For Immediate Release **[16 June 2014]**

Zambeef Products plc
("Zambeef" or the "Group")

Unaudited Results for the Six Months Ended 31 March 2014

Zambeef (AIM: ZAM), the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, is pleased to announce its results for the six month period ended 31 March 2014.

Financial Performance Summary

Revenue	Down 9% to USD 140.2m	(2013: USD 153.4m)
Gross Profit	Down 18% to USD 45.9m	(2013: USD 55.6m)
EBITDA	Down 48.5% to USD 8.5m	(2013: USD 16.5m)
Adjusted Pre Tax Loss	USD 3.2m* loss	(2013: USD 9.3m* profit)
Pre Tax Profit/Loss	USD 6.5m loss	(USD 6.4m profit)
Net Cash Inflow Before Financing	USD 4.0m inflow	(2013: USD 2.0m inflow)

* adjusted to exclude unrealised foreign exchange differences

Key Points

- Financial performance adversely impacted by macro-economic challenges, increased competition and external events.
- Gross margins decreased from 36.3 per cent. for March 2013 to 32.7 per cent. for March 2014.
- Good performances from the cropping, milk/dairy and West Africa divisions.
- The two JVs with Rainbow (Zam Chick and Zamhatch) are progressing smoothly and we expect to see the full benefits over the next 12 months, when Zamhatch becomes operational.
- Export sales grew 27.8 per cent. to ZMW 123.4 million (USD 20.2 million) in H1 - now represent 15.6 per cent. of revenues.
- Net Cash Inflow Before Financing of ZMW 22.5 million (USD 4.0 million) and administration expenses (excluding depreciation) in USD terms being 1.5 per cent. lower than 2013.
- Acceleration of longer term strategy to position Zambeef as a regional food producer – to generate geographically diversified revenue streams and leverage significant growth opportunity.

Commenting on the results, Chairman Dr. Jacob Mwanza, said:

"Our financial performance has been adversely impacted by macro-economic challenges and external events. These factors, together with increased competition, have resulted in the Group recording a loss before tax for the first half of the year. This is despite tight controls on costs. However, it was encouraging to see a positive net cash inflow before financing of USD 4.0 million. With the operational platform which we have established over the last few years and the demographic drivers for growth in Southern Africa, we believe that Zambeef is well placed to become a regional food player. With this goal in mind, we are actively looking at forging strategic alliances and partnerships with global industry players, as well as unlocking value from within the Group."

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Notes to Editors

The Zambeef Group is one of the largest integrated agri-businesses in Zambia, involved in the primary production, processing, distribution and retailing of beef, chickens, pork, milk, eggs, dairy products, fish, flour, edible oils and stock feed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana. The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 8,000 Ha of irrigated land and approximately 8,000 Ha of rain-fed/dry land, available for planting each year.

The Group employed an average of 5,500 employees in the period.

Further information can be found on www.zambeefplc.com

This publication is in line with standard practice for London Stock Exchange.

CHAIRMAN'S REPORT

Overview

Our performance during the first half of the financial year has been adversely impacted by macro-economic challenges, increased competition and external influences, which have resulted in the Group announcing an adjusted loss before tax of ZMW 18.2 million (USD 3.2 million) for the first half of the year. The Board is focused on turning the business around and we are taking decisive action, not only maintaining a tight control of costs but also moving to accelerate our long-term growth strategy to establish Zambeef as a regional food provider.

Some of the macro-economic challenges during the period included the depreciation of the Zambian Kwacha by over 15 per cent. versus the US dollar; local ZMW interest rates (Bank of Zambia Policy Rate) increasing from 9.75 per cent. to 12.0 per cent.; and upward pressure on inflation, which increased from 7.0 per cent. to 7.7 per cent.

Several external events also affected our performance: the outbreak of African Swine Fever from November 2013 to February 2014; the overhang from last year's imported beef issue; and the continued depressed commodity prices. In addition, margins have come under pressure from increased new entrants into the market.

As a result of these challenges, revenue in USD terms was 9.0 per cent. lower than the same period last year (2 per cent. lower in ZMW terms) and gross margins decreased from 36.3 per cent. to 32.7 per cent., resulting in an adjusted loss before tax of ZMW 18.2 million (USD 3.2 million).

Despite the above challenges, it was encouraging to see the Group generating a Net Cash Inflow Before Financing Activities of ZMW 22.5 million (USD 4.0 million) which was aided by administration expenses (excluding depreciation) being 1.5 per cent. lower in USD terms than 2013. Good performances were recorded by the cropping, milk/dairy and West Africa divisions.

We believe that there is a significant opportunity to use our established operations to become a leading regional food provider, which will also enable us to balance out the impact of external events and country-specific factors. Exports already account for over 15 per cent. of total revenues and the strategic relationships with Rainbow Chickens Limited ("Rainbow"), one of the largest chicken producers in Sub-Saharan Africa, which we announced last year is starting to deliver good results. We intend to build on these foundations to drive Zambeef's regional presence and below we set out in more detail how we aim to achieve this.

Strategic Priorities

In order to address the domestic challenges being faced by the Group, we have decided to focus on our strengths, re-aligning and accelerating our medium-to-long term strategy, to diversify the business outside of our core Zambian market.

As indicated above, we have already successfully built exports in the SADC region from USD 5.4 million in 2011 to USD 30.3 million in 2013, and for H1/2014, export sales were USD 20.2 million, accounting for over 15 per cent. of Group revenues. Outside of the SADC region, our West Africa operations continue to contribute positively to our African growth story, driven by our relationship with Shoprite. Our West Africa operations now account for more than 5 per cent. of Group revenues.

We intend to build on this early success, with the acceleration of our strategy based on three key priorities:

- Make Zambeef a regional food player rather than just a Zambian business;
- Forge strategic alliances and partnerships with global industry players; and
- Unlock value and capital gains from within the Group and reduce debt/gearing.

Feeding the region

It is our strategic intention 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 (comprising Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe), as trade within the SADC region benefits from a number of tax, customs and excise duty benefits.

The SADC region is a net importer of food and the dynamic nature of the region presents significant opportunities for the consumer driven food sector. With a population of over 280 million, this region is one of the fastest growing regions in the world, with GDP growth (excluding South Africa) averaging over five per cent. over the last four years and expected to grow at over five per cent. over the next three years. A rapidly expanding consumer base, fuelled by an emerging middle class, increasing per capita income, rapid population growth and high levels of urbanisation, present significant and tangible opportunities.

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.

Within the SADC region, we believe that Zambeef is well placed to become a regional food player, in view of our well diversified and vertically integrated ("farm-to-fork") business model. In particular, Zambeef's large economies of scale and capacity will allow us to expand regionally, building on the progress which we have made in the last three years with export sales. We are initially focusing our sales efforts on establishing relationships with the key distributors and importers within the eight SADC countries immediately adjacent to Zambia to maximise the benefits of our existing footprint.

By focusing on our position as a regional food player, we will have access to a significant growth opportunities across a broader geographic footprint, generate geographically diversified revenue streams and enable valuable foreign exchange earnings to be achieved, reducing exchange rate risks. Whilst this should result in higher volumes, it will be at the expense of some margin dilution.

