Feeding the Nation
ZAMBEEF
Products PLC

Feeding a Growing Continent

Zambeef Products PLC

Annual Report 2015

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 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 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 a total of 24,174 hectares planted during FY2015 comprising a mix of approximately [two growing seasons] of 8,120 Ha of irrigated land and one growing season of approximately 8,480 Ha of rain-fed/dry land, available for planting each year.

Overview

Strategic report

Corporate governance

Financial statements

ision and strategy

sion is to be one of the most accessible and affordable
y protein provider in the Southern Africa region, delivered
gh the Group's extensive retail and distribution network.

Highlights

Revenue

↑ **4**% (USD) ↑ **25**% (ZMW)

2015: USD220 million

2015: ZMW1,555 million

Profit before tax excluding exchange losses

↑ **590**% (USD) ↑ **728**% (ZMW)

2015: USD15 million

2015: ZMW107 million

Gross profit margin

↑ **7**% (USD) ↑ **7**% (ZMW)

Net cash inflow from operating activities

↑ **171**% (USD) ↑ **223**% (ZMW)

Core cold chain food product divisions performed particularly well, with gross profits up 29.1% in Kwacha terms.

Conversion of a significant amount of US Dollar debt into Kwacha to mitigate future currency exchange risks.

Successful divestment of Zamanita edible oils division to Cargill.

Challenges

Exchange losses

↓ **20**m loss (USD) ↓ **142**m loss (ZMW)

2014: USD3.9m loss

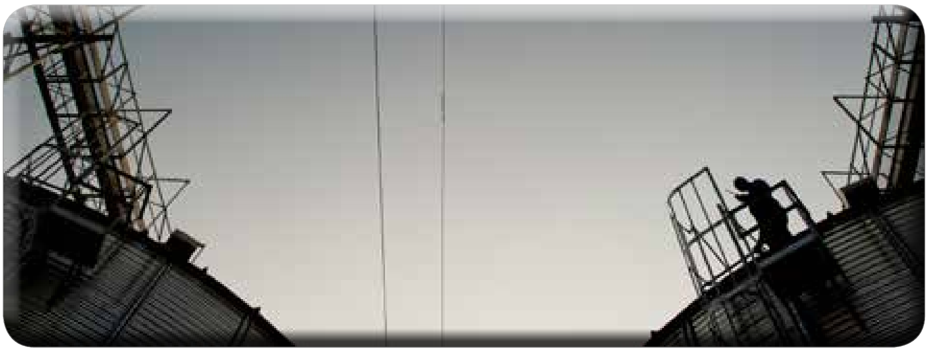
2014: ZMW22.6m loss

Profit before tax

↓ **5**m loss (USD) ↓ **35.6**m loss (ZMW)

2014: USD1.7m loss

2014: ZMW9.8m loss



National electricity deficit resulted in load-shedding and impacted on production.

Significant macro-economic challenges.

Exchange losses for the year of USD20 million have reduced a pre-tax profit of USD15.1 million into a pre-tax loss of USD5 million.

Zambeef at a glance

Robust business model of vertical integration

Retail and cold chain

Key facts

- Concessionary Agreement with Shoprite to manage the Shoprite butcheries throughout Zambia, Nigeria and Ghana.
- Currently 86 retail outlets, four macro outlets, three wholesale centres, six fast food outlets and 26 Shoprite butcheries in Zambia.
- West Africa provides an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- Currently 19 Shoprite butcheries, six self-operated stores and two processing plants in West Africa.

Strategic fit

- 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.

Manufacturing and processing

Key facts

- One of the leading stock feed producers in Zambia, with a capacity of 13,750 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 100,000 hides p.a.
- One of the largest shoe plants in Zambia with a processing capacity of 80,000 pairs p.a.
- Meat processing plants with a capacity to process over 700 M.T. of processed meats p.m.

Strategic fit

- 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.

Meat and dairy

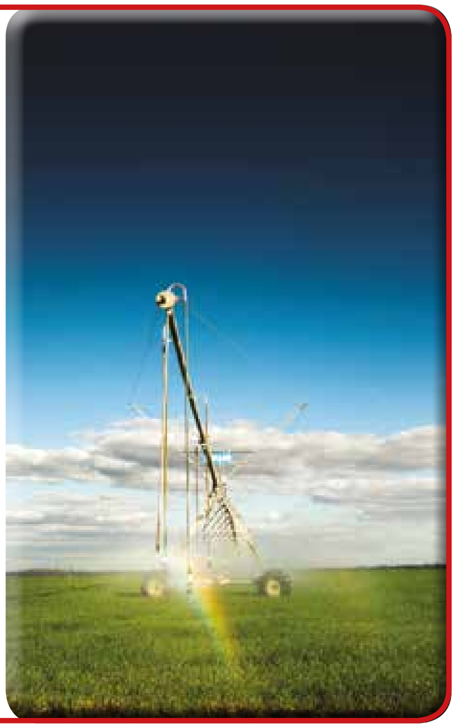
Key facts

- One of the largest suppliers of beef in Zambia.
- Five 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 6.7 million chickens p.a. and producing over 39 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 2,600 dairy cattle, with over 900 lactating and currently producing over 7.4 million litres of milk p.a.

Strategic fit

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

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.
- Double cropping of irrigated land means Zambeef can plant 24,720 Ha p.a.
- 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.

Feeding a growing continent

A market driven food company

Zambia

- 84 Zambeef Outlets
- 4 Zambeef Macro Outlets
- 2 Zambeef Excellent Meat Outlets
- 6 Zamchick Inns
- 3 Wholesale Outlets
- 26 Shoprite Butcheries

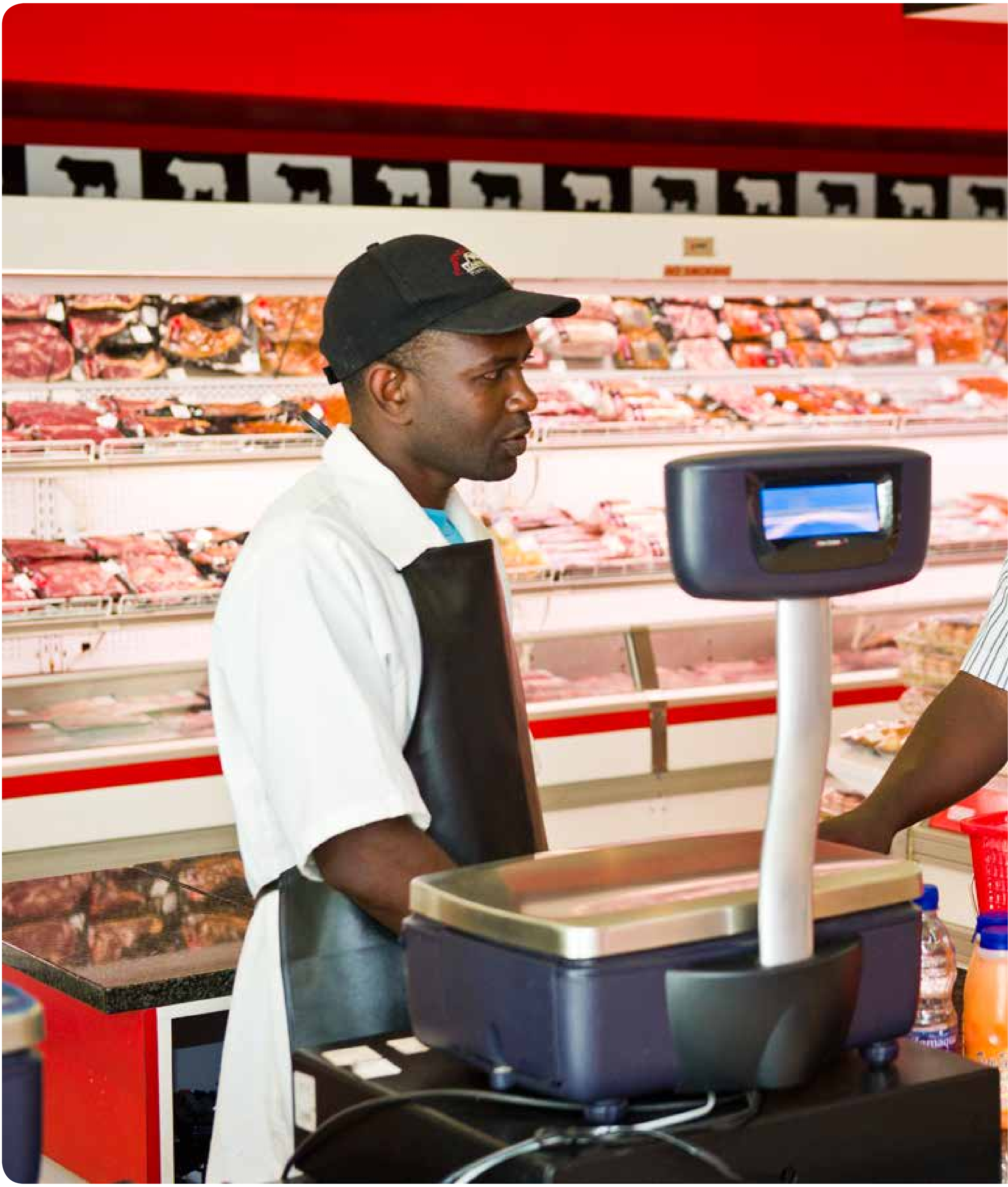
Nigeria

- 6 Master Meats Nigeria Outlets
- 14 Shoprite Butcheries

Ghana

- 5 Shoprite Butcheries

Real progress has been made by putting the full range of cold chain food products into the Democratic Republic of Congo. Exports have also taken place into Malawi, Zimbabwe, Angola and Botswana. Zambeef also sees Tete Province in Mozambique as a market with significant potential.



