Zambeef Products PLC

Annual Report 2014

Our profile

Zambeef Products PLC ("Zambeef", the "Company", or, together with its subsidiaries the "Group") is one of the largest integrated 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, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,120 Ha of row crops under irrigation and 8,480 Ha of rainfed/dryland crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as developing a palm project in Zambia.

Our vision

Our vision is to be the most accessible and affordable quality protein provider in the region.

Our business model

We continue to pursue a vertically integrated business model which provides strong foundations for growth and:

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

Overview

Strategic report

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Highlights

Robust cost control

Good operational performance of the traditional core cold chain food product divisions

Revenue

↓ 7% (USD)

↑ 3% (ZMW)

2014: USD279 million
2014: ZMW1,643 million

Gross profit

↓ 9% (USD)

↑ 0.4% (ZMW)

2014: USD94 million
2014: ZMW555 million

Gross profit margin

2014 33.8%

2013 34.7%

Cost/income ratio

2014 26.3%

2013 26.6%

Excluding depreciation

Export earnings increased from USD5.4 million (2011) to USD30.2 million (2014). West Africa revenue and gross profit increased in USD by 23% and 29% respectively in 2014.

Challenges

Profit before tax

3.6m loss (USD)

21.2m loss (ZMW)

2013: USD4.1 million profit
(ZMW21.8 million profit)

Gearing

2014 **56**%

2013 **46**%

African Swine Fever outbreak adversely impacted Masterpork during H1 2014

Lower than forecast soya prices

Depreciating and volatile ZMW adversely impacted gross margin during H1 2014

Zambeef at a glance

Robust business model of vertical integration

Farming

Key facts

- One of the largest irrigated row cropping operations in Zambia.
- Approximately 8,120 Ha irrigated and approximately 8,480 Ha rainfed, arable, developed land available for planting each year.
- Crop production focused on soya beans during summer and wheat during winter.
- Capacity to produce 40,000 M.T. of soya beans, 45,000 M.T. of wheat and 21,000 M.T. of maize p.a.
- 125,000 M.T. storage capacity.

Strategic fit

- Farming division provides raw materials input (wheat, soya, and maize) for further value add processing within the Group.

Meat and dairy

Key facts

- One of the largest suppliers of beef in Zambia.
- Seven beef abattoirs and three feedlots located throughout Zambia with a capacity to slaughter 100,000 cattle p.a. and a capacity to feedlot 24,000 grain fed cattle p.a.
- One of the largest chicken and egg producers in Zambia currently processing 6.2 million chickens p.a. and producing over 46 million eggs p.a.
- One of the largest piggeries, pig abattoir and pork processing plants in Zambia with a capacity to slaughter 100,000 pigs p.a.
- Dairy farm with approximately 2,500 dairy cattle, with 850 currently lactating and currently producing over 6.5 million litres of milk p.a.

Strategic fit

- Meat and dairy divisions provide raw materials input for further value add processing within the Group.

Manufacturing/processing

Key facts

- One of the largest edible oil and soya meal producers in Zambia with a crushing capacity of 100,000 M.T. of oil seed p.a.
- One of the leading stock feed producers in Zambia, with a capacity of 13,000 M.T. p.m.
- Wheat mill with a capacity to mill 30,000 M.T. of wheat p.a.
- One of the largest tanneries in Zambia, with a processing capacity of 72,000 hides p.a.
- Meat processing plants with a capacity to process over 700 M.T. of processed meats p.m.

Strategic fit

- Zamanita adds value to the soya beans from the Zambeef farms, producing edible oils and soya meal.
- Stock feed plant adds value to the protein by-product (soya meal) from the Zamanita crushing plant to produce stock feed.
- Meat and dairy processing plants add value in producing yoghurt, drinking yoghurt, cheese, butter, milk based juices and processed meat products.
- Wheat mill adds value to the wheat from the Zambeef farms, producing flour.
- Tannery and shoe plant adds value to the by-product of the beef abattoir division (cattle hides); producing leather, industrial footwear and protective leather clothing.

Retail outlets

Key facts

- Concessionary Agreement with Shoprite to manage the Shoprite butcheries throughout Zambia, Nigeria and Ghana.
- Currently 92 retail outlets, four wholesale centres, seven fast food outlets and 22 Shoprite butcheries in Zambia.
- West Africa provides an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- Currently 15 Shoprite butcheries, six self-operated stores and two processing plants in West Africa.

Strategic Fit

- Vast majority of Zambeef products retailed directly to end consumer, in a value added form, through the Group's extensive retail and wholesale distribution network.
- 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.

The Zambeef platform in Africa

Operating in some of the fastest growing parts of the world

Zambia

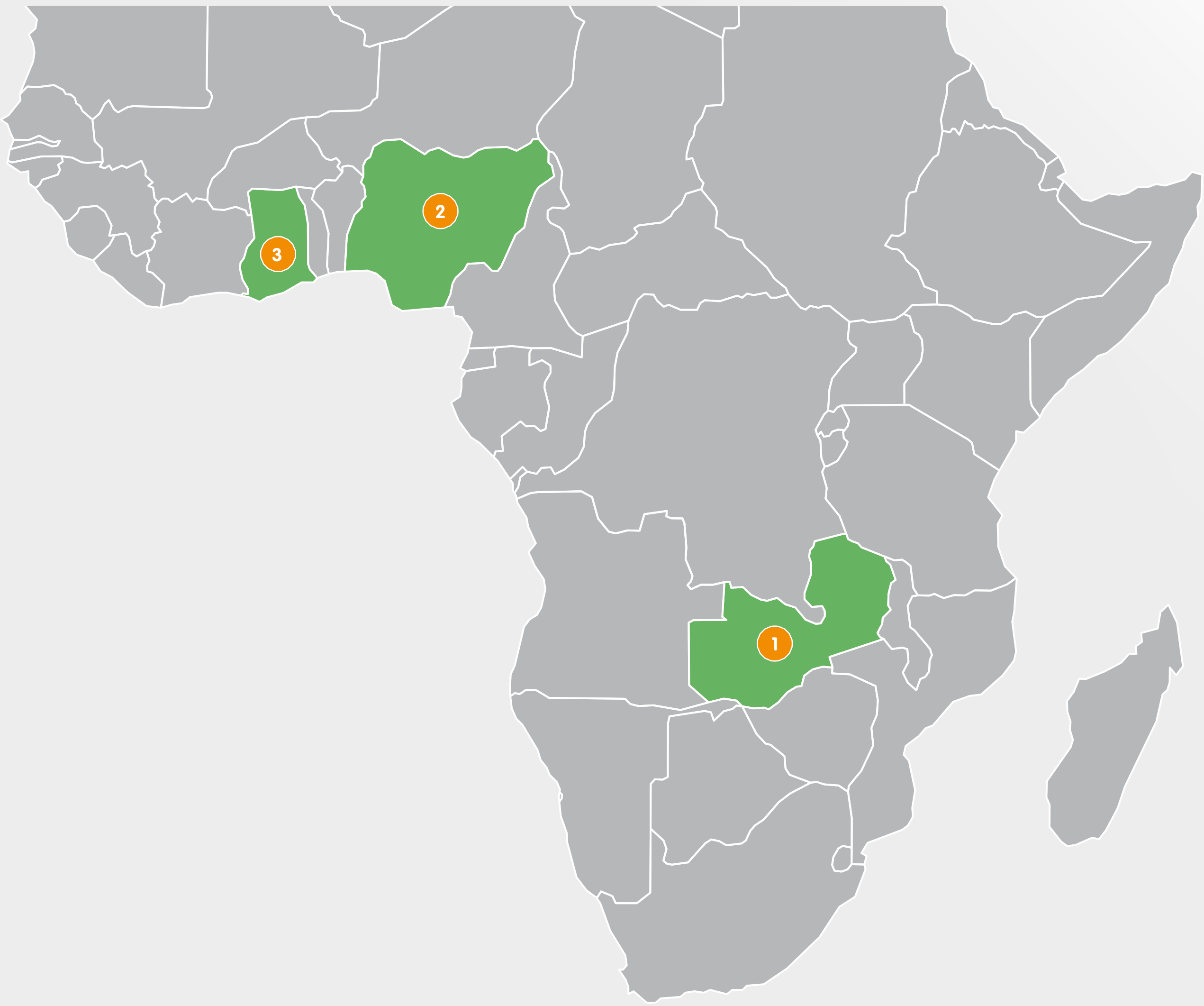
- One of the fastest growing economies in Sub-Saharan Africa ("SSA").
- GDP growth averaging >6.5% over last five years and forecast to grow at c.6% over next three years.
- Rapidly expanding consumer base, driven by an emerging middle class and high levels of urbanisation.
- Current population of c.13.6 million.
- One of the world's fastest growing populations in the world, expected to reach 16 million by 2017.
- GDP per capita has increased from USD1,110 (2009) to USD1,487 (2013) and expected to be >USD2,000 by 2017.

Nigeria

- Largest economy in Africa and ranked 26th in the world in terms of GDP.
- GDP growth averaging >6% over last three years and expected to average >6.5% over next three years.
- GDP per capita doubled from USD1,400 (2000) to USD2,800 (2012).
- Africa's most populous country – population increased from 120 million (2000) to 160 million (2010).
- Rapidly expanding consumer base, fuelled by an emerging middle class and high levels of urbanisation.

Ghana

- One of the fastest growing economies in SSA.
- West Africa's 2nd largest economy after Nigeria and Africa's 12th largest economy.
- GDP growth averaging >6% over the past 5 years and expected to grow at c.6% over next three years.
- Population of 25 million.
- Increasing GDP per capita from USD2,900 (2010) to USD3,400 (2013).



1. Zambia

- 92 retail outlets, 4 wholesale depots, and 7 Zamchick Inns.
- 22 Shoprite butcheries.
- 9 abattoirs.
- 3 processing plants.
- 5 farms (incl. palm).

2. Nigeria

- 11 Shoprite butcheries.
- 6 self-operated stores.
- Farm site housing feedlot, abattoir, processing plant and coldrooms/freezers.

3. Ghana

- 4 Shoprite butcheries.
- 1 processing plant.

Strategic report

Chairman's report

Dr. Jacob Mwanza
Chairman

Integrated business model within a fast growing local economy provides strong foundations for growth

Overview

Overall, the year under review has been challenging. The Group recorded a loss before tax of USD3.6 million (ZMW21.2 million). Adjusting for unrealised foreign exchange losses, this translates to a loss before tax of USD0.3 million (ZMW1.8 million).

The 2014 financial year has been a year of two very different halves for Zambeef.

As previously reported, our performance during H1 2014 was adversely impacted by macro-economic challenges and external influences, which included the depreciation of the Zambian Kwacha by over 15 per cent. versus the US Dollar, the outbreak of African Swine Fever ("ASF"), lower soya bean prices and a reduction in sales of Zambeef's cold chain food products through its retail network.

As a result, in H1 2014, the Group recorded a loss before tax of USD6.3 million (ZMW36.8 million).

However, during H2 2014, the Group recorded a profit before tax of USD2.7 million (ZMW15.6 million). Factors contributing to an improved second half performance include the relatively stable exchange rate, resolution of the ASF outbreak by the Zambian government, a good wheat harvest and strong growth in sales of our cold chain food products through Zambeef's retail network. The relatively stable exchange rate has resulted in reduced foreign exchange losses (compared with H1 2014) and has also contributed to an improvement in the Group's gross profit margin from 32.7 per cent. in H1 2014 to 34.8 per cent. in H2 2014. It is encouraging that the trend from the improved second half has continued into the current financial year.

In addition, it is pleasing to note that net cash inflow from operating activities was a creditable USD13.8 million (ZMW81.6 million) (2013: USD20.5 million; ZMW108.7 million).

Strategic priorities

Zambeef has an established and proven strategy of providing high quality end products to its customers. Over the past ten years, we have built the Group into a broad, vertically integrated retail and agricultural business with a robust supply chain which creates added value and reduces financial volatility.

Our priorities, continue to be focused on:

- the retailing of cold chain meat and dairy products;
- where appropriate, forging strategic alliances and partnerships with acknowledged industry players;
- unlocking value and capital gains from within the Group and reducing debt/ gearing; and
- developing the business into a regional food supplier.

Retailing of cold chain meat and dairy products
The retailing of cold chain meat and dairy products (beef, chickens, pork, milk, dairy and eggs), directly to the end consumer, in a value added form, has always been at the heart of Zambeef's growth strategy, delivered through the Group's extensive retailing and distribution network. These core divisions are also less capital intensive, have a shorter working capital cycle and are less prone to exchange rate fluctuations.

Our retail presence is a key differentiator for our business, both through our own network of stores and wholesale outlets or through our long-standing partnership with Shoprite. We have built this network to total 142 stores, not only in Zambia but also Nigeria and Ghana.

Our emphasis will be on growing this segment of our business, as there continues to be significant opportunities, underpinned by the increasing urbanisation and improving prosperity, in our markets. A key focus will be keeping pace with consumer demand and further enhancing the profitability of our retail outlets.

Strategic partnerships/alliances
In order to drive forward our growth plan, we continue to believe that it will be beneficial to form strategic alliances and partnerships with acknowledged industry players, who can provide both the financial support and technical expertise in areas that would otherwise require significant time and cost commitments by the Group.

This process started in 2013, when we partnered with RCL Foods Limited ("Rainbow"), one of the largest chicken producers in Sub-Saharan Africa ("SSA"), through two joint ventures ("JV"), Zam Chick Limited ("Zam Chick") and Zamhatch Limited ("Zamhatch").

The Zam Chick JV is allowing Zambeef to leverage Rainbow's vast experience and impressive track record in the poultry industry, with a key focus on value added and processed chicken products, where Rainbow has demonstrated significant capabilities in the South African market.

Similarly, the Zamhatch JV, to establish a broiler parent stock rearing, laying and hatching operation for the supply of day old chicks, will enable Zambeef to manage the quality and quantity of supply of day old chicks to its broiler division as well as create opportunities to generate revenue from their sale to third parties.

Both JVs are progressing smoothly. The support from Rainbow is proving valuable in helping us to launch new products and improve efficiencies and we expect to see the full benefits of both JVs being reflected in Zambeef's performance over the next financial year as the Zamhatch operations come on stream.

Our partnership with Shoprite also continues to perform well. Shoprite is Africa's largest retailer and has chosen Zambeef as its strategic partner to run and manage its own in-house butcheries in Zambia, Nigeria and Ghana.

In this vein, we will continue to explore further strategic alliances and partnerships where we consider that they will be value enhancing for the Group.

Realising value

In our 2013 audited accounts, we announced significant capital gains resulting from the revaluation of our assets. This was a pleasing reflection of the investment we have made in recent years to establish Zambeef as a leading agricultural producer and we are continually looking at ways of realising some of this value, in order to achieve a cash inflow. This will allow us, *inter alia*, to reduce USD denominated debt, thereby reducing exchange rate exposure and interest costs.

Our position as a leading Zambian agricultural business represents an attractive proposition for establishing strategic partnerships and as part of this process, there is an opportunity for us to unlock some of this value in order to strengthen our financial position.

Feeding the region

Our longer term strategic ambition, as previously indicated, is to build on the Group's sound domestic business in order to make Zambeef a regional food player within the Sub-Saharan Africa ("SSA") region, and, specifically, within the 15 member states that make up the Southern Africa Development Community ("SADC") region , as trade within the SADC[1] region benefits from a number of tax, customs and excise duty benefits, as well as a fast growing population offering an expanding consumer base.

Zambia is ideally and centrally located within the SADC region and has the potential to expand agricultural production, given its considerable resources in terms of land, labour and water. We believe that Zambeef is well placed to become a regional food player, in particular, thanks to our strong existing distribution network and footprint. By building our position as a regional food player, we will have access to significant growth opportunities across a broader geographical footprint, generate geographically diversified revenue streams and enable valuable foreign exchange earnings to be realised, potentially mitigating exchange rate risks.

Dividend

The Board of Directors does not anticipate paying a dividend in respect of 2014. We are hopeful that the business will continue to progress to a stage where it is able to pay dividends and we intend to keep the dividend policy under review with the aim of achieving a balance between providing returns to shareholders and maintaining suitable levels of investment in the business.

Senior management changes

On 23 September 2014, the Board approved the appointment of Carl Irwin (previously Director of Strategy and Development) to the position of Joint Chief Executive Officer. Carl, as well as retaining his existing responsibilities, will oversee Zambeef's Head Office function, whilst Francis Grogan will retain responsibility for the operational aspects of the Group. This senior management change was made on the basis of the Board wishing to re-align the organisational structure of the Group with that which drove the period of strongest growth in the business and will free up Francis to concentrate on driving the operational growth of Zambeef's core business divisions.

Conclusion and outlook

We are pleased to say that following a difficult year in 2013, which continued into the first half of the current financial year, Zambia's macro-economic conditions recently stabilised and we are hopeful that this situation will continue throughout the 2015 financial year.

We believe that the continued execution of our strategy will position us strongly to take advantage of the growth opportunities available. In the short term our focus will be on maintaining the improvement in performance in Zambia, with our aspiration to become a regional player supporting our longer term growth ambitions. In addition, our decision to grow and develop our business through partnerships with acknowledged industry leaders is a further step forward in the Board's strategy of managed growth.

There remains a number of key long-term growth drivers for our business which present significant and tangible opportunities: a rapidly expanding consumer base, fuelled by an emerging middle class, increasing per capita income, rapid population growth and high levels of urbanisation.

The operational platform which we have established over the last few years, our focus on developing our offering generally, and value added products in particular, and our geographic footprint will all help to underpin our longer term performance as we take advantage of the opportunities that exist.

Therefore we look forward to making continued progress towards our aim of becoming a leading regional food supplier.

Dr. Jacob Mwanza
Chairman
24 November 2014

1 SADC member states: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Joint Chief Executive Officers' review

Dr. Carl Irwin
Joint Chief Executive

Francis Grogan
Joint Chief Executive

Focus on driving growth in Zambeef's traditional core cold chain food products business

Overview

After a difficult start to the financial year, as discussed in the Chairman's Statement, it is pleasing to report that H2 2014 saw a strong rebound in our business. The improved operational performance during H2 2014 was driven by Zambeef's traditional core cold chain food products business and we achieved significant percentage increases in gross profit in USD terms versus H1 2014 in a number of these divisions including beef, chicken, pork, dairy and eggs.

The percentage increase in gross profit in USD and ZMW terms, H2 2014 versus H1 2014, for these divisions was as follows:

Beef:	**52.7%**
Chicken:	**12.2%**
Pork:	**108.7%**
Dairy:	**22.0%**
Eggs:	**21.5%**

In addition, the Group's gross profit margin increased from 32.7 per cent. in H1 2014 to 34.8 per cent. in H2 2014, the highest half-yearly gross margin recorded on a Group-wide basis since 2008.

The focus will remain on driving growth in Zambeef's traditional core cold chain food products business, which is the foundation on which the Company was originally built and from which it has continued to grow. Although the overall loss for the year is disappointing, it is pleasing to report that the results for the second half show that the business is firmly back on track.

Key operational drivers

Retail sales

It is pleasing to report that the focus and effort that has been placed on the traditional Zambeef core cold chain food products business and the retail and distribution network which Zambeef operates to market these products, has shown profitable growth. In H2 2014, revenues from the core cold chain food products of beef, chicken, pork, dairy and eggs were up in USD terms by 13.4 per cent. from USD57.8 million (ZMW339.9 million) in H1 2014 to USD65.5 million (ZMW385.3 million) in H2 2014, while the related gross profit was up 41.5 per cent. from USD14.9 million (ZMW87.9 million) to USD21.1 million (ZMW124.2 million).

The table below shows retail gross profit increasing by 19.9 per cent. (USD) and 32.7 per cent. (ZMW) between 2013 and 2014.

	H1 2014 USD'M	H2 2014 USD'M	H1 2014 ZMW'M	H2 2014 % ZMW'M	% Change	Total 2014 USD'M	Total 2013 USD'M	% Change	Total 2014 ZMW'M	Total 2013 ZMW'M	% Change
Turnover	83.8	90.9	492.6	534.4	7.8%	174.6	175.4	-0.4%	1,026.9	931.3	10.3%
Gross profit	6.8	7.4	40.1	43.3	7.4%	14.2	11.8	19.9%	83.5	62.9	32.7%

The public has responded positively to Zambeef's commitment to sell only Zambian beef in its outlets in a market which has seen a continuing influx of foreign products. Zambeef will remain committed to supporting Zambian farmers in their efforts to breed and rear quality cattle, develop their animal husbandry and buy their animals.

