

2011



**ZAMBEEF**

**UNAUDITED FINANCIAL  
INFORMATION ON THE  
ZAMBEEF GROUP FOR  
THE SIX MONTHS ENDED  
31 MARCH 2011**

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 31 MARCH**

		<i>2011</i>	<i>2010</i>
	<i>Notes</i>	<i>USD '000s</i>	<i>USD '000s</i>
<b>Revenue</b>	4	96,727	76,681
Net gain arising from changes in fair value of biological assets	7	4,486	6,328
Cost of sales		<u>(70,777)</u>	<u>(58,615)</u>
<b>Gross profit</b>		30,436	24,394
Administrative expenses		(24,877)	(22,253)
Other income		<u>72</u>	<u>75</u>
<b>Operating profit</b>		5,631	2,216
Exchange gains on translating foreign currency transactions and balances		1,176	191
Finance costs		<u>(1,507)</u>	<u>(735)</u>
<b>Profit before taxation</b>	4	5,300	1,672
Taxation (charge)/credit		<u>(349)</u>	<u>894</u>
<b>Group profit for the period</b>		<u><u>4,951</u></u>	<u><u>2,566</u></u>
Group profit attributable to:			
Equity holders of the parent		4,931	2,555
Non-controlling interest		<u>20</u>	<u>11</u>
		<u>4,951</u>	<u>2,566</u>
<b>Other comprehensive income:</b>			
Exchange gains on translating presentational currency		2,162	408
<b>Total comprehensive income for the period</b>		<u><u>7,113</u></u>	<u><u>2,974</u></u>
Total comprehensive income for the period attributable to:			
Equity holders of the parent		7,091	2,963
Non-controlling interest		<u>22</u>	<u>11</u>
		<u>7,113</u>	<u>2,974</u>
<b>Earnings per share</b>			
		Cents	Cents
Basic and diluted earnings per share	6	3.11	1.61

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 31 MARCH

	<i>Issued Share capital</i>	<i>Share premium</i>	<i>Revaluation reserve</i>	<i>Foreign exchange reserve</i>	<i>Retained earnings</i>	<i>Total attributable to owners of the parent</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>
<b>At 1 October 2009</b>	42	71,861	18,215	(25,517)	29,632	94,233	95	94,328
Profit for the period	-	-	-	-	2,555	2,555	11	2,566
<b>Other comprehensive income</b>								
Exchange gains on translating presentational currency	-	-	-	408	-	408	-	408
Transfer of surplus depreciation	-	-	(188)	-	188	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(188)	408	2,744	2,963	11	2,974
<b>At 31 March 2010</b>	42	71,861	18,027	(25,109)	32,376	97,196	106	97,302
<b>At 1 October 2010</b>	42	71,861	17,686	(27,250)	32,671	95,010	79	95,089
Dividends declared	-	-	-	-	(507)	(507)	-	(507)
<b>Transactions with owners</b>	-	-	-	-	(507)	(507)	-	(507)
Profit for the period	-	-	-	-	4,931	4,931	20	4,951
<b>Other comprehensive income</b>								
Exchange gains on translating presentational currency	-	-	-	2,160	-	2,160	2	2,162
Transfer of surplus depreciation	-	-	(216)	-	216	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(216)	2,160	5,147	7,091	22	7,113
<b>At 31 March 2011</b>	42	71,861	17,470	(25,090)	37,311	101,594	101	101,695

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<i>31 Mar 2011</i>	<i>30 Sept 2010</i>
	Notes	USD '000s	USD '000s
<b>ASSETS</b>			
<b>Non – current assets</b>			
Goodwill		3,347	3,270
Property, plant and equipment		112,362	105,923
Biological assets (immature palms)	7	782	764
Deferred tax asset		323	535
		<u>116,814</u>	<u>110,492</u>
<b>Current assets</b>			
Biological assets	7	13,281	12,457
Inventories		28,125	27,644
Trade and other receivables		13,811	11,499
Amounts due from related companies		1,061	205
Income tax recoverable		47	51
		<u>56,325</u>	<u>51,856</u>
<b>Total assets</b>		<b><u>173,139</u></b>	<b><u>162,348</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		42	42
Share premium		71,861	71,861
Reserves		29,691	23,107
		<u>101,594</u>	<u>95,010</u>
Non-controlling interest		101	79
		<u>101,695</u>	<u>95,089</u>
<b>Non – current liabilities</b>			
Interest bearing liabilities	8	28,963	28,522
Obligations under finance leases		1,289	270
Deferred liability		1,104	1,077
Deferred tax liability		336	296
		<u>31,692</u>	<u>30,165</u>
<b>Current liabilities</b>			
Interest bearing liabilities	8	6,127	6,095
Obligations under finance leases		134	226
Trade and other payables		18,016	18,031
Amounts due to related companies		2	159
Taxation payable		172	127
Dividends payable		774	1,649
Cash, cash equivalents and bank overdrafts		14,527	10,807
		<u>39,752</u>	<u>37,094</u>
<b>Total equity and liabilities</b>		<b><u>173,139</u></b>	<b><u>162,348</u></b>

**ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 31 MARCH**

	2011 USD '000s	2010 USD '000s
<b>Cash inflow from operating activities</b>		
Profit before taxation	5,300	1,672
Interest paid	1,507	735
Depreciation	3,073	2,946
Profit/(loss) on disposal of property, plant and equipment	(18)	2
Foreign exchange gains	(1,128)	(180)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<u>8,734</u>	<u>5,175</u>
Increase in biological assets	(842)	(1,864)
(Increase)/decrease in inventory	(481)	4,582
(Increase)/decrease in trade and other receivables	(2,312)	1,048
(Increase)/decrease in amount due from related companies	(856)	55
Decrease in trade and other payables	(15)	(929)
(Decrease)/increase in amount due to related companies	(157)	1,702
Increase/(decrease) in deferred liability	27	(72)
Income tax (paid)/recovered	(50)	466
<b>Net cash inflow from operating activities</b>	<u>4,048</u>	<u>10,163</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(6,155)	(9,004)
Expenditure on plantation development	(884)	(1,326)
Proceeds from sale of assets	52	14
<b>Net cash outflow from investing activities</b>	<u>(6,987)</u>	<u>(10,316)</u>
<b>Net cash outflow before financing</b>	<u>(2,939)</u>	<u>(153)</u>
<b>Financing activities</b>		
Long term loans repaid	(6,290)	(1,206)
Receipt from long term loans	6,763	25,000
Lease finance received/(repaid)	927	(148)
Interest paid	(1,507)	(735)
Dividends paid	(1,382)	-
<b>Net cash (outflow)/inflow from financing</b>	<u>(1,489)</u>	<u>22,911</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<u>(4,428)</u>	<u>22,758</u>
<b>Cash and cash equivalents at beginning of period</b>	(10,807)	(25,675)
Effects of exchange rate changes on the balance of cash held in foreign currencies	708	220
<b>Cash and cash equivalents at end of period</b>	<u><u>(14,527)</u></u>	<u><u>(2,697)</u></u>
<b>Represented by:</b>		
Cash in hand and at bank	4,411	8,619
Bank overdrafts	(14,089)	(11,316)
Structured agricultural finance	(4,849)	-
	<u><u>(14,527)</u></u>	<u><u>(2,697)</u></u>

## ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2011

#### 1. **Basis of preparation**

The unaudited interim financial information included in this report has been prepared on the same basis of preparation as the historical financial information set out in Part IVa of the AIM Admission Document within note 2(b).

The following exchange rates have been applied in the preparation of the unaudited interim financial information:

	ZMK:USD	
	<i>Average exchange rate</i>	<i>Closing exchange rate</i>
Period ended 31 March 2010	4,650	4,695
Period ended 31 March 2011	4,720	4,690

All financial information, except where specifically stated, is presented in United States dollars rounded to the nearest USD'000.

#### 2. **Principal accounting policies**

The principal accounting policies applied by the Group in the preparation of these unaudited interim financial statements are as set out in the historical financial information presented in Part IVa of the AIM Admission Document. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3. **Basis of consolidation**

The consolidated unaudited interim financial information includes the financial statements of the parent company and its subsidiary companies made up to the end of the financial period. The results of subsidiaries acquired or disposed of during the period 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. Losses incurred are allocated to the non-controlling interest in equity until this value is nil, at which point any subsequent losses are allocated against the interests of the parent.

#### 4. **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') 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.

There are no significant differences between the segmental reporting analysis presented below and that which would have been included in the historical financial information if the Group's management accounts were prepared in accordance with IFRS.

