
Pork	23,758	4,660
Milk and dairy	14,393	7,493
Fish	5,177	1,959
Eggs	4,112	1,611
Total Cold Chain Food Products	**128,399**	**41,074**
Zamhatch	**-**	**-**
Stockfeed	**57,772**	**10,567**
Crops	**56,250**	**35,882**
Master Meats (Nigeria)	15,448	3,759
Master Meats (Ghana)	2,958	650
Total West Africa	**18,406**	**4,409**
Mill and Bakery	7,993	1,823
Leather and shoe	4,563	1,748
Edible oils	31,008	5,718
Total Other	**43,564**	**9,289**
Total	**304,391**	**101,221**
Less: intra/inter Group sales	(48,256)	
Less: Discontinued operations	(35,898)	(6,785)
Total	**220,237**	**94,436**
Central operating costs and other income		(71,478)
Operating profit		**22,958**
Foreign exchange losses		(20,164)
Finance costs		(7,832)
Loss before tax		**(5,038)**

Notes to the Financial Statements continued

For the year ended 30 September 2016

5. Segmental reporting continued

Operating assets/ (liabilities)	Zambeef USD'000s	Retailing USD'000s	Zamanita USD'000s	Master Pork USD'000s	Zampalm USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	107,472	14,590	-	3,730	3,978	22,778	152,548
Biological assets and inventories	38,283	5,415	-	1,281	2,829	2,228	50,036
Cash, cash equivalents and bank overdrafts	(11,718)	(5,980)	-	73	22	1,742	(15,861)

				2016				2015
Geographical	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	1,977,148	2,081,055	182,562	207,898	1,304,862	1,959,862	184,825	163,049
West Africa	306,296	17,981	28,282	1,796	129,951	29,641	18,407	2,466
Rest of world	92,704	-	8,560	-	120,059	-	17,005	-
	2,376,148	2,099,036	219,404	209,694	1,554,872	1,989,503	220,237	165,515

Zambeef management has decided that the Group will start reporting the segmental note in an alternate format in 2017. The alternate format is going to look as follows:

(i) In Zambian Kwacha (alternate segment – September 2016)

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Retailing - Zambia	**1,131,524**	**132,872**
Master Meats Nigeria	182,825	39,421
Master Meats Ghana	33,710	9,406
Retailing West Africa	**216,535**	**48,827**
Total Retailing	**1,348,059**	**181,699**
Beef	426,731	97,130
Chicken	285,056	63,028
Pork	213,535	23,285
Milk and dairy	125,526	55,538
Fish	48,172	14,062
Eggs	35,673	13,037
Total Cold Chain Food Production	**1,134,693**	**266,080**
Stockfeed	**697,563**	**143,916**
Crops	**413,391**	**251,860**
Mill and Bakery	89,137	20,464
Leather and shoe	33,037	9,216
Edible oils	91,790	2,711

(i) In Zambian Kwacha (alternate segment – September 2016)

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Total Other	**213,964**	**32,391**
Total	**3,807,670**	**875,946**
Less: Intra/Inter Group Sales	(1,431,522)	-
Group total	**2,376,148**	**875,946**

(ii) In US Dollars (alternate segment – September 2016)

Segment	Revenue USD'000s	Gross Profit USD'000s
Retailing - Zambia	**104,481**	**12,269**
Master Meats Nigeria	16,881	3,640
Master Meats Ghana	3,113	869
Retail – West Africa	**19,994**	**4,508**
Total Retailing	**124,475**	**16,778**
Beef	39,400	8,967
Chicken	26,321	5,820
Pork	19,717	2,150
Milk and dairy	11,591	5,128
Fish	4,448	1,298
Eggs	3,294	1,204
Total Cold Chain Food Production	**104,771**	**24,567**
Stockfeed	**64,410**	**13,289**
Crops	**38,171**	**23,256**
Mill and Bakery	8,231	1,890
Leather and shoe	3,051	851
Edible oils	8,476	250
Total Other	**19,758**	**2,991**
Total	**351,585**	**80,881**
Less: Intra/Inter Group Sales	(132,181)	
Group total	**219,404**	**80,881**

6. Operating profit

	2016		2015	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	76,103	42,047	63,778	33,218
– Leased assets	1,681	1,681	3,272	1,625
Staff costs	307,370	111,306	231,045	90,132
Legal and other professional fees	32,397	22,657	26,230	14,065
Directors' remuneration				
– Executive	11,033	11,033	6,964	6,964
– Non-Executive	2,539	2,539	1,371	1,371
	13,572	13,572	8,335	8,335
Auditors remuneration				
– Audit services	2,786	2,340	1,219	814
– Non audit services	677	669	335	313
	3,463	3,009	1,554	1,127
Impairment of trade receivables	3,835	1,126	1,330	(29)
Profit/(loss) on disposal of property, plant and equipment	(1,124)	(824)	(7,040)	(3,648)
Rentals under operating leases	11,437	-	1,073	-

	2016		2015	
Operating profit	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	7,027	3,882	9,034	4,705
– Leased assets	155	155	463	230
Staff costs	28,381	10,278	32,727	12,767
Legal and other professional fees	2,991	2,092	3,715	1,990
Directors' remuneration				
– Executive	1,019	1,019	985	985
– Non-Executive	234	234	194	194
	1,253	1,253	1,179	1,179
Auditors remuneration				
– Audit services	257	216	173	115
– Non audit services	62	62	47	44
	319	278	220	159
Impairment of trade receivable	354	104	188	(4)
Profit/(loss) on disposal of property, plant and equipment	(104)	(76)	(997)	(517)
Rentals under operating leases	1,056	-	152	-

7. Staff costs

The Group employed an average of 6,253 employees during the year ended 30 September 2016 (2015: 6,251).

	2016 Number	2015 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited, Zamhatch Limited & Zamleather Limited	5,158	5,002
Zamanita Limited	-	249
Zampalm Limited	430	426
Master Pork Limited	264	226
Foreign Subsidiaries	401	348
Total	6,253	6,251

Employee costs for all employees of the Group, including Executive Directors, were:

	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Salaries and wages	278,610	25,725	217,311	30,781
Social security costs	8,065	745	7,320	1,037
Pension costs	20,695	1,911	6,414	909
	307,370	28,381	231,045	32,727

2016	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Total ZMW'000s
Short term benefits				
Salary and fees	2,459	2,221	2,515	7,195
Bonus	2,679	2,679	128	5,486
Pension contributions	10	10	10	30
Employment taxes	2,745	2,622	1,406	6,773
Total	7,893	7,532	4,059	19,484

2015	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Total ZMW'000s
Short term benefits				
Salary and fees	1,378	1,457	1,441	4,276
Bonus	-	-	-	-
Pension contributions	10	10	10	30
Employment taxes	882	861	915	2,658
Total	2,270	2,328	2,366	6,964

Notes to the Financial Statements continued

For the year ended 30 September 2016

7. Staff costs continued

2016	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Total USD'000s
Short term benefits				
Salary and fees	227	205	232	664
Bonus	247	247	12	506
Pension contributions	1	1	1	3
Employment taxes	253	242	130	625
Total	728	695	375	1,798

2015	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Total USD'000s
Short term benefits				
Salary and fees	195	206	204	605
Bonus	-	-		-
Pension contributions	1	1	1	3
Employment taxes	125	122	130	377
Total	321	329	335	985

Details of Directors' contracts may be found in the Directors' Report.

8. Finance costs

	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	108,704	10,037	59,180	8,383
Finance lease cost	2,642	244	405	57
Less: discontinued operations	-	-	(4,290)	(608)
Total	111,346	10,281	55,295	7,832

9. Taxation

The Group has various tax rates applicable on the basis of individual entities being defined as agricultural entities or divisions (income tax rate of 10%) or manufacturing entities or divisions (income tax rate of 35%). The Group has further obtained tax holidays through investment incentives offered by the Zambian Government.

(i) In Zambian Kwacha	2016		2015	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	17,896	12,403	4,491	652
	17,896	12,403	4,491	652
Deferred tax:				
Deferred taxation (note 9(e))	(7,098)	(2,607)	170	(10,940)
Tax charge/(credit) for the year	10,798	9,796	4,661	(10,288)
(b) Reconciliation of tax charge/(credit)				
Profit/(loss) before taxation	134,592	101,173	(35,575)	(4,850)
Taxation on accounting loss	19,210	8,839	(5,283)	(6,934)
Effects of:				
Permanent differences:				
Disallowable expenses	4,304	1,887	2,810	541
Timing differences:				
Capital allowances and depreciation	(167)	(1,071)	565	(85)
Livestock and crop valuations adjustment	(3,174)	(3,110)	1,063	(994)
Other income	2,907	-	(8,266)	(7,042)
Unrealised exchange (gains)/ losses	(6,999)	(4,074)	6,658	13,499
Unrealised tax losses	1,815	9,932	6,944	1,667
Tax charge for the year	17,896	12,403	4,491	652
(c) Movement in taxation account				
Taxation recoverable at 1 October	(2,983)	(4,038)	(1,067)	(4,098)
Charge for the year	17,896	12,403	4,491	652
Arising on discontinued operation	-		(263)	-
Taxation paid	(8,850)	(4,438)	(6,144)	(592)
Taxation payable/(recoverable) as at 30 September	6,063	3,927	(2,983)	(4,038)
Taxation payable	7,822	3,927	1,588	-
Taxation recoverable	(1,759)	-	(4,571)	(4,038)
	6,063	3,927	(2,983)	(4,038)

Notes to the Financial Statements continued

For the year ended 30 September 2016

9. Taxation continued

(d) A self-assessment system for income tax was introduced for periods subsequent to 31 March 2004. Tax returns for the year ended 30 September 2015 will be made on the due date.