The Zambeef Group's retail network is currently is follows:

Zambia
92 Zambeef outlets
22 Shoprite butcheries
7 Zamchick Inns
4 Wholesale depots

Nigeria
11 Shoprite butcheries
6 Zambeef outlets

Ghana
4 Shoprite outlets

This retail network remains the engine room that drives the sales of Zambeef's core cold chain food products. It allows Zambeef to add value via its primary production before branding these products and selling them to the end consumer in a value added form. This will remain a key focus area for the business in the future.

Joint Chief Executive Officers' review continued

Exports
We continue to expand exports in the region. Export earnings have increased from USD5.4 million (ZMW25.7 million) in 2011 to USD30.2 million (ZMW177.5 million) in 2014, and now account for 10.8 per cent. of total revenues, with most of this growth being exports into the SADC region.

In addition, our West Africa operations continue to grow with revenues increasing from USD16.1 million (ZMW85.4 million) in 2013 to USD19.8 million (ZMW116.2 million) during the year and now represents six per cent. of the Group's revenue.

Our expanding regional reach helps position the Group for continuing growth and to achieve our longer term ambition of making Zambeef a regional food player.

African Swine Fever
Following the outbreak of African Swine Fever in Zambia from mid-November 2013, the Zambian government imposed restrictions on the movement of pigs and the sale of pork products for a three month period to February 2014. Whilst the Group's animals were not affected by this outbreak, the ban significantly impacted the performance of Master Pork during H1 2014. Despite this setback, the pork division's gross profit for the year improved by 36 per cent. (USD0.88 million) compared with 2013. This division is seen as a core part of Zambeef's future plans and its performance is expected to continue to show strong growth.

Market overview

The Zambeef platform in Africa
Zambeef operates in some of the fastest growing parts of the world where demand for food continues to increase rapidly.

Zambia
Zambia remains one of the fastest growing economies in Sub-Saharan Africa. GDP growth has averaged more than 6.5 per cent. per annum over the last five years and is forecast to grow at around six per cent. per annum over the next three years. It has one of the fastest growing populations in the world at around 2.5 per cent. per annum. These factors have contributed to a rapidly expanding consumer base, driven by an emerging middle class and high levels of urbanisation.

Nigeria
This is the largest economy in Africa and has recorded average GDP growth exceeding six per cent. per annum over the last three years and is forecast to grow by around 6.5 per cent. per annum for the next three years. GDP per capita has doubled from USD1,400 in 2000 to USD2,800 in 2012. Nigeria is Africa's most populous country (160 million) and it also has a rapidly expanding consumer base.

Ghana
Ghana is also one of the fastest growing economies in Sub-Saharan Africa and is West Africa's second largest economy after Nigeria. GDP has grown on average by more than six per cent. per annum over the last five years and is expected to grow at around six per cent. per annum over the next three years.

As this demonstrates, Zambeef is operating in areas of the continent where the demand for food is expected to continue to grow at a rapid rate. The challenge for Zambeef will be to continue to expand its core operations in line with this increased demand and we believe that our business priorities will support our ability to take advantage of the considerable opportunities which exist for the Group.

Staff and Board of Directors
Zambeef is committed to attract, retain and motivate top quality staff in all of the areas in which it operates. We would like to thank all our staff in Zambia, Nigeria and Ghana for their contribution to the Company in the last year.

We would also like to thank our Board for its continued advice, guidance and encouragement. We are fortunate to have a Board with a wide range of experience both in the private and public sector both within Zambia and internationally.

Conclusion and outlook
After a difficult first six months to the year, the business has moved forward strongly and we have confidence that this trend will continue into the future. In particular, significant attention will be paid to the ongoing organic growth of Zambeef's core cold chain food product divisions and the marketing of their products through the Group's distribution and retail network which remains the Group's engine room.

Mpongwe Farm ("Mpongwe") continues to provide Zambeef with a competitive advantage over its peers and, in 2014, continued the trend of increasing yields as it has done annually since its acquisition in 2011. Mpongwe has been established as a consistent low cost producer of staples such as maize, wheat and soya and these will continue to flow through Zambeef's vertically integrated model into its core cold chain value added food products in the future. Additionally, Mpongwe is now providing the base for all further poultry expansion, maximising the use of previously unused land.

Zambeef can look forward to the future with confidence. We have an experienced management team with a proven track record for doing business in Africa. We are operating in parts of the continent where the demand for its products is increasing at a rapid rate. The strategic focus on growing the sales of its traditional core cold chain food products, namely beef, chicken, pork, dairy and eggs, through its own retail network, and continuing to control overheads, we are confident that Zambeef will achieve its goal of becoming one of the leading food suppliers in Sub Saharan Africa.

Dr. Carl Irwin/Francis Grogan
Joint CEOs
24 November 2014

Joint Chief Executive Officers' review continued
Operational and financial review

Overview

After a difficult start to the financial year, it has been encouraging to see the strong turnaround of the business in H2 2014, led by Zambeef's traditional core cold chain food product businesses. The chicken, pork, dairy and eggs divisions all increased gross profitability in both USD and ZMW terms when comparing 2014 with 2013, whilst the beef division was up in Kwacha terms but down in USD terms. Other divisions have reported decreasing gross profits in both USD and ZMW, with our edible oils business Zamanita showing the biggest decrease in gross profit followed by stockfeed, milling and cropping, where strong competition is reducing margins.

Revenue

Revenue increased by three per cent. in ZMW terms from ZMW1,595.1 million in 2013 to ZMW1,643.3 million in 2014. However, in USD terms, the revenue reduced by seven per cent. from USD300.4 million in 2013 to USD279.5 million in 2014. The main contributors to the reduction in revenue in USD were the 17.9 per cent. depreciation of the ZMW against the USD and reduced revenue from Zamanita and our milling and cropping operations. The fastest growing divisions were Nigeria, dairy, leather and eggs. The segmental revenues are shown below and are discussed in more detail by division.

Turnover	2014 (USD'000)	2013 (USD'000)	Percentage change (USD) increase/ (decrease)	2014 (ZMW'000)	2013 (ZMW'000)	Percentage change (ZMW) increase/ (decrease)
Cropping	51,636	78,173	(33.9)	303,617	415,101	(26.9)
Edible oils	53,859	69,764	(22.8)	316,688	370,445	(14.5)
Beef	58,806	60,998	(3.6)	345,778	323,897	6.8
Stock feed	57,699	49,757	16.0	339,268	264,208	28.4
Chicken	24,082	25,437	(5.3)	141,603	135,070	4.8
Eggs	5,496	4,638	18.5	32,318	24,630	31.2
Pork	20,935	21,749	(3.7)	123,096	115,485	6.6
Milk and dairy	14,011	11,563	21.2	82,386	61,402	34.2
Mill and bakery	12,201	14,840	(17.8)	71,741	78,798	(9.0)
Leather	4,983	4,159	19.8	29,303	22,085	32.7
Nigeria	16,449	13,047	26.1	96,725	69,277	39.6
Ghana	3,316	3,040	9.1	19,502	16,141	20.8
Fish	3,646	4,428	(17.7)	21,437	23,512	(8.8)
Zamchick Inn	1,812	2,263	(19.9)	10,653	12,018	(11.4)
Total	**328,931**	**363,856**	**(9.6)**	**1,934,115**	**1,932,069**	**0.1**
Less: intra-Group sales	(49,466)	(63,468)		(290,862)	(337,007)	
Group total	**279,465**	**300,388**	**(7.0)**	**1,643,253**	**1,595,062**	**3.0**

Exchange rate volatility

The ZMW depreciated against the USD by 15 per cent. in H1 2014 versus 2.9 per cent. in H2 2014. Consequently, the business incurred an exchange loss for the year of USD5.8 million (2013: USD3.0 million), of which USD3.3 million is unrealised (2013: USD1.6 million). Over USD5.0 million (85 per cent.) of this year's exchange loss arose in the first half of the year.

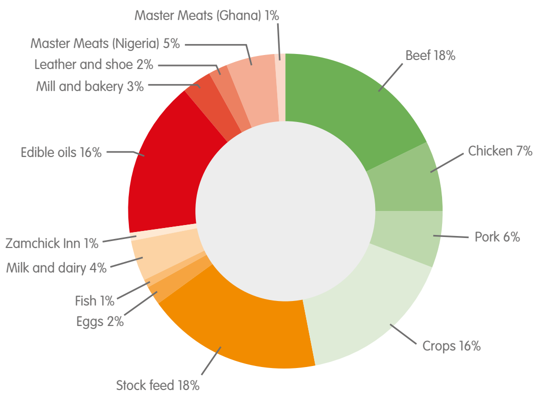
It is pleasing to see the ZMW having returned to relative stability and we hope this will continue into the future.

Gross profit

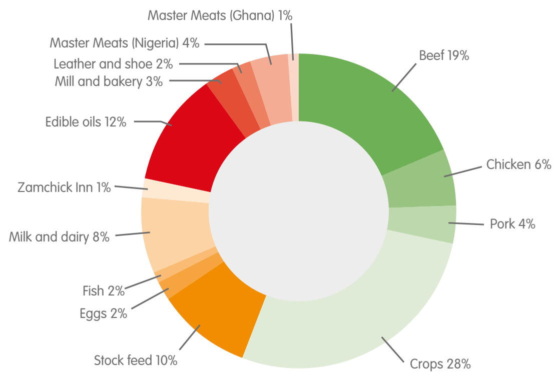
Gross profit increased by 0.4 per cent. in ZMW terms from ZMW552.8 million in 2013 to ZMW555 million in 2014 and reduced by nine per cent. in USD terms from USD104.1 million in 2013 to USD94.4 million in 2014. The picture is similar to that for revenue with gross profits having increased in both USD and ZMW terms for chicken, pork, dairy and eggs whilst in our beef and cropping divisions there was an increase in ZMW terms but a decrease in USD terms. The largest decrease was represented by performance at Zamanita followed by stockfeed and milling.

Although, overall, the gross profit margin decreased from 34.7 per cent. in 2013 to 33.8 per cent. in 2014, it is pleasing to report that there was an increase from 32.7 per cent. in H1 2014 to 34.8 per cent. in H2 2014. The strong second half performance is further demonstrated by the fact that it accounted for more than 68 per cent. of the Group's EBITDA for the year.

Segmental analysis of revenue (USD)



Segmental analysis of gross profit (USD)



The gross profit by division is shown in the table below.

Gross profit	2014 USD'000s	2013 USD'000s	Percentage change USD	2014 ZMW'000s	2013 ZMW'000s	Percentage change ZMW	Gross profit % 2014	Gross profit % 2013	Percentage change
Cropping	26,411	29,125	(9.3)	155,295	154,655	0.4	51.1	37.3	37.3
Edible oils	11,076	19,202	(42.3)	65,131	101,965	(36.1)	20.6	27.5	(25.3)
Beef	18,233	19,633	(7.1)	107,210	104,254	2.8	31.0	32.2	(3.7)
Stock feed	9,301	11,120	(16.4)	54,690	59,049	(7.4)	16.1	22.4	(27.9)
Chicken	5,313	5,080	4.6	31,238	26,973	15.8	22.1	20.0	10.5
Eggs	2,041	1,687	21.0	12,003	8,957	34.0	37.1	36.4	2.1
Pork	3,341	2,458	35.9	19,646	13,050	50.5	16.0	11.3	41.2
Milk and dairy	7,150	4,962	44.1	42,042	26,346	59.6	51.0	42.9	18.9
Mill and bakery	2,560	3,002	(14.7)	15,051	15,939	(5.6)	21.0	20.2	3.7
Leather	1,970	1,298	51.7	11,581	6,892	68.0	39.5	31.2	26.6
Nigeria	3,976	2,921	36.1	23,382	15,511	50.7	24.2	22.4	8.0
Ghana	904	860	5.1	5,314	4,567	16.4	27.2	28.3	(3.7)
Fish	1,277	1,672	(23.6)	7,511	8,878	(15.4)	35.0	37.8	(7.2)
Zamchick Inn	836	1,082	(22.7)	4,916	5,745	(14.4)	46.2	47.8	(3.5)
Total	**94,389**	**104,102**	**(9.3)**	**555,010**	**552,781**	**0.4**	**33.8**	**34.7**	**(2.5)**

Administration costs

Another key focus during the year has been cost control and it is encouraging to report that administration costs, excluding depreciation, reduced by USD6.3 million or 7.8 per cent. from 2013 to 2014 (an increase of ZMW8.7 million or 2.1 per cent. in Kwacha terms). This resulted in the cost to income ratio reducing marginally from 26.6 per cent. to 26.3 per cent. in USD terms.

With the strong growth in the second half of the year expected to continue into 2015, these cost saving measures are expected to flow into net profit as revenue increases.

Finance costs and exchange losses

Finance costs increased by 23.8 per cent. in ZMW terms largely due to the Board's decision to convert some of the Group's USD denominated working capital facilities to Kwacha. Interest costs on Kwacha facilities are approximately 10 per cent. more expensive than for USD facilities, and during the first half of the financial year, local Kwacha interest rates (Bank of Zambia Policy Rate) increased from 9.75 per cent. to 12.0 per cent. However, this decision was taken to better balance the Group's debt portfolio between USD and Kwacha facilities, representing a reasonable trade-off between higher interest costs and lower exchange rate risks.

Capital expenditure

During the year, we invested USD13.7 million of capital in the business mainly in the hatchery project, upgrading the stock feed plant, Zamanita soya crushing plant and the palm project. We anticipate further investment of USD14.0 million in the new financial year.

We will continue to make targeted investments in infrastructure and plant and equipment to keep pace with consumer demand, drive revenue, enhance margins and generate cash. Long-term investment will also be aimed at reducing, wherever desirable, costs of production and processing.

Below we provide a more detailed overview of the Group's operational performance.

Joint Chief Executive Officers' review continued
Operational and financial review

Cropping

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	51.6	78.2	(34)	16
Gross profit	26.4	29.1	(9)	28
ZMW'm				
Revenue	303.6	415.1	(27)	16
Gross profit	155.3	154.7	0.4	28

Zambeef's cropping division has had a credible year despite gross profit reducing in 2014 by 9.3 per cent. in USD (an increase of 0.4 per cent. in ZMW). This result was impacted by lower commodity prices which were only partially offset by higher yields.

Cropping performed below expectations in H1 2014 with soya bean prices falling by around USD100 per ton (to USD500 per ton) while H2 2014 performance was ahead of expectations with wheat prices slightly ahead of budget and excellent yields.

This division has consolidated Zambeef's position as one of the largest row cropping operations on the continent with a total of 23,515 Ha being planted over the summer and winter cropping seasons, producing, in aggregate, around 120,000 M.T. of maize, soya beans, barley and wheat.

This division capitalises on Zambia's fertile soils, excellent cropping climate and its abundant water reserves.

Edible oils

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	53.9	69.8	(23)	16
Gross profit	11.1	19.2	(42)	12
ZMW'm				
Revenue	316.7	370.4	(15)	16
Gross profit	65.1	102.0	(36)	12

Zamanita's gross profit was down USD8.1 million (42 per cent.) and ZMW36.9 million (36 per cent.). Revenue was lower by USD15.9 million and ZMW53.7 million due to reducing the crush of soya beans from 86,495 M.T. (2013) to 58,747 M.T. (2014).

During 2014, we stopped all crushing in third party plants , as soya meal and edible oil prices were reducing and hence toll crushing ceased to be a sufficiently profitable activity.

Since August, we have upgraded the crushing plant to its working capacity of 8,500 M.T. per month. This will allow Zamanita to increase its crushing up to 100,000 M.T. per annum over the next two years. However the short-term effect was a large reduction in sales in 2014.

The decrease in gross profit was due to the decrease in revenue and the high price of soya beans in the 2013 buying season compared to the decrease in prices in 2014. The expensive beans were all crushed out by August 2014 and hence Zamanita had only two months in this year crushing the 2014 soya crop.

As a result of having cheaper beans to crush for the 2015 year and increased crushing capacity, Zamanita can look forward to a better 2015.

Beef

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	58.8	61.0	(4)	18
Gross profit	18.2	19.6	(7)	19
ZMW'm				
Revenue	345.8	323.9	7	18
Gross profit	107.2	104.3	3	19

Beef revenue and gross profits were down in USD terms by four per cent. and seven per cent. respectively while up in Kwacha terms by seven per cent. and three per cent. respectively.

The division recorded an excellent performance over the last six months with gross profits increasing by USD3.8 million and by ZMW22.4 million compared with H1 2014. This represented a 53 per cent. increase in gross profit, which was made up of volume and margin increases, with gross profit margins increasing from 25 per cent. to 37 per cent. between the first and second six months.

Total cattle slaughtered increased from 50,600 in 2013 to 59,000 in 2014, representing a 17 per cent. increase.

Zambeef's commitment to buying only Zambian beef has been well received and, with the increased focus being given to the beef division, as the largest contributor to cold chain food products, this division is expected to continue to grow in 2015.

Stock feed (Novatek)

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	57.7	49.8	16	18
Gross profit	9.3	11.1	(16)	10
ZMW'm				
Revenue	339.3	264.2	28	18
Gross profit	54.7	59.0	(7)	10

Novatek increased sales volumes and market share, following the addition of a second pelleting line commissioned in May 2014. This year, Novatek produced 118,885 M.T. of animal feed, compared to 89,701 M.T. last year, which represents 33 per cent. volume growth. This resulted in revenue increasing by 16 per cent. in USD and 28 per cent. in Kwacha. However this increased revenue was on lower margins with the gross profit percentage decreasing from 22 per cent. in 2013 to 16 per cent. in 2014.

This drop in margin can largely be attributed to the lag in passing on the increase in input costs following the rapid devaluation of the Kwacha in the first half of the year. The main inputs are maize and soya meal, which are USD based, whilst sales are in Zambian Kwacha.

Novatek continues to increase its exports which now account for 8 per cent. of revenue and with the economies of scale from the increase in production Novatek expects to continue to increase its market share both within Zambia and regionally.

With the exchange rate having stabilised, margins have improved and this division can look forward to 2015 with renewed confidence.

Chicken and egg

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	29.6	30.1	(2)	9
Gross profit	7.4	6.8	9	8
ZMW'm				
Revenue	173.9	159.7	9	9
Gross profit	43.2	35.9	20	8

The chicken and egg operations have performed well during the year, with broiler production increasing from 5.1 million birds in 2013 to 6.2 million birds in 2014, representing a 21 per cent. volume increase.

Egg production volumes increased by 15 per cent. from 40 million eggs in 2013 to 46 million eggs in 2014.

This has resulted in gross profit increasing in USD by USD0.6 million, representing an increase of 8.7 per cent. and increasing in Zambian Kwacha by ZMW7.3 million, representing an increase of 20.3 per cent.

It is pleasing to see that these operations increased, in gross profit terms, in H2 2014 by 15 per cent. versus H1 2014.

Zamhatch has started the construction phase of a breeder farm and hatchery at Mpongwe and is targeting the commencement of supply of day old chicks in H2 2015.

These operations are a core part of Zambeef's operations and as a result these operations will continue to grow in 2015.

Joint Chief Executive Officers' review continued
Operational and financial review

Pork

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	20.9	21.7	(4)	6
Gross profit	3.3	2.5	36	4
ZMW'm				
Revenue	123.1	115.5	7	6
Gross profit	19.6	13.1	51	4

The pork division's performance this year was adversely affected by the outbreak of ASF in Zambia, which lasted for three months from November 2013 to February 2014.

Whilst Master Pork's animals were not affected by this outbreak, the government imposed restrictions on the movement of pigs and the sale of pork products during this three month period, which significantly impacted performance at Master Pork during the first half of the financial year.

Since the lifting of the ASF ban, we have seen a significant improvement in the demand for all our pork products, such that in spite of the ASF outbreak, the gross profit for the whole year improved in USD by 36 per cent. (USD 0.88 million) compared to 2013 and in Zambian Kwacha by 51 per cent. (ZMW6.5 million).

This division is considered a core part of Zambeef's operations and focus will be given to increasing volumes and margins during 2015.

Milk and dairy

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	14.0	11.6	21	4
Gross profit	7.2	5.0	44	8
ZMW'm				
Revenue	82.4	61.4	34	4
Gross profit	42.0	26.3	60	8

This division has delivered another excellent year, with gross profit up in USD by 44 per cent. (USD2.2 million) and in Kwacha by 60 per cent. (ZMK15.7 million).

Our dairy produced 6.5 million litres of milk this year, compared to 6 million last year and milk sourced from the small scale dairy sector increased significantly, from 952,000 litres (2013) to more than 2.4 million litres (2014).