**Period ended 31 March 2011**

<b>Segment</b>	<i>Revenue</i>		<i>Gross Profit</i>				
	<i>USD '000s</i>		<i>USD '000s</i>				
Beef		27,473		7,214			
Chicken		9,913		2,697			
Pork		8,322		2,879			
Crops - row crops		8,036		741			
Stock feed		11,287		2,733			
Eggs		2,175		1,105			
Fish		1,266		398			
Milk		6,633		4,440			
Zamchick Inn		883		393			
Edible oils		31,113		6,019			
Bakery & flour		5,695		228			
Leather/shoe		1,105		438			
Master Meats (Nigeria)		2,320		692			
Master Meats (Ghana)		1,450		459			
Others		251		-			
<b>Total</b>		<b>117,922</b>		<b>30,436</b>			
Less: intra/inter group sales		(21,195)					
<b>Total</b>		<b>96,727</b>		<b>30,436</b>			
Central operating costs				(24,805)			
Operating profit				5,631			
Foreign exchange gains				1,176			
Finance costs				(1,507)			
Profit before tax				5,300			
<b>Operating assets/(liabilities)</b>							
	<i>Zambeef</i>	<i>Retailing</i>	<i>Zamanita</i>	<i>Master Pork</i>	<i>Zampalm</i>	<i>Other</i>	<i>Total</i>
	<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>	<i>USD '000s</i>
Property plant and equipment	64,961	16,688	16,332	3,562	7,598	3,220	112,362
Biological assets and inventories	29,262	4,322	4,979	1,015	782	1,828	42,188
Cash, cash equivalents and bank overdrafts	(12,659)	(1,870)	(973)	49	13	913	(14,527)

**Period ended 31 March 2010**

<b>Segment</b>	<i>Revenue</i> USD '000s	<i>Gross Profit</i> USD '000s
Beef	21,116	6,285
Chicken	7,791	2,194
Pork	5,538	1,647
Crops - row crops	4,314	2,208
Stock feed	3,918	1,427
Eggs	1,854	817
Fish	976	362
Milk	4,556	2,897
Zamchick Inn	884	394
Edible oils	24,369	3,467
Bakery & flour	4,631	1,702
Leather/shoe	793	145
Master Meats (Nigeria)	1,872	498
Master Meats (Ghana)	1,184	351
Others	801	-
<b>Total</b>	<b>84,597</b>	<b>24,394</b>
Less: intra/inter group sales	(7,916)	
<b>Total</b>	<b>76,681</b>	<b>24,394</b>
Central operating costs		<u>(22,178)</u>
Operating profit		2,216
Foreign exchange gains		191
Finance costs		<u>(735)</u>
Profit before tax		<u>1,672</u>

**Operating assets/(liabilities)**

	<i>Zambeef</i> USD '000s	<i>Retailing</i> USD '000s	<i>Zamanita</i> USD '000s	<i>Master Pork</i> USD '000s	<i>Zampalm</i> USD '000s	<i>Other</i> USD '000s	<b>Total</b> USD '000s
Property plant and equipment	61,417	14,357	16,157	2,991	5,605	2,272	<b>102,799</b>
Biological assets and inventories	20,281	5,070	8,969	1,150	798	1,136	<b>37,404</b>
Cash, cash equivalents and bank overdrafts	(5,081)	(3,880)	4,556	(16)	50	1,674	<b>(2,697)</b>

The Group's revenue from external customers and its geographic allocation of non-current assets may be summarised as follows:

	<i>31 Mar 2011</i>		<i>31 Mar 2010</i>	
	<i>Non-current</i>		<i>Non-current</i>	
	<i>Revenues</i> USD '000s	<i>assets</i> USD '000s	<i>Revenues</i> USD '000s	<i>assets</i> USD '000s
Zambia	89,778	114,858	73,366	106,234
West Africa	3,770	1,956	3,056	1,712
Rest of world	3,179	-	259	-
	<u>96,727</u>	<u>116,814</u>	<u>76,681</u>	<u>107,946</u>



## 5. Equity Dividends

	<i>Mar 2011</i> USD '000s	<i>Mar 2010</i> USD '000s
<b>Declared during the year</b>		
Interim dividend for 2011 (0.32 cents per share)	<u>507</u>	<u>-</u>
<b>Total dividends</b>	<u><u>507</u></u>	<u><u>-</u></u>

## 6. Earnings per share

Basic and diluted 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 and diluted 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.

The calculation of the basic and diluted earnings per share is show below:

	<i>Mar 2011</i> USD '000s	<i>Mar 2010</i> USD '000s
<i>Basic earnings per share</i>		
Profit for the period	4,931	2,555
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>158,706,045</u>	<u>158,706,045</u>
Basic and diluted earnings per share (cents)	<u><u>3.11</u></u>	<u><u>1.61</u></u>

## 7. Biological assets

Biological assets comprise standing crops, feedlot cattle, dairy cattle, pigs, chickens and palm oil plantations. At 31 March 2011 there were 3,742 feedlot cattle, 1,859 dairy cattle, 4,041 pigs and 328,897 chickens. A total of 6,876 feedlot cattle, 253 dairy cattle, 22,061 pigs and 642,930 chickens were culled in the year.