Strategic report

Chairman's report

Despite significant macro-economic challenges, the Group's performance was commendable, particularly in our core cold chain food products division

Macro-economic background

The Group's financial and trading performance must be seen within the context of the Zambian economy, which is currently facing significant challenges.

The slowdown in the Chinese economy, as well as the general strengthening of the US Dollar has put an enormous strain on the Zambian Kwacha (ZMW), compounded by power rationing, adverse developments in the mining sector (prospects of job losses and scaling down of operations), fiscal and current account deficits; and weak general performance of the economy and therefore slowed GDP growth.

The Zambian economy remains heavily dependent on copper mining and therefore the rapid drop in the copper price and the resulting decrease in production have resulted in a rapid depreciation of the Zambian Kwacha against the US Dollar, from ZMW6.27/USD to ZMW12.02/USD over the year.

Extensive power rationing since June 2015 (8-10 hours per day) has necessitated the use of more expensive power from diesel generators, resulting in higher costs of production and lower production volumes.

Inflation has increased significantly from around 7.8 per cent. in September 2014 to 14.3 per cent. in October 2015, largely attributed to the pass-through from the sharp depreciation of the ZMW/USD exchange rate, increase in pump prices of refined petroleum products and the high production costs induced by increased power rationing.

Zambeef performance

Despite the above macro-economic challenges, Zambeef has had a commendable year.

Operating profits was ZMW162.1 million (USD23.0 million), up from operating profits of ZMW56.2 million (USD9.6 million) in 2014, while cash generated from operations increased from ZMW81.6 million to ZMW263.8 million (USD13.8 million to USD37.4 million).

Our immediate strategic priorities continue to include:

1) A focus on the retailing of core cold chain food products business
2) Realising cash from the disposal of non-core assets
3) Reducing debt/gearing in the business
4) Forging strategic alliances and partnerships with acknowledged industry players.

1) **Retailing of core cold chain food products**

   It is pleasing to report that the core cold chain food products divisions (beef, chickens, pork, milk and dairy, eggs, and fish) performed well, with gross profits increasing by 29.1 per cent. (ZMW) and 7.6 per cent. (USD).

2) **Realising cash from the disposal of non-core assets**

   The successful completion of the sale of Zamanita Limited to Cargill Holdings BV for a cash consideration of USD27.0 million on 1 June 2015 has reduced the working capital requirements of the

Group and allowed us to start meeting our short-to-medium term goal of realising cash from the disposal of our non-core assets and thereby reducing our debt exposure.

We continue to explore further opportunities to dispose of other non-core assets. The intention is to reduce debt further during the year with more corporate actions. We are actively exploring other opportunities, which could include additional joint ventures and/or the outright disposal of further businesses.

3) **Debt reduction and re-structuring**
The disposal of Zamanita contributed to the reduction of Zambeef's total debt, in US Dollar terms, by 39 per cent (USD46.2 million), from USD118.5 million as at 30 September 2014 to USD72.3 million as at 30 September 2015.

During the year, the Group recorded exchange losses of USD20.2 million. In order to mitigate future earnings volatility arising from exchange rate fluctuations, and to preserve the most efficient capital structure, Zambeef converted and re-structured a large amount of its US Dollar debt to Kwacha.

As at 30 September 2014, US Dollar debt was 71 per cent.of total debt; this reduced to 65 per cent. at 30 September 2015; and to 56 per cent. after the year end. The intention is to continue converting further debt from US Dollars to Kwacha during the current year.

4) **Strategic alliances and partnerships**
Zambeef continues to explore opportunities to work closely with companies which are world leaders in their fields. Zambeef is proud to have established solid relationships with Shoprite Holdings Limited (Africa's largest food retailer), RCL Foods Limited (Africa's largest processor and marketer of chickens); and Cargill Holdings BV (one of the world's largest privately owned companies providing food, agricultural and industrial products and services throughout the world).

Chairman's report continued

Zamanita Zambia Revenue Authority tax liability

As reported on 4 November 2015, the Zambia Revenue Appeals Tribunal upheld Zambeef's appeal against the ZMW49.15 million (approximately USD3.91 million) tax assessment which was received by the Company on 31 January 2012, as announced on 3 February 2012.

Following the success of the appeal, the provision which has been held in the Group's accounts since the assessment, of ZMW 49.15 million was made, will now be released in FYE 2016.

Dividend

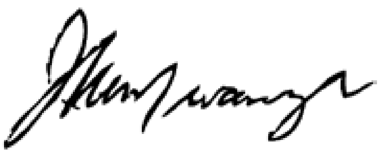
The Board of Directors does not anticipate paying a dividend in respect of 2015. We intend to keep the dividend policy under review with the aim of achieving a balance between providing returns to shareholders and maintaining suitable levels of investment in the business.

Conclusion and outlook

Despite significant macro-economic challenges, we remain confident that the opportunities in the region will enable the Group to continue to grow in the year ahead. The continued execution of our strategy priorities will position us strongly to take advantage of this.

The operational side of the business has performed very well during the year with operating profits increasing in ZMW by 189% and in USD by 140%. Zambeef will look to build further on this strong operational performance in the next year.

Therefore, we expect to continue our progress towards becoming a leading regional food supplier and look forward to the future with confidence.



Dr. Jacob Mwanza
Chairman
25 November 2015

Joint Chief Executive Officers' review

The year has seen a renewed focus by Zambeef on its cold chain food product operations. This includes the production, processing, distribution and retailing of beef, chicken, pork, fish, dairy products and eggs.

Zambeef overview

Despite significant challenges in the Zambian economy during 2015, Zambeef has had a successful year operationally.

For the year ended 30 September 2015, operating profit increased 189 per cent. from ZMW56.2 million to ZMW162.1 million (USD9.6 million to USD23.0 million), while cash generated from operations increased 223 per cent. from ZMW81.6 million to ZMW263.8 million (USD13.8 million to USD37.4million). In addition profit before tax excluding, exchange losses, increased by 728% to ZMW106,783 (in USD terms, it increased 590% to USD15,126) giving confidence that the operational side of the business is performing well.

In the 2014 annual report, Zambeef set out its immediate priorities which included:

- A focus on the core cold chain food products business
- Realising cash from the disposal of non-core assets
- Reduced gearing in the business.

It is pleasing to report that good progress has been made in pursuit of these priorities. With the increased focus, the cold chain food products divisions have performed well, with gross profits increasing by 29.1 per cent in ZMW terms (7.6 per cent in USD).

On the 1 June 2015, Zambeef completed the sale of Zamanita Limited to Cargill Holdings BV for a cash consideration of US$27.0 million. Zamanita was a non-core asset and its disposal has also considerably reduced the working capital requirements of the Zambeef Group. The disposal of Zamanita contributed to the reduction of Zambeef's total debt in US Dollar terms from USD118.5million at 30 September 2014 to USD72.3 million at 30 September 2015.
The volatility in the USD/ZMW exchange rate has led to a Board decision to restructure the Group's debt profile. As a result, in addition to reducing the total debt in USD terms by USD46.2 million a further large amount of US Dollar debt has been converted to Zambian Kwacha.

At the 30 September 2014, the US Dollar debt was 71 per cent. of total debt. This reduced to 65 per cent. at 30 September 2015 and to 56 per cent. since the year end. The intention is to convert further debt from US Dollars to Zambian Kwacha.

Dollar income

In order to address the volatility in the Zambian Kwacha, Zambeef is actively pursuing an export strategy aimed at increasing the Group's US Dollar income. Real progress has been made by putting the full range of cold chain food products into the Democratic

Republic of Congo. Exports have also taken place into Malawi, Zimbabwe, Angola and Botswana. Zambeef also sees Tete Province in Mozambique as a market with significant potential.

Exports during the year totalled USD17 million while wheat and soya sales in US dollars during the year totalled USD21 million, making US Dollar income for the year USD38 million. This represents 17.5 per cent. of Zambeef Group turnover.

Retail network

Zambeef is a market-driven food company with its retail network at the heart of its business.

During the year the Group grew its retail network from 139 to 150 outlets. This included three new butchery stores within Shoprite stores in Zambia, one in Ghana and three in Nigeria.

The retail network currently comprises:

Zambia:
- 84 Zambeef Outlets
- 4 Zambeef Macro Outlets
- 2 Zambeef Excellent Meat Outlets
- 6 Zamchick Inns
- 3 Wholesale Outlets
- 26 Shoprite Butcheries

Nigeria:
- 6 Master Meats Nigeria Outlets
- 14 Shoprite Butcheries

Ghana:
- 5 Shoprite Butcheries

The retail network remains a key focus area of Zambeef for the future and is the engine room that drives the business. In the next financial year:

- Shoprite plan to open an additional four stores in Zambia and a further seven stores in Nigeria
- Zambeef has secured a number of key sites around Zambia and will be looking to rollout more of its large stores (Macro Outlets), which have proved very successful.