Cows in-milk now average 850 (2013: 800) and the average daily yield per cow has increased from 21 litres (2013) to 27 litres (2014).

The factors contributing to these results include improved feed efficiencies and fodder quality, strong partnerships with small scale outgrowers, improved herd management and investment in a new feeding shed.

The new milk processing plant (commissioned in November 2013) has increased daily milk processing capacity from 25,000 litres to 65,000 litres and is currently running at 35,000 litres per day. The new plant has allowed Zambeef to target supply growth more aggressively and increase the number of value added products, which now include 40 product lines, and which earn better margins.

This division will continue to be a key focus area and continued growth is expected in 2015.

Mill and bakery

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	12.2	14.8	(18)	3
Gross profit	2.6	3.0	(15)	3
ZMW'm				
Revenue	71.7	78.8	(9)	3
Gross profit	15.1	15.9	(6)	3

Wheat milled during the year under review amounted to approximately 22,550 M.T. as opposed to 26,400 M.T. in 2013. This reduction in milling resulted in both revenue and gross profits reducing in both Zambian Kwacha and USD.

This year saw a strategic shift away from competitive, high volume, low margin biscuit flour sales towards higher margin retail bread flour sales through our internal retailing and distribution channels, as well as through Shoprite. It is pleasing that more than 50 per cent. of flour sales are now through our own retailing network.

During the year, we also made a strategic decision to close the bread division, as this division was low-margin and non-core. During 2015 the focus will remain on selling flour through our own retail network.

Leather and shoe

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	5.0	4.2	20	2
Gross profit	2.0	1.3	52	2
ZMW'm				
Revenue	29.3	22.1	33	2
Gross profit	11.6	6.9	68	2

Although this division is small it has been one of our top performing divisions in terms of growth in 2014 and the management of this operation must be complimented on an outstanding year.

The wet blue unit processed 100,510 hides in 2014 compared to 79,851 in 2013 (over 25 per cent. volume growth), achieved largely through running our own tannery at full capacity (6,000 hides per month), with the balance being contract/toll tanning.

Wet blue production was ramped up in 2014 due to an improvement in the wet blue market; as a result, we purchased more third party hides (40,977 in 2014 versus 28,792 in 2013) for processing.

The finished leather and shoe units have continued to perform steadily with local demand for our leather and shoes remaining strong.

Zamleather provides an important market for Zambeef's hides and is now the only operational tannery in Zambia.

West Africa

USD'm	Year to 30 Sep 2014	Year to 30 Sep 2013	% change	% of Group (2014)
Revenue	19.8	16.1	23	6
Gross profit	4.9	3.8	29	5
ZMW'm				
Revenue	116.2	85.4	36	6
Gross profit	28.7	20.1	43	5

Zambeef's West Africa operations are gaining momentum in line with Shoprite's increasing footprint in the region, driven largely by the roll out of Shoprite stores. During the year, revenue increased in USD by 22.9 per cent. (USD3.7 million) and in Kwacha by 36.1 per cent. (ZMW30.8 million) and gross profit increased in USD by 29.0 per cent. (USD1.1 million) and in Kwacha by 43.0 per cent (ZMW8.6m).

During 2014, four new Shoprite stores were opened in Nigeria and a further store in Ghana. We now have 11 Shoprite stores and six self-operated outlets in Nigeria, and four Shoprite stores in Ghana.

In Nigeria, Shoprite expects to open three new stores in 2015 and a further eight in 2016. In Ghana, Shoprite plan a further two stores in 2015.

The abattoir and processing plant in Ikenne (Lagos) and the processing plant in Accra, Ghana, have provided the Group with an enormous advantage and range of value add higher margin products. In Nigeria, we have now successfully started the feedlotting of cattle, goats and lamb. This has improved the quality and consistency of supply of meat products.

As a result, continued growth is expected in Zambeef's West African operations.

Environment and social responsibility

The Company is committed to improving its environmental and social management in the pursuit for achieving international environmental and social standards

Environmental and social 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 Company 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 within 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 review yearly 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 Company's term loans, 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 and local environmental and social requirements.
6. Progress on implementing the ESAP.
7. General information and feedback.

Status

The Company ensures that all 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, three Environmental Impact Assessments were approved by the Zambia Environmental Management Agency ("ZEMA"). These relate to:

1. The new poultry project incorporating breeding, rearing, slaughter and stock feed production at Zambeef's Mpongwe Farm under Zam Chick and Zamhatch, approved on 2 November, 2013.
2. The expansion works at Kalundu Dairy Farm, approved on 17 March, 2014
3. Installation of palm processing mill at Zampalm, approved on 17 March, 2014.

Two Environmental Project Briefs were also submitted and approved by ZEMA during the year. These relate to:

1. Relocation of diesel filling station at Zamanita, approved on 20 December, 2013.
2. Construction of staff clinic at Huntley Farm, approved on 17 March, 2014.

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. The programme aims at getting certification for the first sites by 2015.
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 order to enhance biodiversity, the Company has left the middle portion of Chiawa farm undeveloped. This section of the farm has been recognised as an important corridor for game movement.

Environment and social responsibility continued

Social responsibility

Zambeef continues to subscribe to the following United Nations Millennium Development Goals which aim to:

1. Eradicate extreme poverty and hunger.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality.
5. Improve maternal health.
6. Combat HIV/AIDS, Malaria, TB and other diseases.
7. Ensure environmental sustainability.

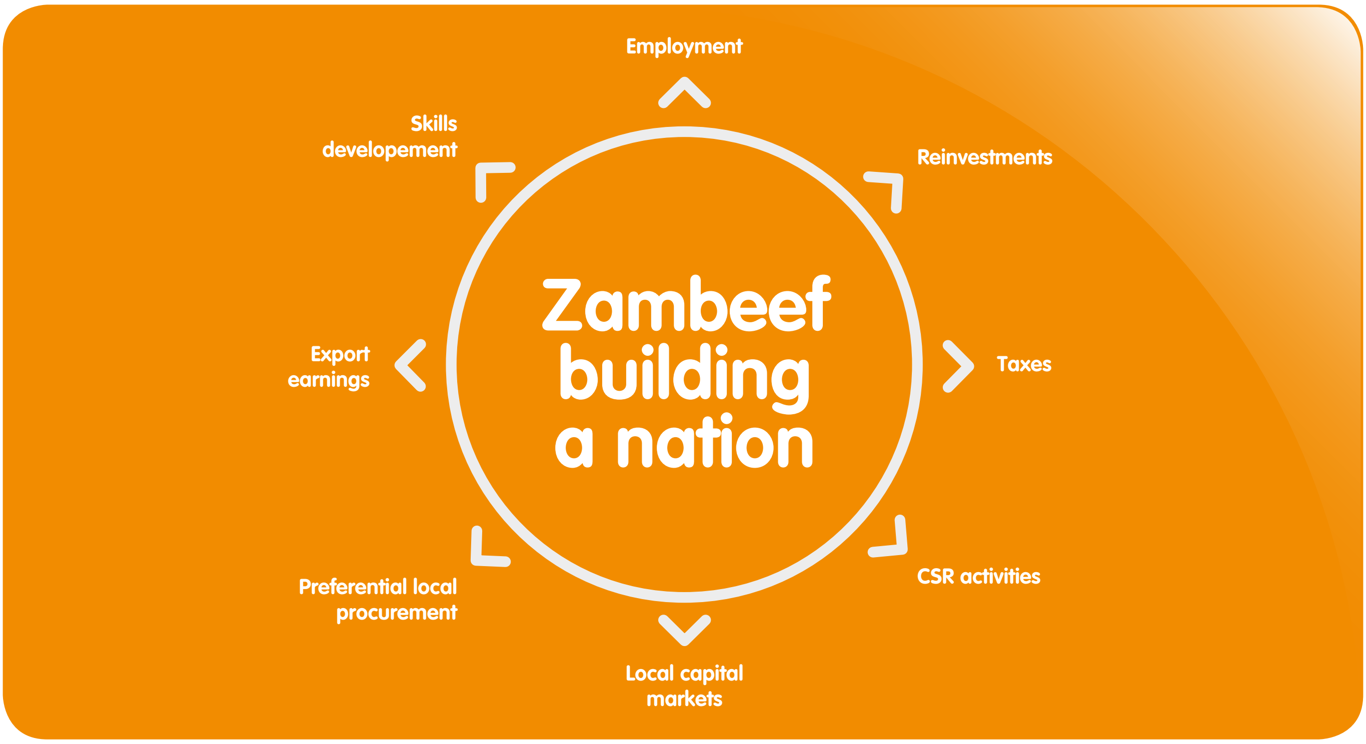
Zambeef continues to assist and support worthy causes, organisations and charities aimed at poverty alleviation through both cash donations as well as providing free Zambeef products on a regular basis. Zambeef continues to give support in the following areas:

– 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.

The Company has also embarked on 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 medication 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.

The Company has also embarked on supporting the growth of small scale dairy farmers in Mongu (Western Province), with an NGO called Musika. Under the scheme, Zambeef will:

– Undertake 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 small holder milk farmers.



Employment

- One of the largest employers in the country, with a staff complement of over 5,800 staff, who received a total of ZMW208 million (USD35 million) in remuneration and benefits.
- Over 98 per cent. of the employees are Zambian.
- The Group's farming division provides significant employment to rural communities, where poverty levels are much 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 six years, amounting to over USD150 million.

Taxes

- The Group is a significant contributor to government revenues.
- For the FYE September 2014, the Group paid over ZMW110 million (USD18.5 million) to the Zambia Revenue Authority in taxes.

CSR activities

- Zambeef continues to subscribe to the United Nations Millennium Development Goals which aim to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, Malaria, TB and other diseases; and ensure environmental sustainability.
- The Group provides amenities and benefits such as housing, education, health care, clean water and electricity to its staff and communities where it operates.
- Zambeef continues to assist and 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.

Local capital markets

- Zambeef's listing on the Lusaka Stock Exchange in 2003 provided an opportunity for Zambian citizens and local pension funds to buy shares in the Company.
- With most local pension funds as shareholders in Zambeef, almost every full-time Zambian employee benefits from the success of Zambeef, which ensures Zambeef helps with wealth creation within Zambia.

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.

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 2014, the Group recorded foreign exchange export income of over USD30 million.

Skills development

- The Group is fully committed to developing and training its employees at all levels within the organisation.
- The Group's continual re-investment into labour and human resources has resulted in many senior positions being occupied by Zambians, as well as three Zambians running the Group's West Africa operation.

Corporate governance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Feeding the Nation
ZAMBEEF
Products PLC
100% LOCAL
PROUDLY ZAMBIAN
DAF

Corporate governance

Dr. Jacob Mwanza
Chairman

The Directors of Zambeef recognise the value of good governance and endorse the principles of openness, integrity, transparency, accountability and the application of high ethical standards in the conduct of business

The Board approved the Company's original Code of Corporate Governance in November 2006, which complied with the requirements of the Lusaka Stock Exchange. Between 2006 and 2011, this original Corporate Governance Code has been subject to various updates. 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.

The Board recognises that the Group's internal financial control system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Company has adopted a share dealing code for dealings in shares by the Directors and senior employees that is appropriate for an AIM company. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and to take all reasonable steps to ensure compliance by the Company's relevant employees.

Board of Directors

The Board of Directors has been appointed by the shareholders and is responsible to the shareholders for setting the direction of Zambeef through the establishment of strategic objectives and key policies, as well as approving major capital expenditure.

The Board meets at least four times during each financial year.

The Board currently consists of nine Directors, of whom six are independent Non-Executive Directors and three are Executive Directors. During the financial year, Charles Mpundu (Non-Executive Director) joined the Board.

The Board believes that its overall composition is appropriate, with no individual or group dominating the decision-making process. The roles of the Chairman and the Joint Chief Executive Officers are separate, with responsibilities divided between them. The Chairman is considered to be independent.

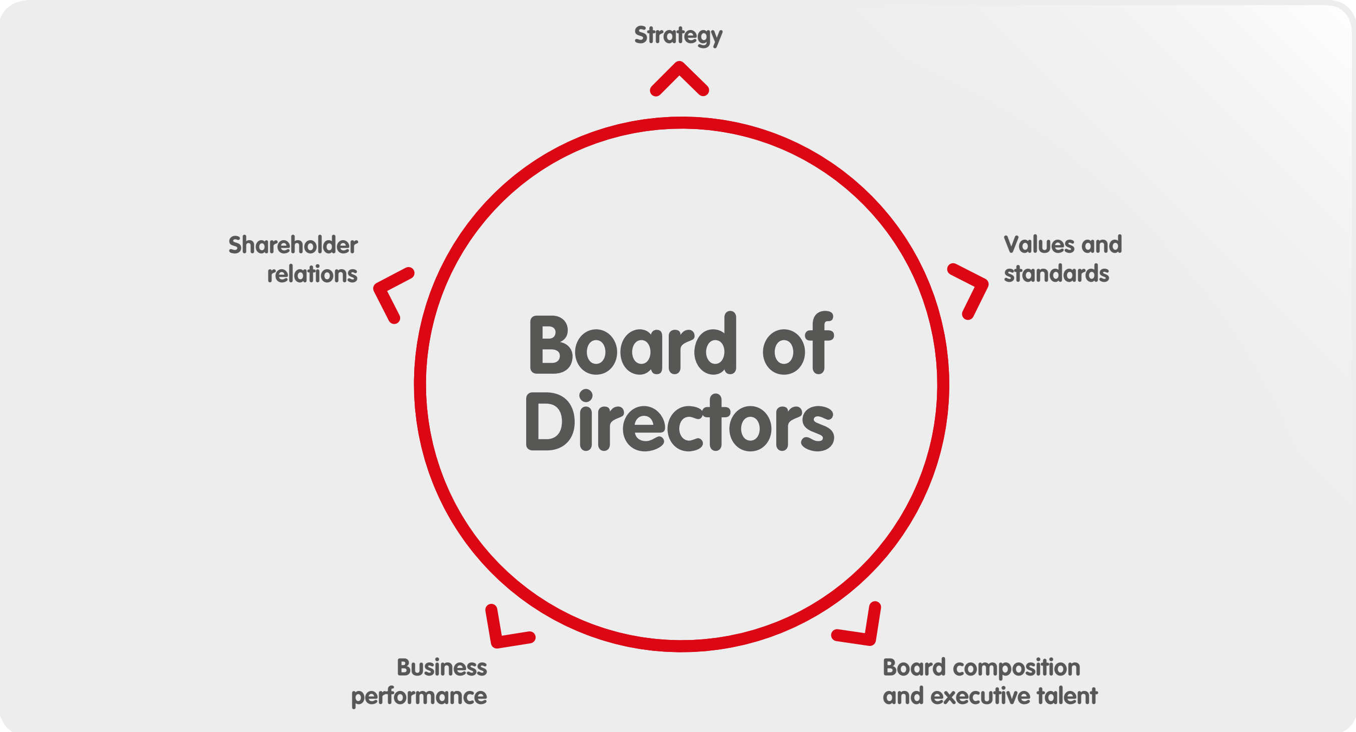
All Directors have had access to management, including the Company Secretary, and to such information as was needed to carry out their duties and responsibilities fully and effectively.

The Directors have stayed fully abreast of the Group's business through meetings with senior management. Presentations are made to the Board by senior management on the activities and operations of the Group. Executive Directors undertake regular visits to operations, supplemented by periodic visits of Non-Executive Directors.

Report of the Board

The Board is collectively responsible for providing leadership, setting the Group's strategic objectives and key policies and ensuring that appropriate resources are in place to achieve business success.

The main responsibilities of the Board are:



Strategy	– Developing the Group's long-term objectives and guiding the Group's strategic aims. – Approval of major capital expenses: projects, contracts and acquisitions. – Changes to the structure and capital of the Group.
Values and standards	– Development and monitoring of the Group's Code of Conduct.
Governance	– Approval of Board membership and senior executive appointments. – Approval of the Board Committees' terms of reference. – Annual review of the Board's performance and that of its Committees and individual Directors. – Board and senior executive succession planning.
Business performance	– Monitor financial and business performance of the Group. – Approval of the annual and half year financial results, interim management statements and dividend policy. – Monitoring executive performance.
Representing shareholders' interests	– Shareholder and market feedback. – Analysis of shareholder register.

Corporate governance continued

Board of Directors

– Determine strategy
– Agree risk appetite and oversee management of risk
– Monitor business and management performance
– Communicate with and respond to shareholders

Executive/Nomination Committee

Chairman
Dr. Jacob Mwanza

Members
Dr. Lawrence Sikutwa
Irene Muyenga

Responsibilities
- To keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- To formulate, implement and deliver the strategic plans of the Group and to advise the Executive Directors in relation thereto as necessary.
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes.
- To be responsible for identifying 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 executives, and in particular, for the key roles of Chairman and Chief Executive Officer of the Company.
- To consider such other matters as may be requested by the Board and to make such decisions on behalf of the Board on issues which cannot wait for the convening of the formal Board.

Audit Committee

Chairman
Dr. Lawrence Sikutwa

Members
Irene Muyenga

Independent Advisor and Secretary
Hastings Mtine

Responsibilities
- The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process, including the review of the interim and annual financial statements before they are submitted to the Board for final approval, and 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.
- 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 auditor.

Remuneration Committee

Chairman
Dr. Jacob Mwanza

Members
John Rabb
Dr. Lawrence Sikutwa
Irene Muyenga

Responsibilities
- The main responsibility of the Committee is to review and approve the remuneration and employment terms and conditions of the Executive Directors and selected senior Group employees.
- In determining the remuneration packages of the Executive Directors and senior group employees, the Remuneration Committee should aim to provide appropriate packages required to attract, retain and motivate the Executive Directors and senior group employees.
- The Committee should also consider and submit recommendations to the Board regarding the fees to be paid to each Non-Executive Director.

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.

Directors' attendance at Board

	Board		Audit		Executive		Remuneration	
	A	B	A	B	A	B	A	B
Non-Executive								
Dr. Jacob Mwanza	4	4			1	1	2	2
Dr. Lawrence Sikutwa	4	4	7	7	1	1	2	1
Irene Muyenga	4	4	7	7	1	1	2	2
Adam Fleming	4	3						
John Rabb	4	4					2	2
Charles Mpundu*	3	2						
Executive								
Francis Grogan	4	4						
Dr. Carl Irwin	4	4						
Yusuf Koya	4	4						
Company Secretary								
Danny Museteka	4	4	7	7	1	1	2	2

*Director joined during the financial year

Column A indicates the number of meetings held during the period in which the Director was a member of the Board and/or Committee.

Column B indicates the number of meetings attended during the period in which the Director was a member of the Board and/or Committee.

Board of Directors

Dr. Jacob Mwanza
(age 78)
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
Chairman of the Executive/Nomination Committee and the Remuneration Committee.

Francis Grogan
(age 53)
Joint CEO
Nationality: Irish

Qualifications:
BSc Agriculture (Ireland).

Experience:
Over 22 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 49)
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 49)
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 72)
Non-Executive Director
Nationality: South 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 Committee.

Irene Muyenga (age 56)
Non-Executive Director
Nationality: Zambian

Qualifications:
BA (ed)
DIS
LIII.
FZIBFS
AIIZ

Experience:
Over 20 years' business management experience. Previously CEO and Group Managing Director of Zambia State Insurance Corporation Limited.

External appointments
Has served and is currently serving on several boards, including Barclays Bank Zambia PLC, University of Zambia, African Grey Insurance Co. and the National Pension Scheme Authority of Zambia.

Committee membership
Member of the Executive/Nomination Committee, the Audit Committee and the Remuneration Committee.

Dr. Lawrence Sikutwa (age 60)
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 and member of the Executive/Nomination Committee and the Remuneration Committee.

Adam Fleming (age 67)
Non-Executive Director
Nationality: British

Qualifications:

Experience:
Over 30 years' business management and banking experience in London, Hong Kong, Singapore and South Africa. Previously Chairman of Harmony Gold.

External appointments
Currently Chairman of Witwatersrand Consolidated Gold Resources Ltd; Zambezi Ranching & Cropping Ltd and Fleming Family and Partners.

Committee membership
None.

Charles Mpundu (age 48)
Non-Executive Director
Nationality: Zambian

Qualifications:
BA (hons Actuarial Sciences)
MBA

Experience:
Over 20 years' experience in business management. Previously CEO of Workers' Compensation Fund Control board and currently Director General of National Pension Scheme Authority.