Strategic partnerships/alliances
In order to drive forward our regional expansion plan, we believe that it will be beneficial to form strategic alliances and partnerships with global industry players, who can provide both the financial support and technical expertise.

This process started in 2013, when we partnered with Rainbow through two joint ventures, Zam Chick Limited and Zamhatch Limited.

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.

The Zamhatch JV to establish a broiler parent stock rearing, laying and hatching operation for the supply of day old chicks enables 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 the sale of day old chicks 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 the JVs coming through over the next 12 months as the Zam Hatch operations come on stream.

In this vein, we are actively exploring other alliances and partnerships.

Realising value
In our 2013 audited accounts, we announced a significant capital gain of USD 98.7million resulting from the revaluation of our assets. This was a pleasing reflection of the investment we have made over the past few years to establish Zambeef as a leading agricultural producer.

We are actively looking at ways of realising some of this value, which should result in cash inflow. This will allow us, inter alia, to reduce USD denominated debt, thereby reducing exchange rate risks 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.

Board of Directors

As was announced to the market on 28 January 2014, Charles Mpundu was appointed as Non-Executive Director of the Company with effect from 1 February 2014. Charles has diverse expertise and a successful track record of achievements in both the private and public sectors. His experience and relationships with Zambian institutional investors is expected to be of value to Zambeef and we look forward to working with him to further increase shareholder value.

Conclusion and outlook

Based on the Group's current trading, the Board anticipates that the second half performance will be broadly similar to that in the first half.

Nevertheless, whilst this has been a challenging six months for the Group, we remain confident that the Group is sufficiently robust and diversified to weather this period of turbulence. Further, we believe that the positive measures being adopted by the

Board will serve to strengthen the business model and will underpin an improved performance as we move into the 2015 financial year.

Dr Jacob Mwanza
Chairman

16 June 2014

CHIEF EXECUTIVE'S REVIEW

Overview

This has been a challenging six month period for Zambeef, with performance impacted by a number of external factors and events as reported in more detail below.

Exchange Rate Volatility

The Zambian Kwacha has depreciated significantly during the period. Compared to a depreciation of 4.3 per cent. for the whole of 2013, the first six months of this financial year saw the exchange rate depreciate by over 15 per cent. This has resulted in an escalation in Zambeef's dollar-denominated operating costs, particularly in the edible oils, stock feed and cropping divisions, thus impacting negatively on the Group's financial performance. The total reduction in the gross profit of these divisions was ZMW 19.7 million (USD 3.2 million). Group exchange losses for the six months ended 31 March 2014 was ZMW 29.5 million (USD 5.2 million).

Increased Competition

Increased competition into a highly price-sensitive market have put further pressure on margins, meaning additional costs, particularly feed and imported raw materials such as chemicals and fertilisers, cannot readily be passed on to consumers. This has been a particular issue in the edible oils division, where competition has become very intense, exacerbated by the continued flooding of cheap and unregulated oil imports into the country.

African Swine Fever

Whilst the Group's animals were not affected by the outbreak of African Swine Fever in Zambia, the government imposed restrictions on the movement of pigs and the sale of pork products, which lasted for approximately three months until mid-February 2014, as a result, Masterpork was closed for three months, which significantly impacted performance at Masterpork, where profits reduced by ZMW 6.1 million (USD 1.0 million).

Commodity Prices

With increased soya production in the country, the price of soya beans decreased by ZMW 612 (USD 100) per ton in H1 2014, and this impacted Group profits by ZMW 22.7 million (USD 3.7 million).

Imported Beef Products

There is still an "overhang" from the imported beef products issue last year, and in order to regain market share, the beef division has operated in this period at reduced margins, resulting in profits being behind the previous year's results.

OPERATIONAL REVIEW

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

Table 1: Segmental and Divisional Turnover

TURNOVER	2014 (USD'000)	2013 (USD'000)	% change	2014 (ZMW'000)	2013 (ZMW'000)	% change
Edible Oils	32,006	38,825	(18)	180,193	204,894	(12)
Beef	30,126	34,146	(12)	169,611	180,201	(6)
Cropping	28,315	23,368	21	159,412	123,321	29
Stock feed	27,566	23,950	15	155,194	126,394	23
Chicken and egg	14,811	16,537	(10)	83,389	87,271	(4)
West Africa	8,757	7,668	14	49,300	40,471	22
Pork	8,749	11,575	(24)	49,256	61,088	(19)
Mill & bakery	6,822	7,457	(9)	38,410	39,353	(2)
Milk & dairy	6,680	5,515	21	37,608	29,105	29
Fish/Zamchick Inn/Leather	4,856	5,564	(13)	27,337	29,362	(7)
Total	**168,687**	**174,605**		**949,710**	**921,460**	

Less: Intra/Inter Group Sales	(28,457)	(21,254)		(160,214)	(112,164)	
Group Total	**140,230**	**153,351**	**(9)**	**789,496**	**809,296**	**(2)**

Table 2: Segmental and Divisional Gross profit

GROSS PROFIT	**2014 (USD'000)**	**2013 (USD'000)**	**% change**	**2014 (ZMW'000)**	**2013 (ZMW'000)**	**% change**
Edible oils	6,206	9,232	(33)	34,942	48,723	(28)
Beef	7,535	11,240	(33)	42,421	59,321	(28)
Cropping	13,553	14,972	(9)	76,302	79,011	(3)
Stock feed	4,898	5,840	(16)	27,578	30,819	(11)
Chicken and egg	3,577	4,086	(12)	20,140	21,566	(7)
West Africa	2,486	1,817	37	13,997	9,585	46
Pork	1,130	1,412	(20)	6,364	7,452	(15)
Mill & bakery	1,372	1,863	(26)	7,724	9,830	(21)
Milk & dairy	3,364	3,119	8	18,937	16,463	15
Fish/Zamchick Inn/Leather	1,730	2,021	(14)	9,742	10,666	(9)
Group Total	**45,852**	**55,602**	**(18)**	**258,147**	**293,436**	**(12)**

Capital expenditure

During the period, we invested ZMW 41.2 million (USD 7.3 million) of capital in the business. This capital expenditure has primarily been on farm equipment in the cropping division (ZMW 6.6 million / USD 1.1 million), pelleting line at Novatek stock feed (ZMW 5.2 million / USD 0.8 million), cow sheds at Kalundu dairy (ZMW 4.6 million / USD 0.8 million), and the palm project (ZMW 6 million / USD 1.7 million).

DIVISIONAL REVIEW

Taking each of our business areas in turn as follows:

Edible oils

	Six months to 31 March 2014 ***USD'000s***	**Six months to 31 March 2013** ***USD'000s***	**% change**	**% of Group (2014)**
Revenue	32,006	38,825	(17.6%)	19%
Gross profit	6,206	9,232	(32.8%)	13.5%

Competition from unregulated imported edible oils has impacted the market, putting pressure on margins that have also been depressed by exchange rate movements and increased competition. This has resulted in a significant reduction in edible oil margins and therefore lower profits. In addition, the high cost soya beans bought last year have also affected margins.

For the six months to 31 March 2014, Zamanita crushed 25,789 tons of soya beans, compared to 27,133 tons for the same period last year, and expects to crush approximately 65,000 to 70,000 tons in total this year, compared to 60,000 tons last year. Of this, approximately 38,000 tons of soya beans have been sourced internally within the Group from Zambeef's farming division.