	2016		2015	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	9,792	9,398	7,012	6,682
Accelerated tax allowances	39,295	19,847	37,588	16,327
Provisions	(4,580)	(710)	(4,178)	(504)
Tax loss	(68,834)	(53,519)	(57,651)	(44,882)
	(24,327)	(24,984)	(17,229)	(22,377)
Analysis of movement:				
Deferred tax asset as at 1 October	(17,229)	(22,377)	(6,729)	(11,437)
Charge/(credit) to profit and loss account (note 9(a))	(7,098)	(2,607)	170	(10,940)
Arising on discontinued operations	-	-	(10,670)	-
Deferred tax asset as at 30 September	(24,327)	(24,984)	(17,229)	(22,377)
Deferred tax asset	(28,366)	(28,366)	(25,344)	(25,344)
Deferred tax liability	4,039	3,382	8,115	2,967
	(24,327)	(24,984)	(17,229)	(22,377)

(ii) In US Dollars	2016		2015	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	1,652	1,145	636	93
	1,652	1,145	636	93
Deferred tax:				
Deferred taxation (note 9(e))	(655)	(241)	24	(1,550)
Tax charge/ (credit) for the year	997	904	660	(1,457)

9. Taxation continued

(b) Reconciliation of tax charge	2016		2015	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Profit/(loss) before taxation	12,427	9,342	(5,038)	(687)
Taxation on accounting profit/(loss)	1,774	816	(748)	(982)
Effects of:				
Permanent differences:				
Disallowable expenses	397	174	398	77
Timing differences:				
Capital allowances and depreciation	(15)	(99)	80	(12)
Livestock and crop valuations adjustment	(293)	(287)	151	(141)

	2016		2015	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Other income	268	-	(1,171)	(997)
Unrealised exchange (gains)/losses	(646)	(376)	942	1,912
Unrealised tax loss	167	917	984	236
Tax charge for the year	1,652	1,145	636	93

(c) Movement in taxation account

	2016		2015	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Taxation recoverable at 1 October	(248)	(336)	(171)	(654)
Charge for the year	1,652	1,145	636	93
Arising on discontinued operations	-	-	(37)	-
Taxation paid	(817)	(410)	(870)	(84)
Foreign exchange differences	18	(7)	194	309
Taxation payable /(recoverable) as at 30 September	605	39)	(248)	(336)
Analysed as follows:				
Taxation payable	781	392	132	-
Taxation recoverable	(176)	-	(380)	(336)
	605	392	(248)	(336)

(d) A self-assessment system for income tax was introduced for periods subsequent to 31 March 2004. Tax returns for the year ended 30 September 2016 will be made on the due date.

9. Taxation continued

(e) Deferred taxation	2016		2015	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Represented by:				
Biological valuation	978	781	583	556
Accelerated tax allowances	3,926	1,651	3,127	1,358
Provisions	(458)	(59)	(348)	(42)
Tax loss	(6,877)	(4,869)	(4,795)	(3,734)
	(2,431)	(2,496)	(1,433)	(1,862)
Analysis of movement:				
Deferred tax asset as at 1 October	(1,433)	(1,862)	(1,074)	(1,824)
Charge/(credit) to profit and loss account (note 9(a))	(655)	(241)	24	(1,550)
Arising on discontinued operations	-	-	(1,511)	-
Foreign exchange	(343)	(393)	1,128	1,512
Deferred tax asset as at 30 September	(2,431)	(2,496)	(1,433)	(1,862)
Deferred tax asset	(2,834)	(2,834)	(2,108)	(2,109)
Deferred tax liability	403	338	675	247
	(2,431)	(2,496)	(1,433)	(1,862)

10. Equity dividends

	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Dividends declared or paid	-	-	-	-

There has been no dividend paid or proposed for 2016 (2015: ZMW nil).

11. Earnings per share

Basic earnings per share have been calculated in accordance with IAS 33 which requires that earnings should be based on the net profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period.

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. There are no dilutive share instruments in issue.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Basic earnings per share	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Profit/(loss) for the year	137,103	12,659	(63,614)	(9,009)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	250,170	250,170	247,978	247,978
	Ngwee	US cents	Ngwee	US cents
Basic earnings per share (ZMW and US cents) – Continued operations	41.38	3.82	(19.86)	(2.81)
Basic earnings per share (ZMW and US cents) – Discontinued operations	13.42	1.24	(5.80)	(0.82)
Total Basic earnings per share (ZMW and US cents)	54.80	5.06	(25.66)	(3.63)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (including preference shares)	254,339	254,339	247,978	247,978
Basic earnings per share (ZMW and US cents) – Continued operations	40.70	3.76	(19.86)	(2.81)
Basic earnings per share (ZMW and US cents) – Discontinued operations	13.21	1.22	(5.80)	(0.82)
Total Basic earnings per share (ZMW and US cents)	53.91	4.98	(25.66)	(3.63)

12. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2014	15,699	2,504
Foreign exchange difference	-	(1,198)
At 30 September 2015	15,699	1,306
Arising during the year	142,223	14,208
Foreign exchange difference	-	262
At 30 September 2016	157,922	15,776

12. Goodwill continued

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Master Pork Limited	15,699	1,568	15,699	1,306
Zam Chick Limited	134,590	13,445	-	-
Zamhatch Limited	7,633	763	-	-
	157,922	15,776	15,699	1,306

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired. The recoverable amounts of the cash generating unit (CGU) is determined from value in use calculations.

The Board's key assumptions are based on their past experience and future expectations of the market over the longer term. The Board estimates a discount rate of 15 per cent. post tax derived from the Group's cost of external borrowing and dividend payment history, adjusted to reflect currency risk and price risk, in accordance with IAS 36 'Impairment of Assets'. Master Pork Limited is expected to achieve a minimum growth rate of Zambian inflation plus Zambian GDP growth, in light of its infrastructure, and continued increase in protein consumption in the domestic market.

Due to the significant headroom within historical impairment calculations (approximately 2 times utilising a discounted cash flow for a period of three years), assumptions including growth rates of cash flows and changes to selling prices and direct costs have not been sensitised.

The Board is not aware of any other changes that would necessitate changes to its calculations.

13. Property, plant and equipment

(i) In Zambian Kwacha

(a) Group	Plantation development expenditure ZMW'000s	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation							
As at 1 October 2014	64,564	834,198	540,012	67,190	27,896	57,301	1,591,161
Exchange differences	-	220,850	146,552	6,469	907	91	374,869
Additions	11,654	2,409	18,378	4,323	2,035	255,089	293,888
Transfers	-	4,981	55,919	13,963	618	(75,511)	(30)
Disposals	-	(2,920)	(7,224)	(1,783)	(130)	-	(12,057)

13. Property, plant and equipment continued

(a) Group (continued)	Plantation development expenditure ZMW'000s	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Reclassification	-	-	-	-	-	(11)	(11)
Disposal of subsidiary	-	(55,018)	(149,311)	(2,577)	(1,310)	(1,758)	(209,974)
As at 30 September 2015	76,218	1,004,500	604,326	87,585	30,016	235,201	2,037,846
Exchange differences	-	(91,844)	(58,343)	(4,959)	(922)	(1,226)	(157,294)
Additions	12,259	3,244	29,216	8,191	2,627	123,235	178,772
Disposals	-	(619)	(2,305)	(2,630)	(114)	-	(5,668)
Transfers	-	116,356	62,131	2,470	1,345	(182,350)	(48)
Reclassification	-	-	190	(190)	-	(24)	(24)
As at 30 September 2016	88,477	1,031,637	635,215	90,467	32,952	174,836	2,053,584
Depreciation							
As at 1 October 2014	(3,349)	9,585	42,746	14,621	3,558	-	67,161
Exchange difference	-	764	3,854	1,124	549	-	6,291
Charge for the year	-	8,877	40,119	15,280	2,774	-	67,050
Depreciation on Palm Plantation	(1,257)	-	-	-	-	-	(1,257)
Disposals	-	(97)	(1,170)	(372)	(26)	-	(1,665)
Disposal of subsidiary	-	(1,440)	(11,624)	(910)	(214)	-	(14,188)
As at 30 September 2015	(4,606)	17,689	73,925	29,743	6,641	-	123,392
Exchange difference	-	(1,746)	(5,638)	(2,058)	(646)	-	(10,088)
Charge for the year	-	9,744	47,230	17,689	3,121	-	77,784
Depreciation on Palm Plantation	(1,219)	-	-	-	-	-	(1,219)
Disposals		-	(181)	(434)	(52)	-	(667)
Transfers	-	-	-	114	-	-	114
Reclassification	-	-	76	(76)	-	-	-
As at 30 September 2016	(5,825)	25,687	115,412	44,978	9,064	-	189,316
Net book value							
At 30 September 2016	94,302	1,005,950	519,803	45,489	23,888	174,836	1,864,268
At 30 September 2015	80,824	986,811	530,401	57,842	23,375	235,201	1,914,454

Notes to the Financial Statements continued

For the year ended 30 September 2016

13. Property, plant and equipment continued

(ii) In US Dollars

(a) Group	Plantation development expenditure USD'000s	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation							
As at 1 October 2014	10,297	133,046	86,125	10,716	4,449	9,139	253,772
Foreign translation	(5,607)	(42,317)	(24,200)	(5,402)	(2,124)	(14,757)	(94,407)
Additions	1,651	341	2,603	612	288	36,132	41,627
Transfers	-	706	7,921	1,978	88	(10,696)	(3)
Disposals	-	(414)	(1,023)	(253)	(18)	-	(1,708)
Reclassification	-	-	-	-	-	(2)	(2)
Disposal of subsidiary	-	(7,793)	(21,149)	(365)	(186)	(249)	(29,742)
As at 30 September 2015	6,341	83,569	50,277	7,286	2,497	19,567	169,537
Foreign translation	1,366	8,505	4,943	1,027	439	3,361	19,641
Additions	1,132	300	2,698	756	243	11,379	16,508
Transfers	-	10,744	5,737	228	124	(16,837)	(4)
Disposals	-	(57)	(213)	(243)	(11)	-	(524)
Reclassification	-	-	18	(18)	-	(2)	(2)
As at 30 September 2016	8,839	103,061	63,460	9,036	3,292	17,468	205,156