External appointments
Chairman of Barclays Bank Staff Pension Trust Scheme, President of the Actuarial Society of Zambia and Vice Chairman of East and Central African Social Security Association (ECASSA)

Committee membership
None.

Report of the Directors

In compliance with Division 8.3 of the Companies Act, the Directors submit their report on the activities of the Group for the year ended 30 September 2014.

1. Principal activities

Zambeef Products PLC and its subsidiaries (the "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, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,120 Ha of row crops under irrigation and approximately 8,480 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, as well as a palm project within Zambia.

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 2014		30 September 2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
400,000,000 ordinary shares of ZMW0.01 each (2013: ZMW0.001)	4,000	638	400	83
Issued and fully paid				
247,978,195 ordinary shares of ZMW0.01 each (2013: ZMW0.001)	2,480	396	248	61

4. Results

The Group's results are as follows:

Group	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Revenue	5	1,643,253	279,465	1,595,062	300,388
(Loss)/Profit before taxation		(21,159)	(3,598)	21,829	4,111
Taxation credit/(charge)	9	959	163	(5,794)	(1,091)
Group (loss)/profit for the year		(20,200)	(3,435)	16,035	3,020
Group profit/(loss) attributable to:					
Equity holders of the parent		(24,609)	(4,185)	13,766	2,593
Non-controlling interest		4,409	750	2,269	427
		(20,200)	(3,435)	16,035	3,020

5. Dividends

There has been no dividend proposed for the year ended 30 September 2014.

6. Management

The senior management team currently comprises of the following:

Francis Grogan	– Joint Chief Executive Officer
Dr. Carl Irwin	– Joint Chief Executive Officer
Yusuf Koya	– Executive Director
Craig Harris	– Chief Financial Officer
Danny Museteka	– Company Secretary
Ebrahim Israel	– Managing Director – West Africa
Murray Moore	– General Manager – Perishables
Mike Lovett	– General Manager – Farming Division
Theo de Lange	– Group Technical Manager
Alastair McLeod	– General Manager – Zam Chick/Zamhatch Limited
David Mynhardt	– General Manager – Sinazongwe Farm
Francis Mondomona	– General Manager – Huntley Farm
Edward Tembo	– Chief Security Manager
Dharmesh Patel	– General Manager – Zamanita Limited
Walter Roodt	– General Manager – Stock Feed
Richard Franklin	– General Manager – Zamleather Limited
Bartholomew Mbao	– Dairy Processing Manager
Felix Lupindula	– Corporate Affairs Manager
Webster Mapulanga	– General Manager – Master Pork Limited
Steven Hapelt	– General Manager – Dairy
Hillary Anderson	– National Retail Manager – Nigeria
Lufeyo Nkhoma	– Head of Retail – Ghana
Clement Mulenga	– Head of Processing – Nigeria
Peter Wandira	– Flour Mill Manager
Robert Hoskins Davies	– General Manager – Chiawa Farm
Harry Hayden–Payne	– General Manager – Zampalm Limited
Brave Simpuki	– Senior Agronomist
Ivor Chilufya	– Group Financial Controller
Justin Rust	– Commercial Manager
Eamon Park	– Commercial Manager
Rory Park	– Finance Manager – Master Pork Limited, Zampalm Limited, Zamhatch Limited
Simon Nkhata	– Finance Manager – Zambeef Retailing Limited
Chalwe Mpundu	– Finance Manager – Zamanita Limited
James Banda	– Finance Manager – West Africa
Baron Chisola	– Financial Controller – Group Inventory
Eustace Bobo	– Financial Controller – Group Fixed Assets
Andries Van Rensburg	– Piggery Manager
Charles Milupi	– Poultry Manager
Shadreck Banda	– Financial Controller – Group Suppliers
Samantha Dale	– Group Head – Debtors and Credit Control
Mulendo Siame	– Commodities Manager – Zamanita Limited
Anthony Seno	– Head of IT
Guy Changole	– Head of Human Resources
Mathews Mbasela	– Head of Payroll Processing
Ryan Stassen	– Head of Procurement
Pravin Abraham	– Chief Internal Auditor
Jones Kayawe	– Head of Environment, Health and Safety
Field Musongole	– Maintenance Manager
Lubinda Chamileke	– National Merchandising Manager – Retail
Justo Kopulande	– CSR/PR Manager
Ernest Gondwe	– Regional Manager – Shoprite
Francis Mulenga	– Regional Manager – Shoprite
Noel Chola	– Regional Manager – Shoprite
Craig Scott	– Regional Manager – Zambeef Outlets
Rodgers Chinkuli	– Regional Manager – Zambeef Outlets
Darren Young	– Retail Admin Manager
John Stephenson	– Regional Manager – Zambeef Outlets
Perry Siame	– Group Marketing Manager

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
Charles Mpundu – Appointed on 13 January 2014
Adam Fleming
Francis Grogan – Joint Chief Executive Officer
Dr. Carl Irwin – Joint Chief Executive Officer
Yusuf Koya
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 2014		30 September 2013	
	Direct	Indirect	Direct	Indirect
Dr. Jacob Mwanza	1,093,820	–	1,100,000	–
Dr. Carl Irwin	3,763	4,407,682	3,763	4,322,682
Francis Grogan	–	3,596,631	–	3,596,631
John Rabb	–	7,868,813	–	7,868,813
Dr. Lawrence S. Sikutwa	–	115,176	–	115,176
Irene M Muyenga	13,129	–	13,129	–
Adam Fleming	–	9,608,130	–	13,710,355
Yusuf Koya	42,762	–	42,762	–
	1,153,474	25,596,432	1,159,654	29,613,657

9. Directors' fees and remuneration

In February 2013, the Remuneration Committee agreed the following gross annual packages.

ZMW'000	Salary	Housing allowance	Car allowance	Air fares allowance	Medicals	Long Term Incentive Plan (Shares)
Non-Executive						
Dr. Jacob Mwanza	646,154	–	–	–	–	–
Dr. Lawrence Sikutwa	282,692	–	–	–	–	–
Irene Muyenga	282,692	–	–	–	–	–
Adam Fleming	161,538	–	–	–	–	–
John Rabb	201,923	–	–	–	–	–
Charles Mpundu	121,154	–	–	–	–	–
Executive						
Francis Grogan	2,418,756	Company house	Company car	242,304	Yes	370,000
Dr. Carl Irwin	964,900	–	Company car	242,304	Yes	275,000
Yusuf Koya	1,941,307	242,308	145,385	201,924	Yes	275,000
Danny Museteka	964,900	242,308	96,923	–	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 also entitled to a Gratuity of 10 per cent. of their gross basic salary paid over the two year contract term, less statutory deductions for tax.

The Long Term Incentive Plan 1 ("LTIP 1") has the following key terms/conditions:
– Three year compound average Earnings Per Share ("EPS") growth tested once at the end of the three year period. 25% of performance shares vest at annual compound EPS growth of Average Annual Inflation Rate plus 7% and vest in full (100%) at Average Annual Inflation Rate plus 17% compound EPS growth.
– Straight-line vesting between Average Annual Inflation Rate plus 7% and Average Annual Inflation Rate plus 17% compound EPS growth.
– The annual award base value (number of performance 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.
– Vesting period is three years; the three year performance period for LTIP 1 is from FYE 2013 – FYE 2015.

Each Executive Director has entered into a fixed term service agreement on 1 April 2013, for a term of two years, unless terminated by either party giving six months' notice.

There were no loans made to Directors or any outstanding loans from Directors at the year end.

Members of the Board were not entitled to any form of defined pension benefits from the Company, other than the terms set forth above.

10. Significant shareholdings

As at 30 September 2014, the Company has been advised of the following notable interests in its ordinary share capital:

Investor name	Current position	Percentage of shareholding
M & G Recovery Fund	44,113,908	17.8%
Investec Asset Management	27,245,920	11%
National Pension Scheme Authority (Zambia)	24,979,819	10%
SG-SSB Emerging Markets Fund	24,631,080	10%
SQM Frontier Management	19,764,333	8%
Ashmore Emerging Markets Management	16,754,551	6.8%
Franklin Templeton (UK) Management	11,150,071	4.5%
Artio Global Management	9,363,990	3.8%
JB Management	8,175,000	3.3%
Shaka Holdings Inc.	7,868,813	3.2%

Apart from these holdings, the Company has not been notified as at 21 November 2014 of any interest of 3 per cent. or more in its ordinary share capital.

11. Employees

The Group employed an average of 5,861 (30 September 2013: 5,715) employees and total salaries and wages were ZMW198.5 million (USD33.7 million) for the year ended 30 September 2014 (30 September 2013: ZMW187.6 million (USD35.3 million)).

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

	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14
Headcount	5,796	5,768	5,772	5,767	5,900	5,924	5,963	5,938	5,932	5,847	5,888	5,841

Report of the Directors continued

12. Safety, health and environmental issues
As part of some of the Group's term loans, the Group 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 or material 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, except the outstanding tax liability on Zamanita Limited of ZMW54.6 million (USD10.4 million) which the Group has referred to the Revenue Tribunals Authority as per the announcements to the market on 3 February 2012 and 27 April 2012 respectively.

14. Gifts and donations
The Group made donations of ZMW1.9 million (USD0.32 million) (30 September 2013: ZMW3 million; USD0.6 million) to a number of activities.

15. Export sales
The Group made exports of ZMW177.5 million (USD30.2 million) during the period (30 September 2013: ZMW154.7 million; USD30.3 million).

16. Property, plant and equipment
Assets totalling ZMW79.4 million (USD13.5 million) were purchased by the Group during the period (30 September 2013: ZMW73.8 million; USD13.9 million) which included expenditure on the palm plantation development during the period of ZMW15.3 million (USD2.6 million) (30 September 2013: ZMW12.1 million; USD2.3 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 other than as disclosed in note 35 of the Financial Statements.

19. Annual financial statements
The annual financial statements set out on pages 45 to 106 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
24 November 2014

Statement of the Directors' responsibilities

Section 164 of the 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 controls 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 Company 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 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 of 30 September 2014, 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 24 November 2014

Dr. Jacob Mwanza
Chairman

Dr. Carl Irwin
Joint Chief Executive Officer

Financial statements

Grant Thornton

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, which comprise the statement of financial position as at 30 September 2014, and the statement of comprehensive income, statement of changes in equity 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 of 30 September 2014, 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 of 30 September 2014 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

Grant Thornton
Chartered Accountants

Wesley M Beene
Name of partner signing on behalf of the Firm
Lusaka
Date: 24 November 2014

Statement of Comprehensive Income

For the year ended 30 September 2014

Group	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Revenue	5	1,643,253	279,465	1,595,062	300,388
Net gain arising from price changes in fair value of biological assets	16	770	131	2,377	448
Cost of sales		(1,089,013)	(185,207)	(1,044,658)	(196,734)
Gross profit		555,010	94,389	552,781	104,102
Administrative expenses		(494,116)	(84,033)	(474,179)	(89,300)
Other income		2,848	484	514	97
Operating profit	6	63,742	10,840	79,116	14,899
Exchange losses on translating foreign currency transactions and balances		(34,302)	(5,834)	(15,689)	(2,955)
Impairment		–	–	(714)	(134)
Finance costs	8	(50,599)	(8,604)	(40,884)	(7,699)
(Loss)/profit before taxation		(21,159)	(3,598)	21,829	4,111
Taxation credit/(charge)	9	959	163	(5,794)	(1,091)
Group (loss)/ profit for the year		(20,200)	(3,435)	16,035	3,020
Group profit attributable to:					
Equity holders of the parent		(24,609)	(4,185)	13,766	2,593
Non-controlling interest		4,409	750	2,269	427
		(20,200)	(3,435)	16,035	3,020
Other comprehensive income:					
Exchange gains/(losses) on translating presentational currency		10,408	(36,664)	(7,993)	(7,816)
Total comprehensive income for the year		(9,792)	(40,099)	8,042	(4,796)
Total comprehensive income for the year attributable to:					
Equity holders of the parent		(13,747)	(40,178)	8,262	(4,755)
Non-controlling interest		3,955	79	(220)	(41)
		(9,792)	(40,099)	8,042	(4,796)

		Kwacha	Cents	Kwacha	Cents
Earnings per share					
Basic and diluted earnings per share	11	(0.0992)	(1.69)	0.0555	1.05

Consolidated Statement of Changes in Equity

For the year ended 30 September 2014

(i) In Zambian Kwacha	Issued share capita ZMW'000s	Share premium ZMW'000s	Foreign exchange reserve ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total attributable to owners of the parent ZMW'000s	Non-controlling interest ZMW'000s	Total equity ZMW'000s
At 1 October 2012	248	506,277	(1,852)	62,226	185,942	752,841	(821)	752,020
Gain on disposal of non-controlling interest[i]	–	–	–	–	69,040	69,040	–	69,040
Transactions with owners	**–**	**–**	**–**	**–**	**69,040**	**69,040**	**–**	**69,040**
Profit for the year	–	–	–	–	13,766	13,766	2,269	16,035
Arising during the period[ii]	–	–	–	503,601	–	503,601	20,427	524,028
Transfer of surplus depreciation	–	–	–	(46,065)	46,065	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(5,504)	–	–	(5,504)	(2,489)	(7,993)
Total comprehensive income	**–**	**–**	**(5,504)**	**457,536**	**59,831**	**511,863**	**20,207**	**532,070**
At 30 September 2013	**248**	**506,277**	**(7,356)**	**519,762**	**314,813**	**1,333,744**	**19,386**	**1,353,130**
Shares issued	2,232	–	–	–	(2,232)	–	–	–
Transactions with owners	**2,232**	**–**	**–**	**–**	**(2,232)**	**–**	**–**	**–**
Loss for the year	–	–	–	–	(24,609)	(24,609)	4,409	(20,200)
Transfer of surplus depreciation	–	–	–	(6,142)	6,142	–	–	–
Other comprehensive income:								
Exchange gain/(losses) on translating presentational currency	–	–	10,862	–	–	10,862	(454)	10,408
Total comprehensive income	**–**	**–**	**10,862**	**(6,142)**	**(18,467)**	**(13,747)**	**3,955**	**(9,792)**
At 30 September 2014	**2,480**	**506,277**	**3,506**	**513,620**	**294,114**	**1,319,997**	**23,341**	**1,343,338**

(i) During the previous year ended 30 September 2013 Zambeef Products PLC disposed of 49 per cent. of its shareholding in Zam Chick Limited to Rainbow for a sum of USD14.25 million. At 30 September 2012, the book value of Zam Chick's assets was ZMW14.3 million (USD2.8 million). The assets were revalued in Zam Chick Limited during the previous period to ZMW39.6 million (USD7.5 million) resulting in a revaluation reserve of ZMW25.3 million (USD4.7 million). The profit on the sale of 49 per cent. recognised in the statement of movements in equity during the previous period was ZMW69 million (USD13 million).

(ii) An independent valuation of the Group's property, plant and equipment situated in Zambia was performed by Messrs. Fairworld Properties Limited, a firm of registered valuation surveyors, to determine their market value. The effective date of the valuation was 31 December 2012 for Zam Chick Limited and 30 September 2013 for the rest of the Group. The surplus on valuation totalling ZMW524 million (USD98.7 million) was transferred to a revaluation reserve.

Consolidated Statement of Changes in Equity
For the year ended 30 September 2014

(ii) In US Dollars	Issued share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
At 1 October 2012	61	123,283	(36,755)	16,657	44,370	147,616	(161)	147,455
Gain on disposal of non-controlling interest	–	–	–	–	13,002	13,002	–	13,002
Transactions with owners	**–**	**–**	**–**	**–**	**13,002**	**13,002**	**–**	**13,002**
Profit for the year	–	–	–	–	2,593	2,593	427	3,020
Arising during the period	–	–	–	94,840	–	94,840	3,847	98,687
Transfer of surplus depreciation	–	–		(8,675)	8,675	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(7,347)	–	–	(7,347)	(469)	(7,816)
Total comprehensive income	**–**	**–**	**(7,347)**	**86,165**	**11,268**	**90,086**	**3,805**	**93,891**
At 30 September 2013	**61**	**123,283**	**(44,102)**	**102,822**	**68,640**	**250,704**	**3,644**	**254,348**
Shares issued	335	–	–	–	(335)	–	–	–
Transactions with owners	**335**	**–**	**–**	**–**	**(335)**	**–**	**–**	**–**
Loss for the year	–	–	–	–	(4,185)	(4,185)	750	(3,435)
Transfer of surplus depreciation	–	–	–	(1,045)	1,045	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(35,993)	–	–	(35,993)	(671)	(36,664)
Total comprehensive income	**–**	**–**	**(35,993)**	**(1,045)**	**(3,140)**	**(40,178)**	**79**	**(40,099)**
At 30 September 2014	**396**	**123,283**	**(80,095)**	**101,777**	**65,165**	**210,526**	**3,723**	**214,249**

Company Statement of Changes in Equity

For the year ended 30 September 2014

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total equity ZMW'000s
At 1 October 2012	248	506,277	44,109	198,571	749,205
Gain on disposal of non-controlling interest	–	–	–	69,040	69,040
Transactions with owners	**–**	**–**	**–**	**69,040**	**69,040**
Loss for the year				(12,242)	(12,242)
Arising during the period	–	–	309,622	–	309,622
Transfer of surplus depreciation	–	–	(44,109)	44,109	–
Other comprehensive income:					
Exchange losses on translating presentational currency	–	–	–	(6,380)	(6,380)
Total comprehensive income	**–**	**–**	**265,513**	**25,487**	**291,000**
At 30 September 2013	**248**	**506,277**	**309,622**	**293,098**	**1,109,245**
Shares issued	2,232	–	–	(2,232)	–
Transactions with owners	**2,232**	**–**	**–**	**(2,232)**	**–**
Loss for the year	–	–	–	(457)	(457)
Transfer of surplus depreciation	–	–	(3,139)	3,139	–
Other comprehensive income:					
Exchange gains on translating presentational currency	–	–	–	14,885	14,885
Total comprehensive income	**–**	**–**	**(3,139)**	**17,567**	**14,428**
At 30 September 2014	**2,480**	**506,277**	**306,483**	**308,433**	**1,123,673**

Company Statement of Changes in Equity
For the year ended 30 September 2014

(ii) In US Dollars	Issued share capital USD'000s	Share premium USD'000s	Revaluation reserve USD'000s	Foreign exchange reserve USD'000s	Retained earnings USD'000s	Total equity USD'000s
At 1 October 2012	61	123,283	9,359	(27,005)	41,205	146,903
Gain on disposal of non-controlling interest	–	–	–	–	13,002	13,002
Transactions with owners	**–**	**–**	**–**	**–**	**13,002**	**13,002**
Loss for the year	–	–	–	–	(2,305)	(2,305)
Arising during the period	–	–	58,309	–	–	58,309
Transfer of surplus depreciation	–	–	(9,359)	–	9,359	–
Other comprehensive income:						
Exchange losses on translating presentational currency	–	–	–	(7,404)	–	(7,404)
Total comprehensive income	**–**	**–**	**48,950**	**(7,404)**	**7,054**	**48,600**
At 30 September 2013	**61**	**123,283**	**58,309**	**(34,409)**	**61,261**	**208,505**
Shares issued	335	–	–	–	(335)	–
Transactions with owners	**335**	**–**	**–**	**–**	**(335)**	**–**
Loss for the year	–	–	–	–	(78)	(78)
Transfer of surplus depreciation	–	–	(534)	–	534	–
Other comprehensive income:						
Exchange losses on translating presentational currency	–	–	–	(29,213)	–	(29,213)
Total comprehensive income	**–**	**–**	**(534)**	**(29,213)**	**456**	**(29,291)**
At 30 September 2014	**396**	**123,283**	**57,775**	**(63,622)**	**61,382**	**179,214**