Debt reduction

Zambeef's total debt in US Dollar terms reduced from USD118.5 million to USD72.3 million during the year. With the volatility in the Zambian Kwacha, the intention is to reduce debt further in the coming year. To this end, Zambeef is exploring opportunities which include joint ventures (similar to the Zam Chick Ltd joint venture) or the disposal of further non-core assets (like the Zamanita disposal).

Partnerships

Zambeef will continue to explore opportunities to work closely with companies that are world leaders in their field. We are proud to have established the following relationships:

- Shoprite Holdings Ltd – Since 1995 Zambeef has had a concession agreement with Shoprite for their in-store Zambian butcheries. This was extended to Nigeria in 2004 and Ghana in 2007. Shoprite is Africa's largest food retailer.
- RCL Foods Ltd – Zambeef entered into two joint venture agreements with RCL Foods Ltd in 2013 including broiler, hatchery and stockfeed operations in Zambia. Through its subsidiary Rainbow, RCL Foods is the largest processor and marketer of chickens in Africa.
- Cargill Holdings BV – During 2015, Zambeef disposed of its edible oil business, Zamanita Ltd, to Cargill and hopes to work closely with Cargill in the future as a supplier and customer of Zamanita, and a distributor of certain of its products. Cargill is one of the world's largest privately owned companies providing food, agricultural and industrial products and services to the world.

Conclusion and outlook

The year has seen a renewed focus by Zambeef on its cold chain food product





Joint Chief Executive Officers' review continued

operations. This includes the production, processing, distribution and retailing of beef, chicken, pork, fish, dairy products and eggs. These are cash generating operations that will form the cornerstone of its future success. The Group can be pleased with the excellent operational performance during the year as evident by the large increase in operating profit and profit before tax, after removing exchange losses.

Considerable attention has been paid to the distribution of these products through Zambeef's retail network in Zambia but also in marketing these products into the wider Southern Africa Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA)region. While Zambia remains the foundation of the business, a real effort will continue to be exerted in making Zambia the hub servicing the wider SADC/COMESA region. Zambeef retains a positive outlook towards the regions in which it operates and has set its sights on continuing to grow this business in the next financial year.
Zambeef is pleased to have successfully negotiated the disposal of Zamanita Ltd during the year. The proceeds from this disposal together with the shortening of the working capital cycle has resulted in Group debt in US Dollar terms reducing by 39.0 per cent . It remains a priority to reduce debt further during the coming year.

The Nigerian operations continue to grow with Shoprite due to open a further seven stores during the coming financial year.

In Ghana, a further Shoprite store was opened after the year end, which will generate growth in the year ahead.

With the expansion of its own retailing network as well as the Shoprite retailing network, Zambeef expects to continue to grow in ZMK in the year ahead.

Finally, we would like to thank our Board of Directors and all staff of Zambeef for their contribution to the continued success of the Group. We look forward to the future with confidence.

Carl Irwin/Francis Grogan
Joint CEOs
25 November 2015

Operational and financial review

Overview

It is pleasing to report that the year has seen an increase, in both Zambian Kwacha and US Dollar terms, in operating profits, EBITDA, adjusted profits and cash generated from operations. These increases are summarised below:

	Increase/ (decrease) in USD	Increase in ZMW
	%	%
Operating profit	140%	189%
EBITDA	16%	39%
Adjusted profit before tax	(2)%	18%
Cash generated from operations	171%	223%

The adjusted profits increased from a profit of ZMW9.6 million (USD1.6 million) in 2014 to a profit of ZMW11.3 million (USD1.6 million). This result was particularly encouraging in the context of realised exchange losses during the period of ZMW95.5 million (USD13.5 million) resulting from a reduction in the Group's dollar debt through repayment of loans and the restructuring of US Dollar debt into Zambian Kwacha debt during the year.

In this context, it is particularly disappointing to report a loss after tax for the year of ZMW54.6million (USD7.7 million). This loss is entirely attributable to the exchange loss adjustments necessary as a result of the Group's dollar-denominated debt, as can be seen from the table below.

The following table illustrates the impact of the Group's US dollar gearing on loss before tax:

	2015	2015	2014	2014
	ZMW'm	USD'm	ZMW'm	USD'm
Operating profit	162.1	23.0	56.2	9.6
Interest costs	-55.3	-7.8	-43.3	-7.4
Profit before exchange losses and tax	106.8	15.1	12.9	2.2
Realised exchange losses	-95.5	-13.5	-3.3	-0.6
Adjusted profit before tax	11.3	1.6	9.6	1.6
Unrealised exchange losses	-46.9	-6.6	-19.4	-3.3
(Loss) Before Tax	-35.6	-5.0	-9.8	-1.7

In summary, the realised and unrealised exchange losses have reduced a pre-tax profit of ZMW106.8 million (USD 15.1 million) to a pre-tax loss of ZMW35.6 million (USD5.0 million). This outcome gives support to the Board decision to reduce debt and mitigate currency risk within the Group.

Zambeef has during the year reduced its debt in dollar terms by USD46.2 million in the year, and of the remaining debt a large amount has been converted to Zambian Kwacha. As a result Zambeef will be less susceptible to exchange losses in the future.

A clear strategy of the Board is to reduce the debt further through the realising of cash from the sale of non-core assets. In addition, efforts are being made to convert US dollar debt into Zambian Kwacha.

Despite the difficult trading conditions with the rapid devaluation of the Zambian Kwacha and electricity load-shedding, Zambeef is pleased with the performance of the Group and expects to make further progress in the current year.

Exchange rate volatility

During the year, the Zambian Kwacha devalued against the US Dollar from ZMW6.27/USD to ZMW12.02/USD. This rapid devaluation resulted in Zambeef incurring large realised and unrealised exchange losses, which impacted the results of the Group for the year. It is hoped that the Zambian Kwacha will stabilise as the devaluation is affecting spending power in the economy.

In order to reduce the negative impact of the devaluation of the Zambian Kwacha, Zambeef has converted some US Dollar-denominated debt to Zambian Kwacha. At 30 September 2014, approximately 71 per cent. of the Group's debt was in US Dollars. By 30 September 2015, this had reduced to 65 per cent. and after the year end, it reduced further to 56 per cent. In addition, debt has reduced by USD46 million over the year. As a result, the impact from the devaluation of the Zambian Kwacha in future years is expected to be reduced.

Management has continued to tightly control administration costs during the year. It is pleasing to report that administration costs, excluding depreciation, have increased slightly in ZMW while reducing in USD terms, as follows:

	% increase in admin costs between 2014 and 2015 in ZMW	% reduction in admin costs between 2014 and 2015 in USD
Administration costs excluding depreciation	12.2%	-6.6%
Administration costs including depreciation	14.0%	-5.1%

The tight control of administration costs is pleasing and this will remain a key focus of management.

Finance costs

The period saw an increase in finance costs in ZMW terms (27.8 per cent.) and in USD terms (6.4 per cent.). During the year, the level of debt reduced, while at the same time, the average interest rate

Revenue Segment	2015 USD'000	2014 USD'000	% Change	2015 ZMW'000	2014 ZMW'000	% Change
Stock Feed	57,772	57,699	0.13%	407,867	339,268	20.22%
Crop-Row Crops	56,250	51,635	8.94%	397,125	303,617	30.80%
Beef	55,517	58,806	-5.59%	391,950	345,778	13.35%
Edible Oils	31,008	53,858	-42.43%	218,918	316,688	-30.87%
Chicken	25,442	25,894	-1.74%	179,622	152,256	17.97%
Pork	23,758	20,935	13.49%	167,730	123,096	36.26%
Master Meats Nigeria	15,448	16,450	-6.09%	109,064	96,725	12.76%
Milk	14,393	14,011	2.73%	101,617	82,386	23.34%
Mill & Bakery	7,993	12,201	-34.49%	56,430	71,741	-21.34%
Fish	5,177	3,646	42.00%	36,547	21,437	70.49%
Leather	4,563	4,983	-8.44%	32,213	29,303	9.93%
Eggs	4,112	5,496	-25.19%	29,031	32,318	-10.17%
Master Meats Ghana	2,958	3,317	-10.80%	20,887	19,502	7.10%
	304,391	**328,931**	**-7.46%**	**2,149,001**	**1,934,115**	**11.11%**
Less: Intra/Inter Group Sales	48,256	49,466	-2.45%	340,686	290,862	17.13%
Group Total	**256,135**	**279,465**	**-8.35%**	**1,808,315**	**1,643,253**	**10.04%**
Cold chain food products	128,399	128,788	-0.30%	906,498	757,272	19.71%

increased, as US Dollar debt was converted to Zambian Kwacha at a higher interest rate. The average cost of debt has increased from around 8.2 per cent. at the start of the year to around 11.7 per cent. currently.

Capital expenditure

The total capital expenditure during the year was ZMW222.9 million (USD31.6 million). The largest element of this relates to the joint venture hatchery, breeder farm and stockfeed plant being developed in conjunction with RCL Foods Ltd. This amounted to USD18.9 million during the year. The total project cost is around USD25 million, which is financed as follows:

- 66.7 per cent. by shareholders (51 per cent. by RCL Foods and 49 per cent. by Zambeef)
- 33.3 per cent. bank financing.

The remaining cost of completion of the project at the year-end was around USD6 million. The first chicks were produced in September 2015 and Zamhatch is now supplying the Zam Chick chicken operations, with the surplus chicks being sold on the open market.