Soya meal continues to be in high demand across the region, however, the supply of soya meal into the market has increased significantly. This has put downward pressure on prices and margins. Currently, 55 per cent. of Zamanita's turnover is derived from soya meal. Soya meal volume sales increased from 31,632 tons last period to 32,111 tons for this period.

However, edible oil volume sales for this period decreased to 9,378 tons, compared to 10,208 tons for the same period last year.

Zamanita has made good progress in driving export sales as it aims to become a regional rather than just a domestic distributor and is now exporting into Zimbabwe, South Africa, Botswana and Namibia. Exports now account for 36.2 per cent. of Zamanita's revenue.

In view of the increased competition, Zamanita has embarked on expanding its product range. Currently, Zamanita is one of only three companies in Zambia able to produce Solvent Extracted soya meal and has already begun production of Full Fat soya meal. We intend to start production of Mechanically Extracted meal in 2014, which will make Zamanita a supplier of all the different varieties of soya meal for use in the manufacture of animal feeds.

Beef

	Six months to 31 March 2014 ***USD'000s***	**Six months to 31 March 2013** ***USD'000s***	**% change**	**% of Group (2014)**
Revenue	30,126	34,146	(11.8%)	17.9%
Gross profit	7,535	11,240	(33%)	16.4%

Beef demand remained stagnant for the first three months of the year, before improving slightly in the second quarter. There is still an "overhang" from the imported beef products issue last year, and in order to regain market share, this division has operated in this period at reduced margins, resulting in profits being behind the previous year's results.

The division slaughtered 30,856 (9,571 commercial and 21,285 traditional) cattle during the period, compared to approximately 50,629 for the whole of last year, and whilst supply of commercial beef was adequate, increasing demand for traditional animals put pressure on supply lines at the satellite abattoirs, necessitating increased purchase pricing.

Given the challenging market conditions, including competition for Zambian animals from neighbouring countries, management has adopted a strategy focused on improved efficiencies and closer supplier relationships. Nevertheless, the pronounced growth of the regional market also presents exciting opportunities for this division.

Stock feed (Novatek)

	Six months to 31 March 2014 ***USD'000s***	**Six months to 31 March 2013** ***USD'000s***	**% change**	**% of Group (2014)**
Revenue	27,566	23,950	15.1%	16.3%
Gross profit	4,898	5,840	(16.1%)	10.7%

Following the capacity and efficiency enhancements carried out last year, Novatek was able to increase sales volumes, supported by to the wider product offering available to our customers. For the six months to 31 March 2014, Novatek produced 53,730 tons of animal feed, compared to 45,634 tons for the same period last year, and expects to produce approximately 117,000 tons overall this year, compared to 89,701 tons last year.

In May 2014, a second pelleting line was commissioned, which increased Novatek's capacity to produce pelleted feed by 50 per cent. Pelleted feed is largely used by the poultry industry, which is showing good growth, and we therefore expect Novatek's revenue to increase further during the second half of this financial year. The increased production capacity for pelleted feed will also underpin our supply chain for Zam Chick and Zamhatch.

Restrictions on the availability of day old broiler chicks in the market had a negative impact on feed sales.

However, this should improve during the remainder of the year as recent hatching capacity investments within the industry come on line.

A combination of US dollar-denominated inputs and Kwacha-based sales, along with increased competition in the Zambian market, has affected Novatek's margins, as we have not been able to pass on these increased costs to livestock producers, due to competitive pressures.

This is being mitigated as the benefits of Zambeef's shift in emphasis towards a more regional market approach begin to be reflected in performance. Zimbabwe and Namibia are already proving attractive markets for the Company's products; we have also started exporting to Malawi and export earnings now account for 9.0 per cent. of Novatek's turnover.

Cropping

	Six months to 31 March 2014 *USD'000s*	**Six months to 31 March 2013** *USD'000s*	**% change**	**% of Group (2014)**
Revenue	28,315	23,368	21.2%	16.8%
Gross profit	13,553	14,972	(9.5%)	29.6%

Despite good yields (especially at Mpongwe farm, which continues to achieve market-leading yields), the cropping division has seen a reduction in profits, largely due to a reduction in soya bean prices from USD600/ton to USD500/ton over the last year, whilst input costs, a number of which are US dollar denominated, have increased.

Total arable land available for planting in the two cropping seasons was 24,156 Ha; 16,199 Ha for the summer cropping season (November-March) and 8,118 Ha for the winter cropping season (April-September).

The summer crops consisted of 11,361 Ha soya beans, which produced 38,627 tons of soya beans at an average yield of 3.4 tons/Ha; 2,890 Ha maize, which produced 26,588 tons of maize at an average yield of 9.2 tons/Ha; and the balance of 1,948 Ha being made up of other crops such as maize silage, pasture and sunhemp, which produced a total of over 23,000 tons of forage.

For the winter cropping season, we have planted 6,384 Ha wheat (estimated to produce 44,500 tons at an average yield of 7 tons/Ha); 258 Ha of barley (estimated to produce 2,200 tons at an average yield of 8.5 tons/Ha); 975 Ha of winter maize (estimated to produce 8,500 tons at an average yield of 8.75 tons/Ha) and a further 175 Ha of pastures (estimated to produce 1,600 tons of forage).

Chicken & Egg

	Six months to 31 March 2014 *USD'000s*	**Six months to 31 March 2013** *USD'000s*	**% change**	**% of Group (2014)**
Revenue	14,811	16,537	(10.4%)	8.8%
Gross profit	3,577	4,086	(12.4%)	7.8%

A large stock holding position of chicken products in a competitive market resulted in discounted selling prices to move this stock, which caused a drop in revenue and gross profits.

However, the division is beginning to see the benefits from its joint venture with Rainbow and has started to expand its value added range. Since January 2014, following the installation and commissioning of our new Gyro Freezer, market demand has increased considerably due to the launch of our new Individually Quick Frozen portions.

One of the initial plans agreed with Rainbow was to convert the present broiler houses into a semi-controlled environment, which has the scope to increase production volumes with a reduced cost of production. The first three broiler houses have been modified into semi-controlled units, which have created a 50 per cent. increase in their stocking capacity with improved efficiencies as compared to the original open sided houses. Conversion of more of the existing open sided houses will continue in the latter half of 2014.

For the six months to 31 March 2014, Zam Chick produced 2,907,000 broiler chicks, increased from 2,552,300 for the same period last year, and expects to produce approximately 6,150,000 broiler chicks this year, compared to 5,349,300 last year.

Zamhatch is targeting the supply of day old chicks from our new breeder operation for which construction has already begun and which should be fully operational within the next 12 months.

The egg market has continued to expand and following the construction of two new layer houses last year, which increased layers in production from 126,000 to 156,000, the egg division increased egg production from 14,282,040 million eggs for the first six months of last year to 19,112,760 million for the same period this year. We expect to produce approximately 36.5 million eggs this whole year, compared to 33.5 million last year.