Consolidated Statement of Financial Position

As at 30 September 2014

ASSETS	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Non-current assets					
Goodwill	12	15,699	2,504	15,699	2,951
Property, plant and equipment	13	1,456,087	232,231	1,395,815	262,371
Plantation development expenditure	13	67,913	10,831	51,357	9,654
Investment in Associate	14	23,827	3,800	–	–
Biological assets	16	20,202	3,222	11,859	2,229
Deferred tax asset	9(e)	28,802	4,594	16,385	3,080
		1,612,530	**257,182**	**1,491,115**	**280,285**
Current assets					
Biological assets	16	142,001	22,648	113,827	21,396
Inventories	17	444,453	70,886	473,093	88,927
Trade and other receivables	18	122,343	19,511	61,787	11,614
Amounts due from related companies	19	11,533	1,839	1,810	340
Income tax recoverable	9(c)	4,098	654	1,535	289
		724,428	**115,538**	**652,052**	**122,566**
Total assets		**2,336,958**	**372,720**	**2,143,167**	**402,851**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	2,480	396	248	61
Share premium	22	506,277	123,283	506,277	123,283
Reserves		811,240	86,847	827,219	127,360
		1,319,997	210,526	1,333,744	250,704
Non-controlling interest		23,341	3,723	19,386	3,644
		1,343,338	**214,249**	**1,353,130**	**254,348**
Non-current liabilities					
Interest bearing liabilities	23	353,209	56,333	335,124	62,993
Obligations under finance leases	24	14,602	2,329	8,447	1,588
Deferred liability	25	7,473	1,192	6,793	1,277
Deferred tax liability	9(e)	22,073	3,520	15,257	2,868
		397,357	**63,374**	**365,621**	**68,726**
Current liabilities					
Interest bearing liabilities	23	66,416	10,593	90,398	16,992
Collateral management agreement	23	155,677	24,829	119,966	22,550
Obligations under finance leases	24	4,974	793	9,189	1,727
Trade and other payables	26	218,297	34,816	155,398	29,210
Amounts due to related companies	27	–	–	1,573	296
Taxation payable	9(c)	3,031	483	3,676	691
Cash and cash equivalents	20	147,868	23,583	44,216	8,311
		596,263	**95,097**	**424,416**	**79,777**
Total equity and liabilities		**2,336,958**	**372,720**	**2,143,167**	**402,851**

The financial statements on pages 45 to 106 were approved by the Board of Directors on 24 November 2014 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Dr. Carl Irwin
Joint Chief Executive Officer

Company Statement of Financial Position

As at 30 September 2014

ASSETS	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Non-current assets					
Property, plant and equipment	13	935,866	149,261	884,249	166,212
Investment in Associate	14	23,827	3,800	–	–
Investment in subsidiaries	15	157,582	25,133	154,514	29,044
Deferred tax asset	9(e)	16,913	2,697	7,765	1,460
		1,134,188	**180,891**	**1,046,528**	**196,716**
Current assets					
Biological assets	16	136,948	21,842	109,741	20,628
Inventories	17	185,915	29,652	193,274	36,330
Trade and other receivables	18	53,692	8,562	17,601	3,308
Amounts due from related companies	19	318,307	50,767	269,436	50,646
Income tax recoverable	9(c)	4,098	654	731	137
		698,960	**111,477**	**590,783**	**111,049**
Total assets		**1,833,148**	**292,368**	**1,637,311**	**307,765**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	2,480	396	248	61
Share premium	22	506,277	123,283	506,277	123,283
Reserves		614,916	55,535	602,720	85,161
		1,123,673	**179,214**	**1,109,245**	**208,505**
Non-current liabilities					
Interest bearing liabilities	23	329,365	52,530	295,136	55,477
Obligations under finance leases	24	13,342	2,128	3,538	665
Deferred liability	25	1,572	251	1,504	283
Deferred tax liability	9(e)	5,476	873	–	–
		349,755	**55,782**	**300,178**	**56,425**
Current liabilities					
Interest bearing liabilities	23	109,433	17,453	133,563	25,106
Obligations under finance leases	24	1,399	223	4,736	890
Trade and other payables	26	75,976	12,119	47,654	8,957
Amounts due to related companies	27	60,797	9,696	18,222	3,425
Taxation payable	9(c)	–	–	–	–
Cash and cash equivalents	20	112,115	17,881	23,713	4,457
		359,720	**57,372**	**227,888**	**42,835**
Total equity and liabilities		**1,833,148**	**292,368**	**1,637,311**	**307,765**

The financial statements on pages 45 to 106 were approved by the Board of Directors on 24 November 2014 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Dr. Carl Irwin
Joint Chief Executive Officer

Consolidated Statement of Cash Flows

For the year ended 30 September 2014

	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Cash inflow from operating activities					
(Loss)/Profit before taxation		(21,159)	(3,598)	21,829	4,111
Finance costs	8	50,599	8,605	40,884	7,699
Loss on disposal of property, plant and equipment		(2,144)	(365)	(44)	(8)
Depreciation	13	61,470	10,454	50,264	9,465
Impairment of property, plant and equipment		–	–	714	134
Fair value price adjustment	16	(770)	(131)	(2,377)	(448)
Net unrealised foreign exchange losses		19,369	3,294	8,204	1,545
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		**107,365**	**18,259**	**119,474**	**22,498**
(Increase)/decrease in biological assets		(36,517)	(6,210)	426	80
Decrease in inventory		28,640	4,871	32,163	6,057
(Increase)/Decrease in trade and other receivables		(60,557)	(10,299)	1,645	310
(Increase)/Decrease in amounts due from related companies		(11,533)	(1,961)	527	99
Increase/(Decrease) in trade and other payables		62,898	10,697	(36,792)	(6,929)
(Decrease)/Increase in amounts due to related companies		(1,573)	(268)	1,164	219
Increase/(Decrease) in deferred liability		683	116	(944)	(178)
Income tax paid	9(c)	(7,850)	(1,402)	(8,956)	(1,687)
Net cash inflow from operating activities		**81,556**	**13,803**	**108,707**	**20,469**
Investing activities					
Purchase of property, plant and equipment	13	(64,124)	(10,905)	(61,736)	(11,626)
Expenditure on plantation development	13	(15,306)	(2,603)	(12,095)	(2,278)
Movement in investments		(23,827)	(4,052)	75,668	14,250
Proceeds from sale of assets		3,337	568	1,295	244
Net cash (outflow)/inflow (on)/from investing activities		**(99,920)**	**(16,992)**	**3,132**	**590**
Net cash (outflow)/inflow before financing activities		**(18,364)**	**(3,189)**	**111,839**	**21,059**
Financing activities					
Long-term loans repaid		(49,800)	(8,469)	(30,500)	(5,744)
Receipt from long-term loans		23,520	4,000	37,273	7,019
Receipt of short-term funding		13,400	2,279	6,476	1,220
Lease finance obtained/(repayment)		4,267	726	(6,227)	(1,173)
Finance costs	8	(50,599)	(8,605)	(40,884)	(7,699)
Net cash outflow on financing activities		**(59,212)**	**(10,069)**	**(33,862)**	**(6,377)**
Increase/(decrease) in cash and cash equivalents		**(77,576)**	**(13,258)**	**77,977**	**14,682**
Cash and cash equivalents at beginning of year		(44,216)	(8,311)	(98,553)	(19,324)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(26,076)	(2,014)	(23,640)	(3,669)
Cash and cash equivalents at end of year	20	**(147,868)**	**(23,583)**	**(44,216)**	**(8,311)**
Represented by:					
Cash in hand and at bank		65,599	10,463	106,935	20,101
Bank overdrafts		(213,467)	(34,046)	(151,151)	(28,412)
	20	**(147,868)**	**(23,583)**	**(44,216)**	**(8,311)**

Company Statement of Cash Flows

For the year ended 30 September 2014

	Notes	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Cash inflow from operating activities					
Loss before taxation		(3,689)	(627)	(19,379)	(3,650)
Finance costs		37,683	6,409	29,985	5,647
Depreciation	13	29,812	5,070	23,793	4,481
Fair value price adjustment	16	(770)	(131)	(1,011)	(190)
Loss on disposal of property, plant and equipment		(422)	(72)	–	–
Net unrealised foreign exchange differences		11,861	2,017	258	48
Earnings before interest, tax, depreciation and amortisation		**74,475**	**12,666**	**33,646**	**6,336**
(Increase)/decrease in biological assets		(27,207)	(4,627)	7,693	1,449
Decrease in inventory		7,359	1,252	32,960	6,207
(Increase)/decrease in trade and other receivables		(36,094)	(6,138)	(4,533)	(854)
Increase in amounts due from related companies		(48,871)	(8,311)	(40,280)	(7,586)
Increase/(decrease) in trade and other payables		28,323	4,815	(19,371)	(3,648)
Increase in amounts due to related companies		42,575	7,241	13,227	2,491
Increase/decrease) in deferred liability		68	12	(10)	(2)
Income tax paid	9(c)	(3,808)	(648)	(6,443)	(1,213)
Net cash inflow from operating activities		**36,820**	**6,262**	**16,889**	**3,180**
Investing activities					
Purchase of property, plant and equipment	13	(34,103)	(5,800)	(29,202)	(5,499)
Movements in investments	14/15	(26,895)	(4,574)	(8,388)	(1,580)
Proceeds from disposal of investment		–	–	75,668	14,250
Proceeds from sale of assets		900	153	1,252	236
Net cash (outflow)/inflow (from)/on investing activities		**(60,098)**	**(10,221)**	**39,330**	**7,407**
Net cash (outflow)/inflow before financing activities		**(23,278)**	**(3,959)**	**56,219**	**10,587**
Financing activities					
Long-term loans repaid		(36,703)	(6,242)	(24,082)	(4,535)
Receipt from long-term loans		23,520	4,000	31,860	6,000
Receipt of short-term funding		1,210	206	6,476	1,220
Lease finance obtained/(repayment)		4,267	726	(3,094)	(583)
Interest paid		(37,683)	(6,408)	(29,985)	(5,647)
Net cash outflow from financing activities		**(45,389)**	**(7,718)**	**(18,825)**	**(3,545)**
(Decrease)/Increase in cash and cash equivalents		**(68,667)**	**(11,677)**	**37,394**	**7,042**
Cash and cash equivalents at beginning of year		(23,713)	(4,457)	(51,454)	(10,089)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(19,735)	(1,747)	(9,653)	(1,410)
Cash and cash equivalents at end of year	20	(112,115)	(17,881)	(23,713)	(4,457)
Represented by:					
Cash in hand and at bank		12,877	2,054	60,924	11,452
Bank overdrafts		(124,992)	(19,935)	(84,637)	(15,909)
	20	(112,115)	(17,881)	(23,713)	(4,457)

Notes to the Financial Statements
As at 30 September 2014

1. The Group
Zambeef Products PLC and its subsidiaries (the "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, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,350 Ha of row crops under irrigation and approximately 8,650 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, as well as a palm project within Zambia.

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. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group normally obtains and exercises control through controlling more than half of the voting rights. All subsidiaries have a reporting date of 30 September with the exception of Zam Chick Limited which has a year end of 31 March. 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. Losses incurred are allocated to the non-controlling interest in equity until this value is nil, at which point any subsequent losses may be allocated against the interests of the parent or charged to the non-controlling interest holders where there is a view of future dividends from profits earned being set off against such losses.

(b) Going concern
At the reporting date loans and other finance amounts repayable within 12 months amount to ZMW227.1 million (USD36.2 million) (2013: ZMW219.6 million; (USD41.3 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 alphabetic currency code, ZMK, is no longer in use effective 1 January 2013 and hence the financial statements are presented in the new alphabetic currency code for the Zambian Kwacha ("ZMW").

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.

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) Presentational and functional currency

The Company has 11 operating branches of which 10 have a historical functional currency of 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 Zambeef was required to report in USD in addition to reporting in ZMW for the Lusaka Stock Exchange 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 ZMW15.3 million (2013: ZMW6.38 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 USD.

(ii) Basis of translating presentational 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 2013	5.31	5.32
Year ended 30 September 2014	5.88	6.27

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

(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 recognised in statement of comprehensive income.

Non-operating foreign exchange gains and losses mainly arise on fluctuations of the exchange rate between USD and ZMW. 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.

Notes to the Financial Statements continued
As at 30 September 2014

2. Principal accounting policies continued
(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 ZMW. Assets and liabilities have been translated into ZMW 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 2013	29.76	30.08
Year ended 30 September 2014	27.55	26.16

ZMW:Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2013	0.412	0.377
Year ended 30 September 2014	0.49	0.54

(e) New and revised standards that are effective for annual periods beginning on or after 1 January 2014
A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRIC 21 "Levies"
IFRIC 21 clarifies that:
– The obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognised on that date.
– The same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has no material effect on the annual financial statements but affects the allocation of the cost of certain property taxes between interim periods. The Group's past practice was to spread the cost of property taxes payable annually over the year, resulting in the recognition of a prepayment at interim reporting dates. The application of IFRIC 21 requires the Group to recognise the entire obligation as an expense at the beginning of the reporting period, which is the date specified in the relevant legislation. IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements for any period presented.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
These amendments clarify the application of certain offsetting criteria in IAS 32, including:
– the meaning of "currently has a legally enforceable right of set-off"; and
– that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Group does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the consolidated financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash-generating unit ("GCU")) whenever an impairment loss has been recognised or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:
– additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made; and
– the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions and had no material effect on the consolidated financial statements for any period presented.

2. Principal accounting policies continued

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The Group has adopted "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)". These amendments are effective for annual periods beginning on or after 1 July 2014 and:

– clarify the requirements of IAS 19 relating to contributions from employees or third parties; and
– introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

The Group has applied the practical expedient as its accounting policy. This treatment is consistent with the Group's previous practice before the amendments to IAS 19. Therefore, the initial application of the amendments has no effect on the Group's financial statements.

(f) 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 Group'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" (2014)

The IASB recently released IFRS 9 "Financial Instruments" (2014), representing the completion of its project to replace IAS 39 "Financial Instruments: Recognition and Measurement". The new standard 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.

The Group's management have yet to assess the impact of IFRS 9 on these consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

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 reporting periods beginning on or after 1 January 2017. The Group's management have not yet assessed the impact of IFRS 15 on these consolidated financial statements.

Amendments to IFRS 11 "Joint Arrangements"

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 "Business Combinations" and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The Group's only investment made to date in a joint arrangement (note 14) is characterised as a joint venture in which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Accordingly, if adopted today, these amendments would not have a material impact on the consolidated financial statements.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

2. Principal accounting policies continued

(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 recognised 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 recognised 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.

(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; and
- 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 recognised. See note 12 for information on how goodwill is initially determined. 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 and revenue from major products as shown in note 5. Revenue is recognised 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 or services 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.

2. Principal accounting policies continued

(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.

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 and equipment	10%
Plant and 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 capitalised until such time as the oil palms reach maturity and meet the criteria for commercial production, at which point capitalised items are reclassified as mature plantations in property, plant and equipment, and all further costs expensed and depreciation commences. Such capitalised costs include:
- construction of roads and bridges attached to the plantation;
- installation of drainage;
- land preparation;
- construction of an office block and workshops; and
- borrowing costs.

2. Principal accounting policies 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 reorganisation; 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.

(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.

2. Principal accounting policies continued

(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 realisable 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 realisable 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 recognised 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 12 months from the reporting date, including instalments due on loans of longer duration. Long-term interest bearing liabilities represent all amounts payable more than 12 months from the reporting date.

(w) Other operating income

Other operating 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 agribusiness. 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.

2. Principal accounting policies continued

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, 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 recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

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

(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.

2. Principal accounting policies continued

(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
- Stock feed
- Eggs
- Fish
- Milk and dairy
- Zamchick Inn
- 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 and Zamleather 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.

(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.

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.

Significant accounting judgements

During 2010, the ZRA undertook an audit of Zamanita and advised of an incorrect tariff code being used for importation of palm oil and further advised of the correct tariff code to be applied, which attracted a higher rate of duty. Following subsequent discussions with the ZRA, an assessment of ZMW56.5 million (approximately USD11.8 million) was issued by the ZRA in October 2010, which included duties, taxes and penalties, and VAT for importations for prior years. In light of this assessment, Zamanita made an appeal to the ZRA, which resulted in the above assessment being set aside as incorrect and the Commissioner General of the ZRA in December 2010 issued a full and final demand of ZMW8.7 million (approximately USD1.9 million), which has been paid by Zamanita and provided for in the financial statements of the year ended 30 September 2010, and at which point the matter was considered closed.

3. Critical accounting estimates and judgements continued

However, in January 2012, the ZRA issued a notice overturning the full and final settlement decision of the Commissioner General and issued in its place an assessment of ZMW54.6 million (approximately USD10.7 million) which is the original assessment plus accrued interest and VAT less the settlement paid to the ZRA. Zambeef has been in ongoing discussions with the ZRA in order to reach an appropriate settlement, which, in the view of the Company's Directors would take account of the previous agreement between the ZRA and Zambeef set out in December 2010. Unfortunately, despite the best endeavours of the Directors, no such settlement has yet been reached and Zambeef has proceeded with legal action at the Revenue Appeals Tribunal. The Group has not accrued any interest on this demand as the matter is under dispute and before the Revenue Appeals Tribunal.

(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 oil palm trees (and are therefore expensed as such costs are 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.

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.

(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 ZMW0.77 million (USD0.13 million) (2013: ZMW2.4 million; USD0.4 million) is affected by price changes in different market segments, and ZMW223.3 million (USD38 million) (2013: ZMW134.7 million; USD25.4 million) is affected by physical changes in different segments.

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. Future realisation of the carrying amounts of inventory assets of ZMW444.5 million (USD70.9 million) (2013: ZMW473 million; USD88.9 million) is affected by price changes in different market segments.

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.

Notes to the Financial Statements continued
As at 30 September 2014

4. Management of financial risk continued
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 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 credits 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.

4.3 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 has complied with all capital requirements of its funders.

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	2014 ZMW'000s	2013 ZMW'000s
Cash and cash equivalents	(147,868)	(44,216)
Interest bearing liabilities	(594,878)	(563,124)
Equity	1,319,997	1,333,744
	577,251	726,404

(ii) In United States Dollars	2014 USD'000s	2013 USD'000s
Cash and cash equivalents	(23,583)	(8,311)
Interest bearing liabilities	(94,877)	(105,850)
Equity	210,526	250,704
	92,066	136,543

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

4. Management of financial risk continued

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 minimised 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 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 2014

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross profit ZMW'000s
Beef	345,778	107,210
Chicken	141,603	31,238
Pork	123,096	19,646
Crops	303,617	155,295
Stock feed	339,268	54,690
Eggs	32,318	12,003
Fish	21,437	7,511
Milk and dairy	82,386	42,042
Zamchick Inn	10,653	4,916
Edible oils	316,688	65,131
Mill and bakery	71,741	15,051
Leather and shoe	29,303	11,581
Master Meats (Nigeria)	96,725	23,382
Master Meats (Ghana)	19,502	5,314
Total	1,934,115	555,010
Less: intra/inter-Group sales	(290,862)	
Group total	**1,643,253**	**555,010**
Central operating costs		(491,268)
Operating profit		**63,742**
Foreign exchange losses		(34,302)
Finance costs		(50,599)
Loss before tax		**(21,159)**

Notes to the Financial Statements continued
As at 30 September 2014

5. Segmental reporting continued

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Zamanita ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	935,866	154,838	199,839	39,306	117,021	77,130	1,524,000
Biological assets and inventories	322,863	51,982	182,375	11,820	20,202	17,414	606,656
Cash, cash equivalents and bank overdrafts	(112,115)	(11,562)	(42,593)	94	246	18,062	(147,868)

(ii) In US Dollars

Segment	Revenue USD'000s	Gross profit USD'000s
Beef	58,806	18,233
Chicken	24,082	5,313
Pork	20,935	3,341
Crops	51,636	26,411
Stock feed	57,699	9,301
Eggs	5,496	2,041
Fish	3,646	1,277
Milk and dairy	14,011	7,150
Zamchick Inn	1,812	836
Edible oils	53,859	11,076
Mill and bakery	12,201	2,560
Leather and shoe	4,983	1,970
Master Meats (Nigeria)	16,449	3,976
Master Meats (Ghana)	3,316	904
Total	**328,931**	**94,389**
Less: intra/inter-Group sales	(49,466)	
Total	**279,465**	**94,389**
Central operating costs		(83,549)
Operating profit		**10,840**
Foreign exchange gains		(5,834)
Finance costs		(8,604)
Loss before tax		**(3,598)**

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	149,261	24,695	31,872	6,269	18,664	12,301	243,062
Biological assets and inventories	51,493	8,291	29,087	1,885	3,222	2,777	96,755
Cash, cash equivalents and bank overdrafts	(17,881)	(1,844)	(6,793)	15	39	2,881	(23,583)

5. Segmental reporting continued
Year ended 30 September 2013
(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross profit ZMW'000s
Beef	323,897	104,254
Chicken	135,070	26,973
Pork	115,485	13,050
Crops	415,101	154,655
Stock feed	264,208	59,049
Eggs	24,630	8,957
Fish	23,512	8,878
Milk and dairy	61,402	26,346
Zamchick Inn	12,018	5,745
Edible oils	370,445	101,965
Mill and bakery	78,798	15,939
Leather and shoe	22,085	6,892
Master Meats (Nigeria)	69,277	15,511
Master Meats (Ghana)	16,141	4,567
Total	**1,932,069**	**552,781**
Less: intra/inter-Group sales	(337,007)	
Group total	**1,595,062**	**552,781**
Central operating costs		(474,379)
Operating profit		**78,402**
Foreign exchange losses		(15,689)
Finance costs		(40,884)
Profit before tax		21,829

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Zamanita ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	884,249	143,020	202,218	41,034	101,464	75,187	1,447,172
Biological assets and inventories	303,014	47,717	210,059	9,944	11,859	16,186	598,779
Cash, cash equivalents and bank overdrafts	(23,713)	984	(37,735)	135	348	15,765	(44,216)

Notes to the Financial Statements continued

As at 30 September 2014

5. Segmental reporting continued

(ii) In US Dollars

Segment	Revenue USD'000s	Gross profit USD'000s
Beef	60,998	19,633
Chicken	25,437	5,080
Pork	21,749	2,458
Crops	78,173	29,125
Stock feed	49,757	11,120
Eggs	4,638	1,687
Fish	4,428	1,672
Milk and dairy	11,563	4,962
Zamchick Inn	2,263	1,082
Edible oils	69,764	19,202
Mill and bakery	14,840	3,002
Leather and shoe	4,159	1,298
Master Meats (Nigeria)	13,047	2,921
Master Meats (Ghana)	3,040	860
Total	**363,856**	**104,102**
Less: intra/inter-Group sales	(63,468)	
Total	**300,388**	**104,102**
Central operating costs		(89,337)
Operating profit		**14,765**
Foreign exchange losses		(2,955)
Finance costs		(7,699)
Profit before tax		**4,111**

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	166,212	26,884	38,011	7,713	19,072	14,133	272,025
Biological assets and inventories	56,958	8,969	39,485	1,869	2,229	3,042	112,552
Cash, cash equivalents and bank overdrafts	(4,457)	185	(7,093)	25	65	2,964	(8,311)

	2014				2013			
Geographical	Revenues ZMW'000s	Non-current assets ZMW'000s	Revenues USD'000s	Non-current assets USD'000s	Revenues ZMW'000s	Non-current assets ZMW'000s	Revenues USD'000s	Non-current assets USD'000s
Zambia	1,349,561	1,591,164	229,517	253,774	1,354,906	1,469,621	255,163	276,245
West Africa	116,227	21,366	19,766	3,408	85,418	21,494	16,086	4,040
Rest of world	177,465	–	30,182	–	154,738	–	29,139	–
	1,643,253	**1,612,530**	**279,465**	**257,182**	**1,595,062**	**1,491,115**	**300,388**	**280,285**

The Group only has one customer that accounts for more than 10 per cent. of its turnover. The Group has had a trading relationship with this customer for over 15 years.