Other material capital expenditure during the year included:

- Masterpork: ZMW8.9 million (USD1.3 million) on increasing production and refrigeration capacity at Masterpork
- Zam Chick: ZMW12.5 million (USD1.8 million), which included the upgrade of the chicken abattoir and the expansion of broiler production capacity through the conversion of broiler houses to semi-controlled houses
- Zammilk: ZMW14.3 million (USD2.0 million), which included the construction of new all-weather sheds for dairy cows at Kalundu Dairy, resulting in an increase in milk production, and expansion of milk processing plant capacity
- Farming operations: ZMW10.4 million (USD1.5 million) consisting mainly of replacement equipment
- Novatek stock feed: ZMW7.3 million (USD1.0 million) to double the fish feed plant and for general expansion of the stockfeed plant
- Zampalm: ZMW11.6 million (USD1.7 million) for the continued roll out of the palm project
- Retailing and distribution: ZMW9.1 million (USD1.3 million) for expansion and upgrade of the retail network and replacement and expansion of the distribution fleet.

The capital expenditure for the current year is budgeted at USD19.3 million, including USD6 million for completion of the Zamhatch project. The main capital expenditure will be concentrated on retailing and production of cold chain food products.

Operational review

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

The Group's top performing divisions were fish followed by pork and then cropping. The cold chain food product divisions overall performed well, with gross profits increasing by 29.1 per cent. In ZMW terms (7.6 per cent. in USD). The top performing divisions were:

	Increase in gross profits in ZMW %	Increase in gross profits in USD %
Fish	84%	53%
Pork	67%	39%
Cropping	63%	36%
Stock feed	36%	14%
Beef	27%	6%
Milk	26%	5%
Cold chain food products	29%	8%

Operational and financial review continued

Cropping

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	56.3	51.6	9	18
Gross profit	35.9	26.4	36	35

ZMW'm				
Revenue	397.1	303.6	31	18
Gross profit	253.3	155.3	63	36

Zambeef's cropping division has again been the most profitable division within the Group, with gross profits up 63 per cent. in ZMW terms and 36 per cent. in US Dollars. The division performed well despite the summer crop being affected by heavy late rains that impacted the soya yield, and the winter crops being affected by electricity load-shedding. Despite this, the yields were only slightly down on budget. This division has sold and been paid for its wheat and soya beans in US Dollars, mitigating exposure to depreciation of the Zambian Kwacha.

A total of 24,174 hectares were planted during the year and 112,277 tonnes of maize, wheat and soya bean were harvested, as well as 29,700 tonnes of silage. This is a very well managed division and the operations are world class. This division is expected to continue to perform well.

Beef

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	55.5	58.8	-6	18
Gross profit	19.3	18.2	6	19

ZMW'm				
Revenue	392	345.8	13	18
Gross profit	136	107.2	27	19

The beef operations were the second best performing division in the Group, accounting for 19 per cent. of gross profit. During the year beef sales increased by 410 tonnes, representing a 3 per cent. volume increase. A total of 57,945 cattle were slaughtered and 22,221 cattle went through the Zambeef feedlot. Gross profits increased by 28 per cent. in Kwacha terms and by 7 per cent. In US Dollars.

The beef division has benefited from the focus on the cold chain food product divisions and from the expansion of the Zambeef Macro Outlets, which have increased demand for our beef. This division is expected to continue to perform well and consolidate its position as the market leader.

Chicken & Eggs

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	29.6	31.4	-6	10
Gross profit	7.7	8.2	-6	8

ZMW'm				
Revenue	208.6	184.6	13	10
Gross profit	54.4	48.2	13	8

Zam Chick has had a good year, with volumes increasing by 12.45 per cent. to 10.6 million kgs for the year. Gross profit increased in Kwacha by 27 per cent. and in US Dollars by 6 per cent . The joint venture with RCL Foods Ltd has progressed well and we look forward to benefitting further from RCL Foods Ltd's expertise in developing new product lines in Zambia.

Demand for eggs remained strong during the year, highlighting the division's under-capacity in this area. As a result, we will be increasing capacity from 165,000 layers to 285,000 layers by the middle of the next financial year. Demand for our full range of poultry products from our retail network has been strong and, with exports starting into the region, the poultry division is well placed for further growth in the current year. Our new hatchery, which is a joint venture with RCL Foods Ltd, began production in September 2015, and is expected to be an important new business for the Group in the next financial year.

Pork

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	23.8	20.9	13	8
Gross profit	4.7	3.3	39	5

ZMW'm				
Revenue	167.7	123.1	36	8
Gross profit	32.9	19.6	67	5

This division has had an outstanding year and has been the second fastest growing division after fish. Volumes increased by 38 per cent. from 6.6 million kgs to 9.1 million kgs, while gross profit increased by 67 per cent. in Kwacha and 39 per cent in US Dollars.

Masterpork has firmly established itself as the market leader in Zambia and is increasing its exports into the region. The plant is undergoing expansion at the moment to increase capacity and this division is expected to continue to grow in the coming year.

Milk & Dairy

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	14.4	14	3	5
Gross profit	7.5	7.2	5	7

ZMW'm				
Revenue	101.6	82.4	23	5
Gross profit	52.9	42	26	7

Our milk and dairy division continues to perform well. Volumes increased by 16 per cent. while gross profits increased by 26 per cent. in Kwacha terms and 5 per cent in US Dollars. This division accounted for 7 per cent. of the Group's gross profits.

The Zambeef Kalundu Dairy farm is now a world-class facility operating at international efficiency levels. The processing plant is nearing completion of an upgrade that has doubled its capacity. In line with our other cold chain food product divisions, this division benefits from the renewed focus on Zambeef as a market driven food business, and by the expansion of its retail network. This division is now exporting into the region and continues to expand its range of products. The division expects to continue to grow in line with the other cold chain food product divisions.

Fish

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	5.2	3.6	42	2
Gross profit	1.9	1.3	53	2

ZMW'm				
Revenue	36.5	21.4	70	2
Gross profit	13.8	7.5	84	2

Our fish business has been the fastest growing part of the Zambeef business during the year with volumes increasing by 92 per cent. from 1.1 million kgs to 2.2 million kgs, and gross profit in ZMW terms by 84 per cent and in USD by 53 per cent.

Although this is still a relatively small division within Zambeef, we see this sector continuing to grow quickly. Zambeef has been working with a number of fish farms in both Zambia and Zimbabwe with the view to supplying the stockfeed to the fish farms and then buying the finished product. This strategy has worked well and we expect continued strong growth from this division.

Operational and financial review

Stockfeed

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	57.8	57.7	0	19
Gross profit	10.6	9.3	14	10

ZMW'm				
Revenue	407.9	339.3	20	19
Gross profit	74.6	54.7	36	10

The stockfeed operations, under the brand name Novatek, have continued to grow and increase market share during the year. Stockfeed sales increased in volume by 10 per cent. from 118,885 tonnes to 130,279 tonnes, with gross profits increasing by 39 per cent. In Kwacha terms and 16 per cent. In US Dollars.

Novatek has consolidated its position as the best-selling stockfeed in Zambia and has also benefited from its stockfeed outlets being included in the Zambeef Macro Outlets. Novatek now has 90 Novatek agency outlets and a further three outlets in Zambeef Macro Outlets. The slowdown in the small-scale chicken production sector towards the end of the financial year will slow down Novatek's growth. However, this division is expanding its product range, increasing its exports and looks forward to the future with confidence.

Edible Oils

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	31	53.9	-42	10
Gross profit	5.7	11.1	-48	6

ZMW'm				
Revenue	218.9	316.7	-31	10
Gross profit	40.4	65.1	-38	6

Zamanita was disposed of on 1 June 2015 for a cash consideration of USD26 million. Zambeef continues to market Zamanita's edible oils through its retail network and will remain involved in the edible oil industry, although it will not be a material part of the business going forward.

Mill

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	8	12.2	-34	3
Gross profit	1.8	2.6	-29	2

ZMW'm				
Revenue	56.4	71.7	-21	3
Gross profit	12.9	15.1	-15	2

The flour produced and sold during the year decreased form 20,000 tonnes to 13,000 tonnes as Zambeef made the decision to sell more of its wheat and reduce its flour operations. Margins in the milling operations remain tight and hence the option to sell wheat has been attractive.

Leather & Shoes

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	4.6	5	-8	2
Gross profit	1.7	2	-11	2

ZMW'm				
Revenue	32.2	29.3	10	2
Gross profit	12.3	11.6	7	2

FY15 was a slower year for the tannery business, with world leather prices softening. The tannery continued to process around 100,000 hides per year but the reduction in international leather prices resulted in gross profits increasing in ZMW terms by 10 per cent. and reducing in USD terms by 8 per cent. The shoe plant continues to operate close to capacity at around 80,000 pairs per year.

West Africa

USD'm	Year to 30 Sep 2015	Year to 30 Sep 2014	% change	% of Group (2015)
Revenue	18.4	19.8	-7	6
Gross profit	4.4	4.9	-10	4

ZMW'm				
Revenue	129.9	116.2	12	6
Gross profit	31.1	28.7	8	4

The West African operations have continued to grow in line with the Shoprite expansion in Nigeria and Ghana. Shoprite opened an additional three stores in Nigeria and one store in Ghana during the year, with a further seven due to open in Nigeria during the 2016 financial year.