Pork

	Six months to 31 March 2014 *USD'000s*	**Six months to 31 March 2013** *USD'000s*	**% change**	**% of Group (2014)**
Revenue	8,749	11,575	(24.4%)	5.2%
Gross profit	1,130	1,412	(20%)	2.5%

Masterpork had a difficult start to the current financial year, when an outbreak of African Swine Fever ("ASF") was detected in Lusaka Province. The government banned all movement of live pigs and pork products in and out of Lusaka Province. This lasted for three months from November 2013 to February 2014.

Whilst the Group's animals were not affected by the outbreak of ASF, the government-imposed restrictions on the movement of pigs and the sale of pork products resulted in Masterpork being closed for three months, thus significantly impacting performance.

Once the Masterpork plant was re-opened, there was still a restriction in the movement of pigs and pork products, which led to a shortage of pigs, and Masterpork had to use more expensive ingredients as a substitute ingredient in all its processed products. This significantly affected margins and gross profits of Masterpork. Margins and gross profitability have also been affected by the depreciating local currency (as this increased the US dollar denominated input costs such as spices and feed) as well the impact of some cheap and unregulated imported pork products entering the market.

For the six months to 31 March 2014, Masterpork slaughtered 13,751 pigs, compared to 26,507 for the same period last year, and expects to slaughter approximately 32,000 pigs this year, compared to 54,000 last year. Since the ban was lifted in March 2014, we have seen demand and sales increase and we anticipate a return to normal trading and profitability in the second half of the year.

West Africa

	Six months to 31 March 2014 *USD'000s*	**Six months to 31 March 2013** *USD'000s*	**% change**	**% of Group (2014)**
Revenue	8,757	7,668	14.2%	5.2%
Gross profit	2,486	1,817	36.8%	5.4%

Zambeef's West Africa operations continue to grow in line with Shoprite's increasing footprint in the region, as the West African operations continue to be driven largely by the roll out of Shoprite stores. Following the opening of two new Shoprite stores in Kano and Abuja, and two new self-operated retail outlets, there has been a resulting increase in revenue across the operations. We now have nine Shoprite stores and six self-operated outlets in Nigeria, and three Shoprite stores in Ghana.

Shoprite's aim is to continue a programme of opening at least three to four new stores every year. In Nigeria, new stores planned to open in H2/2014 include Ibadan (July 2014) and Apapa/Lagos (August 2014). Shoprite expects to open four new stores in 2015 and a further five in 2016. In Ghana, Shoprite plans to open two new stores in Accra by December 2014.

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.

Milk and Dairy

	Six months to 31 March 2014 *USD'000s*	Six months to 31 March 2013 *USD'000s*	% change	% of Group (2014)
Revenue	6,680	5,515	21.1%	4.0%
Gross profit	3,364	3,119	7.8%	7.3%

Demand for milk and dairy products remains buoyant and we have made good progress with improving our yields, herd health conditions and the number of milking cows, supported by increased sourcing from third party suppliers. Cows in milk have increased from an average of 731 in 2013 to 800 in 2014 and we expect to have over 900 cows in milk in 2015.

The factors contributing to improving yields include the improved feed efficiencies and fodder quality (feeding the cows on home grown Lucerne and silage from Zambeef's farms), strong partnerships with small scale outgrowers and improved herd health management (through construction of two new 320 cow freestall barns). Conception rates also continue to improve, resulting in increased milk production.

For the six months to 31 March 2014, the dairy farm sold 3,263,175 litres of milk, compared to 2,772,646 litres for the same period last year, and expects to sell 6,350,000 litres this year, compared to six million litres last year.

In November 2013 Zambeef trebled its milk processing capacity with the opening of a new plant. This division is performing very well and ahead of management expectations.

With the commissioning of the new milk processing plant in November 2013, which increased milk processing capacity from 25,000 litres per day to 65,000 litres per day, we expect this division to continue on its positive growth trend.

Mill and Bakery

	Six months to 31 March 2014 *USD'000s*	Six months to 31 March 2013 *USD'000s*	% change	% of Group (2014)
Revenue	6,822	7,457	(8.5%)	4.0%
Gross profit	1,372	1,863	(26.4%)	3.0%

This is a highly competitive sector and in order to retain our market share, we had to reduce our biscuit flour prices, which accounts for 75 per cent. of our flour business.

The Zambeef retail framework will allow us to continue being a national distributor of flour.

We also took the decision to close our bakery in October 2013, as transporting a perishable product over long distances in a highly competitive market was not viable.

Other Divisions (Fish, Zamchick Inn & Leather)

	Six months to 31 March 2014 *USD'000s*	**Six months to 31 March 2013** *USD'000s*	**% change**	**% of Group (2014)**
Revenue	4,856	5,564	(12.7%)	2.9%
Gross profit	1,730	2,021	(14.3%)	3.8%

Fish:

Turnover decreased by 32 per cent., gross margins increased from 29.9 per cent. to 30.8 per cent. and gross profits decreased by 30 per cent.

Fish continues to be an attractive substitute for meat protein, however, the key to success lies in a good supply base, an efficient distribution network and a quality product. Despite sustained demand, this sector's performance has previously been hampered by poor supply from our existing suppliers. In the first half, we have started new relationships with two additional suppliers, whose contracts provide more competitive pricing linked to bulk purchases, as well as the potential to expand into other fish and seafood offerings, across both our existing sales channels and the retail chains.

Zamchick Inn:

Turnover decreased by 3.8 per cent., gross margins decreased from 53.6 per cent. to 45.6 per cent. and gross profits decreased by 18.1 per cent.

We now have seven Zamchick Inns, having closed one outlet during the period. There is enormous competition in this sector and as such, our aim is to maintain market share, revenues and margins through improving quality and efficiency.

Zamleather:

Turnover increased by 6.2 per cent., gross margins decreased from 35.4 per cent. to 34.8 per cent. and gross profits increased by 4.4 per cent.

Wet blue leather production and sales increased by over 10 per cent., however, there was a drop in demand and sales for finished leather from the regional market.

Zamleather is now tanning an average of 7,800 hides per month (compared to 7,000 hides per month last year), owing to an increase in supply of raw hides from both Zambeef and from third party suppliers. However, higher hide prices and contract tanning resulted in a slight dilution of margins.

Zampalm

The palm project, which was commenced in 2009, is making good progress. Zampalm currently has 326,600 palms planted over an area of 2,132 Ha in the main plantation, with another 108,000 seedlings in the main and pre-nurseries.

The intention is to plant another 700 Ha in 2015, taking the total plantation size to 2,832 Ha, and construct a crushing mill. The first mill will be established in 2014/15 and an additional mill will be established in 2017. The total investment to date is c.USD 16million.

Conclusion and outlook

Our business performance has been negatively impacted by a number of factors, many of which have been outside our control. The sudden and unexpected volatility in the Zambian Kwacha, together with an outbreak of disease, has had a considerable impact on Zambeef's business. Whilst competitive pressures remain for a number of our divisions, we believe that our focus on developing our offering, and value-added products in particular, will help to underpin our long-term performance.

In addition, we believe that our platform, with established operations and capacity, will enable Zambeef to take advantage of the significant growth opportunities presented by the region, rather than Zambia alone. Therefore, we look forward to making continued progress towards our strategic aim of becoming a major regional food producer.