6. Operating profit

	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	57,331	27,006	46,224	21,578
– Leased assets	4,139	2,806	4,040	2,215
Staff costs	208,205	65,384	197,695	65,810
Legal and other professional fees	21,716	15,372	2,592	2,216
Directors' remuneration				
– Executive	7,705	7,705	5,486	5,486
– Non-Executive	1,696	1,696	1,481	1,460
	9,401	9,401	6,967	6,946
Auditors' remuneration				
– Audit services	2,810	2,391	1,349	440
– Non-audit services	79	–	–	–
	2,889	2,391	1,349	440
Impairment of trade receivables	4,271	–	9,611	9,148
Loss on disposal of property, plant and equipment	2,144	(422)	44	–
Rentals under operating leases	11,530	–	10,652	–

	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	9,750	4,580	8,486	4,064
– Leased assets	704	490	761	417
Staff costs	35,409	11,120	37,231	12,394
Legal and other professional fees	3,693	2,614	488	417
Directors' remuneration				
– Executive	1,310	1,310	1,032	1,032
– Non-Executive	288	288	279	275
	1,599	1,599	1,311	1,307
Auditors' remuneration				
– Audit services	478	407	254	86
– Non-audit services	13	–	–	–
	491	407	254	86
Impairment of trade receivable	721	–	1,810	1,723
Profit/(loss) on disposal of property, plant and equipment	365	(72)	8	–
Rentals under operating leases	1,961	–	2,006	–

7. Staff costs

The Group employed an average of 5,861 employees during the year ended 30 September 2014 (2013: 5,715).

	2014 Number	2013 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited and Zamleather Limited	4,620	4,564
Zamanita Limited	415	445
Zampalm Limited	322	279
Master Pork Limited	201	203
Foreign subsidiaries	303	224
Total	5,861	5,715

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

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wages and salaries	198,583	33,773	187,637	35,337
Social security costs	6,035	1,026	4,115	775
Pension costs	3,587	610	5,943	1,119
	208,205	35,409	197,695	37,231

2014	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Total ZMW'000s
Salary and fees	798	1,657	1,549	4,004
Bonus	894	–	–	894
Pension contributions	9	9	9	27
Benefits in kind	–	–	–	–
Employment taxes	890	1,002	888	2,780
Total	2,591	2,668	2,446	7,705

2013	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Sushmit N Maitra ZMW'000s	Total ZMW'000s
Salary and fees	675	1,215	1,214	474	3,578
Bonus	–	–	–	–	–
Pension contributions	8	8	8	6	30
Benefits in kind	–	–	–	–	–
Employment taxes	350	642	641	245	1,878
Total	1,033	1,865	1,863	725	5,486

2014	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Total USD'000s
Salary and fees	136	282	262	680
Bonus	152	–	–	152
Pension contributions	2	2	2	6
Benefits in kind	–	–	–	–
Employment taxes	151	170	151	472
Total	441	454	415	1,310

7. Staff costs continued

2013	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Sushmit N Maitra USD'000s	Total USD'000s
Salary and fees	127	229	229	89	674
Bonus	–	–	–	–	–
Pension contributions	1	1	1	1	4
Benefits in kind	–	–	–	–	–
Employment taxes	66	121	121	46	354
Total	194	351	351	136	1,032

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

8. Finance costs

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	50,311	8,556	40,203	7,571
Finance lease cost	288	49	681	128
Total	50,599	8,605	40,884	7,699

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

	2014		2013	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	4,642	441	9,308	5,157
	4,642	441	9,308	5,157
Deferred tax:				
Deferred taxation (note 9(e))	(5,601)	(3,672)	(3,514)	(12,294)
Tax charge/(credit) for the year	(959)	(3,231)	5,794	(7,137)
(b) Reconciliation of tax charge/(credit)				
Profit/ (loss) before taxation	(21,159)	(3,689)	21,829	(19,379)
Taxation on accounting profit/ (loss)	(5,157)	869	1,874	(3,777)

9. Taxation continued

	2014		2013	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Effects of:				
Permanent differences:				
Disallowable expenses	3,563	316	3,920	709
Timing differences:				
Capital allowances and depreciation	(6,846)	(70)	(4,488)	1,376
Livestock and crop valuations adjustment	(1,969)	(2,038)	(1,560)	(1,509)
Other income	(752)	19	(101)	–
Unrealised exchange (gains)/losses	1,920	994	(1,857)	(1,159)
Unrealised tax losses	13,883	351	11,520	9,517
Tax charge for the year	4,642	441	9,308	5,157
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	2,141	(731)	1,913	555
Charge for the year	4,642	441	9,308	5,157
Taxation paid	(7,850)	(3,808)	(9,080)	(6,443)
Taxation payable/(recoverable) as at 30 September	(1,067)	(4,098)	2,141	(731)
Taxation payable	3,031	–	3,676	–
Taxation recoverable	(4,098)	(4,098)	(1,535)	(731)
Taxation payable/(recoverable)	(1,067)	(4,098)	2,141	(731)

(d) Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 30 September 2006. Income tax returns have been filed with the ZRA for the subsequent years up to ended 30 September 2012. Quarterly tax returns for the year ended 30 September 2014 were made on the due dates during the year.

	2014		2013	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	8,254	7,952	6,137	5,914
Accelerated tax allowances	57,691	19,174	51,257	18,164
Provisions	(4,288)	(330)	(4,237)	(493)
Tax (loss)/gain	(68,386)	(38,233)	(54,285)	(31,350)
	(6,729)	(11,437)	(1,128)	(7,765)
Analysis of movement:				
Deferred tax liability as at 1 October	(1,128)	(7,765)	2,386	4,529
(Income)/charge to profit and loss account (note 9(a))	(5,601)	(3,672)	(3,514)	(12,294)
Deferred tax (asset)/ liability as at 30 September	(6,729)	(11,437)	(1,128)	(7,765)
Deferred tax asset	(28,802)	(16,913)	(16,385)	(7,765)
Deferred tax liability	22,073	5,476	15,257	–
	(6,729)	(11,437)	(1,128)	(7,765)

9. Taxation continued
(ii) In US Dollars

	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	790	74	1,753	971
	790	74	1,753	971
Deferred tax:				
Deferred taxation (note 9(e))	(953)	(624)	(662)	(2,315)
Tax charge/(credit) for the year	(163)	(550)	1,091	(1,344)

	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
(b) Reconciliation of tax charge				
(Loss)/Profit before taxation	(3,598)	(627)	4,111	(3,649)
Taxation on accounting profit/(loss)	(877)	147	355	(710)
Effects of:				
Permanent differences:				
Disallowable expenses	606	54	737	133
Timing differences:				
Capital allowances and depreciation	(1,164)	(12)	(843)	259
Livestock and crop valuations adjustment	(335)	(347)	(293)	(283)
Other income	(128)	3	(19)	–
Unrealised exchange (gains)/losses	327	60	(348)	(218)
Unrealised tax loss	2,361	169	2,164	1,790
Tax charge for the year	790	74	1,753	971

	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	402	(137)	375	109
Charge for the year	790	74	1,753	971
Taxation paid	(1,402)	(648)	(1,687)	(1,213)
Foreign exchange differences	39	57	(39)	(4)
Taxation payable/(recoverable) as at 30 September	(171)	(654)	402	(137)
Taxation payable	483	–	691	–
Taxation recoverable	(654)	(654)	(289)	(137)
Taxation payable/(recoverable)	(171)	(654)	402	(137)

(d) Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 30 September 2011. Income tax returns have been filed with the ZRA for the subsequent years up to 30 September 2013. Quarterly tax returns for the year ended 30 September 2014 were made on the due dates during the year.

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As at 30 September 2014

9. Taxation continued

(e) Deferred taxation	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Represented by:				
Biological valuation	1,316	1,267	1,154	1,112
Accelerated tax allowances	9,201	3,058	9,635	3,414
Provisions	(684)	(53)	(797)	(93)
Tax loss	(10,907)	(6,096)	(10,204)	(5,893)
	(1,074)	(1,824)	(212)	(1,460)
Analysis of movement:				
Deferred tax liability as at 1 October	(212)	(1,460)	468	888
(Income)/charge to profit and loss account (note 9(a))	(953)	(624)	(662)	(2,315)
Foreign exchange	91	260	(18)	(33)
Deferred tax (asset)/liability as at 30 September	(1,074)	(1,824)	(212)	(1,460)
Deferred tax asset	(4,594)	(2,697)	(3,080)	(1,460)
Deferred tax liability	3,520	873	2,868	–
	(1,074)	(1,824)	(212)	(1,460)

10. Equity dividends

	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
No dividends declared or paid	–	–	–	–

There has been no dividend paid or proposed for 2014.

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:

	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Basic Earnings Per Share				
(Loss)/profit for the year	(24,609)	(4,185)	13,766	2,593
Weighted average number of ordinary shares for the purposes of basic and diluted Earnings Per Share	247,978	247,978	247,978	247,978
	ZMW	US cents	ZMW	US cents
Basic Earnings Per Share (ZMW and US cents)	(0.0992)	(1.69)	0.0555	1.05

12. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2012	15,699	3,078
Foreign exchange difference	–	(127)
At 30 September 2013	15,699	2,951
Foreign exchange difference	–	(447)
At 30 September 2014	**15,699**	**2,504**

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

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Master Pork Limited	15,699	2,504	15,699	2,951

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 two 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.

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As at 30 September 2014

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 2012	35,732	404,859	395,172	72,835	29,045	103,024	1,040,667
Exchange differences	–	5,536	3,811	436	40	20	9,843
Additions	12,095	146	16,133	3,894	1,794	39,769	73,831
Transfers	1,431	25,046	80,468	3,947	1,198	(112,268)	(178)
Disposals	–	–	(1,326)	(440)	(89)	–	(1,855)
Reclassification	–	1,807	(2,620)	(4,670)	14	(1,556)	(7,025)
Revaluation	–	357,621	(3,725)	(10,108)	(5,680)	–	338,108
As at 30 September 2013	**49,258**	**795,015**	**487,913**	**65,894**	**26,322**	**28,989**	**1,453,391**
Exchange differences	–	36,553	22,685	905	156	893	61,192
Additions	15,306	113	4,612	1,585	602	57,212	79,430
Disposals	–	–	(14)	(2,132)	(32)	(162)	(2,340)
Transfers	–	292	18,512	2,509	813	(22,639)	(513)
Reclassification	–	2,225	4,733	–	35	(6,992)	1
Revaluation	–	–	1,571	(1,571)	–	–	–
As at 30 September 2014	**64,564**	**834,198**	**540,012**	**67,190**	**27,896**	**57,301**	**1,591,161**
Depreciation							
As at 1 October 2012	(727)	19,782	80,097	34,478	8,563	–	142,193
Exchange difference	–	38	107	(9)	10	–	146
Charge for the year	–	5,047	30,242	11,636	3,339	–	50,264
Depreciation on palm plantation	(1,372)	–	–	–	–	–	(1,372)
Disposals	–	–	(181)	(434)	(52)	–	(667)
Transfers	–	(539)	(1,069)	–	–	–	(1,608)
Reclassification	–	(14)	797	(1,263)	–	–	(480)
Revaluation	–	(22,964)	(104,669)	(43,290)	(11,334)	–	(182,257)
As at 30 September 2013	**(2,099)**	**1,350**	**5,324**	**1,118**	**526**	**–**	**6,219**
Exchange difference	–	76	612	114	79	–	881
Charge for the year	–	8,159	36,811	13,547	2,953	–	61,470
Depreciation on palm plantation	(1,250)	–	–	–	–	–	(1,250)
Disposals	–	–	(1)	(166)	(2)	–	(169)
Transfers	–	–	–	8	2	–	10
As at 30 September 2014	**(3,349)**	**9,585**	**42,746**	**14,621**	**3,558**	**–**	**67,161**
Net book value							
At 30 September 2014	**67,913**	**824,613**	**497,266**	**52,569**	**24,338**	**57,301**	**1,524,000**
At 30 September 2013	**51,357**	**793,665**	**482,589**	**64,776**	**25,796**	**28,989**	**1,447,172**

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 2012	7,006	79,384	77,484	14,282	5,695	20,202	204,053
Foreign translation	(294)	(2,378)	(2,519)	(507)	(227)	(807)	(6,732)
Additions	2,278	27	3,038	733	338	7,489	13,903
Transfers	269	4,717	15,154	743	226	(21,143)	(34)
Disposals	–	–	(250)	(83)	(17)	–	(350)
Reclassification	–	340	(493)	(879)	3	(293)	(1,322)
Revaluation	–	67,349	(702)	(1,904)	(1,070)	–	63,673
As at 30 September 2013	**9,259**	**149,439**	**91,712**	**12,385**	**4,948**	**5,448**	**273,191**
Foreign translation	(1,565)	(16,840)	(10,589)	(1,736)	(740)	(972)	(32,442)
Additions	2,603	19	784	270	102	9,730	13,508
Transfers	–	50	3,148	427	138	(3,850)	(87)
Disposals	–	–	(2)	(363)	(5)	(28)	(398)
Reclassification	–	378	805	–	6	(1,189)	–
Revaluation	–	–	267	(267)	–	–	–
As at 30 September 2014	**10,297**	**133,046**	**86,125**	**10,716**	**4,449**	**9,139**	**253,772**
Depreciation							
As at 1 October 2012	(143)	3,879	15,705	6,761	1,679	–	27,881
Charge for the year	–	950	5,695	2,191	629	–	9,465
Depreciation on palm plantation	(258)	–	–	–	–	–	(258)
Disposals	–	–	(34)	(82)	(10)	–	(126)
Transfers	–	(102)	(201)	–	–	–	(303)
Reclassification	–	(3)	150	(238)	–	–	(91)
Revaluation	–	(4,325)	(19,712)	(8,153)	(2,134)	–	(34,324)
Foreign translation	6	(147)	(603)	(270)	(64)	–	(1,078)
As at 30 September 2013	**(395)**	**252**	**1,000**	**209**	**100**	**–**	**1,166**
Charge for the year	–	1,388	6,260	2,304	502	–	10,454
Depreciation on palm plantation	(213)	–	–	–	–	–	(213)
Disposals	–	–	–	(28)	–	–	(28)
Transfers	–	–	–	1	–	–	1
Foreign translation	74	(111)	(444)	(154)	(35)	–	(670)
As at 30 September 2014	**(535)**	**1,529**	**6,816**	**2,332**	**567**	**–**	**10,710**
Net book value							
At 30 September 2014	**10,831**	**131,517**	**79,309**	**8,384**	**3,882**	**9,139**	**243,062**
At 30 September 2013	**9,654**	**149,187**	**90,712**	**12,176**	**4,848**	**5,448**	**272,025**

(a) The Group's property, plant and equipment situated in Zambia were revalued during the 2013 year by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMW524 million (USD94.7 million) was transferred to a revaluation reserve.

(b) The depreciation charge for the year includes ZMW6.1 million (USD1.01 million) (2013: ZMW2.5 million; USD0.5 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.

(c) The carrying value of the Group's property, plant and equipment includes an amount of ZMW31.8 million (USD5.1 million) (2013: ZMW31.2 million; USD5.9 million) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW4.1 million; (USD0.7 million) (2013: ZMW4 million; USD0.76 million).

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

(e) 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

(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 2012	309,487	254,959	25,703	5,996	49,333	645,478
Exchange differences	5,622	3,802	377	37	(3)	9,835
Additions	78	10,864	564	344	17,352	29,202
Transfers	16,367	20,879	328	560	(51,603)	(13,469)
Disposals	–	(1,252)	–	–	–	(1,252)
Revaluation	256,058	(39,777)	308	(2,134)	–	214,455
At 30 September 2013	**587,612**	**249,475**	**27,280**	**4,803**	**15,079**	**884,249**
Exchange differences	35,782	21,809	514	53	282	58,440
Additions	–	429	130	68	33,476	34,103
Transfers	(7,205)	15,010	2,293	(11)	(20,410)	(10,323)
Disposals	–	–	(886)	(12)	–	(898)
Reclassification	–	(1,593)	1,571	22	–	–
As at 30 September 2014	**616,189**	**285,130**	**30,902**	**4,923**	**28,427**	**965,571**
Depreciation						
As at 1 October 2012	11,821	47,929	10,768	1,887	–	72,405
Transfers	(409)	(823)	–	–	–	(1,232)
Disposals	–	(173)	–	–	–	(173)
Revaluation	(14,025)	(63,370)	(14,684)	(2,714)	–	(94,793)
Reclassification	–	294	(294)	–	–	–
Charge for the year	2,613	16,143	4,210	827	–	23,793
As at 30 September 2013	**–**	**–**	**–**	**–**	**–**	**–**
Charge for the year	4,626	19,344	5,371	471	–	29,812
Transfers	(24)	(33)	–	–	–	(57)
Disposals	–	–	(50)	–	–	(50)
As at 30 September 2014	**4,602**	**19,311**	**5,321**	**471**	**–**	**29,705**
Net book value						
At 30 September 2014	**611,587**	**265,819**	**25,580**	**4,453**	**28,427**	**935,866**
At 30 September 2013	**587,612**	**249,475**	**27,280**	**4,803**	**15,079**	**884,249**

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 2012	60,684	49,992	5,038	1,177	9,673	126,564
Exchange differences	1,059	716	71	7	(1)	1,852
Additions	15	2,046	106	65	3,268	5,499
Transfers	3,082	3,932	62	105	(9,718)	(2,537)
Disposals	–	(236)	–	–	–	(236)
Revaluation surplus/(deficit)	48,222	(7,491)	58	(402)	–	40,387
Foreign translation	(2,609)	(2,065)	(207)	(49)	(388)	(5,318)
As at 30 September 2013	110,453	46,894	5,128	903	2,834	166,212
Exchange differences	6,085	3,709	87	9	48	9,938
Additions	–	73	22	12	5,693	5,800
Transfers	(1,225)	2,553	390	(2)	(3,471)	(1,755)
Disposals	–	–	(151)	(2)	–	(153)
Foreign translation	(17,037)	(7,482)	(816)	(138)	(570)	(26,043)
Reclassification	–	(271)	267	4	–	–
As at 30 September 2014	98,276	45,476	4,927	786	4,534	153,999
Depreciation						
As at 1 October 2012	2,318	9,397	2,111	371	–	14,197
Foreign translation	(92)	(371)	(83)	(16)	–	(562)
Charge for the year	492	3,040	793	156	–	4,481
Disposals	–	(33)	–	–	–	(33)
Zamchick asset transfers	(77)	(155)	–	–	–	(232)
Adjustment on valuation	(2,641)	(11,933)	(2,766)	(511)	–	(17,851)
Reclassification	–	55	(55)	–	–	–
As at 30 September 2013	**–**	**–**	**–**	**–**	**–**	**–**
Charge for the year	787	3,290	913	80	–	5,070
Transfers	(4)	(6)	–	–	–	(10)
Disposals	–	–	(9)	–	–	(9)
Foreign translation	(49)	(204)	(56)	(4)	–	(313)
As at 30 September 2014	**734**	**3,080**	**848**	**76**	**–**	**4,738**
Net book value						
At 30 September 2014	**97,542**	**42,396**	**4,079**	**710**	**4,534**	**149,261**
At 30 September 2013	**110,453**	**46,894**	**5,128**	**903**	**2,834**	**166,212**

(a) During the previous year the Company's property, plant and equipment were revalued by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation and depreciation no longer required totalling ZMW310 million (USD58.3 million) was transferred to a revaluation reserve. The Directors expect no material variances to the carrying value of the property, plant and equipment.