Gross profits increased in ZMW by 8 per cent. and decreased in USD by 10 per cent. The Nigerian economy has had a difficult year, with the currency depreciating by 22 per cent, and the drop in the oil price and security worries having a negative impact. Despite the short-term difficulties in the economy, Nigeria remains Africa's biggest economy with a population of more than 160 million. This remains an exciting economy and with Shoprite's aggressive rollout plan we see our West African operations becoming an increasingly important part of our business.

Sustainability report

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

Policy

Zambeef's environmental and social policy is aimed at demonstrating our commitment to excellence and leadership in promoting environmentally and socially sound and sustainable development.

The 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 in the communities where we operate. The policy provides the foundation for achieving the following corporate policy objectives:

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

Zambeef has a unit dedicated to dealing with environmental compliance and improvements to the operations. The dedication has resulted in no penalty by the Zambia Environmental Management Agency (ZEMA) for any form of environmental violations in the preceding two years on Zambeef's part.

Social investment

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

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

These goals are:

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3. Ensure healthy lives and promote wellbeing for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum).
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.

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

Zambeef continues to give support in the following areas:

- Construction of schools and health centres.
- Provision of electricity and clean water facilities.
- Funding of educational and healthcare materials.

Sustainability report continued

— Donation of food to the vulnerable.
— Support to promotion of sport and art.
— 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 treatment for liver fluke.

Under the scheme, Zambeef will pay a premium price for all cattle that successfully undergo the prescribed treatments. Zambeef will also provide 30 bulls for breeding from its own herd in order to improve the genetics of the current traditional herd in the project area.

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 smallholder milk farmers.

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

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

In June 2015 the ZEMA awarded the Company its 2015 award for consistency in complying with Environmental Impact Assessment Regulations.

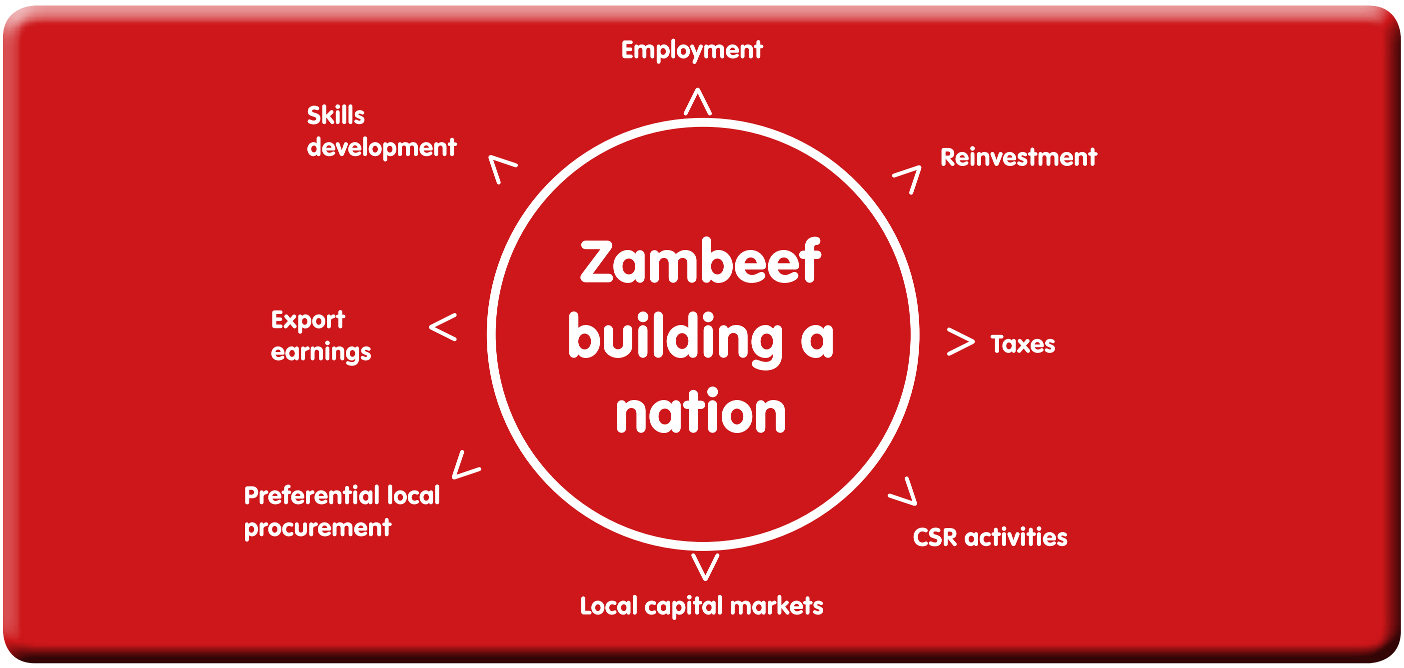
The award recognises the Company's consistency in ensuring that projects or developments undertaken were preceded by the execution of an Environmental Impact Assessment in accordance with the requirements of the Environmental Management Act, which addresses issues regarding environmental protection,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

During the year the Company introduced a 'windrow cropping' system at Huntley Farm that allows for the production of organic fertiliser from organic waste on the farm to be used in its cropping operations. The organic fertiliser will replace 50 percent of the synthetic fertilisers used on the farm, cutting costs but also preserving the integrity of the soil and improving fertility.

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

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

Zambeef is also mindful of the impact of climate change and the need for sustainable agricultural practices in this context.
In September 2015 it hosted a delegation



as part of a seminar programme on Food Security in a Climate Perspective headed by the Norwegian Development Corporation.

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

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.

Economic and social contribution

Employment — One of the largest employers in the country, with a staff complement of over 6,000 staff, who received a total of ZMW231 million (USD32.7 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 year to September 2015, total taxes and duties paid was ZMW128,383 (USD18,184,602).

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.

The broad-based nature of the Group's shareholding structure means every working Zambian has a stake in the Company through the National Pension Scheme Authority (NAPSA), which is Zambeef's single largest Zambian shareholder.

Other local institutional investors include Saturnia Regna Pension Fund, Barclays Bank Pension Fund, Bank of Zambia Pension Fund, Zambia State Insurance Company (ZSIC), KCM Pension Fund, Workers Compensation Fund and Professional Insurance Pension Fund.

Preferential local procurement — Zambeef is one of the largest business partners and employers in many rural areas. Zambeef actively promotes the procurement of locally produced raw materials, resulting in poverty alleviation and sustainable development of these rural economies.

— Zambeef supports a number of small and medium scale outgrowers; a large percentage of Zambeef's cattle, pigs, chickens and milk are sourced in rural areas or through outgrower schemes.

— The economic multiplier effects of the Company's policy of sourcing from local small-scale suppliers is significant.

Foreign exchange earnings — The Group is a member of the Zambia Development Agency's elite Million Dollar Club of leading exporters.

— For the FYE 30 September 2015, the Group recorded foreign exchange income of USD38 million.

Skills development — The Group is fully committed to developing and training its employees at all levels within the organisation.

— The Group's continual reinvestment in labour and human resources has resulted in many senior positions being held by Zambians, as well as three Zambians running the Group's West Africa operation.

Food security — Zambeef plays a pivotal role in the national food security of Zambia, ensuring that the country has sufficient capacity to feed its growing population as well as a surplus for export to generate foreign exchange and help feed neighbouring countries.

Corporate governance

Corporate governance

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

Zambeef values good corporate governance, and the principles that enhance openness, integrity, transparency and accountability. The Board of Directors believe that high ethical standards in the conduct of business, and a verifiable corporate governance framework of policies and procedures, should be at the heart of how we do business.
Zambeef believes that demonstrably good corporate governance fosters trust and confidence in the management of our business, amongst all our stakeholders.

Board of Directors

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

The Board currently consists of eight directors, of whom five are independent Non Executive directors, and three are Executive directors.

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

- Strategy and Leadership-setting the long term objectives and strategic aims.;
- Values and Standards-developing and monitoring of the Group Code of Ethics and Conduct. ;
- Governance-approval of Board membership, review of corporate governance processes, , Board Committees' terms of reference, Board and Committee performance, Board and senior executive succession planning, senior executive appointments;
- Business performance-monitoring financial and business performance of the Group, approval of the annual and half year financial results, interim management statements, , dividend policy, monitoring executive performance; and
- Representing Shareholders' Interests-Shareholder and market feedback, Analysis of shareholder register.

Corporate Governance in Action

Corporate Governance Code

The Board has an approved Corporate Governance Code, originally issued in 2006, which is regularly monitored for compliance on an annual basis, via the Audit Committee.

Risk Management

An effective Risk management framework, based on recommended best practice and regular inputs from senior management, is formally reviewed on a quarterly basis. This provides the directors with regular updates/ mitigating action plans on all the major risks facing the Group.

Internal Audit

The dedicated and independent Internal

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

Share Dealing Code

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

Whistleblowing

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

Group Code of Ethics and Conduct

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

The key aspects covered under this Code are:

Responsibility and Accountability

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

Transparency

- Honesty and clear communication in all dealings.
- Avoidance of conflicts of interest.
- Avoidance or accepting or offering gifts or entertainment.
- Avoidance of all forms of criminal activity.
- Fairness
- Fair treatment of all stakeholders.
- Personal growth and professional development of staff.
- Valuing the diversity of cultures and beliefs.
- Respect for the communities where Zambeef is located.