13. Property, plant and equipment continued

Depreciation	Plantation development expenditure USD'000s	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
As at 1 October 2014	(534)	1,529	6,816	2,332	567	-	10,710
Charge for the year	-	1,257	5,683	2,164	393	-	9,497
Depreciation on Palm Plantation	(178)	-	-	-	-	-	(178)
Disposals	-	(14)	(166)	(53)	(4)	-	(237)
Disposal of subsidiary	-	(204)	(1,646)	(129)	(30)	-	(2,009)
Foreign Translation	329	(1,097)	(4,537)	(1,840)	(373)	-	(7,518)
As at 30 September 2015	(383)	1,471	6,150	2,474	553	-	10,265
Charge for the year	-	900	4,361	1,633	288	-	7,182
Depreciation on Palm Plantation	(113)	-	-	-	-	-	(113)
Disposals	-	-	(17)	(40)	(5)	-	(62)
Transfer	-	-	-	11	-	-	11
Reclassification	-	-	7	(7)	-	-	-
Foreign Translation	(86)	195	1,031	423	69	-	1,632
As at 30 September 2016	(582)	2,566	11,532	4,494	905	-	18,915
Net book value							
At 30 September 2016	9,421	100,495	51,928	4,542	2,387	17,468	186,241
At 30 September 2015	6,724	82,098	44,127	4,812	1,944	19,567	159,272

(a) The depreciation charge for the year includes ZMW18.9 million (USD1.7 million) (2015: ZMW8.9 million [USD1.3 million]) which relates to the surplus over the original cost of fixed assets shown at a valuation. As this amount should not be taken to reduce the Group's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

(b) The carrying value of the Group's property, plant and equipment includes an amount of ZMW33.7 million (USD3.4 million) (2015: ZMW34.9 million [USD2.9 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW1.7 million (USD0.16 million) (2015: ZMW3,3 million [USD0.16 million]).

(c) The capital work in progress depicts all capital expenditure items on projects that are yet to be completed.

(d) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

13. Property, plant and equipment continued

Notes to the Financial Statements continued

For the year ended 30 September 2016

(i) In Zambian Kwacha

(b) Company	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation						
At 1 October 2014	616,189	285,130	30,902	4,923	28,427	965,571
Exchange differences	214,683	137,579	4,416	306	13	356,997
Additions	31	2,869	2,140	516	31,882	37,438
Transfers	1,662	31,442	2,179	439	(35,722)	-
Disposals	-	(4,560)	-	-	-	(4,560)
Reclassification	-	-	-	-	-	-
At 30 September 2015	832,565	452,460	39,637	6,184	24,600	1,355,446
Exchange differences	(84,671)	(47,484)	(2,281)	(111)	(904)	(135,451)
Additions	3,235	965	1,854	307	41,801	48,162
Transfers	1,329	10,514	501	235	(10,456)	2,123
Disposals	(619)	(540)	(1,369)	(17)	-	(2,545)
Reclassification		982	(982)			
As at 30 September 2016	751,839	416,897	37,360	6,598	55,041	1,267,735
Depreciation						
As at 1 October 2014	4,602	19,311	5,321	471	-	29,705
Charge for the year	4,978	23,219	6,134	513	-	34,844
Disposals	-	(913)	-	-	-	(913)
As at 30 September 2015	9,580	41,617	11,455	984	-	63,636
Charge for the year	5,710	30,151	7,239	628	-	43,728
Disposals	(98)	(35)	(1,518)	(5)	-	(1,656)
Transfers	-	428	114	-	-	542
As at 30 September 2016	15,192	72,161	17,290	1,607	-	106,250
Net book value						
At 30 September 2016	736,647	344,736	20,070	4,991	55,041	1,161,485
At 30 September 2015	822,985	410,843	28,182	5,200	24,600	1,291,810

13. Property, plant and equipment continued

(ii) In US Dollars

(b) Company	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation						
As at 1 October 2014	98,276	45,476	4,927	786	4,534	153,999
Exchange differences	(59,659)	(31,535)	(2,867)	(450)	(1,945)	(96,456)
Additions	5	406	303	73	4,516	5,303
Transfers	235	4,454	309	62	(5,060)	-
Disposals	-	(645)	-	-	-	(645)
Foreign translation	30,408	19,487	625	43	2	50,565
As at 30 September 2015	69,265	37,643	3,297	514	2,047	112,766
Exchange differences	(7,818)	(4,385)	(211)	(10)	(83)	(12,507)
Additions	299	89	171	28	3,860	4,447
Transfers	109	396	13	13	(531)	-
Disposals	(57)	(50)	(126)	(2)	-	(235)
Foreign translation	13,298	7,289	645	106	641	21,979
Reclassification		94	(94)			
As at 30 September 2016	75,110	41,650	3,728	658	5,501	126,646
Depreciation						
As at 1 October 2014	734	3,080	848	76	-	4,738
Charge for the year	705	3,288	869	73	-	4,935
Foreign translation	(642)	(2,777)	(764)	(67)	-	(4,250)
Disposals	-	(129)	-	-	-	(129)
As at 30 September 2015	797	3,462	953	82	-	5,294
Charge for the year	527	2,784	668	58	-	4,037
Disposals	(9)	(3)	(140)	(1)	-	(153)
Foreign translation	203	927	235	21	-	1,386
Transfers	-	40	10	-	-	50
As at 30 September 2016	1,518	7,210	1,726	160	-	10,614
Net book value						
At 30 September 2016	73,592	34,374	2,005	498	5,500	116,032
At 30 September 2015	68,468	34,181	2,344	432	2,047	107,472

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13. Property, plant and equipment continued

(a) The carrying value of the Company's property, plant and equipment includes an amount of ZMW12.6 million (USD1.3 million) (2015: ZMW18 million [USD1.5 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW1.7 million (USD0.15 million) (2015: ZMW1.6 million [USD0.23 million]).

(b) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

14. Investment in associates

	2016		2015	
	ZMW'000	USD'000	ZMW'000	USD'000
At beginning of the year	-	-	23,827	3,800
Transfer to subsidiaries	-	-	-23,827	-1,982
Foreign translation	-	-	-	-1,818
At end of the year	-	-	-	-

Zambeef Products PLC ("Zambeef") owned 49% of the issued share capital of Zam Hatch Limited ("Zam Hatch") as at 30 September 2015. At the period end 30 September 2015 Zam Hatch was still in initial stages of development. It was ascertained that Zambeef exercises due influence over Zam Hatch. Hence Zam Hatch was consolidated into Zambeef Financial Statements. Zambeef now own 100% of Zamhatch and Zamchick Ltd after purchasing Rainbows share of the issued share capital in both companies (51% & 49%) respectively.

15. Investments in subsidiaries

The principal subsidiaries of the Company, their country of incorporation, ownership of their issued, ordinary share capital and the nature of their trade are listed below:

(a) Directly owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2016	Proportion of all classes of issued share capital owned by the Company 2015	Principal activity
Zambeef Retailing Limited	Zambia	100	100	Retailing of Zambeef products
Zamleather Limited	Zambia	100	100	Processing and sales of leather and production and sale of shoes
Master Meat and Agro Production Co of Nigeria Limited	Nigeria	80	80	Processing and sale of meat products
Master Meat (Ghana) Limited	Ghana	90	90	Processing and sale of meat products
Master Pork Limited	Zambia	100	100	Processing and sale of pork and processed products
Zampalm Limited	Zambia	100	100	Palm tree plantation
Zam Chick Limited	Zambia	100	51	Processing and sale of poultry products
Zam Hatch Limited	Zambia	100	49	Chicken breeding, rearing and stockfeed

15. Investments in subsidiaries continued

The proportion of voting rights held is the same as the proportion of shares held.

	2016		2015	
(b) Movement at cost:	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	118,688	9,874	157,582	25,133
Arising during the year (i)	175,075	16,166	-	-
Transfer from investment in associate (note 14)	-	-	23,827	3,800
Disposal during the year	-	-	(62,721)	(5,218)
Foreign translation	-	3,307	-	(13,841)
At end of the year	293,763	29,347	118,688	9,874

(i) On 23 March 2016, Rainbow Farms Investment Proprietary Limited (RFI) exercised the put options which required Zambeef to purchase the shares held by RFI in Zamchick Limited and Zam Hatch Limited. The transfer of shares was completed on 20 September 2016 for both companies.