	<i>As at 1</i> <i>October</i> USD'000s	<i>Foreign</i> <i>exchange</i> USD'000s	<i>Increase due</i> <i>to purchases</i> USD'000s	<i>Gains</i> <i>arising from</i> <i>Fair Value</i> USD'000s	<i>Decrease</i> <i>due to Sales</i> USD'000s	<i>As at 31</i> <i>March</i> <i>2011</i> USD'000s
Standing Crops	6,450	140	6,065	(527)	(7,747)	4,381
Feedlot cattle	1,815	51	5,300	417	(4,012)	3,571
Dairy Cattle	2,546	60	-	525	(7)	3,124
Pigs	413	6	4	637	(587)	473
Chickens	1,233	10	4,897	3,434	(7,842)	1,732
Palm Plantation	764	18	-	-	-	782
Total	<u>13,221</u>	<u>285</u>	<u>16,266</u>	<u>4,486</u>	<u>(20,195)</u>	<u>14,063</u>
Less: non-current biological assets	<u>(764)</u>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(782)</u>
Total	<u><u>12,457</u></u>	<u><u>267</u></u>	<u><u>16,266</u></u>	<u><u>4,486</u></u>	<u><u>(20,195)</u></u>	<u><u>13,281</u></u>

## 8. Interest bearing liabilities

	<i>31 Mar 2011</i>	<i>30 September 2010</i>
	<i>USD '000s</i>	<i>USD '000s</i>
DEG – Deutsche Investitious		
GUD Entwicklungsgesellschaft MBH	26,551	28,752
Commercial Paper	6,777	-
Zanaco Plc	1,761	1,965
Standard Chartered Bank Zambia PLC	-	3,900
	<u>35,089</u>	<u>34,617</u>
Short term portion	<u>(6,127)</u>	<u>(6,095)</u>
	<u>28,963</u>	<u>28,522</u>

### (a) **DEG Term loan**

The Group had a loan facility of US\$3,336,000 (30 September 2010 : US\$3,752,000 and original amount US\$5,000,000) from DEG. Interest on the loan was 2.75% above the six-month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 12 equal bi-annual installments commencing April 2009.

The DEG loan is secured by a floating charge/debenture of US\$5m ranking pari passu with Citibank Zambia Limited (US\$9.5 million), Standard Chartered Bank Zambia PLC (US\$5 million) and Zanaco Bank PLC (US\$1.5 million and K6 billion).

The company had a loan facility of US\$23,215,000 (received in 2010 with original limit of US\$25,000,000) from DEG. Interest on the loan was 4.55% above the six month USD LIBOR rate per annum payable six-monthly in arrears. The principle is repayable in 14 equal bi-annual installments commencing November 2010.

50% of the DEG US\$25 million loan was provided by the European Investment Bank acting on behalf of the European Community from the investment facility resources made available by the European Community under the partnership agreement between the members of the African, Caribbean and Pacific Group of states, of the one part, and the European Community and its member states.

### (b) **Zanaco Bank PLC**

The Group had a loan facility of ZMK8.26 billion (30 September 2010: ZMK9.44 billion with original amount ZMK11.8 billion) with Zanaco Bank PLC. Interest on the medium term loan was calculated at 2% per annum below the Bank's ZMK base rate. The principal was scheduled for repayment in 20 equal quarterly repayments commencing November 2009. The loan was secured by a first legal mortgage over Stand No. 4970, Manda Road, Lusaka. This facility was repaid in April 2011.

### (c) **Standard Chartered Bank Zambia PLC**

The Group had a medium term loan facility of US\$nil (30 September 2010: US\$3.9 million and original amount US\$5.2 million) with Standard Chartered Bank Zambia PLC. Interest on the loan was 3 month LIBOR plus 5.5% margin per annum payable monthly in arrears. The loan was secured by a first legal mortgage over Stand No. 9070, Stand No. 9071 and Stand No. 9074, Lusaka. The facility was repaid during the period.

### (d) **International Finance Corporation**

The group had as at 30 September 2010 committed itself to an additional US\$10 million term loan from International Finance Corporation (IFC). The loan has been obtained for the following operations:

- Expansion of Nigeria operations at a cost of US\$3,000,000.

- Expansion of Retail Operations in Zambia and other capital projects at a cost of US\$7,000,000.

The group completed the drawdown of US\$7 million relating to the Zambian operations in April 2011.

(e) **Commercial paper**

The company issued a commercial paper (CP) amounting to ZMK31.8 billion at an interest rate of 12 % fixed per annum which is to be restructured into a five year bond upon expiry of the CP. The CP is due to expire 23 December 2011. Proposed security for the CP bond is first ranking mortgage over stand No. 4970, Industrial Area, Lusaka in favour of the note holders. The purpose of the CP bond is to restructure the term loans with Standard Chartered Bank Zambia PLC and Zanaco Bank PLC as well as provide improved security structure and reduce foreign currency borrowings.