Board Engagement

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

Directors' attendance of Board

	Board		Audit		Executive		Remuneration	
	A	B	A	B	A	B	A	B
Non-Executive								
Dr. Jacob Mwanza	4	4			1	1	3	3
Dr. Lawrence Sikutwa	4	3	5	5	1	1	3	2
Irene Muyenga	4	3	5	4	1	0	3	2
Adam Fleming	4	4						
John Rabb	4	4					3	3
*Charles Mpundu	4	2			1	1		
Executive								
Francis Grogan	4	4						
Carl Irwin	4	4						
Yusuf Koya	4	3						
Company Secretary								
Danny Museteka	4	4	5	5	1	1	3	3

* Director left during the year

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

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

Corporate governance continued

Board of Directors

- Determine strategy
- Agree risk appetite and oversee management of risk
- Monitor business and management performance
- Communicate with a 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 advise the Executive Directors in relation thereto as necessary.
- To regularly review the structure, size, knowledge, experience and diversity of the Board and 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 on issues which cannot wait for the convening of the formal Board

Audit Committee

Chairman
Dr. Jacob Mwanza

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 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.
- Monitor and review the reports and function of the Internal Audit department, in line with its own charter.
- 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 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.

Board Evaluation

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

Areas covered in the self-assessment include:

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

Board Committees

The Board has 3 principal standing committees, led by non Executive Chairmen, and written terms of reference. The terms of reference are per recommended best practice for AIM listed companies/ICSA.

Directors' Interests in other companies

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

Directors' shareholdings

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

Company Secretary

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

The Company Secretary ensures the following:

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

Board of Directors

Dr. Jacob Mwanza (age 79)
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 54)
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 50)
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 50)
Executive Director
Nationality: British

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

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

External appointments
Director in Marhaba Service Station Ltd.

Committee membership
None.

John Rabb
(age 73)
Non-Executive Director
Nationality: 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 57)
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 61)
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 68)
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 49)
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 2015.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agribusinesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, 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 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-15		30-September-14	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
400,000,000 ordinary shares of ZMW0.01 each	4,000	638	4,000	638
Issued and fully paid				
247,978,175 ordinary shares of ZMW0.01 each	2,480	396	2,480	396

4. Results

The Group's results are as follows:

		2015	2015	2014	2014
Group	**Notes**	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Revenue	5	1,554,872	220,237	1,244,136	211,588
Loss before taxation		(35,575)	(5,038)	(9,773)	(1,662)
Taxation (charge)/credit	9	(4,661)	(660)	1,073	182
Loss from discontinued operation		(14,377)	(2,036)	(11,500)	(1,955)
Group loss for the year		(54,613)	(7,734)	(20,200)	(3,435)
Group profit/(loss) attributable to:					
Equity holders of the parent		(63,614)	(9,009)	(24,609)	(4,185)
Non-controlling interest		9,001	1,275	4,409	750
		(54,613)	(7,734)	(20,200)	(3,435)

5. Dividends

There has been no dividend proposed for the year ended 30 September 2015.

6. Management

The senior management currently comprises:

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

Report of the Directors continued

7. Directors and Secretary

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

Dr. Jacob Mwanza	-	Chairman
Dr. Lawrence S. Sikutwa		
John Rabb		
Irene M. Muyenga		
Charles Mpundu	-	
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-15		30-September-14	
	Direct	Indirect	Direct	Indirect
Jacob Mwanza (Dr)	1,100,000	-	1,093,820	-
Carl Irwin (Dr)	3,763	5,406,445	3,763	4,407,682
Francis Grogan	995,000	4,591,631	-	3,596,631
John Rabb	-	12,000,000	-	7,868,813
Lawrence S Sikutwa (Dr)	-	-	-	115,176
Irene M Muyenga	13,129	-	13,129	-
Adam Fleming	-	9,179,180	-	9,608,130
Yusuf Koya	245,482	-	42,762	-
	2,357,374	31,177,256	1,153,474	25,596,432

9. Directors' fees and remuneration

The Remuneration Committee has agreed the following gross annual packages.

ZMW	Salary	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan 1 (Shares)	Long Term Incentive Plan 2 (Shares)
Non-Executive							
Jacob Mwanza	646,154	-	-	-	-	-	-
Lawrence Sikutwa	282,692	-	-	-	-	-	-
Irene Muyenga	282,692	-	-	-	-	-	-
Adam Fleming	161,538	-	-	-	-	-	-
John Rabb	201,923	-	-	-	-	-	-
Charles Mpundu	121,154	-	-	-	-	-	-
Executive							
Francis Grogan	2,075,796	Company house	Company Car	242,304	Yes	370,000	6,250,000
Carl Irwin	2,016,755	-	Company Car	242,304	Yes	275,000	6,250,000
Yusuf Koya	2,153,997	-	-	201,924	Yes	275,000	275,000
Danny Museteka	1,443,477	-	-	-	Yes	275,000	275,000

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

9. Directors fees and remuneration (continued)

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

The Long Term Incentive Plan 1 ("LTIP 1") has the following key terms/conditions:

a) Structure: performance shares with Earnings Per Share (EPS) growth performance condition;
b) Performance condition: three year compound average EPS growth tested once at the end of the three year period. 25 per cent. of performance shares vest at annual compound EPS growth of average annual inflation rate plus 7 per cent. and vest in full (100 per cent.) at average annual inflation rate plus 17 per cent. compound EPS growth. Straight line vesting between average annual inflation rate plus 7 per cent. and average annual inflation rate plus 17 per cent. compound EPS growth;
c) Vesting period: vest after three years. Delivered to participants on vesting or as a nominal priced option exercisable within one year of vesting;
d) Maximum shares: 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;
e) Benchmark year: FYE 2012; and
f) Performance period: Year 1: FYE 2013; Year 2: FYE 2014; Year 3: FYE 2015.

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

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

10. Significant Shareholdings

As at 30 September 2015, 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%
National Pension Scheme Authority (Zambia)	24,979,819	10.0%
Ashmore Emerging Markets Management	18,790,551	7.6%
Investec Asset Management	15,728,925	6.3%
SQM Frontier Management	10,591,902	4.3%
Artio Global Management	9,363,990	3.8%
JB Management	8,175,000	3.3%
Shaka Holdings Inc.	7,868,813	3.2%

Investec Asset Management sold all their shares, and as at 24 November 2015 they owned no shares. Apart from the above holdings, the Company has not been notified as at 24 November 2015 of any interest of 3 per cent. or more in its ordinary share capital.

Report of the Directors continued

11. Employees

The Group employed an average of 6,251 (30 September 2014 – 5,861) employees and total salaries and wages were ZMW231 million (USD32.7 million) for the year ended 30 September 2015 (30 September 2014 – ZMW198.5 million [USD33.7 million]).

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

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Headcount	5,886	6,085	6,242	6,230	6,344	6,632	6,480	6,510	6,087	6,160	6,225	6,135

12. Safety, Health and Environmental issues

As part of some of the Group's term loans, in 2010 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 tax liability on Zamanita Limited, which the Group referred to the Revenue Appeals Tribunal (RAT) as per the announcements to the market on 3 February 2012 and 27 April 2012 respectively. As announced to the market on 4 November 2015, the RAT upheld Zambeef's appeal against the tax assessment. Refer to note 35 of the Financial Statements for further detail.

14. Gifts and donations

The Group made donations of ZMW2.1 million (USD0.3 million) (30 September 2014: ZMW1.9 million [USD0.32 million]) to a number of activities.

15. Export sales

The Group made exports of ZMW120.1million (USD17 million) during the period (30 September 2014: ZMW177.5 million [USD30.2 million]).

16. Property, plant and equipment

Assets totalling ZMW246.7 million (USD34.9 million) were purchased by the Group during the period (30 September 2014 – ZMW79.4 million [USD13.5 million]) which included expenditure on the palm plantation development during the period of ZMW11.7 million (USD1.7 million) (30 September 2014 – ZMW15.3 million [USD2.6 million]). This differs from the fixed asset note due to foreign exchange movements being capitalised to capital work in progress in Zamhatch Limited.

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 12 to 110 have been approved by the directors.