(c) The Company's interests in its subsidiaries, which are unlisted, are as follows:

Name of company	Country of Incorporation	Assets ZMW'000s	Liabilities ZMW'000s	Revenues ZMW'000s	Profit/ (loss) ZMW'000s
Zambeef Retailing Limited	Zambia	416,285	385,325	1,363,809	34,613
Zamleather Limited	Zambia	48,076	18,430	33,037	(1,849)
West Africa Operations	Nigeria & Ghana	40,351	74,569	52,535	(9,821)
Master Pork Limited	Zambia	146,472	84,902	234,474	398
Zampalm Limited	Zambia	189,813	107,524	135	(1,563)
Zam Chick Limited	Zambia	302,088	201,745	224,331	19,634
Zamhatch Limited	Zambia	192,716	140,143	54,464	24,620
Total at the end of 30 September 2016		**1,335,801**	**1,012,638**	**1,962,785**	**66,032**
Zambeef Retailing Limited	Zambia	365,052	368,705	984,361	(23,943)
Zamleather Limited	Zambia	40,524	9,029	32,739	10,588
West Africa Operations	Nigeria & Ghana	64,312	70,333	129,951	(4,640)
Master Pork Limited	Zambia	101,255	40,083	159,810	11,378
Zamanita Limited	Zambia	-	-	253,443	54,755
Zampalm Limited	Zambia	162,918	79,045	-	-
Zam Chick Limited	Zambia	178,700	97,992	167,610	19,916
Zamhatch Limited	Zambia	192,716	140,143	1,139	3,946
Total at the end of 30 September 2015		**1,105,477**	**805,330**	**1,729,053**	**72,000**

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For the year ended 30 September 2016

15. Investments in subsidiaries continued

Name of company	Country of incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/ (loss) USD'000s
Zambeef Retailing Limited	Zambia	41,587	38,838	125,929	3,196
Zamleather Limited	Zambia	4,803	1,841	3,051	(171)
West Africa Operations	Nigeria & Ghana	4,031	7,449	5,248	(907)
Master Pork Limited	Zambia	14,633	8,482	21,650	37
Zampalm Limited	Zambia	18,962	10,742	12	(146)
Zam Chick Limited	Zambia	30,179	20,154	20,714	1,813
Zamhatch Limited	Zambia	19,252	14,000	5,029	2,273
Total at the end of 30 September 2016		**133,447**	**101,506**	**181,236**	**5,777**
Zambeef Retailing Limited	Zambia	30,370	30,674	139,428	(3,391)
Zamleather Limited	Zambia	3,371	751	4,637	1,500
West Africa Operations	Nigeria & Ghana	5,350	5,851	10,811	(657)
Master Pork Limited	Zambia	8,424	3,335	22,636	1,612
Zamanita Limited	Zambia	-	-	35,898	7,756
Zampalm Limited	Zambia	13,554	6,576	-	-
Zam Chick Limited	Zambia	14,867	8,152	23,741	2,821
Zamhatch Limited	Zambia	16,033	11,659	161	559
Total at the end of 30 September 2015		**91,969**	**66,998**	**237,312**	**10,200**

	2016		**2015**	
Name of company	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Zambeef Retailing Limited	31	3	31	3
Zamleather Limited	1,477	148	1,477	123
Master Meat and Agro Production Co of Nigeria Limited	216	22	216	18
Master Meat (Ghana) Limited	1,310	131	1,310	109
Master Pork Limited	26,601	2,657	26,601	2,213
Zampalm Limited	56,835	5,678	56,835	4,728
Zam Chick Limited	151,033	15,088	8,391	698
Zamhatch Limited	56,260	5,620	23,827	1,982
	293,763	29,347	118,688	9,874

(e) In the opinion of the Directors, the value of the company's interests in the subsidiary companies is not less than the amounts at which they are stated in these financial statements.

16. (a) Biological assets – Group

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 30 September 2016 there were 12,536 cattle (10,191 feedlot cattle and 2,345 dairy cattle) and 628,633 chickens (418,316 layers and 210,317 broilers), and 4,784 pigs. A total of 32,015 feedlot cattle, 679 dairy cattle, 9,065 pigs and 6,935,909 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 2,765 hectares.

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/ (losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	38,940	267,586	121,993	12,587	(380,729)	60,377
Feedlot Cattle	53,189	166,603	45,850	-	(212,771)	52,871
Dairy Cattle	50,361	29,208	(1,638)	-	(31,828)	46,103
Pigs	3,383	10,138	1,523	670	(11,680)	4,034
Chickens	9,319	240,274	81,741	-	(307,693)	23,641
Palm oil plantation	34,006	15,340	-	-	(866)	48,480
Total	189,198	729,149	249,469	13,257	(945,567)	235,506
Less: Non-current biological assets	(34,006)	(15,340)	-	-	866	(48,480)
Total	155,192	713,809	249,469	13,257	(944,701)	187,026

(ii) In US Dollars	As at 1 October USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains/ (losses) arising from fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 30 September USD'000s
Standing Crops	3,239	813	24,708	11,264	1,162	(35,155)	6,031
Feedlot Cattle	4,425	886	15,383	4,234	-	(19,646)	5,282
Dairy Cattle	4,190	809	2,697	(151)	-	(2,939)	4,606
Pigs	282	61	936	141	62	(1,079)	403
Chickens	775	264	22,186	7,548	-	(28,411)	2,362
Palm oil plantation	2,829	678	1,416	-	-	(80)	4,843
Total	15,740	3,511	67,326	23,036	1,224	(87,310)	23,527
Less: Non-current biological assets	(2,829)	(678)	(1,416)	-	-	80	(4,843)
Total	12,911	2,833	65,910	23,036	1,224	(87,230)	18,684

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For the year ended 30 September 2016

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2016 there were 12,492 cattle (9,909 feedlot cattle, 414 standing cattle and 2,069 dairy cattle), and 198,168 chickens (196,168 layers). A total of 29,130 feedlot cattle and 1,802 dairy cattle were culled during the year.

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/ (losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	38,940	267,586	121,993	12,587	(380,729)	60,377
Feedlot Cattle	53,189	166,603	45,850	-	(212,767)	52,875
Dairy Cattle	50,361	29,207	(1,638)	-	(31,829)	46,101
Chickens	6,420	39,382	(5,746)	-	(28,898)	11,158
Total	148,910	502,778	160,459	12,587	(654,223)	170,511

(ii) In US Dollars	As at 1 October USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains/ (losses) arising from fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 30 September USD'000s
Standing Crops	3,240	(2,010)	27,530	11,264	1,162	(35,155)	6,031
Feedlot Cattle	4,425	(4,359)	20,629	4,234	-	(19,646)	5,283
Dairy Cattle	4,190	(3,389)	6,895	(151)	-	(2,939)	4,606
Chickens	534	(159)	3,938	(531)	-	(2,668)	1,114
Total	12,389	(9,917)	58,992	14,816	1,162	(60,408)	17,034

17. Inventories

(i) In Zambian Kwacha	2016 Group ZMW'000s	2016 Company ZMW'000s	2015 Group ZMW'000s	2015 Company ZMW'000s
Trading stocks	298,317	231,878	243,678	193,478
Abattoir stocks	3,282	-	1,292	-
Raw materials	6,377	-	4,058	-
Stockfeed	58,212	54,467	60,970	60,493
Consumables	176,269	127,463	99,334	57,271
Raw hides and chemicals	2,282	-	2,907	-
	544,739	413,808	412,239	311,242

17. Inventories continued	2016		2015	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Trading stocks	29,802	23,165	20,273	16,096
Abattoir stocks	328	-	107	-
Raw materials	637	-	338	-
Stockfeed	5,815	5,552	5,072	5,033
Consumables	17,609	12,623	8,264	4,764
Raw hides and chemicals	228	-	242	-
	54,419	41,340	34,296	25,893

A total of ZMW1,491.9 million (USD137.8 million) (2015: ZMW883.6 million (USD125.2 million)) was included in profit and loss as an expense within cost of sales. Inventory was turned every 117 days (2015: 172 days).

Biological assets totalling ZMW944.7 million (USD87.2 million) (2015: ZMW794 million [USD112.5 million]) were transferred to inventories during the year.

18. Trade and other receivables	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Gross trade receivables	92,150	33,303	194,494	136,920
Less: provision for impairment of trade receivables	(5,475)	(2,033)	(1,438)	(226)
Trade receivables	84,705	31,270	193,056	136,694
Prepayments	26,019	14,596	16,583	13,025
Other receivables	457	-	590	-
	113,151	45,866	210,229	149,719

	2016		2015	
(ii) In US Dollars	Group USD'000	Company USD'000	Group USD'000	Company USD'000
Gross trade receivables	9,206	3,327	16,181	11,391
Less: provision for impairment of trade receivables	(547)	(203)	(120)	(19)
Trade receivables	8,462	3,124	16,061	11,372
Prepayments	2,599	1,458	1,381	1,084
Other receivables	46	-	49	-
	11,304	4,582	17,491	12,456

(a) Provision for impairment of trade receivables
The Directors have made a provision against some of the trade receivables that are long standing. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

18. Trade and other receivables continued

Movements on the Group's provision for impairment of trade receivables are set out in the table below:

	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
At 1 October	1,438	226	6,025	237
Utilised	202	(214)	(2,967)	(28)
Arising on discontinued operations	-	-	(2,950)	-
Charge for the year	3,835	2,021	1,330	17
At 30 September	5,475	2,033	1,438	226

	2016		2015	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
At 1 October	120	19	960	38
Foreign exchange	54	17	(190)	(17)
Utilised	19	(20)	(420)	(4)
Arising on discontinued operations	-	-	(418)	-
Charge for the year	354	187	188	2
At 30 September	547	203	120	19

Trade receivables have a 15 or 30 day credit period.

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired are shown below:

	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
More than 3 months but not more than 6 months	2,365	672	1,062	833
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
Total	2,365	672	1,062	833

		2016		2015
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
More than 3 months but not more than 6 months	236	67	88	69
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
Total	236	67	88	69

Management reviews recoverability of trade receivables on a continuous basis and where necessary makes provision for impairment on long outstanding receivables.