Francis Grogan
Chief Executive Officer

Date: 16 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2014

	Unaudited		Audited
	Mar 2014	Mar 2013	Sept 2013

Group	Notes	*USD'000s*	*USD'000s*	*USD'000s*
Revenue	5	140,230	153,351	300,388
Net gain/ (loss) arising from price changes in fair value of biological assets	9	(2,761)	900	448
Cost of sales		(91,617)	(98,649)	(196,734)
Gross profit	5	45,852	55,602	104,102
Administrative expenses		(43,228)	(42,892)	(89,300)
Other income		77	14	97
Operating profit		2,701	12,724	14,899
Exchange losses on translating foreign currency transactions and balances		(5,239)	(2,888)	(2,955)
Impairment		-	-	(134)
Finance costs		(3,999)	(3,430)	(7,699)
Profit/(loss) before taxation	5	(6,537)	6,406	4,111
Taxation credit/(charge)	6(f)	(259)	184	(1,091)
Group profit/(loss) for the period		(6,796)	6,590	3,020
Group profit/(loss) attributable to:				
Equity holders of the parent		(7,275)	6,626	2,593
Non-controlling interest		479	(36)	427
		(6,796)	6,590	3,020
Other comprehensive income				
Exchange losses on translating presentational currency		(31,259)	(10,041)	(7,816)
Total comprehensive income/(loss) for the period		(38,055)	(3,451)	(4,796)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		(38,080)	(3,445)	(4,755)
Non-controlling interest		25	(6)	(41)
		(38,055)	(3,451)	(4,796)
Earnings/(loss) per share		Cents	Cents	Cents
Basic and diluted earnings/(loss) per share	7	(2,93)	2.67	1.05

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2014

	Share capital	Share premium	Revaluation reserve	Foreign exchange translation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling Interest	Total equity
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
At 1 October 2012	61	123,283	16,657	(36,755)	44,370	147,616	(161)	147,455
Transactions with owners	-	-	-	-	-	-	-	-
(Loss)/profit for the period	-	-	-	-	6,626	6,626	(36)	6,590
Arising during the period	-	-	4,671	-	-	4,671	1,488	6,159
Transfer of surplus depreciation	-	-	(235)	-	235	-	-	-
Other comprehensive income								
Exchange (losses)/gains on translating presentational currency	-	-	-	(10,071)	-	(10,071)	30	(10,041)
Total comprehensive income for the period	-	-	4,436	(10,071)	6,861	1,226	1,482	2,708
Transactions with owners								
Gain on disposal of non controlling interest	-	-	-	-	13,082	13,082	-	13,082
	-	-	-	-	13,082	13,082	-	13,082
At 31 March 2013	61	123,283	21,093	(46,826)	64,313	161,924	1,321	163,245
Gain on disposal of non controlling interest	-	-	-	-	(80)	(80)	-	-
Transactions with owners	-	-	-	-	(80)	(80)	-	(80)
Profit/(loss) for the period	-	-	-	-	(4,033)	(4,033)	463	(3,570)
Arising during the period	-	-	90,169	-	-	90,169	2,359	92,528
Transfer of surplus depreciation	-	-	(8,440)	-	8,440	-	-	-
Other comprehensive income:	-	-	-	-	-	-	-	-
Exchange gains/(losses) on translating presentational currency	-	-	-	2,724	-	2,724	(499)	2,225
Total comprehensive income for the period			81,729	2,724		88,780	2,323	91,103
At 30 September 2013	61	123,283	102,822	(44,102)	68,640	250,704	3,644	254,348
Profit/(loss) for the period	-	-	-	-	(7,275)	(7,275)	479	(6,796)
Arising during the period	-	-	-	-	-	-	-	-
Transfer of surplus depreciation	-	-	(240)	-	240	-	-	-
Other comprehensive income	-	-						
Exchange (losses)/gains on translating presentational currency	-	-	-	(30,805)	-	(30,805)	(454)	(31,259)
Total comprehensive income	-	-	(240)	(30,805)	(7,035)	(38,080)	25	(38,055)
At 31 March 2014	61	123,283	102,582	(74,907)	61,605	212,624	3,669	216,293

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2014

		Unaudited		Audited
		31 Mar 2014	**31 Mar 2013**	**30 Sept 2013**
	Notes	*USD '000s*	*USD '000s*	*USD '000s*
ASSETS				
Non – current assets				
Goodwill		2,565	2,901	2,951
Property, plant and equipment		236,875	169,433	262,371
Plantation development expenditure		9,376	8,317	9,654
Investment	8	1	-	-
Biological assets	9	3,254	2,035	2,229
Deferred tax asset	6(j)	3,928	1,028	3,080
		255,999	183,714	280,285
Current assets				
Biological assets	9	34,852	36,653	21,396
Inventories		48,023	68,641	88,927
Trade and other receivables		18,927	40,636	11,614
Amounts due from related companies		2,813	1,560	340
Income tax recoverable	6(h)	1,559	228	289
		106,174	147,718	122,566
Total assets		**362,173**	**331,432**	**402,851**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		61	61	61
Share premium		123,283	123,283	123,283
Reserves		89,280	38,580	127,360
		212,624	161,924	250,704
Non-controlling interest		3,669	1,321	3,644
		216,293	163,245	254,348
Non – current liabilities				
Interest bearing liabilities	11	61,248	62,387	62,993
Obligations under finance leases		1,404	2,554	1,588
Deferred liability		1,227	1,327	1,277
Deferred tax liability	6(j)	3,772	893	2,868
		67,651	67,161	68,726
Current liabilities				
Interest bearing liabilities	11	11,384	7,268	16,992
Collateral management agreement	11	14,440	30,790	22,550
Obligations under finance leases		1,405	1,583	1,727
Trade and other payables		30,961	31,516	29,210
Amounts due to related companies		-	292	296
Taxation payable	6(h)	1,485	659	691
Cash, cash equivalents	10	18,554	28,918	8,311
		78,229	101,026	79,777
Total equity and liabilities		**362,173**	**331,432**	**402,851**

The accompanying notes form part of the financial statements. The interim financial statements on pages 19 to 48 were approved by the Board of Directors on and were signed on its behalf by