20. Auditor

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

By order of the Board

Danny Shaba Museteka
Company Secretary
Date: 24 November 2015

Statement Of Directors' Responsibilities

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

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

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

The Board of Directors confirm that in their opinion:

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

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

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

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

Signed at Lusaka on 24 November 2015

Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer

Financial statements

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

We have audited the accompanying financial statements of Zambeef Products PLC and its subsidiaries, which comprise the the statement of comprehensive income, statement of changes in equity and statement of financial position as at 30 September 2015, 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 9 the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as at 30 September 2015 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

Christopher Mulenga (M/PC 000006)
Name of Partner signing on behalf of the firm
Lusaka
Date: 24 November 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2015

Group	Notes	2015	2015	2014	2014
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	5	1,554,872	220,237	1,244,136	211,588
Net gain arising from price changes in fair value of biological assets	16	(4,528)	(641)	770	131
Cost of sales		(883,631)	(125,160)	(748,159)	(127,239)
Gross profit		666,713	94,436	496,747	84,480
Administrative expenses		(505,343)	(71,578)	(443,324)	(75,395)
Other income		708	100	2,747	467
Operating profit	6	162,078	22,958	56,170	9,552
Exchange losses on translating foreign currency transactions and balances		(142,358)	(20,164)	(22,671)	(3,856)
Impairment				-	-
Finance costs	8	(55,295)	(7,832)	(43,272)	(7,358)
Loss before taxation		(35,575)	(5,038)	(9,773)	(1,662)
Taxation (charge)/credit	9	(4,661)	(660)	1,073	182
Group loss for the year from continuing operations		(40,236)	(5,698)	(8,700)	(1,480)
Loss from discontinued operations	34	(14,377)	(2,036)	(11,500)	(1,955)
Group loss for the year		(54,613)	(7,734)	(20,200)	(3,435)
Group loss attributable to:					
Equity holders of the parent		(63,614)	(9,009)	(24,609)	(4,185)
Non-controlling interest		9,001	1,275	4,409	750
		(54,613)	(7,734)	(20,200)	(3,435)
Other comprehensive income:					
Exchange gains/ (losses) on translating presentational currency		186,567	(83,779)	10,408	(36,664)
Total comprehensive income /(loss) for the year		131,954	(91,513)	(9,792)	(40,099)
Total comprehensive income /(loss) for the year attributable to:					
Equity holders of the parent		121,212	(90,626)	(13,747)	(40,178)
Non-controlling interest		10,742	(887)	3,955	79
		131,954	(91,513)	(9,792)	(40,099)

		Ngwee	Cents	Ngwee	Cents
Earnings per share					
Basic and diluted earnings per share – continued operations	11	(19.86)	(2.81)	(5.29)	(0.90)
Basic and diluted earnings per share – discontinued operations	11	(5.80)	(0.82)	(4.64)	(0.79)
Total Basic and diluted earnings per share	11	(25.66)	(3.63)	(9.93)	(1.69)

Consolidated Statement of Changes in Equity

For the year ended 30 September 2015

(i) In Zambian Kwacha	Issued share capital 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 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 gains/(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**
Loss for the year	-	-	-	-	(63,614)	(63,614)	9,001	(54,613)
Transfer of surplus depreciation	-	-	-	(8,949)	8,949	-	-	-
Other comprehensive income:								
Exchange gain on translating presentational currency	-	-	184,826	-	-	184,826	1,741	186,567
Total comprehensive income	**-**	**-**	**184,826**	**(8,949)**	**(54,665)**	**121,212**	**10,742**	**131,954**
At 30 September 2015	**2,480**	**506,277**	**188,332**	**504,671**	**239,449**	**1,441,209**	**34,083**	**1,475,292**

Consolidated Statement of Changes in Equity

For the year ended 30 September 2015

(ii) In US Dollar	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 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**
Loss for the year	-	-	-	-	(9,009)	(9,009)	1,275	(7,734)
Transfer of surplus depreciation	-	-	-	(1,268)	1,268	-	-	-
Other comprehensive income:								
Exchange losses on translating presentational currency	-	-	(81,617)	-		(81,617)	(2,162)	(83,779)
Total comprehensive income	**-**	**-**	**(81,617)**	**(1,268)**	**(7,741)**	**(90,626)**	**(887)**	**(91,513)**
At 30 September 2015	**396**	**123,283**	**(161,712)**	**100,509**	**57,424**	**119,900**	**2,836**	**122,736**

Company Statement of Changes in Equity

For the year ended 30 September 2015

(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 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**
Loss for the year	-	-	-	5,438	5,438
Transfer of surplus depreciation	-	-	(8,771)	8,771	-
Other comprehensive income:					
Exchange gains on translating presentational currency	-	-	-	147,325	147,325
Total comprehensive income	-	-	(8,771)	161,534	152,763
At 30 September 2015	**2,480**	**506,277**	**297,712**	**469,967**	**1,276,436**

Company Statement of Changes in Equity

For the year ended 30 September 2015

(ii) In US Dollar	Issued share capital	Share premium	Revaluation reserve	Foreign exchange reserve	Retained earnings	Total equity
Issued share capital	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 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**
Loss for the year	-	-	-	-	770	770
Transfer of surplus depreciation	-	-	(1,242)	-	1,242	-
Other comprehensive income:						
Exchange losses on translating presentational currency	-	-	-	(73,792)	-	(73,792)
Total comprehensive income	**-**	**-**	**(1,242)**	**(73,792)**	**2,012**	**(73,022)**
At 30 September 2015	**396**	**123,283**	**56,533**	**(137,414)**	**63,394**	**106,192**

Consolidated Statement of Financial Position

For the year ended 30 September 2015

ASSETS	Notes	2015 ZMW'000s	2015 USD'000s	2014 ZMW'000s	2014 USD'000s
Non-current assets					
Goodwill	12	15,699	1,306	15,699	2,504
Property, plant and equipment	13	1,833,630	152,548	1,456,087	232,231
Plantation development expenditure	13	80,824	6,724	67,913	10,831
Investment in Associate	14	-	-	23,827	3,800
Biological assets	16	34,006	2,829	20,202	3,222
Deferred tax asset	9(e)	25,344	2,108	28,802	4,594
		1,989,503	**165,515**	**1,612,530**	**257,182**
Current assets					
Biological assets	16	155,192	12,911	142,001	22,648
Inventories	17	412,239	34,296	444,453	70,886
Trade and other receivables	18	210,229	17,491	122,343	19,511
Amounts due from related companies	19	8,893	740	11,533	1,839
Income tax recoverable	9(c)	4,571	380	4,098	654
		791,124	**65,818**	**724,428**	**115,538**
Total assets		**2,780,627**	**231,333**	**2,336,958**	**372,720**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	2,480	396	2,480	396
Share premium	22	506,277	123,283	506,277	123,283
Reserves		932,452	(3,779)	811,240	86,847
		1,441,209	119,900	1,319,997	210,526
Non-controlling interest		34,083	2,836	23,341	3,723
		1,475,292	**122,736**	**1,343,338**	**214,249**
Non-current liabilities					
Interest bearing liabilities	23	439,282	36,546	353,209	56,333
Obligations under finance leases	24	15,198	1,264	14,602	2,329
Amounts due to related companies	27	44,443	3,697	-	-
Deferred liability	25	9,254	770	7,473	1,192
Deferred tax liability	9(e)	8,115	675	22,073	3,520
		516,292	**42,952**	**397,357**	**63,374**
Current liabilities					
Interest bearing liabilities	23	120,943	10,062	66,416	10,593
Collateral management agreement	23	91,852	7,642	155,677	24,829
Obligations under finance leases	24	11,644	969	4,974	793
Trade and other payables	26	372,333	30,976	218,297	34,816
Amounts due to related companies	27	35	3	-	-
Taxation payable	9(c)	1,588	132	3,031	483
Cash and cash equivalents	20	190,648	15,861	147,868	23,583
		789,043	**65,645**	**596,263**	**95,097**
Total equity and liabilities		**2,780,627**	**231,333**	**2,336,958**	**372,720**

The financial statements on pages 45 to 105 were approved by the Board of Directors on 24 November 2015 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer

Company Statement of Financial Position

For the year ended 30 September 2015

ASSETS	Notes	2015 ZMW'000s	2015 USD'000s	2014 ZMW'000s	2014 USD'000s
Non-current assets					
Property, plant and equipment	13	1,291,810	107,472	935,866	149,261
Investment in Associate	14	-	-	23,827	3,800
Investment in subsidiaries	15	118,688	9,874	157,582	25,133
Deferred tax asset	9(e)	25,344	2,109	16,913	2,697
		1,435,842	**119,455**	**1,134,188**	**180,891**
Current assets					
Biological assets	16	148,910	12,389	136,948	21,842
Inventories	17	311,242	25,894	185,915	29,652
Trade and other receivables	18	149,719	12,456	53,692	8,562
Amounts due from related companies	19	284,432	23,663	318,307	50,767
Income tax recoverable	9(c)	4,038	336	4,098	654
		898,341	**74,737**	**698,960**	**111,477**
Total assets		**2,334,183**	**194,192**	**1,833,148**	**292,368**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	2,480	396	2,480	396
Share premium	22	506,277	123,283	506,277	123,283
Reserves		767,679	(17,487)	614,916	55,535
		1,276,436	106,192	1,123,673	179,214
Non-current liabilities					
Interest bearing liabilities	23	432,464	35,979	329,365	52,530
Obligations under finance leases	24	12,765	1,062	13,342	2,128
Deferred liability	25	1,670	139	1,572	251
Deferred tax liability	9(e)	2,967	247	5,476	873
		449,866	37,427	349,755	55,782
Current liabilities					
Interest bearing liabilities	23	205,976	17,136	109,433	17,453
Obligations under finance leases	24	9,168	763	1,398	223
Trade and other payables	26	251,846	20,953	75,977	12,119
Amounts due to related companies	27	36	3	60,797	9,696
Taxation payable	9(c)	-	-	-	-
Cash and cash equivalents	20	140,855	11,718	112,115	17,881
		607,881	50,573	359,720	57,372
Total equity and liabilities		**2,334,183**	**194,192**	**1,833,148**	**292,368**

The financial statements on pages 45 to 105 were approved by the Board of Directors on 24 November 2015 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Joint Chief Executive Officer