(b) The carrying value of the Company's property, plant and equipment includes an amount of ZMW18.3 million (USD2.9 million) (2013: ZMW11.1 million; USD2.1 million) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW2.8 million (USD0.49 million) (2013: ZMW2.2 million USD0.4 million).

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

Notes to the Financial Statements continued
As at 30 September 2014

14. Investment in Associate

	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
At beginning of the year	–	–	–	–
Arising during the year	23,827	3,800	–	–
Foreign translation	–	–	–	–
At end of the year	**23,827**	**3,800**	**–**	**–**

Zambeef Products PLC ("Zambeef") owns 49% of the issued share capital of Zamhatch Limited ("Zamhatch"). At the period end Zamhatch was still in development. The total net asset value of Zamhatch was ZMW48.6 million (USD7.8 million). Further investment by the shareholders has been made subsequent to year end.

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 2014	Proportion of all classes of issued share capital owned by the Company 2013	Principal activity
Zambeef Retailing Limited	Zambia	100	100	Retailing of Zambeef products
Zamleather Limited	Zambia	100	100	Processing of leather and shoes
Master Meat and Agro Production Co of Nigeria Limited	Nigeria	80	77	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
Zamanita Limited	Zambia	100	100	Processing and sale of edible oils and feed cake
Zampalm Limited	Zambia	100	100	Palm tree plantation
Zam Chick Limited	Zambia	51	51	Processing and sale of poultry products

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

(b) Movement at cost:	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
At beginning of the year	154,514	29,044	146,126	28,652
Arising during the year	3,068	774	8,388	1,580
Foreign translation		(4,685)	–	(1,188)
At end of the year	**157,582**	**25,133**	**154,514**	**29,044**

15. Investments in subsidiaries continued

(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	263,125	242,835	895,750	(21,755)
Zamleather Limited	Zambia	35,561	14,754	29,796	6,098
West Africa Operations	Nigeria and Ghana	41,687	54,518	116,227	(3,301)
Master Pork Limited	Zambia	76,527	26,733	115,216	395
Zamanita Limited	Zambia	458,777	321,385	399,117	(11,500)
Zampalm Limited	Zambia	137,468	53,593	–	–
Zam Chick Limited	Zambia	71,724	10,932	139,835	10,319
Total at the end of 30 September 2014		**1,084,869**	**724,750**	**1,695,941**	**(19,744)**
Zambeef Retailing Limited	Zambia	238,186	195,632	870,737	(1,362)
Zamleather Limited	Zambia	31,853	17,144	22,442	1,905
West Africa Operations	Nigeria and Ghana	37,910	43,754	85,419	(4,406)
Master Pork Limited	Zambia	71,348	21,949	119,955	(2,973)
Zamanita Limited	Zambia	428,879	279,985	461,871	23,618
Zampalm Limited	Zambia	113,871	31,377	–	–
Zam Chick Limited	Zambia	61,722	11,239	132,343	8,771
Total at the end of 30 September 2013		**983,769**	**601,080**	**1,692,767**	**25,553**

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
Zambeef Retailing Limited	Zambia	41,966	38,730	152,338	(3,700)
Zamleather Limited	Zambia	5,672	2,353	5,067	1,037
West Africa Operations	Nigeria and Ghana	6,649	8,695	19,766	(561)
Master Pork Limited	Zambia	12,205	4,264	19,595	67
Zamanita Limited	Zambia	73,170	51,258	67,877	(1,956)
Zampalm Limited	Zambia	21,925	8,548	–	–
Zam Chick Limited	Zambia	11,439	1,744	23,781	1,755
Total at the end of 30 September 2014		**173,026**	**115,592**	**288,424**	**(3,358)**
Zambeef Retailing Limited	Zambia	44,772	36,773	163,672	(256)
Zamleather Limited	Zambia	5,987	3,223	4,218	358
West Africa Operations	Nigeria and Ghana	7,126	8,224	16,056	(828)
Master Pork Limited	Zambia	13,411	4,126	22,548	(559)
Zamanita Limited	Zambia	80,616	52,629	86,818	4,439
Zampalm Limited	Zambia	21,404	5,898	–	–
Zam Chick Limited	Zambia	11,604	2,113	24,877	1,649
Total at the end of 30 September 2013		**184,920**	**112,986**	**318,189**	**4,803**

Notes to the Financial Statements continued

As at 30 September 2014

15. Investments in subsidiaries continued

Name of company	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Zambeef Retailing Limited	31	5	30	6
Zamleather Limited	1,477	236	1,477	278
Master Meat and Agro Production Co of Nigeria Limited	216	34	216	41
Master Meat (Ghana) Limited	1,310	209	1,310	246
Master Pork Limited	26,601	4,243	26,600	5,000
Zamanita Limited	62,721	10,003	62,721	11,790
Zampalm Limited	56,835	9,065	53,764	10,106
Zam Chick Limited	8,391	1,338	8,391	1,576
Zamhatch Limited	–	–	5	1
	157,582	**25,133**	**154,514**	**29,044**

(d) 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 2014 there were 16,065 cattle (9,852 feedlot cattle, 3,969 standing cattle and 2,244 dairy cattle) and 470,684 chickens (196,556 layers and 274,128 broilers), and 4,335 pigs. A total of 18,230 feedlot cattle, 610 dairy cattle, 6,896 pigs and 5,848,460 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 2,302 Ha.

(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	31,657	173,946	129,073	770	(300,016)	35,430
Feedlot cattle	50,897	130,730	33,824	–	(144,577)	70,874
Dairy cattle	20,907	15,838	11,948	–	(23,759)	24,934
Pigs	2,298	5,522	2,705	–	(7,775)	2,750
Chickens	8,068	89,491	45,739	–	(135,285)	8,013
Palm oil plantation	11,859	8,343	–	–	–	20,202
Total	**125,686**	**423,870**	**223,289**	**770**	**(611,412)**	**162,203**
Less: Non-current biological assets	(11,859)	(8,343)	–	–	–	(20,202)
Total	**113,827**	**415,527**	**223,289**	**770**	**(611,412)**	**142,001**

16. (a) Biological assets – Group continued

(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	5,951	(942)	29,583	21,951	131	(51,023)	5,651
Feedlot cattle	9,567	(1,660)	22,233	5,752	–	(24,588)	11,304
Dairy cattle	3,930	(638)	2,693	2,032	–	(4,041)	3,976
Pigs	432	(70)	939	460	–	(1,322)	439
Chickens	1,517	(230)	15,220	7,779	–	(23,008)	1,278
Palm oil plantation	2,229	(426)	1,419	–	–	–	3,222
Total	**23,626**	**(3,966)**	**72,087**	**37,974**	**131**	**(103,982)**	**25,870**
Less: Non-current biological assets	(2,229)	426	(1,419)	–	–	–	(3,222)
Total	**21,397**	**(3,540)**	**70,668**	**37,974**	**131**	**(103,982)**	**22,648**

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2014 there were 16,065 cattle (9,852 feedlot cattle, 3,969 standing cattle and 2,244 dairy cattle), and 196,556 chickens (196,556 layers). A total of 18,230 feedlot cattle and 610 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	31,656	173,948	129,072	770	(300,016)	35,430
Feedlot cattle	50,897	130,730	33,825	-	(144,577)	70,875
Dairy cattle	20,907	15,838	11,948	-	(23,759)	24,934
Chickens	6,281	21,327	4,999	-	(26,898)	5,709
Total	**109,741**	**341,843**	**179,844**	**770**	**(495,250)**	**136,948**

(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	5,951	(942)	29,583	21,951	131	(51,023)	5,651
Feedlot cattle	9,567	(1,661)	22,233	5,753	-	(24,588)	11,304
Dairy cattle	3,930	(638)	2,694	2,032	-	(4,041)	3,977
Chickens	1,181	(173)	3,627	850	-	(4,574)	910
Total	**20,629**	**(3,414)**	**58,137**	**30,586**	**131**	**(84,226)**	**21,842**

Notes to the Financial Statements continued

As at 30 September 2014

17. Inventories

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Trading stocks	187,702	134,314	177,510	102,744
Abattoir stocks	966	–	642	–
Raw materials	168,684	–	172,292	–
Stock feed	28,888	28,603	42,012	41,837
Consumables	55,575	22,998	78,356	48,693
Raw hides and chemicals	2,638	–	2,281	–
	444,453	**185,915**	**473,093**	**193,274**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Trading stocks	29,936	21,422	33,367	19,313
Abattoir stocks	154	–	121	–
Raw materials	26,904	–	32,386	–
Stock feed	4,607	4,562	7,895	7,864
Consumables	8,864	3,668	14,729	9,153
Raw hides and chemicals	421	–	429	–
	70,886	**29,652**	**88,927**	**36,330**

A total of ZMW1,088 million (USD185.1 million) (2013: ZMW1,034 million; USD194.7 million) was included in profit and loss as an expense within cost of sales. Inventory was turned every 155 days (2012: 134 days).

Biological assets totalling ZMW611.4 million (USD104 million) (2013: ZMW497.3 million; USD93.7 million) were transferred to inventories during the year.

18. Trade and other receivables

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Gross trade receivables	122,139	52,719	66,303	27,723
Less: provision for impairment of trade receivables	(6,025)	(237)	(11,931)	(10,142)
Trade receivables	116,114	52,482	54,372	17,581
Prepayments	5,353	1,165	6,510	–
Other receivables	876	45	905	20
	122,343	**53,692**	**61,787**	**17,601**

18. Trade and other receivables continued

(ii) In US Dollars	2014 Group USD'000	2014 Company USD'000	2013 Group USD'000	2013 Company USD'000
Gross trade receivables	19,480	8,408	12,463	5,210
Less: provision for impairment of trade receivables	(960)	(38)	(2,243)	(1,906)
Trade receivables	18,520	8,370	10,220	3,304
Prepayments	851	186	1,224	–
Other receivables	140	6	170	4
	19,511	**8,562**	**11,614**	**3,308**

(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.

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

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
At 1 October	11,931	10,142	5,567	994
Utilised	(10,177)	(9,905)	–	–
Charge for the year	4,271	–	6,364	9,148
At 30 September	**6,025**	**237**	**11,931**	**10,142**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
At 1 October	2,243	1,906	1,092	195
Foreign exchange	(273)	(288)	(47)	(12)
Utilised	(1,731)	(1,580)	–	–
Charge for the year	721	–	1,198	1,723
At 30 September	**960**	**38**	**2,243**	**1,906**

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:

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
More than 3 months but not more than 6 months	1,756	492	2,816	2,816
More than 6 months but not more than a year	4,774	405	3,277	3,036
More than one year	–		1,853	–
Total	**6,530**	**897**	**7,946**	**5,852**

18. Trade and other receivables continued

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
More than 3 months but not more than 6 months	280	78	529	529
More than 6 months but not more than a year	761	65	616	571
More than one year	–	–	348	–
Total	**1,041**	**143**	**1,493**	**1,100**

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

The average credit period given in 2014 was 14 days (2013: 14 days).

19. Amounts due from related companies

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Leopard Investments Company Limited	–	227	–	254
Tractorzam Limited	–	–	253	253
Zambezi Ranching and Cropping Limited	1,825	–	1,469	–
RCL Foods Limited	–	–	5	–
Zamhatch Limited	9,708	5,940		
Wellspring Limited	–	–	83	83
Zambeef Retailing Limited	–	202,859	–	139,969
Zamleather Limited	–	630	–	16,311
Master Pork Limited	–	3,283	–	–
Zampalm Limited	–	6,418	–	30,865
Zamanita Limited	–	59,637	–	62,738
Master Meat and Agro Production Co. of Nigeria Limited	–	27,237	–	16,103
Zam Chick Limited	–	11,545	–	2,468
Master Meat (Ghana) Limited	–	531	–	392
	11,533	**318,307**	**1,810**	**269,436**

19. Amounts due from related companies continued

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Leopard Investments Company Limited	–	36	–	47
Tractorzam Limited	–	–	47	47
Zambezi Ranching and Cropping Limited	291	–	276	–
RCL Foods Limited	–	–	1	–
Zamhatch Limited	1,548	947		
Wellspring Limited	–	–	16	16
Zambeef Retailing Limited	–	32,354	–	26,310
Zamleather Limited	–	100	–	3,066
Master Pork Limited	–	524	–	–
Zampalm Limited	–	1,024	–	5,802
Zamanita Limited	–	9,511	–	11,793
Zam Chick Limited	–	1,842	–	464
Mastermeat and Agro Production Co. of Nigeria Limited	–	4,344	–	3,027
Master Meat (Ghana) Limited	–	85	–	74
	1,839	**50,767**	**340**	**50,646**

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.

20. Cash and cash equivalents

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Cash in hand and at bank	65,599	12,877	106,935	60,924
Bank overdrafts (note (b))	(213,467)	(124,992)	(151,151)	(84,637)
	(147,868)	**(112,115)**	**(44,216)**	**(23,713)**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Cash in hand and at bank	10,463	2,054	20,101	11,452
Bank overdrafts (note (b))	(34,046)	(19,935)	(28,412)	(15,909)
	(23,583)	**(17,881)**	**(8,311)**	**(4,457)**

(a) Banking facilities

The Group has overdraft facilities totalling ZMW35.137 million (2013: ZMW35.137 million) and USD5.1 million (2013: USD5.1 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy Rate plus 4.15 per cent. for the Kwacha facility and one year USD LIBOR rate plus 3.5 per cent. for the USD facility.

The Group has overdraft facilities totalling ZMW24.5 million (2013: ZMW24.5 million) and USD7 million (2013: USD7 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy Rate plus 2.25 per cent. (ZMW20 million for Zamanita Limited) and Bank of Zambia Policy Rate plus 2.25 per cent. (ZMW4.5 million for Zambeef Products PLC) on the Kwacha facilities and one month USD LIBOR rate plus 3.6 per cent. (USD4 million for Zamanita Limited) and one month USD LIBOR rate plus 3.6 per cent. (USD3 million for Zambeef Products PLC) on the USD facilities.

The Group has overdraft facilities totalling ZMW22.5 million (2013: ZMW22.5 million) and USD4 million (2013: USD4 million) with Zanaco Bank Plc. The Zanaco Bank overdrafts bear interest rate of Bank of Zambia Policy Rate plus 3 per cent. on the Kwacha facility and three month USD LIBOR plus 4.25 per cent. on the USD facility.

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As at 30 September 2014

20. Cash and cash equivalents continued
The Group has overdraft facilities totalling ZMW42 million (2013: ZMW42 million) and USD1 million (2013: USD1 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy Rate plus 3 per cent. on the Kwacha facility and three month USD LIBOR rate plus 3.75 per cent. on the USD facility.

(b) Bank overdrafts

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(52,999)	(23,744)	(28,328)	(11,353)
Citibank Zambia Limited	(50,791)	(35,133)	(37,631)	(27,418)
Stanbic Bank Zambia Limited	(45,812)	(45,811)	(39,013)	(39,013)
Standard Chartered Bank Zambia Plc	(63,865)	(20,304)	(46,179)	(6,853)
	(213,467)	**(124,992)**	**(151,151)**	**(84,637)**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(8,453)	(3,787)	(5,325)	(2,134)
Citibank Zambia Limited	(8,101)	(5,603)	(7,074)	(5,154)
Stanbic Bank Zambia Limited	(7,306)	(7,307)	(7,333)	(7,333)
Standard Chartered Bank Zambia Plc	(10,186)	(3,238)	(8,680)	(1,288)
	(34,046)	**(19,935)**	**(28,412)**	**(15,909)**

(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 (USD5.2 million), Citibank Zambia Limited (USD10 million and ZMW8 million), Zanaco Bank Plc (USD4 million and ZMW22.5 million), Stanbic Bank Zambia Limited (USD1 million and ZMW42 million) and DEG (USD5 million).
(ii) The Zamanita facility is secured by a first ranking legal mortgage over Stand 5960 and 5001 Mumbwa Road, Lusaka and a floating charge/debenture over all other Zamanita assets.

All overdrafts are annual revolving facilities.

21. Share capital

	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Authorised				
400,000,000 ordinary shares of ZMW0.01 each	**400**	**83**	**400**	**83**
(2013: 400,000,000 ordinary shares of ZMW0.001 each)				
Issued and fully paid				
At 1 October	248	61	248	61
Issued during the year	2,232	335	-	–
At 30 September				
247,978,195 ordinary shares of ZMW0.01 each	**2,480**	**396**	**248**	**61**
(2013: 247,978,195 ordinary shares of ZMW0.001 each)				

22. Share premium

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At 1 October	506,277	123,283	506,277	123,283
Arising during the year	–	–	–	–
At 30 September	**506,277**	**123,283**	**506,277**	**123,283**

23. Interest bearing liabilities

	2014		2013	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH (note (a))	132,573	132,573	114,624	114,624
Zanaco Bank Plc (note (b))	46,500	46,500	46,500	46,500
Standard Chartered Bank Zambia Plc (note (c))	186,619	60,785	187,546	84,491
IFC – International Finance Corporation (note (d))	209,610	198,940	196,818	183,084
	575,302	**438,798**	**545,488**	**428,699**
Less: Short-term portion (repayable within next 12 months)	(222,093)	(109,433)	(210,364)	(133,563)
Long-term portion (repayable after 12 months)	**353,209**	**329,365**	**335,124**	**295,136**

	2014		2013	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH (note (a))	21,144	21,144	21,546	21,546
Zanaco Bank Plc (note (b))	7,416	7,416	8,741	8,741
Standard Chartered Bank Zambia Plc (note (c))	29,764	9,695	35,252	15,882
IFC – International Finance Corporation (note (e))	33,431	31,728	36,996	34,414
	91,755	**69,983**	**102,535**	**80,583**
Less: Short-term portion (repayable within next 12 months)	(35,422)	(17,453)	(39,542)	(25,106)
Long-term portion (repayable after 12 months)	**56,333**	**52,530**	**62,993**	**55,477**

(a) (i) DEG Term Loan 1
The Group has a loan facility of USD424 thousand (2013: USD1.256 million and original amount USD5 million) from DEG. Interest on the loan is 2.75 per cent. above the six month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 12 bi-annual instalments of USD416,000 commencing April 2009 and expiring in October 2014.

The DEG loan is secured by a floating charge/debenture of USD5 million ranking *pari passu* with Citibank Zambia Limited (USD10 million and ZMW8 million), Standard Chartered Bank Zambia Plc (USD5.2 million), Stanbic Bank Zambia Limited (USD1 million and ZMW42 million) and Zanaco Bank Plc (USD4 million and ZMW22.5 million).