)
)
) **DIRECTORS**
)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2014

	Unaudited		Audited
	6 months to	6 months to	Year to
	31 Mar 2014	31 Mar 2013	30 Sept 2013
	USD'000s	*USD'000s*	*USD'000s*
Cash inflow from operating activities			
Profit/(loss) before taxation	(6,537)	6,406	4,111
Finance costs	3,998	3,430	7,699
Loss on disposal of property, plant and equipment	(214)	-	(8)
Depreciation	5,234	4,383	9,465
Impairment on property, plant and equipment	-	-	134
Fair value price adjustment	2,761	(900)	(448)
Net unrealised foreign exchange losses	3,302	3,238	1,545
Earnings before interest, tax, depreciation and amortisation	8,544	16,557	22,498
(Increase)/decrease in biological assets	(21,860)	(13,960)	80
Decrease in inventory	31,829	30,429	6,057
(Increase)/decrease in trade and other receivables	(9,601)	(15,116)	310
(Increase)/decrease in amount due from related companies	(2,735)	(1,102)	99
(Decrease)/increase in trade and other payables	6,054	(6,168)	(6,929)
(Decrease)/increase in amount due to related companies	(279)	212	219
Increase/(decrease) in deferred liability	127	241	(178)
Income tax paid	(816)	(326)	(1,687)
Net cash inflow/(outflow) from operating activities	11,263	10,767	20,469
Investing activities			
Purchase of property, plant and equipment	(6,244)	(7,144)	(11,626)
Expenditure on plantation development	(1,070)	(1,661)	(2,278)
Proceeds from disposal of investment	-	-	14,250
Purchase of investment	(1)	-	-
Proceeds from sale of assets	49	-	244
Net cash (outflow)/inflow (on)/in investing activities	(7,265)	(8,805)	590
Net cash inflow before financing	3,998	1,962	21,059
Financing			
Long term loans repaid	(3,558)	(3,121)	(5,744)
Receipt from long term loans	-	375	7,019
(Repayment)/receipt of short term funding	(6,205)	(1,290)	1,220
Lease finance	(79)	(542)	(1,173)
Finance costs	(3,998)	(3,430)	(7,699)
Net cash (outflow)/inflow from financing	(13,840)	(8,008)	(6,377)
(Decrease)/increase in cash and cash equivalents	(9,842)	(6,046)	14,682
Cash and cash equivalents at beginning of year	(8,311)	(19,324)	(19,324)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(401)	(3,548)	(3,669)
Cash and cash equivalents at end of year	(18,554)	(28,918)	(8,311)
Represented by:			
Cash in hand and at bank	10,095	9,005	20,101
Bank overdrafts	(28,649)	(37,923)	(28,412)
	(18,554)	(28,918)	(8,311)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2014

1. **The Group**

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses 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, flour and bread. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,350 Ha of irrigated row crops and 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. 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 are allocated against the interests of the parent.

(b) **Going Concern**

At the balance sheet date the current portion of long term loan amounts repayable amount to ZMW166.6 million (USD27.2 million) [30 September 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. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out.

(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 comparatives have been rebased by dividing the nominal value of the existing currency by a multiplicand of 1,000 and are also presented in the new alphabetic currency code for the Zambian Kwacha (ZMW).

The information for the period ended 31 March 2014 and 31 March 2013 do not constitute statutory accounts. The figures for the year ended 30 September 2013 have been extracted from the 2013 statutory financial statements. The auditors' report on those financial statements was unqualified.

The financial statements are prepared in accordance with the provisions of the Companies Act 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.

(d) **Foreign currencies**

(i) *Presentational and functional currency*

Zambeef Products PLC as a company has ten operating branches of which nine have a historical functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farm Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the financial year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:

- the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to origin prices being USD;
- the pricing of Mpongwe's principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;
- the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;
- the Mpongwe assets were purchased in USD;
- upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and
- 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, with any differences arising out of translation posted as a capital reserve item and a non-distributable reserve.

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

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

Statement of comprehensive income items have been translated using the average exchange rate for the period 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 also been transferred to the foreign exchange reserve within equity.

The following exchange rates have been applied:

ZMW:USD	Average exchange rate	Closing exchange rate
6 months ended 31 March 2013	5.277	5.410
Year ended 30 September 2013	5.31	5.32
6 months ended 31 March 2014	5.63	6.12

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

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

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

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

The following exchange rates have been applied:

ZMW:Nigeria Naira	Average exchange rate	Closing exchange rate
6 months ended 31 March 2013	29.72	29.02
Year ended 30 September 2013	29.76	30.08
6 months ended 31 March 2014	28.51	26.63

ZMW:Ghana Cedi	Average exchange rate	Closing exchange rate
6 months ended 31 March 2013	0.366	0.357
Year ended 30 September 2013	0.412	0.377
6 months ended 31 March 2014	0.425	0.441

(e) **General information and basis of preparation**
The condensed interim consolidated financial statements are for the six months ended 31 March 2014 and are presented in Zambian Kwacha and United States Dollars. They have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2013.

(f) **Significant accounting policies**
The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 September 2013.

3. **Critical accounting estimates and judgements**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made judgements in determining:

(a) the classification of financial assets;
(b) whether assets are impaired;
(c) estimation of provision and accruals;
(d) recoverability of trade and other receivables; and
(e) valuation of biological assets and inventory.

4. **Significant events and transactions**

The Group's management 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) High copper prices leading to higher inflow of foreign exchange and trickle-down effect to end consumers.
(c) Increase in the retail foot print of the Group.
(d) Increase in production facilities of the Group leading to higher volumes available for retail.
(e) Improvements in the management team across various areas of the Group leading to positive reinforcement of strong operational synergies.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital credit risk and liquidity risk should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2013.

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 Board of Directors ('BoD') 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 BoD to use for such purposes. The BoD 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.

During the six month period to 31 March 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and gross profit generated by each of the Group's operating segments and segment assets are summarised as follows:

Period ended 31 March 2014
(ii) in US Dollars

Segment	Revenue	Gross Profit
	USD '000s	*USD '000s*
Beef	30,125	7,534
Chicken	12,065	2,615
Pork	8,749	1,130
Crops - row crops	28,315	13,553
Stock feed	27,566	4,898
Eggs	2,747	963
Fish	1,665	512
Milk	6,680	3,364
Zamchick Inn	1,002	457
Edible oils	32,006	6,206
Bakery & flour	6,822	1,372
Leather/shoe	2,188	762
Master Meats (Nigeria)	7,172	2,036
Master Meats (Ghana)	1,585	450
Total	**168,687**	**45,852**
Less: intra/inter group sales	(28,457)	
Group total	**140,230**	**45,852**
Central operating costs		(43,152)
Operating profit		2,700
Foreign exchange losses		(5,239)
Finance costs		(3,998)
Profit before tax		(6,537)

Operating assets/(liabilities)

	Zambeef	Retailing	Zamanita	Master Pork	Zampalm	Other	Total
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
Property plant and equipment and plantation development expenditure	142,323	24,923	32,327	6,598	17,497	22,583	246,251
Biological assets and inventories	54,111	7,378	16,596	2,517	3,254	2,272	86,129
Cash, cash equivalents and bank overdrafts	(11,731)	(2,826)	(6,234)	252	28	1,957	(18,554)

Period ended 31 March 2013
(ii) in US Dollars

Segment	Revenue USD'000s	Gross Profit USD'000s
Beef	34,146	11,240
Chicken	14,516	3,270
Pork	11,575	1,412
Crops - row crops	23,368	14,972
Stock feed	23,950	5,840
Eggs	2,021	816
Fish	2,461	733
Milk	5,515	3,119
Zamchick Inn	1,042	558
Edible oils	38,825	9,232
Bakery & flour	7,457	1,863
Leather/shoe	2,061	730
Master Meats (Nigeria)	6,165	1,408
Master Meats (Ghana)	1,503	409
Total	**174,605**	**55,602**
Less: intra/inter group sales	(21,254)	
Group total	**153,351**	**55,602**
Central operating costs		(42,878)
Operating profit		12,724
Foreign exchange losses		(2,888)
Finance costs		(3,430)
Loss before taxation		6,406