19. Amounts due from related companies

(i) In Zambian Kwacha	2016 Group ZMW'000s	2016 Company ZMW'000s	2015 Group ZMW'000s	2015 Company ZMW'000s
Leopard Investments Company Limited	2,034	1,626	238	323
Brick Back Zambia Limited	-	-	2,275	2,275
Tractorzam Limited	258	258	90	90
Zambezi Ranching and Cropping Limited	5,924	-	6,290	4,458
Tembilo Farms Limited	247	-	-	-
Wellspring Limited	1,861	1,861	-	-
Zambia Pig Genetics Limited	219	219	-	-
Zambeef Retailing Limited	-	3,780	-	52,394
Zamleather Limited	-	4,200	-	2,893
Master Pork Limited	-	29,701	-	9,841
Zampalm Limited	-	55,100	-	29,815
Master Meat & Agro Production Co. of Nigeria Limited	-	42,756	-	33,169
Zam Chick Limited	-	195,649	-	90,721
Master Meat (Ghana) Limited	-	531	-	531
Zamhatch Limited	-	127,433	-	57,922
	10,543	463,114	8,893	284,432

(ii) In US Dollars	2016 Group USD'000s	2016 Company USD'000s	2015 Group USD'000s	2015 Company USD'000s
Leopard Investments Company Limited	203	162	20	27
Brick Back Zambia Limited	-	-	189	189
Tractorzam Limited	26	26	7	8
Zambezi Ranching and Cropping	591	-	524	371
Tembilo Farms Limited	25	-	-	-
Wellspring Limited	186	186	-	-
Zambia Pig Genetics	22	22	-	-
Zambeef Retailing Limited	-	378	-	4,359
Zamleather Limited	-	420	-	241
Master Pork Limited	-	2,967	-	819
Zampalm Limited	-	5,504	-	2,481
Zam Chick Limited	-	19,545	-	7,547
Mastermeat & Agro Production Co. of Nigeria Limited	-	4,271	-	2,759
Master Meat (Ghana) Limited	-	53	-	44
Zamhatch Limited	-	12,731	-	4,818
	1,053	46,265	740	23,663

The above balances relate to arm's length transactions between the transacting parties. External parties that fall under the 'Related Party' disclosure are with respect to all common shareholding companies of the Board of Directors of the Group. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

20. Cash and cash equivalents	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Cash in hand and at bank	95,747	52,239	49,106	7,322
Bank overdrafts (note (b))	(30,941)	(15,046)	(239,754)	(148,177)
	64,806	37,193	(190,648)	(140,855)

	2016		2015	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Cash in hand and at bank	9,565	5,219	4,085	609
Bank overdrafts (note (b))	(3,091)	(1,503)	(19,946)	(12,327)
	6,474	3,716	(15,861)	(11,718)

(a) Banking facilities

The Group has overdraft facilities totalling ZMW35.137 million (2015: ZMW82.177 million) and USD5.1 million (2015: USD1.1 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy plus 2.5 per cent. above the 182 day Treasury Bill rate for the Kwacha facility and 1 year USD LIBOR rate plus 5.5 per cent. for the USD facility.

The Group has overdraft facilities totalling ZMW30 million (2015: ZMW30 million) and USD2 million (2015: USD2 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 12 per cent. on the Kwacha facilities and 1 month USD LIBOR rate plus 6 per cent. on the USD facilities.

The Group has overdraft facilities totalling ZMW98.3 million (2015: ZMW63.3 million) and no USD facility (2015: USDnil million) with Zanaco Bank Plc. The Zanaco Bank overdraft bears an interest rate of Bank of Zambia Policy rate plus 12 per cent. on the Kwacha facility.

The Group has overdraft facilities totalling ZMW54.7 million (2015: ZMW42 million) and USD6.3 million (2015: USD1 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 13.5 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 5.92 per cent. on the USD facility.

(b) Bank overdrafts	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(14,753)	(127)	(64,280)	(270)
Citibank Zambia Limited	(1,999)	(730)	(90,518)	(62,950)
Stanbic Bank Zambia Limited	(14,189)	(14,189)	(54,108)	(54,108)
Standard Chartered Bank Zambia Plc	-	-	(30,848)	(30,849)
	(30,941)	(15,046)	(239,754)	(148,177)

20. Cash and cash equivalents continued	2016		2015	
(ii) In US Dollars	**Group USD'000**	**Company USD'000**	**Group USD'000**	**Company USD'000**
Bank overdrafts represented by:				
Zanaco Bank Plc	(1,474)	(13)	(5,348)	(22)
Citibank Zambia Limited	(200)	(73)	(7,530)	(5,236)
Stanbic Bank Zambia Limited	(1,417)	(1,417)	(4,502)	(4,502)
Standard Chartered Bank Zambia Plc	-	-	(2,566)	(2,567)
	(3,091)	(1,503)	(19,946)	(12,327)

(i) The Zambeef Products Plc Company bank overdrafts are secured by a first floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD10 million and ZMW8 million), Zanaco Bank Plc (USD4 million and ZMW58 million), and Stanbic Bank Zambia Limited (ZMW112.5 million).

All overdrafts are annual revolving facilities.

21. Share capital

(a) Ordinary share capital	2016		2015	
	ZMW'000s	**USD'000s**	**ZMW'000s**	**USD'000s**
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	4,000	638
(2015 : 400,000,000 ordinary shares of ZMW0.01 each)				
Issued and fully paid				
At 1 October	2,480	396	2,480	396
Issued during the year	526	53	-	-
At 30 September				
300,579,590 ordinary shares of ZMW0.01 each	3,006	449	2,480	396
(2015 : 247,978,195 ordinary shares of ZMW0.01 each)				

(b) Preference share Capital

Issued and fully paid				
At 1 October	-	-	-	-
Issued during the year	1,000	100	-	-
At 30 September				
100,057,658 preference shares of ZMW0.01 each	1,000	100	-	-
(2015 : Nil)				

(c) At an Extraordinary General Meeting (EGM) held on 8 September 2016, the shareholders approved the alteration of the authorised share capital from 400,000,000 shares with a par value of ZMW0.01 each to 700,000,000 shares with a par value of ZMW0.01. The EGM also approved the issue of 52,601,435 ordinary shares with a par value of ZMW0.01 and 100,057,658 preference shares with a par value of ZMW0.01.

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22. Share premium	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At 1 October	506,277	123,283	506,277	123,283
Arising during the year	618,735	61,812	-	-
At 30 September	1,125,012	185,095	506,277	123,283

Proceeds received in addition to the nominal value of the shares issued have been included in share premium.

23. Interest bearing liabilities

	2016		2015	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	128,228	128,228	206,143	206,143
Zanaco Bank Plc (note (b))	33,214	33,214	39,857	39,857
Standard Chartered Bank Zambia Plc (note (c))	118,849	118,849	91,852	91,852
IFC – International Finance Corporation (note (d))	216,515	210,837	314,225	300,588
	496,806	491,128	652,077	638,440
Less: Short term portion (repayable within next 12 months)	(235,072)	(229,394)	(212,795)	(205,976)
Long term portion (repayable after 12 months)	261,734	261,734	439,282	432,464

	2016		2015	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	12,810	12,810	17,150	17,150
Zanaco Bank Plc (note (b))	3,318	3,318	3,316	3,316
Standard Chartered Bank Zambia Plc (note (c))	11,873	11,873	7,642	7,642
IFC – International Finance Corporation (note (d))	21,630	21,062	26,142	25,007
	49,631	49,063	54,250	53,115
Less: Short term portion (repayable within next 12 months)	(23,484)	(22,916)	(17,704)	(17,136)
Long term portion (repayable after 12 months)	26,147	26,147	36,546	35,979

23. Interest bearing liabilities continued

(a) (i) DEG Term Loan 2

The Group has a loan facility of USD3.58 million (2015: USD7.15 million and original amount of USD25 million) from DEG. Interest on the loan is 4.55 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 14 bi-annual instalments of USD1,785,000 commencing November 2010 and expiring in May 2017.

The DEG term loan 2 is secured by:

- First ranking legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- First ranking legal mortgage over Farm No. 10097, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(ii) DEG Term Loan 3

The Group has a loan facility of USD9.23 million (2015: USD10 million and original amount of USD10 million) from DEG. Interest on the loan is 4.25 per cent. above the 6 month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The DEG term loan 3 is secured by:

- Second ranking legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- Second ranking legal mortgage over Farm No. 10097, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(b) Zanaco Bank Plc

The Group has a loan facility of ZMW33.2 million (2015: ZMW39.9 million) with Zanaco Bank Plc. Interest on the loan is 12 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857,143 commencing December 2014 and expiring in December 2020. The loan is secured by a first ranking legal mortgage over Stand No. 4970, Industrial Area, Lusaka (Head Office).

(c) Standard Chartered Bank Zambia PLC

The Group has a structured agricultural facility with an annual revolving limit totalling USD 20 million (2015 – ZMW150 million) with Standard Chartered Bank Zambia PLC. The purpose of the facilities is the financing of wheat, soya beans, and maize under collateral management agreements and is for 270 days (2015: 365 days). The balance on the facilities at year end was USD11.9 million (2015: USD7.6 million). Interest on the facility is 3 month LIBOR plus 5.5 per cent. per annum calculated on the daily overdrawn balances.

(d) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD1.84 million (USD1.27 million in Zambia and USD0.57 million in Nigeria) [2015: USD2.545 million in Zambia and USD1.135 million in Nigeria and original amount of USD10 million] from IFC. Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 11 equal bi-annual instalments of USD636,364 (Zambeef) and USD283,634 (Nigeria) commencing June 2012 and expiring in June 2017.

The portion of the loan attributable to Zambia is secured through a first ranking legal mortgage over Plots 9070, 9071 and 9074, off Mumbwa Road, Lusaka, (Novatek stockfeed premises) and the portion of the loan attributable to the Nigerian operations is secured by a floating charge over all assets of Master Meat and Agro Production Co of Nigeria Limited and a parental guarantee from Zambeef Products PLC.