(ii) DEG Term Loan 2
The Group has a loan facility of USD10.72 million (2013: USD14.29 million and original amount of USD25 million) from DEG. Interest on the loan is 4.55 per cent. above the six 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 USD25 million DEG term loan 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, Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(iii) DEG Term Loan 3
During the previous year the Group obtained a loan facility of USD10 million for the palm project from DEG. USD6 million was drawn down during September 2013 and a further USD4 million in August 2014. Interest on the loan is 4.25 per cent. above the six month USD LIBOR rate per annum payable six-monthly in arrears. The capital is repayable in 14 bi-annual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

23. Interest bearing liabilities continued

The USD10 million DEG term loan 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, Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(b) Zanaco Bank Plc

The Group has a loan facility of ZMW46.5 million (2013: ZMW46.5 million) with Zanaco Bank Plc. Interest on the loan is 3.75 per cent. above the Bank of Zambia Policy Rate per annum payable monthly in arrears. The principal is repayable in seven 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 loan facility of USD4.935 million (2013: USD6.7 million and original amount of USD8 million) from Standard Chartered Bank Zambia Plc. Interest on the loan is 4.75 per cent. above the three month USD LIBOR rate per annum payable monthly in arrears. The principal is repayable in amounts of USD300,000 on a quarterly basis commencing April 2013 to December 2013 and thereafter 11 quarterly payments of USD566,667 commencing March 2014 and expiring in September 2016.

The loan is secured by a first ranking legal mortgage relating to Stands 5960 and 5001 Mumbwa Road, Lusaka, (Zamanita premises) and floating debenture over all other assets of Zamanita.

The Group has structured agricultural facilities with an annual revolving limit totalling USD59 million (2013: USD59 million) with Standard Chartered Bank Zambia Plc. The purpose of the facilities is the financing of wheat, soya beans, maize and barley under collateral management agreements/facilities against warehouse receipts and is for 365 days. The balance on the facilities at year end was USD24.83 million (2013: USD22.55 million). Interest on the facilities is one month USD LIBOR rate plus 3.15 per cent. per annum (for the USD34 million Zambeef CMA) and one month USD LIBOR rate plus 3.15 per cent. (for the USD25 million Zamanita CMA) calculated on the daily overdrawn balances.

(d) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD5.519 million (USD3.818 million in Zambia and USD1.701 million in Nigeria) (2013: USD5.091 million in Zambia and USD2.269 million in Nigeria and original amount of USD10 million) from IFC. Interest on the loan is 4.75 per cent. above the six 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 the Zambian operations is secured through a first ranking legal mortgage over Plot 9070, 9071 and 9074, off Mumbwa Road, Lusaka, (Novatek stock feed 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.

(d) (ii) International Finance Corporation Loan 2

The Company has a loan facility of USD20 million and ZMW49.6 million. Interest on the loan is 4.75 per cent. above the six 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 and 5388 (Mpongwe Farm).

24. Obligations under finance leases

In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Freddy Hirsh Zambia Limited (note (a))	4,835	–	9,362	–
Stanbic Zambia Limited (note (b))	14,741	14,741	8,274	8,274
	19,576	**14,741**	**17,636**	**8,274**
Less: Payable within 12 months	(4,974)	(1,399)	(9,189)	(4,736)
Repayable after 12 months	**14,602**	**13,342**	**8,447**	**3,538**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Freddy Hirsh Zambia Limited (note (a))	771	–	1,760	–
Stanbic Zambia Limited (note (b))	2,351	2,351	1,555	1,555
	3,122	**2,351**	**3,315**	**1,555**
Less: Payable within 12 months	(793)	(223)	(1,727)	(890)
Repayable after 12 months	**2,329**	**2,128**	**1,588**	**665**

The ageing for the finance leases is as detailed below:

	Within 1 year ZMW'000s	1 to 5 years ZMW'000s	After 5 years ZMW'000s	Total ZMW'000s
2014				
Lease payments	5,015	15,398	–	20,413
Finance charges	(41)	(796)	–	(837)
Net present values	**4,974**	**14,602**	**–**	**19,576**
2013				
Lease payments	9,571	8,569	–	18,140
Finance charges	(382)	(122)	–	(504)
Net present values	**9,189**	**8,447**	**–**	**17,636**

	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2014				
Lease payments	799	2,456	–	3,255
Finance charges	(6)	(127)	–	(133)
Net present values	**793**	**2,329**	**–**	**3,122**
2013				
Lease payments	1,799	1,611	–	3,410
Finance charges	(72)	(23)	–	(95)
Net present values	**1,727**	**1,588**	**–**	**3,315**

24. Obligations under finance leases continued

(a) Master Pork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW4.835 million (2013; ZMW12.496 million) with Freddy Hirsh Zambia Ltd. The interest on the hire purchase is 6 per cent. fixed per annum with respect to the Cozzini Grinder machine (totalling ZMW370 thousand) and Nil with respect to the other machine facilities (Cozzini Silo Hopper, HirschPro400, Ulma, Cozzini Blender, injector brine mixer and Polyclipper. The principal on the Kwacha hire purchase facilities is repayable in 48 equal monthly instalments totalling ZMW0.31 million (USD0.05 million).

(b) 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 three month USD LIBOR plus 3.5 per cent. 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 10 years. Uncertainty exists over the amount of future outflows due to staff turnover levels, but are not considered material to the Group.

	2014		2013	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
At 1 October	6,793	1,504	7,737	1,515
Provision made during the year	1,776	188	847	–
Payments made during the year	(1,096)	(120)	(1,791)	(11)
At 30 September	**7,473**	**1,572**	**6,793**	**1,504**

	2014		2013	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
At 1 October	1,277	283	1,518	297
Provision made during the year	303	32	160	-
Payments made during the year	(187)	(21)	(338)	(2)
Foreign translation	(201)	(43)	(63)	(12)
At 30 September	**1,192**	**251**	**1,277**	**283**

26. Trade and other payables

	2014		2013	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Trade payables	105,261	52,585	65,288	29,623
Provisions and accruals	113,036	23,391	90,110	18,031
	218,297	**75,976**	**155,398**	**47,654**

	2014		2013	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Trade payables	16,788	8,387	12,272	5,568
Provisions and accruals	18,028	3,732	16,938	3,389
	34,816	**12,119**	**29,210**	**8,957**

The average credit period taken in 2014 was 74 days (2013: 54 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

(i) In Zambian Kwacha	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Leopard Investments Company Limited	–	–	239	–
Zambezi Ranching and Cropping Limited	–	–	–	251
RCL Farms Limited	–	–	1,334	–
Zambeef Retailing Limited	–	15,641	–	–
Zamleather Limited	–	6	–	–
Zamanita Limited	–	45,150	–	–
Master Pork Limited	–	–	–	17,966
Zamhatch Limited	–	–	–	5
	–	**60,797**	**1,573**	**18,222**

(ii) In US Dollars	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Leopard Investments Company Limited	–	–	45	–
Zambezi Ranching and Cropping Limited	–	–	–	47
RCL Farms Limited	–	–	251	–
Zambeef Retailing Limited	–	2,494	–	–
Zamleather Limited	–	1	–	–
Zamanita Limited	–	7,201	–	–
Master Pork Limited	–	–	–	3,377
Zamhatch Limited	–	–	–	1
	–	**9,696**	**296**	**3,425**

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.

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:

	2014		2013	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Financial assets				
– Cash at bank	43,273	3,685	43,228	33,052
– Trade receivables	65,923	25,000	18,701	3,248
– Other receivables	2,289	–	9,285	440
Financial liabilities				
– Bank overdrafts	(133,315)	(45,473)	(54,946)	(25,061)
– Trade and other payables	(46,730)	(16,716)	(11,286)	(2,201)
– Bank loans	(342,698)	(342,698)	(449,362)	(332,598)
– Finance leases	(14,741)	(14,741)	(8,274)	(8,274)
Net exposure	**(425,999)**	**(390,943)**	**(452,654)**	**(331,394)**

	2014		2013	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Financial assets				
– Cash at bank	6,871	588	8,126	6,213
– Trade receivables	10,514	3,987	3,515	611
– Other receivables	365	–	–	–
Financial liabilities				
– Bank overdrafts	(21,232)	(7,525)	(10,328)	(4,711)
– Trade and other payables	(7,453)	(2,666)	(2,121)	(414)
– Bank loans	(54,657)	(54,657)	(84,467)	(62,518)
– Finance leases	(2,351)	(2,361)	(1,555)	(1,555)
Net exposure	**(67,943)**	**(62,634)**	**(86,830)**	**(62,374)**

28. Financial instruments continued

(i) In Zambian Kwacha	US Dollars ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
2013				
Financial assets				
– Cash at bank	40,958	582	1,688	43,228
– Trade receivables	13,304	–	5,397	18,701
– Other receivables	9,285	–	–	9,285
Financial liabilities				
– Bank overdrafts	(54,946)	–	–	(54,946)
– Trade and other payables	(2,731)	(27)	(8,528)	(11,286)
– Bank loans	(449,362)	–	–	(449,362)
– Finance leases	(8,274)	–	–	(8,274)
Net exposure	**(451,766)**	**555**	**(1,443)**	**(452,654)**

	US Dollars ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
2014				
Financial assets				
– Cash at bank	9,990	924	32,359	43,273
– Trade receivables	57,833	–	8,090	65,923
– Other receivables	199	291	1,799	2,289
Financial liabilities				
– Bank overdrafts	(103,287)	–	(30,028)	(133,315)
– Trade and other payables	(24,712)	447	(22,465)	(46,730)
– Bank loans	(342,698)	–	–	(342,698)
– Finance leases	(14,741)	–	–	(14,741)
Net exposure	**(417,416)**	**1,662**	**(10,245)**	**(425,999)**

(ii) In US Dollars	US Dollars USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
2013				
Financial assets				
– Cash at bank	7,699	109	317	8,125
– Trade receivables	2,502	–	1,014	3,516
Financial liabilities				
– Bank overdrafts	(10,328)	–	–	(10,328)
– Trade and other payables	(513)	(5)	(1,603)	(2,121)
– Bank loans	(84,467)	–	–	(84,467)
– Finance leases	(1,555)	–	–	(1,555)
Net exposure	**(86,662)**	**104**	**(272)**	**(86,830)**

Notes to the Financial Statements continued
As at 30 September 2014

28. Financial instruments continued

(ii) In US Dollars	US Dollars USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
2014				
Financial assets				
– Cash at bank	1,593	147	5,161	6,901
– Trade receivables	9,224	–	1,290	10,514
– Other receivables	32	46	287	365
Financial liabilities				
– Bank overdrafts	(16,473)	–	(4,789)	(21,262)
– Trade and other payables	(3,941)	71	(3,583)	(7,453)
– Bank loans	(54,657)	–	–	(54,657)
– Finance leases	(2,351)	–	–	(2,351)
Net exposure	**(66,573)**	**264**	**(1,634)**	**(67,943)**

Exposure to currency exchange rates arise from the Group's sales and purchases which are primarily denominated in USD and South African Rand. It also arises from the retranslation of its foreign subsidiaries in West Africa. The Group's 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

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 USD bank balances and USD denominated exports.

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

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH	132,573	21,144	114,625	21,546
Standard Chartered Bank Zambia PLC	30,942	4,935	35,474	6,668
International Finance Corporation	149,340	23,818	145,555	27,360
	312,855	**49,897**	**295,654**	**55,574**

Foreign currency risk sensitivity analysis
ZMW/USD 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. It assumes a +/-10 per cent. and 5 per cent., movement in the USD/ZMW exchange rate for the two years ended 30 September 2013.

28. Financial instruments continued

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If the ZMW had weakened against the USD by (2014: 10 per cent.) (2013: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2014		2013	
Weakening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	(51,485)	(7,960)	(13,530)	(2,316)
Equity	1,288,712	186,851	1,301,065	222,328

If ZMW had strengthened against the USD by (2014: 5 per cent) (2013: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2014		2013	
Strengthening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	(4,557)	(816)	30,818	6,109
Equity	1,335,640	224,232	1,345,413	266,208

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

(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 ongoing 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 ZMW 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.

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 2014, 30 September 2013 and 1 October 2012.

30 September 2014	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
USD forward contracts				
– cash flow hedge	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	155,677	–	155,677
Total assets	**–**	**155,677**	**–**	**155,677**
Financial liabilities				
USD loans	–	–	323,519	323,519
Contingent consideration	–	–	–	–
Total liabilities	**–**	**–**	**323,519**	**323,519**
Net fair value	**–**	**155,677**	**(323,519)**	**(167,842)**

30 September 2013	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	119,966	–	119,966
Total assets	**–**	**119,966**	**–**	**119,966**
Financial liabilities				
USD forward contracts				
– cash flow hedge	–	–	–	–
USD loans	–	–	283,753	283,753
Total liabilities	**–**	**–**	**283,753**	**283,753**
Net fair value	**–**	**119,966**	**(283,753)**	**(163,787)**

29. Fair value measurement continued

1 October 2012	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	156,570	–	156,570
Total assets	**–**	**156,570**	**–**	**156,570**
Financial liabilities				
USD forward contracts				
– cash flow hedge	–	–	–	–
USD loans	–	–	279,689	279,689
Total liabilities	**–**	**–**	**279,689**	**279,689**
Net fair value	**–**	**156,570**	**(279,689)**	**(123,119)**

30 September 2014	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
USD forward contracts				
– cash flow hedge	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	24,829	–	24,829
Total assets	**–**	**24,829**	**–**	**24,829**
Financial liabilities				
USD loans	–	–	51,598	51,598
Contingent consideration	–	–	–	–
Total liabilities	**–**	**–**	**51,598**	**51,598**
Net fair value	**–**	**24,829**	**(51,598)**	**(26,769)**

30 September 2013	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	22,550	–	22,550
Total assets	**–**	**22,550**	**–**	**22,550**
Financial liabilities				
USD forward contracts				
– cash flow hedge	–	–	–	–
USD loans	–	–	53,337	53,337
Total liabilities	**–**	**–**	**53,337**	**53,337**
Net fair value	**–**	**22,550**	**(53,337)**	**(30,787)**

29. Fair value measurement continued

1 October 2012	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Financial assets				
Listed securities and debentures	–	–	–	–
Money market funds	–	–	–	–
Other forward exchange contracts				
Inventory (CMA)	–	30,700	–	30,700
Total assets	**–**	**30,700**	**–**	**30,700**
Financial liabilities				
USD forward contracts				
– cash flow hedge	–	–	–	–
USD loans	–	–	54,841	54,841
Total liabilities	**–**	**–**	**54,841**	**54,841**
Net fair value	**–**	**30,700**	**(54,841)**	**(24,141)**

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

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.

USD loans (Level 2)
The fair values of the USD loans are estimated using a discounted cash flow approach, which discounts the contractual cash flows 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% (2013: 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 2014, 30 September 2013, and 1 October 2012:

29. Fair value measurement continued

30 September 2014	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Property, plant and equipment:				
Land held for production in Zambia	–	405,425	–	405,425
Office building in Zambia	–	21,851	–	21,851

30 September 2013	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Land held for production in Zambia	–	405,260	–	405,260
Office building in Zambia	–	22,297	–	22,297

1 October 2012	Level 1 ZMW'000s	Level 2 ZMW'000s	Level 3 ZMW'000s	Total ZMW'000s
Land held for production in Zambia	–	142,987	–	142,987
Office building in Zambia	–	18,478	–	18,478

30 September 2014	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Property, plant and equipment:				
Land held for production in Zambia	–	64,661	–	64,661
Office building in Zambia	–	3,485	–	3,485

30 September 2013	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Land held for production in Zambia	–	76,177	–	76,177
Office building in Zambia	–	4,191	–	4,191

1 October 2012	Level 1 USD'000s	Level 2 USD'000s	Level 3 USD'000s	Total USD'000s
Land held for production in Zambia	–	28,037	–	28,037
Office building in Zambia	–	3,623	–	3,623

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 3)

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.

Notes to the Financial Statements continued
As at 30 September 2014

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.

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 2014. The actuarial assumptions that had been used by management in arriving at the unfunded defined benefit obligation of ZMW7.5 million (USD1.2 million) as at 30 September 2014 have proven to be different from those being used by the actuaries. Management believe that the balance held as at year end may require to be adjusted. As of the report date, the actuary had not finalised the report and the level of misstatement could not be estimated reliably. Any adjustments that will arise from this actuarial valuation exercise will be passed once the report is finalised in the subsequent period.

31. Capital commitments

	2014		2013	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	22,503	3,589	67,468	12,682
Not contracted for at the reporting date	88,438	14,105	94,152	15,818

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

	2014		2013	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Within one year	12,370	–	8,209	–
One to five years	14,765	–	12,405	–

	2014		2013	
(i) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Within one year	1,973	–	1,543	–
One to five years	2,355	–	2,332	–

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 five years and renewable at the request of either party. There are no purchase options, contingent rent payments or restrictions arising on these leases.

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 2014 are as follows:

(a) The Group made the following sales to related parties:

		2014		2013	
	Sale of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Limited	Animal feeds/bran	–	–	808	152
Foresythe Limited	Animal feeds/bran	404	68	9	2
Zambezi Ranching and Cropping Limited	Animal feeds/bran	27,681	4,708	18,372	3,460
Leopard Investments Company Limited	Animal feeds/bran	2,948	501	3,279	618
Zamhatch Limited	Leather/shoes	11	2	–	–
Proflight Commuter Services Limited	Retail products	–	–	–	–
		31,044	**5,279**	**22,468**	**4,232**

33. Related party transactions continued

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

	Purchase of	2014 ZMW'000s	2014 USD'000s	2013 ZMW'000s	2013 USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	56,524	9,613	36,838	6,937
Wellspring Limited	Cattle beef	6,211	1,056	4,420	832
Foresythe Limited	Cattle beef	–	–	391	74
Leopard Investments Company Limited	Cattle beef, chickens, pigs, rental of property	8,374	1,426	7,405	1,395
Proflight Commuter Services Limited	Air travel tickets	101	17	81	15
Tractorzam Limited	Tractors/spares	3,619	615	5,246	988
Claudia Burton	Rental of property, lamb	30	5	27	5
Fraca Meat Company Limited	Rental of property	–	–	6	1
Madison General Insurance Company Limited	Insurance	6,121	1,041	6,720	1,266
		80,980	**13,773**	**61,134**	**11,513**

(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:

	2014 Group ZMW'000s	2014 Company ZMW'000s	2013 Group ZMW'000s	2013 Company ZMW'000s
Short-term benefits	44,823	21,644	49,725	22,437
Post-employment benefits	–	–	–	–
Other long-term benefits	–	–	–	–

	2014 Group USD'000s	2014 Company USD'000s	2013 Group USD'000s	2013 Company USD'000s
Short-term benefits	7,623	3,681	9,364	4,225
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.

Notes to the Financial Statements continued

As at 30 September 2014

34. Currency re-denomination

On 1 January 2013, the Zambian Kwacha was re-denominated. The re-denomination entailed that all balances carried forward after 31 December 2012 were converted into the re-denominated currency by dividing the nominal value of the existing currency by a multiplicand of one thousand. These financial statements have been prepared in the new symbol Kwacha (ZMW). Comparative figures have also been rebased by the division of all figures by 1,000.

35. Events subsequent to reporting date

No item, transaction or event of a material and unusual nature has arisen since 30 September 2014, 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 20th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Tuesday, 23 December 2014 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 19th Annual General Meeting held on 20 December 2013.

3. 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 30 September 2014. (Resolution 1).

5. To re-appoint Grant Thornton (Zambia) as Auditors for 2014–15 and to authorise the Directors to fix their remuneration. (Resolution 2).

6. In terms of the Companies Act, Dr. Lawrence Sikutwa and Mr. Adam Fleming retire but are eligible to offer themselves for re-election. (Resolution 3).

7. To authorise the Board of Directors to issue new shares up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval. (Special Resolution 1).

8. To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and to have these new issued ordinary shares listed on the Lusaka Stock Exchange ranking *pari passu* with existing issued ordinary shares. (Resolution 4).

9. 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/Extraordinary General Meeting of the Company to be held on Tuesday, 23 December 2014 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 30 September 2014.	☐	☐
Resolution 2 – Re-appointment of Grant Thornton as auditors for 2014–15 and to authorise the Directors to fix their remuneration.	☐	☐
Resolution 3 – Confirm appointment of the following as Directors:		
• Dr. Lawrence Sikutwa	☐	☐
• Mr. Adam Fleming	☐	☐
Special Resolution 1 – To authorise the Board of Directors to issue new shares up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval.	☐	☐
Resolution 4 – To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and to have these new issued ordinary shares listed on the Lusaka Stock Exchange ranking *pari passu* with existing issued ordinary shares.	☐	☐

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, Private Bag 17, Woodlands, Lusaka, by no later than 09:30 on Friday, 19 December 2014.

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 initiailled 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.


Zammilk

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