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 and plantation development expenditure	107,460	18,500	21,551	6,156	11,802	12,281	177,750
Biological assets and inventories	72,696	8,289	18,103	2,553	2,035	3,653	107,329
Cash, cash equivalents and bank overdrafts	(19,639)	(3,539)	(6,727)	(324)	(9)	1,320	(28,918)

Year ended 30 September 2013

(ii) in US Dollars

Segment	**Revenue**	**Gross Profit**
	USD'000s	*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	11,563	4,962
Zamchick Inn	2,263	1,082
Edible oils	69,764	19,202
Bakery & flour	14,840	3,002
Leather/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)	
Group total	**300,388**	**104,102**
Central operating costs		(89,337)
Operating profit		14,765
Foreign exchange gains		(2,955)
Finance costs		(7,699)
Profit before tax		4,111

Operating assets/(liabilities)

	Zambeef	**Retailing**	**Zamanita**	**Master Pork**	**Zampalm**	**Other**	**Total**
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*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)

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

	31 Mar 2014		31 Mar 2013		30 Sept 2013	
	Revenues	**Non-current assets**	**Revenues**	**Non-current assets**	**Revenues**	**Non-current assets**
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
Zambia	109,550	252,327	129,924	179,629	255,163	276,245
West Africa	8,757	3,672	7,668	4,085	16,086	4,040
Rest of world	21,923	-	15,759	-	29,139	-
	140,230	255,999	153,351	183,714	300,388	280,285

6. **Taxation**

	Income tax expense	**March 2014**	**March 2013**	**September 2013**
		USD'000s	*USD'000s*	*USD'000s*
(f)	**Tax charge**			
	Current tax:			
	Tax charge	315	407	1,753
	Deferred tax:			
	Deferred taxation (note 6(j))	(56)	(591)	(662)
	Tax (credit)/charge for the period	259	(184)	1,091
(g)	**Reconciliation of tax charge**			
	Profit/(loss) before taxation	(6,537)	6,406	4,111
	Taxation on accounting profit	(383)	1,171	355
	Effects of:			
	Permanent differences:			
	Disallowable expenses	375	294	737
	Loss on sale of assets	-	-	-
	Timing differences:			
	Capital allowances and depreciation	(1,946)	(2,565)	(843)
	Livestock and crop valuations adjustment	66	(461)	(293)
	Overprovision in prior years	-	-	-
	Other income	(20)	(358)	(19)
	Unrealised exchange gains	274	(114)	(348)
	Unrealised tax loss	1,925	2,440	2,166
	Foreign exchange	24	-	-
	Tax charge for the period	315	407	1,753
(h)	**Movement in taxation account**			
	Taxation payable at 1 October	402	375	375
	Charge for the year	315	407	1,730
	Overprovision in the prior year	-	-	-
	Arising on consolidation	-	-	-
	Taxation paid	(816)	(326)	(1,687)
	Foreign exchange	25	(25)	(16)
	Taxation payable as at the end of the period	(74)	431	402
	Taxation payable	1,485	659	691
	Taxation recoverable	(1,559)	(228)	(289)

Taxation payable as at 30 September	(74)	431	402

(i) 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 years ended 30 September 2013. Quarterly tax returns for the year ended 30 September 2014 were made on the due dates during the period.

	March 2014	March 2013	September 2013
(j) **Deferred taxation**	*USD'000s*	*USD'000s*	*USD'000s*
Represented by:			
Biological valuation	942	372	1,154
Accelerated tax allowances	9,629	597	8,838
Unrealised exchange losses	(5,470)	-	-
Tax loss	(5,257)	(1,104)	(10,204)
	(156)	(135)	(212)
Analysis of movement:			
Liability as at 1 October	(212)	468	468
Charge to profit and loss account (note 6(f))	(56)	(591)	(662)
Foreign exchange	112	(12)	(18)
(Asset)/liability as at the end of period	(156)	(135)	(212)
Deferred tax asset	(3,928)	(1,028)	(3,080)
Deferred tax liability	3,772	893	2,868
	(156)	(135)	(212)

7. **Earnings/(loss) per share**

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

The calculation of the basic and diluted earnings/(loss) per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of the basic and diluted earnings/(loss) per share is shown below:

	Mar 2014		**Mar 2013**		**Sept 2013**	
	ZMW'000s	*USD'000s*	*ZMW'000s*	*USD'000s*	*ZMW'000s*	*USD '000s*
Basic earnings per share						
Profit/(loss) for the period	(40,960)	(7,275)	34,968	6,626	13,766	2,592
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	247,978,195	247,978,195	247,978,195	247,978,195	247,978,195	247,978,195
Basic and diluted earnings/(loss) per share (Ngwee & US Cents)	(0.1652)	(2.93)	14.10	2.67	0.0555	1.05

8. **Investments**

	Mar 2014		Mar 2013		Sept 2013	
	ZMW'000s	*USD'000s*	*ZMW'000s*	*USD'000s*	*ZMW'000s*	*USD '000s*
Zamhatch Limited	5	1	-	-	-	-

Zambeef Products Limited ("Zambeef") owns 49% of the issued share capital of Zamhatch Limited ("Zamhatch"). At the period end Zamhatch was still in the initial stages of development. Zambeef had advanced Zamhatch ZMW7.7 million (USD1.26 million) for initial capital expenditure as at March 2014. The total net asset value of Zamhatch was ZMW10,000. Further investment by the shareholders has been made subsequent to year end. Zamhatch also purchased property, plant and equipment from Zambeef for ZMW2.050 million (USD0.335 million) subsequent to year end.

9. **Biological assets**

(a) 31 March 2014

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 31 March 2014 there were 8,696 cattle (4,730 feedlot cattle, 1,862 standing cattle and 2,104 dairy cattle) and 392,482 chickens (188,109 layers and 204,373 broilers), and 3,765 pigs. A total of 11,540 feedlot cattle, 120 dairy cattle, 3,137 pigs and 982,116 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 2,302 hectares.

	As at 1 October 2013	**Foreign exchange**	**Increase due to purchases**	**Gains arising from fair value attributable to physical changes**	**Gains arising from fair value attributable to price changes**	**Decrease due to harvest/ transferred to inventory**	**As at 31 Mar 2014**
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
Standing Crops	5,951	(2,397)	15,026	26,560	(2,761)	(18,601)	23,778
Feedlot cattle	9,566	(1,007)	7,305	2,087	-	(12,431)	5,520
Dairy Cattle	3,930	(552)	1,556	996	-	(2,073)	3,856
Pigs	432	(60)	2	662	-	(621)	415
Chickens	1,517	(196)	13,217	1,024	-	(14,280)	1,282
Palm Plantation	2,229	(406)	1,431	-	-	-	3,254
Total	23,625	(4,618)	38,537	31,329	(2,761)	(48,006)	38,106
Less: non-current biological assets	(2,229)	406	(1,431)	-	-	-	(3,254)
Total	21,396	(4,212)	37,106	31,329	(2,761)	(48,006)	34,852

(b) 31 March 2013

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 31 March 2013 there were 7,186 cattle (3,765 feedlot cattle, 1,449 standing cattle and 1,972 dairy cattle) and 322,603 chickens (161,352 layers and 161,251 broilers), and 3,271 pigs. A total of 9,609 feedlot cattle, 273 dairy cattle, 3,252 pigs and 1,088,898 chickens were culled during the period. The palm plantation is in developmental stage with current plantation size of 1,938 hectares.