(ii) International Finance Corporation Loan 2

The Group has a loan facility of USD15.9 million and ZMW39.3 million (2015: USD18.6 million and ZMW46.2 million). Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,344,828 commencing June 2015 and expiring in June 2022.

The loan is secured through a first ranking legal mortgage over Farm No. 4450, 4451 & 5388 (Mpongwe farm).

24. Obligations under finance leases

In Zambian Kwacha	2016 Group ZMW'000s	2016 Company ZMW'000s	2015 Group ZMW'000s	2015 Company ZMW'000s
Freddy Hirsch Group Zambia Limited (note (a))	17,389	-	4,909	-
Stanbic Bank Zambia Limited (note (b))	33,793	33,793	21,933	21,933
	51,182	33,793	26,842	21,933
Less: Payable within 12 months	(19,697)	(14,108)	(11,644)	(9,168)
Repayable after 12 months	31,485	19,685	15,198	12,765

(ii) In US Dollar	2016 Group USD'000s	2016 Company USD'000s	2015 Group USD'000s	2015 Company USD'000s
Freddy Hirsch Group Zambia Limited (note (a))	1,737	-	408	-
Stanbic Bank Zambia Limited (note (b))	3,376	3,376	1,825	1,825
	5,113	3,376	2,233	1,825
Less: Payable within 12 months	(1,968)	(1,409)	(969)	(763)
Repayable after 12 months	3,145	1,967	1,264	1,062

The ageing for the finance leases is as detailed below:

(i) In Zambian Kwacha	Within 1 year ZMW'000s	1 to 5 years ZMW'000s	After 5 years ZMW'000s	Total ZMW'000s
2016				
Lease payments	20,300	32,541	-	52,841
Finance charges	(603)	(1,056)	-	(1,659)
Net present values	19,697	31,485	-	51,182
2015				
Lease payments	12,055	15,906	-	27,961
Finance charges	(411)	(708)	-	(1,119)
Net present values	11,644	15,198	-	26,842

(ii) In US Dollars	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2016				
Lease payments	2,028	3,250		5,278
Finance charges	(60)	(105)		(165)
Net present values	1,968	3,145		5,113
2015				
Lease payments	1,003	1,323	-	2,326
Finance charges	(34)	(59)	-	(93)
Net present values	969	1,264	-	2,233

24. Obligations under finance leases continued

Master Pork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW17.389 million (2015 – ZMW5.6 million) with Freddy Hirsch Group Zambia Ltd. The following equipment is on hire purchase and are interest free: Cozzini Silo Hopper, HirschPro 400, Ulma, Cozzini Blender, Injector Brine Mixer, Blender/Lifting and Polyclipper. The principle on the Kwacha hire purchase facilities is repayable in 48 equal monthly instalments totalling ZMW0.46 million (USD0.046 million).

The Stanbic Bank Zambia Limited finance lease relates to the purchase of motor vehicles and agricultural machinery with terms of 48 months. The interest on the finance lease is charged at 3 month USD LIBOR plus 3.75 per cent on the USD facility and the Bank of Zambia Policy Rate plus 13.5 per cent. on the Kwacha facility. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the bank's interest noted as first loss payee.

25. Deferred liability

Under the terms of employment, employees are entitled to certain terminal benefits. Provision has been made during the year towards these benefits. This statutory entitlement, which is lost if the employee is summarily dismissed, becomes payable only when the employee retires after attaining the age of 55 years and that employee has been employed for more than ten years. Uncertainty exists over the amount of future outflows due to staff turnover levels, but are not considered material to the Group.

	2016		2015	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
At 1 October	9,254	1,670	7,473	1,572
Provision made during the year	3,589	1,018	4,407	1,359
Payments made during the year	(2,401)	(422)	(2,626)	(1,261)
At 30 September	10,442	2,266	9,254	1,670

The company engaged a professional actuary, Quantum Consultants & Actuaries, to perform an actuarial valuation of the liability arising from the employee defined benefit plan as at 30 September 2016. As of the report date, the actuary had finalised the report and the provision was adjusted to agree to the report.

	2016		2015	
(ii) In US Dollar	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
At 1 October	770	139	1,192	251
Provision made during the year	331	94	624	193
Payments made during the year	(222)	(39)	(372)	(179)
Foreign translation	164	33	(674)	(126)
At 30 September	1,043	227	770	139

26. Trade and other payables

	2016		2015	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Trade payables	253,271	127,438	245,444	154,787
Provisions and accruals	68,862	37,029	126,889	97,059
	322,133	164,467	372,333	251,846

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26. Trade and other payables continued	2016		2015	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Trade payables	25,302	12,731	20,420	12,877
Provisions and accruals	6,877	3,673	10,556	8,076
	32,179	16,404	30,976	20,953

The average credit period taken in 2016 was 61 days (2015: 153 days).

All amounts shown under trade and other payables fall due for payment within one year. The carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

27. Amounts due to related companies	2016		2015	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Rainbow Farm Investments	-	-	44,443	-
Zambeef Retailing Limited	-	-	-	-
Wellspring Limited	-	-	20	21
Squares Ranch	313	313	11	11
Proflight Commuter Services	-	-	4	4
Zambezi Ranching and Cropping Limited	-	12	-	-
	313	325	44,478	36
Non-current	313	325	44,443	-
Current	313	325	35	36

	2016		2015	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Rainbow Farm Investments			3,697	-
Zambeef Retailing Limited			-	-
Wellspring Limited			2	2
Squares Ranch	31	31	1	1
Zambezi Ranching and Cropping Limited	-	2	-	-
Zamanita Limited			-	-
	31	33	3,700	3
Non-current	-	-	3,697	-
Current	31	33	3	3

The above balances relate to arm's length transactions with the related parties. External parties that fall under the 'Related Party' disclosure are with respect to all common shareholding companies of the Board of Directors of the Group. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

28. Financial instruments

Financial assets

The Group's principal financial assets are bank balances and cash and trade receivables. The Group maintains its bank accounts with major banks in Zambia of high credit standing. Trade receivables are stated at amounts reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The Group's financial liabilities are bank overdrafts, long term loans and trade payables. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade payables and loans are stated at their nominal value.

Monetary assets and liabilities in foreign currencies

The tables below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency:

	2016		2015	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Financial assets				
Cash at bank	49,207	39,635	15,932	2,083
Trade receivables	14,590	2,959	87,961	76,421
Other receivables	2,904	2,904	5,747	-
Financial liabilities				
Bank overdrafts	(11,703)	(11,863)	(71,176)	(44,334)
Trade and other payables	(90,297)	(70,511)	(91,885)	(76,503)
Bank loans	(418,576)	(418,576)	(552,404)	(552,404)
Finance leases	(31,047)	(16,091)	(21,933)	(21,933)
Net exposure	(484,922)	(471,543)	(627,758)	(616,670)

28. Financial instruments continued	2016		2015	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Financial assets				
Cash at bank	4,916	3,960	1,325	173
Trade receivables	1,458	296	7,318	6,358
Other receivables	290	290	478	-
Financial liabilities				
Bank overdrafts	(1,169)	(1,185)	(5,921)	(3,688)
Trade and other payables	(9,021)	(7,044)	(7,644)	(6,365)
Bank loans	(41,816)	(41,816)	(49,957)	(45,957)
Finance leases	(3,102)	(1,607)	(1,825)	(1,825)
Net exposure	(48,444)	(47,106)	(56,226)	(51,304)

In Zambian Kwacha 2015	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
Financial Assets				
Cash at bank	15,302	20	609	15,931
Trade receivables	84,658	3,022	282	87,962
Other receivables	1,772	1,635	2,340	5,747
Financial Liabilities				
Bank overdrafts	(71,176)	-	-	(71,176)
Trade and other payables	(70,049)	(16,666)	(5,170)	(91,885)
Bank loans	(552,404)	-	-	(552,404)
Finance leases	(21,933)	-	-	(21,933)
Net exposure	(613,830)	(11,989)	(1,939)	(627,758)

28. Financial instruments continued

2016	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
Financial Assets				
Cash at bank	49,021	13	173	49,207
Trade receivables	12,173	767	1,651	14,591
Other receivables	1,719	1,185	1	2,905
Financial Liabilities				
Bank overdrafts	(11,862)	-	-	(11,862)
Trade and other payables	(92,228)	148	1,781	(90,299)
Bank loans	(418,417)	-	-	(418,417)
Finance leases	(31,047)	-	-	(31,047)
Net exposure	(490,641)	2,113	3,606	(484,922)

(ii) In US Dollars	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
2015				
Financial Assets				
Cash at bank	1,273	2	51	1,326
Trade receivables	7,043	251	23	7,317
Other receivables	147	136	195	478
Financial Liabilities				
Bank overdrafts	(5,920)	-	-	(5,920)
Trade and other payables	(5,828)	(1,387)	(430)	(7,645)
Bank loans	(45,957)	-	-	(45,957)
Finance leases	(1,825)	-	-	(1,825)
Net exposure	(51,067)	(998)	(161)	(52,226)

2016	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
Financial Assets				
Cash at bank	4,897	1	17	4,915
Trade receivables	1,216	77	165	1,458
Other receivables	172	118	-	290
Financial Liabilities				
Bank overdrafts	(1,185)	-	-	(1,185)
Trade and other payables	(9,214)	15	178	(9,021)
Bank loans	(41,800)	-	-	(41,800)
Finance leases	(3,102)	-	-	(3,102)
Net exposure	(49,016)	211	360	(48,445)

28. Financial instruments continued

Exposure to currency exchange rates arise from the Group's sales and purchases which are primarily denominated in US Dollar and South African Rand. It also arises from the retranslation of its foreign subsidiaries in West Africa. The Group activities expose it to a variety of financial risks. The main risks faced by the Group relate to foreign exchange rates, the risk of default by counter-parties to financial transactions and the availability of funds to meet business needs.