	As at 1 Oct 2012	**Foreign exchange**	**Increase due to purchases**	**Gains/(losses) arising from fair value attributable to physical changes**	**Gains arising from fair value attributable to price changes**	**Decrease due to harvest/ transferred to inventory**	**As at 31 March 2013**
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
Standing Crops	10,445	(562)	10,939	17,091	679	(12,416)	26,176
Feedlot cattle	7,640	(328)	6,447	1,824	174	(10,954)	4,803
Dairy Cattle	3,695	(203)	1,365	657	-	(1,782)	3,732
Pigs	422	(20)	426	151	47	(645)	381
Chickens	1,246	(38)	9,464	1,702	-	(10,813)	1,561
Palm Plantation	1,280	(94)	849	-	-	-	2,035
Total	24,728	(1,245)	29,490	21,425	900	(36,610)	38,688
Less: non-current biological assets	(1,280)	94	(849)	-	-	-	(2,035)
Total	23,448	(1,151)	28,641	21,425	900	(36,610)	36,653

(c) 30 September 2013

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 30 September 2013 there were 12,398 cattle (8,348 feedlot cattle, 1,897 standing cattle and 2,153 dairy cattle) and 372,394 chickens (181,323 layers and 191,071 broilers), and 3,562 pigs. A total of 14,510 feedlot cattle, 503 dairy cattle, 6,391 pigs and 2,108,423 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 1,996 hectares.

	As at 1 October 2012	**Foreign exchange**	**Increase due to purchases**	**Gains/(losses) arising from fair value attributable to physical changes**	**Gains arising from fair value attributable to price changes**	**Decrease due to harvest/ transferred to inventory**	**As at 30 Sept 2013**
	USD'000s	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*	*USD'000s*
Standing Crops	10,445	(424)	24,165	15,475	13	(43,723)	5,951
Feedlot Cattle	7,640	(321)	19,081	3,814	178	(20,825)	9,567
Dairy Cattle	3,695	(154)	3,197	1,064	-	(3,872)	3,930
Pigs	422	(18)	780	40	507	(1,299)	432
Chickens	1,246	(52)	19,543	4,966	(250)	(23,937)	1,517
Palm oil plantation	1,280	(55)	1,004	-	-	-	2,229
Total	**24,728**	**(1,024)**	**67,770**	**25,539**	**448**	**(93,656)**	**23,625**
Less: Non-current biological assets	(1,280)	55	(1,004)	-	-	-	(2,229)
Total	**23,448**	**(969)**	**66,766**	**25,359**	**448**	**(93,656)**	**21,396**

10. **Cash and cash equivalents**

	March 2014		March 2013		September 2013	
	ZMW'000s	*USD'000s*	*ZMW'000s*	*USD'000s*	*ZMW'000s*	*USD'000s*
Cash in hand and at bank	61,781	10,095	48,719	9,005	106,935	20,101
Bank overdrafts	(175,330)	(28,649)	(205,164)	(37,923)	(151,151)	(28,412)
	(113,549)	**(18,554)**	**(156,445)**	**(28,918)**	**(44,216)**	**(8,311)**

(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 3 month 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 1 month USD LIBOR rate plus 3.6 per cent. (USD4 million for Zamanita Limited) and 1 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 3 month USD LIBOR plus 4.25 per cent. on the USD facility.

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 2.15 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 3.75 per cent. on the USD facility.

(b) **Bank overdrafts**

	March 2014		March 2013		September 2013	
	ZMW'000s	*USD'000s*	*ZMW'000s*	*USD'000s*	*ZMW'000s*	*USD'000s*
Bank overdrafts represented by:						
Zanaco Bank PLC	(45,025)	(7,358)	(42,519)	(7,859)	(28,328)	(5,325)
Citibank Zambia Limited	(23,312)	(3,809)	(61,481)	(11,365)	(37,631)	(7,074)
Stanbic Bank Zambia Limited	(44,860)	(7,330)	(47,712)	(8,819)	(39,013)	(7,333)
Standard Chartered Bank Zambia PLC	(62,133)	(10,152)	(53,452)	(9,880)	(46,179)	(8,680)
	(175,330)	**(28,649)**	**(205,164)**	**(37,923)**	**(151,151)**	**(28,412)**

(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 (USD12.5 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.

11. **Interest bearing liabilities**

	31 Mar 2014 ZMW'000s	31 Mar 2014 USD'000s	31 Mar 2013 ZMW'000s	31 Mar 2013 USD'000s	30 September 2013 ZMW'000s	30 September 2013 USD'000s
DEG – Deutsche Investitions UND Entwicklungsgesellschaft MBH (note (a))	118,391	19,345	96,011	17,747	114,624	21,546
Zanaco Bank Plc (note (b))	46,500	7,598	46,500	8,595	46,500	8,741
International Finance Corporation (note (d))	212,996	34,803	202,596	37,449	196,818	36,996
Standard Chartered Bank Zambia PLC (note (c))	154,994	25,326	198,300	36,654	187,546	35,252
	532,881	87,072	543,407	100,445	545,488	102,535
Less: short term portion of long term funding (repayable within next 12 months)	(158,043)	(25,824)	(205,893)	(38,058)	(210,364)	(39,542)
	374,838	61,248	337,514	62,387	335,124	62,993

(a) (i) DEG Term Loan 1

The Group has a loan facility of USD0.840 million (2013: USD1.256 million and original amount USD5 million) from DEG. Interest on the loan is 2.75 per cent. above the 6 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 (USD12.5 million), Standard Chartered Bank Zambia Plc (USD5.2 million) and Zanaco Bank Plc (USD4 million and ZMW22.5 million) and Stanbic Bank Zambia Limited (USD1 million and ZMW42 million).

(ii) DEG Term Loan 2

The Group has a loan facility of USD12.505 million (2013: USD14.29 million and original amount of USD25 million) from DEG. Interest on the loan is 4.55 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 14 bi-annual instalments of USD1,785,000 commencing November 2010 and expiring in May 2017.

The 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 which is still the balance as at 31 March 2014. Interest on the loan is 4.25 per cent. above the 6 month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The 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); &
- 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 4 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857 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 USD6.1 million (2012: 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 3 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 January 2017.

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 period end was USD14.44 million (2013: USD22.55 million). Interest on the facilities is 1 month USD LIBOR rate plus 3.15 per cent. per annum (for the USD34 million Zambeef CMA) and 3 month USD LIBOR rate plus 4 per cent. (for the USD24 million Zamanita CMA) calculated on the daily overdrawn balances.

(d) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD6.44 million (USD4.455 million in Zambia and USD1.985 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 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 11 equal bi-annual instalments of USD636,364 (Zambeef) and USD283,634 (Nigeria) commencing June 2012 and expiring in June 2017.

The portion of the loan attributable to Zambia is secured through a first ranking legal mortgage over 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 USD30 million (USD20 million in USD and USD10 million in ZMW). Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,345 commencing June 2015 and expiring in June 2022.

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

12. **Events subsequent to reporting date**

There has not arisen since the end of the 6 months period any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially 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.