These risks are managed as described below:

(i) Currency risk

Some of the interest bearing borrowings are denominated in foreign currencies and therefore lead to a risk of fluctuation of value due to changes in the foreign exchange rate. This risk is partially hedged by holding United States Dollar bank balances and United States Dollar denominated exports.

The table below shows the extent to which Group companies have interest bearing liabilities in currencies other than their functional currency:

	2016		2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	128,228	12,810	206,143	17,150
International Finance Corporation	177,198	17,702	268,055	22,301
	305,426	30,512	474,198	39,451

Foreign currency risk sensitivity analysis

Zambian Kwacha/United States Dollar exchange risk

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Group's foreign currency borrowings "with all other things being equal". It assumes a +/-10 per cent. and 5 per cent., movement in the United States Dollar/ Zambian Kwacha exchange rate for the year ended 30 September 2016.

If the Zambian Kwacha had weakened against the United States dollar by 10 per cent. (2015: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2016		2015	
Weakening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	126,843	10,647	(102,032)	(13,138)
Equity	2,105,396	191,208	1,393,789	105,414

If Zambian Kwacha had strengthened against the United States Dollar by 5 per cent. (2015: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2016		2015	
Strengthening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	172,657	16,782	(30,903)	(4,608)
Equity	2,151,210	226,217	1,464,919	128,288

There is no material difference between the carrying value and the fair value of the Group's financial liabilities.

28. Financial instruments continued

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from overdraft facilities and long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. The interest rates to which the Group is exposed are set out in notes 20, 23 and 24. The risk of interest rate movements is managed through on-going monitoring of the Group's overdrafts and long-term borrowings, the spreading of debt between a number of financial institutions and the denomination of debt in Zambian Kwacha and USD.

The Group's term facilities are medium to long term with fixed spread over LIBOR. A 0.5 per cent. movement in the LIBOR rate would not have a material impact on the interest expense for the Group.

(iii) Market risk

The Group is not exposed to the risk of the value of its financial assets fluctuating as a result of changes in market prices.

(b) Credit risk

(i) Trade receivables

The Directors believe the credit risk of trade receivables is low. The credit risk is managed by the selective granting of credit.

(c) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations associated with its financial liabilities. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on any undrawn borrowing facilities so that the Group does not breach limits or covenants (where applicable) on any of its borrowing facilities. The maturity of the Group's financial liabilities with respect to borrowings is set out in notes 20, 23 and 24.

30 September 2016	Current		Non-current	
	Within 6 months ZMW'000	6 to 12 months ZMW'000	1 to 5 years ZMW'000	later than 5 years ZMW'000
Interest bearing liabilities	176,904	51,512	221,228	47,163
Other bank borrowings	-	30,941	-	-
Finance lease obligations	9,651	10,046	31,485	-
Trade and other payables	311,494	-	-	-
	USD'000	USD'000	USD'000	USD'000
Interest bearing liabilities	17,673	5,146	22,101	4,712
Other bank borrowings	-	3,091	-	-
Finance lease obligations	964	1,004	3,145	-
Trade and other payables	31,118	-	-	-

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29. Fair value measurement

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 September 2015, 30 September 2014, and 1 October 2013.

	Level 1	Level 2	Level 3	Total
30 September 16	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Financial assets				
Other forward exchange contracts inventory (CMA)	-	118,849	-	118,849
Total Assets	**-**	**118,849**	**-**	**118,849**
Financial liabilities				
US-dollar loans	-	-	-377,957	-474,197
Total Liabilities	**-**	**-**	**-377,957**	**(474,197**
Net fair value	**-**	**118,849**	**-377,957**	**-259,108**

	Level 1	Level 2	Level 3	Total
30 September 2015	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Financial assets				
Other forward exchange contracts inventory (CMA)	-	41,435	-	41,435
Total Assets	**-**	**41,435**	**-**	**41,435**
Financial liabilities				
US-dollar loans	-	-	-474,197	-474,197
Total Liabilities	**-**	**-**	**-474,197**	**-474,197**
Net fair value	**-**	**41,435**	**-474,197**	**-432,762**

	Level 1	Level 2	Level 3	Total
1 October 2014	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Financial assets				
Other forward exchange contracts inventory (CMA)	-	155,677	-	155,677
Financial liabilities				
US-dollar loans	-	-	-323,519	-323,519
Total Liabilities	**-**	**-**	**-323,519**	**-323,519**
Net fair value	**-**	**155,677**	**-323,519**	**-167,842**

29. Fair value measurement continued

30 September 2016	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets				
Other forward exchange contracts inventory (CMA)	-	11,873	-	11,873
Total Assets	**-**	**11,873**	**-**	**11,873**
Financial liabilities				
US-dollar loans	-	-	-37,758	-37,758
Total Liabilities	**-**	**-**	**-37,758**	**-37,758**
Net fair value	**-**	**11,873**	**-37,758**	**-25,885**

30 September 2015	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets				
Other forward exchange contracts inventory (CMA)	-	3,447	-	3,447
Total Assets	**-**	**3,447**	**-**	**3,447**
Financial liabilities				
US-dollar loans	-	-	-39,451	-39,451
Total Liabilities	**-**	**-**	**-39,451**	**-39,451**
Net fair value	**-**	**3,447**	**-39,451**	**-36,004**

1 October 2014	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial assets				
Other forward exchange contracts inventory (CMA)	-	24,829	-	24,829
Total Assets	**-**	**24,829**	**-**	**24,829**
Financial liabilities				
US-dollar loans	-	-	-51,598	-51,598
Total Liabilities	**-**	**-**	**-51,598**	**-51,598**
Net fair value	**-**	**24,829**	**-51,598**	**-26,769**

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer (CFO) and to the audit committee.

Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates. The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Foreign currency forward contracts (Level 2)

The Group's foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Notes to the Financial Statements continued

For the year ended 30 September 2016

29. Fair value measurement continued

US-dollar loans (Level 2)

The fair values of the US-dollar loans are estimated using a discounted cash flow approach, which discounts the contractual cash fows using discount rates derived from observable market interest rates of similar loans with similar risk. The interest rate used for this calculation is 4.81% (2014: 4.81%).

Contingent consideration (Level 3)

The group did not have any contingent consideration during the year.

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2016, 30 September 2015, and 1 October 2014:

30 September 2016	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	397,060	-	397,060
Office building in Zambia	-	18,666	-	18,666

30 September 2015	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Land held for production in Zambia	-	393,825	-	393,825
Office building in Zambia	-	17,284	-	17,284

1 October 2014	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Land held for production in Zambia	-	405,425	-	405,425
Office building in Zambia	-	21,851	-	21,851

30 September 2016	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	39,666	-	39,666
Office building in Zambia	-	1,865	-	1,865

30 September 2015	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Land held for production in Zambia	-	62,811	-	62,811
Office building in Zambia	-	2,757	-	2,757

1 October 2014	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Land held for production in Zambia	-	64,661	-	64,661
Office building in Zambia	-	3,485	-	3,485

29. Fair value measurement continued

Fair value of the Group's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers, Fairworld Properties Limited. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors and audit committee at each reporting date.
Further information is set out below.

Land held for production in Zambia (Level 2)

Land has been valued using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for land. The land was revalued on 30 September 2013.

The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The fair values of the office buildings are estimated by using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for buildings.

30. Contingent liability

Certain legal cases are pending against the Company in the Court of Law. In the opinion of the Directors, and the Company's lawyers, none of these cases will result in any material loss to the Company for which a provision is required.

	2016		2015	
31. Capital commitments	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Capital commitments entered into at the reporting date	31,672	3,164	45,892	3,818
Not contracted for at the reporting date	185,545	18,536	314,708	26,182

32. Operating leases

The total value of future minimum annual lease payments under non-cancellable operating leases is as follows:

	2016		2015	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Within one year	11,387	-	11,582	-
One to five years	30,754	-	14,480	-

	2016		2015	
(i) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Within one year	1,138	-	964	-
One to five years	3,072	-	1,204	-

The Company's subsidiary, Zambeef Retailing Limited, has operating leases for its butcheries that are for a minimum period of 12 months and a maximum period of 5 years and renewable at the request of either party. There are no purchase options, contingent rent payments or restrictions arising on these leases.

Notes to the Financial Statements continued
For the year ended 30 September 2016

33. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the significant transactions between the Group and other related parties during the year ended 30 September 2016 are as follows:

The Group made the following sales to related parties:

		2016		2015	
	Sale of	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Wellspring Limited	Animal feeds/bran	485	45	628	89
Squares Ranch Limited	Animal feeds/bran	-	-	45	6
Brick Back Limited	Animal feeds/bran	-	-	1,805	256
Zambezi Ranching and Cropping Limited	Animal feeds/bran	41,494	3,831	31,938	4,524
Leopard Investments Company Limited	Animal feeds/bran	11,122	1,027	2,135	302
Tembilo Farms Limited	Animal feeds/bran	2,589	239	-	-
Tractorzam Limited	Spares	33	3	-	-
Zambia Pig Genetics Limited	Animal feeds/bran	3,007	278	-	-
		58,730	5,423	36,551	5,177

(b) The Group made the following purchases from related parties:

		2016		2015	
	Purchase of	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	60,424	5,579	57,429	8,134
Wellspring Limited	Cattle beef	3,391	313	4,539	643
Leopard Investments Company Limited	Cattle beef, chickens, pigs, rental of property	17,804	1,644	8,834	1,251
Proflight Commuter Services Limited	Air travel tickets	91	8	50	7

33. Related party transactions (continued)

		2016		2015	
	Purchase of	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Tembilo Farms	Chickens	3,096	286	-	-
Tractorzam Limited	Tractors/spares	4,135	382	6,535	926
Brick Back Limied	Cattle beef	-	-	4,778	677
Sqaures Ranch Limited	Cattle beef	664	61	673	95
Claudia Burton	Rental of property, Lamb	43	4		
Pro Charter	Air travel tickets	805	74	-	-
Nanga Plc	Cattle beef	1,160	107	1,002	142
		91,613	8,458	83,840	11,875

33. Related party transactions continued

(c) Sales of goods to related parties were made at the Group's usual list prices.
(d) Purchases were made at market price.
(e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.
(f) No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.
(g) The parties are related by virtue of certain Directors of the Group having a shareholding in the respective companies.
(h) Directors of the Group have shareholdings in the Company as stated in the Report of the Directors. Dividends have been paid to the Directors via their direct and indirect shareholdings at the same dividend per share as per Note 10.
(i) Key management compensation.
The remuneration of Directors and other members of key management during the year were as follows:

	2016		2015	
	Group ZMW'000s	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Short-term benefits	63,285	27,858	43,689	21,058
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Short-term benefits	5,843	3,946	6,188	2,983
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(j) There were no loans to related parties and key management personnel.

(k) The company made the following sales to related parties:

	2016		2015	
	ZMW'000	**USD'000**	**ZMW'000**	**USD'000**
Zambeef Retailing	373,280	34,467	298,691	42,307
Zambezi Ranching and Cropping Limited	85	8	711	101
Wellspring Limited	485	45	628	89
Zambia Pig Genetics	3,007	278	-	-
Masterpork Limited	10,077	931	-	-
Zam Chick Limited	104,639	9,662	-	-
Zamhatch Limited	20,175	1,863	-	-
Squares Ranch	-	-	45	6
Leopard Investments Company Limited	9,322	861	-	-
	521,070	48,115	300,075	42,503

33. Related party transactions continued
(l) The company made the following purchases from related parties

	2016		2015	
	ZMW'000	USD'000	ZMW'000	USD'000
Zambeef Retailing	54,787	5,059	4,947	701
Zambezi Ranching and Cropping Limited	13,117	1,211	11,581	1,679
Zamleather Limited	333	31	-	-
Zam Chick Limited	33	3	-	-
Tractorzam Limited	3,505	324	6,492	920
Leopard Investments Company Limited	1,697	157	710	101
Proflight Commuter Services Limited	91	8	50	7
Procharter		805	74	-
Nanga Plc	1,160	107	1,002	142
Squares Ranch	664	61	673	95
Wellspring Limited	3,391	313	4,539	643
	79,583	7,348	29,994	4,288

34. Events subsequent to reporting date

No item, transaction or event of a material and unusual nature has arisen since 30 September 2016, which in the opinion of the directors would substantially affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in the subsequent financial years.

Notice of Annual General Meeting and Agenda

Notice is hereby given that the 22nd Annual general Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Monday December 19, 2016 at 09:00 hours

AGENDA

1. To read the Notice of the Meeting and confirm that a quorum is present
2. To read and confirm the minutes of the 21st Annual General Meeting held on December 21, 2015
3. To consider any matters arising from the minutes
4. To receive the report of the Directors, the Auditors report and the Financial Statements for the year ended September 30, 2016. (Resolution 1)
5. To appoint Grant Thornton (Zambia) as Auditors for 2016/17 and to authorize the Directors to fix their remuneration. (Resolution 2)
6. In terms of the Companies Act, Dr. Jacob Mwanza retire but is eligible to offer himself for re-election. (Resolution 3)
7. To ratify the appointments of Graham Clark, David Osborne and Tim Pollock as Directors of Zambeef Products PLC. (Resolution 4)
8. To consider any competent business of which due notice has been given

By order of the Board, Danny Museteka, Company Secretary

Note: A member is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. Proxies must be lodged at the registered office of the Company at least 48 hours before the time fixed for the meeting.

Proxy form

I/we ....

of ....

Being a member/s of and the registered holder/s of ....

Zambeef shares hereby appoint ....

of ....

or, in his/her absence, the Chairman of the Company.

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 19th day of December 2016 and at any adjournment of that meeting.

In Favour of / against (Please tick)	**In Favour**	**Against**
Resolution 1		
To receive, approve and adopt annual financial statements for the year ended September 30 2016	☐	☐
Resolution 2		
To reappoint Grant Thornton as Auditors for 2016/17 and authorize the Directors to fix their remuneration.	☐	☐
Resolution 3		
To re-elect Dr. Jacob Mwanza	☐	☐
Resolution 4		
To ratify the appointments of the following:		
- Mr Graham Clark	☐	☐
- Mr. David Osborne	☐	☐
- Mr. Tim Pollock	☐	☐

Unless otherwise instructed, the proxy will vote as he/she thinks fit

Signed ....

Name ....

Date ....

Witnessed by.. Signature ....

Name ....

Address ....

.

Notes to the Proxy Form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the Chairman of the Company". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.

2. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

3. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

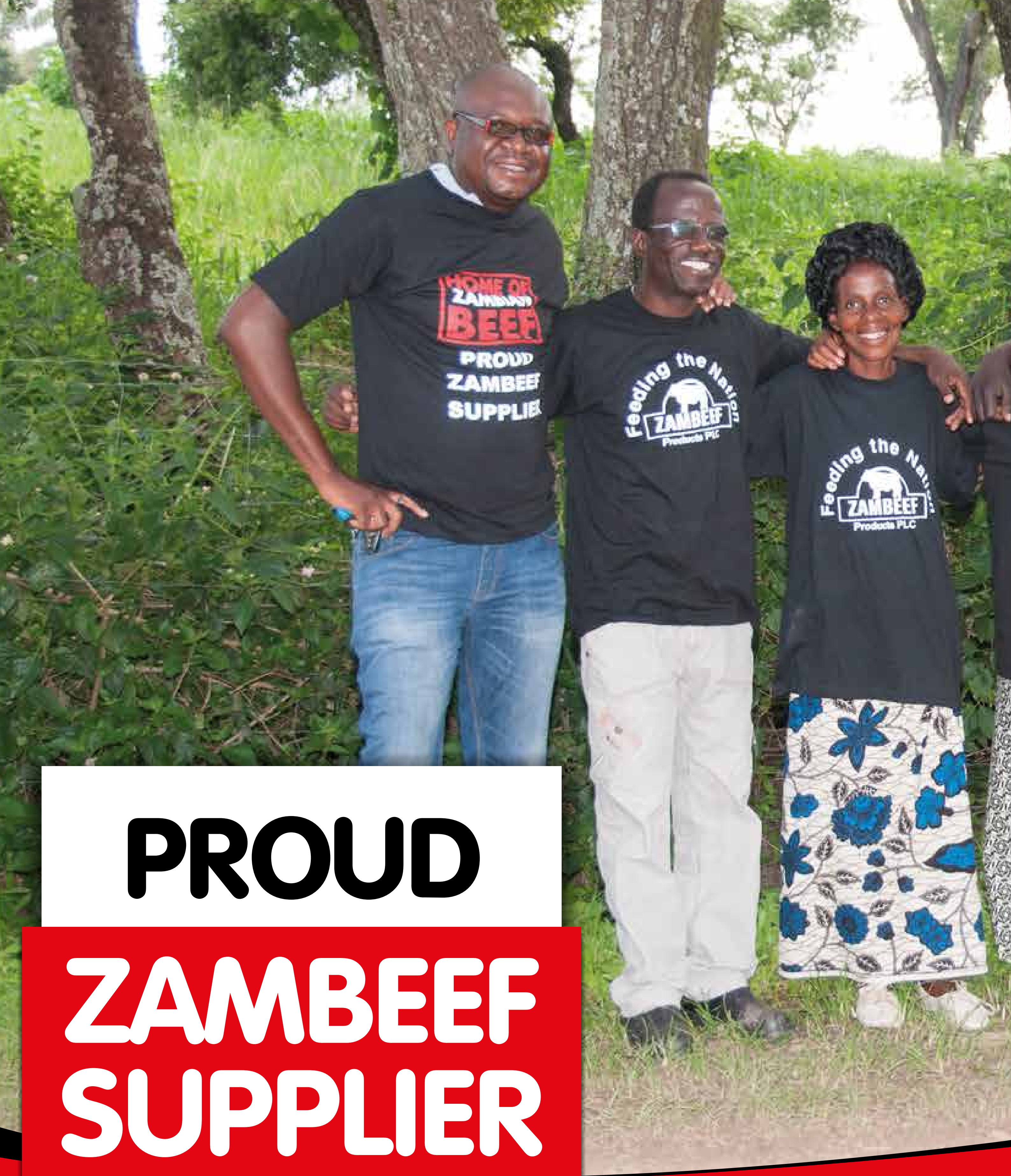
4. This form of proxy must be received by the Company Secretary at the registered head office, Plot 4970, Manda Road, Industrial Area, P/B 17, Woodlands, Lusaka, by no later than 09:30 on Thursday, 15th December, 2016.

5. Documentary evidence establishing the authority of the person signing the proxy in representative capacity must be attached hereto unless previously recorded by the Company's transfer secretaries.

6. The completion and lodging of this form of proxy will not preclude a shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this proxy form.

7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.

8. The Chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes.



PROUD ZAMBEEF SUPPLIER

Pork Farmers

Meet some of our pork suppliers who can now look towards even brighter farming futures thanks to Zambeef. From young aspiring farmers to single mothers providing better futures for their children, Zambeef is proud to be a part of their stories.

Feeding the Nation
ZAMBEEF
Products PLC

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