Consolidated Statement of Cash Flows

For the year ended 30 September 2015

	Notes	2015 ZMW'000s	2015 USD'000s	2014 ZMW'000s	2014 USD'000s
Cash inflow from operating activities					
Loss before taxation		(35,575)	(5,039)	(9,773)	(1,662)
Finance costs	8	59,585	8,440	43,272	7,358
Loss on disposal of property, plant and equipment		7,040	997	2,569	438
Depreciation	13	67,050	9,497	52,698	8,962
Fair value price adjustment	16	4,528	641	(770)	(131)
Net unrealised foreign exchange losses		46,873	6,639	19,369	3,294
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		**149,501**	**21,175**	**107,365**	**18,259**
Increase in biological assets		(26,995)	(3,824)	(36,517)	(6,210)
Decrease in inventory		32,214	4,563	28,640	4,871
Increase in trade and other receivables		(87,886)	(12,448)	(60,557)	(10,299)
Decrease/increase) in amounts due from related companies		2,640	374	(11,533)	(1,961)
Increase in trade and other payables		154,036	21,818	62,898	10,697
Increase/(decrease) in amounts due to related companies		44,478	6,300	(1,573)	(268)
Increase in deferred liability		1,781	252	683	116
Income tax paid	9(c)	(6,144)	(870)	(7,850)	(1,402)
Net cash inflow from operating activities		**263,625**	**37,340**	**81,556**	**13,803**
Investing activities					
Purchase of property, plant and equipment	13	(235,048)	(33,293)	(64,124)	(10,905)
Expenditure on plantation development	13	(11,654)	(1,651)	(15,306)	(2,603)
Movement in investments		23,827	3,375	(23,827)	(4,052)
Proceeds from sale of assets		3,352	474	3,337	568
Proceeds from the sale of Zamanita		197,809	27,037	-	-
Net cash outflow on investing activities		**(21,714)**	**(4,058)**	**(99,920)**	**(16,992)**
Net cash inflow/(outflow) before financing activities		**241,911**	**33,282**	**(18,364)**	**(3,189)**
Financing activities					
Long term loans repaid		(97,578)	(13,821)	(49,800)	(8,469)
Receipt from long term loans		-	-	23,520	4,000
(Repayment)/receipt of short term funding		(109,386)	(15,494)	13,400	2,279
Lease finance (repayment)/obtained		(1,993)	(282)	4,267	726
Finance costs including discontinued operations	8	(59,585)	(8,440)	(50,599)	(8,605)
Net cash outflow on financing activities		**(268,542)**	**(38,037)**	**(59,212)**	**(10,069)**
Decrease in cash and cash equivalents		**(26,631)**	**(4,755)**	**(77,576)**	**(13,258)**
Cash and cash equivalents at beginning of year		(147,868)	(23,583)	(44,216)	(8,311)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(16,149)	12,477	(26,076)	(2,014)
Cash and cash equivalents at end of year	**20**	**(190,648)**	**(15,861)**	**(147,868)**	**(23,583)**
Represented by:					
Cash in hand and at bank		49,106	4,085	65,599	10,463
Bank overdrafts		(239,754)	(19,946)	(213,467)	(34,046)
	20	(190,648)	(15,861)	(147,868)	(23,583)

Company Statement of Cash Flows

For the year ended 30 September 2015

	Notes	2015 ZMW'000s	2015 USD'000s	2014 ZMW'000s	2014 USD'000s
Cash inflow from operating activities					
Loss before taxation		(4,850)	(687)	(3,688)	(628)
Finance costs		48,182	6,825	37,683	6,408
Depreciation	13	34,844	4,935	29,812	5,070
Fair value price adjustment	16	4,904	695	(770)	(131)
Loss on disposal of property, plant and equipment		3,648	517	(422)	(72)
Loss on disposal of investment		(112,168)	(15,888)	-	-
Net unrealised foreign exchange differences		46,641	6,606	11,861	2,017
Earnings before interest, tax, depreciation and amortisation		**21,201**	**3,003**	**74,476**	**12,664**
Increase in biological assets		(11,962)	(1,694)	(27,207)	(4,627)
(Increase)/decrease in inventory		(125,327)	(17,752)	7,359	1,252
Increase in trade and other receivables		(96,027)	(13,602)	(36,094)	(6,138)
Decrease/(increase) in amounts due from related companies		33,875	4,798	(48,871)	(8,311)
Increase in trade and other payables		175,869	24,911	28,323	4,815
(Decrease)/increase in amounts due to related companies		(60,761)	(8,606)	42,575	7,241
Increase in deferred liability		97	14	68	12
Income tax paid	9(c)	(592)	(84)	(3,808)	(648)
Net cash (outflow)/inflow (on)/from operating activities		**(63,627)**	**(9,012)**	**36,821**	**6,260**
Investing activities					
Purchase of property, plant and equipment	13	(37,438)	(5,303)	(34,103)	(5,800)
Movements in investments	14/15	62,721	8,884	(26,895)	(4,574)
Proceeds from disposal of investment		197,809	28,018	-	-
Proceeds from sale of assets		-	-	900	153
Net cash inflow/(outflow) from/(on) investing activities		**223,092**	**31,599**	**(60,098)**	**(10,221)**
Net cash inflow/(outflow) before financing activities		**159,465**	**22,587**	**(23,277)**	**(3,961)**
Financing activities					
Long term loans repaid		(58,732)	(8,319)	(36,703)	(6,242)
Receipt from long term loans		-	-	23,520	4,000
Movement in short term funding		(14,494)	(2,053)	1,210	206
Lease finance (repayment)/obtained		(3,716)	(526)	4,267	726
Interest paid		(48,182)	(6,825)	(37,683)	(6,408)
Net cash outflow from financing activities		**(125,124)**	**(17,723)**	**(45,389)**	**(7,718)**
Increase/(decrease) in cash and cash equivalents		**34,341**	**4,864**	**(68,666)**	**(11,679)**
Cash and cash equivalents at beginning of year		(112,115)	(17,881)	(23,713)	(4,457)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(63,081)	1,299	(19,736)	(1,745)
Cash and cash equivalents at end of year	20	(140,855)	(11,718)	(112,115)	(17,881)
Represented by:					
Cash in hand and at bank		7,322	609	12,877	2,054
Bank overdrafts		(148,177)	(12,328)	(124,992)	(19,935)
	20	**(140,855)**	**(11,718)**	**(112,115)**	**(17,881)**

Notes to the Financial Statements continued

For the year ended 30 September 2015

1. The Group

("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 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 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 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 twelve months amount to ZMW224.4 million (USD18.7 million) [2014: ZMW227.1 million (USD36.2 million)]. After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Group has also increased its term facilities to fund the capital assets being acquired during the current financial year and the next financial year. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out during the financial year.

(c) **Basis of presentation**

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

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

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

2. Principal accounting policies continued

(d) **Foreign currencies**

(i) **Presentation and functional currency**

The Company has twelve operating branches of which eleven have a functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farms Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:
- the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to origin prices being USD;
- the pricing of Mpongwe's principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;
- the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;
- the Mpongwe assets were purchased in USD;
- upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and

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

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

As a result of using a functional currency of USD for Mpongwe, there arose an exchange difference of ZMW148.6 million (2014: ZMW15.3 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income of the company and an exchange adjustment under property, plant and equipment.

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

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

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

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

The following exchange rates have been applied:

ZMW:USD	Average exchange rate	Closing exchange rate
Year ended 30 September 2014	5.88	6.27
Year ended 30 September 2015	7.06	12.02

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 unrealised variances of foreign exchange related assets and liabilities, these gains and losses have been presented below operating profit in the statement of comprehensive income.

(iv) **Basis of translating foreign operations**

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

Notes to the Financial Statements continued

For the year ended 30 September 2015

2. Principal accounting policies continued

ZMW: Nigeria Naira	Average exchange rate	Closing exchange rate
Year ended 30 September 2014	27.55	26.16
Year ended 30 September 2015	27.20	16.64

ZMW: Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2014	0.49	0.54
Year ended 30 September 2015	0.52	0.32

(e) **New and revised standards that are effective for annual periods beginning on or after 1 January 2015**
'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19) came into mandatory effect for the first time in 2015 but the Group early adopted these Amendments in 2014. Other amendments to IFRSs that became mandatorily effective in 2015 have no material impact on the Group's financial results or position. Accordingly, the Group have made no changes to its accounting policies in 2015.

(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.

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

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

the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed an expected credit loss-based impairment will need to be recognised on the Group's trade receivables unless classified as at fair value through profit or loss in accordance with the new criteria

it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Group makes an irrevocable designation to present them in other comprehensive income

if the Group continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Group's own credit risk.

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

2. Principal accounting policies continued

IFRS 15 'Revenue from Contracts with Customers'

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

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

Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

(g) **Business combinations**

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

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

(h) **Discontinued operations**

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

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

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

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

(i) **Goodwill**

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

(j) **Revenue recognition**

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

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

Revenue from sale of agricultural commodities

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

Revenue from retail sales

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

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 & equipment	10%
Plant & machinery	5-10%

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

(l) **Plantation development expenditure**

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

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

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

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 road	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.

2. Principal accounting policies continued

(m) **Leased assets**

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

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

(n) **Financial assets**

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

(o) **Loans and receivables**

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

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

(p) **Impairment of assets**

(i) **Financial assets carried at amortised cost**

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

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

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.

2. Principal accounting policies continued

(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.

(ii) **Non-current assets**

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

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

(s) **Inventory**

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

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

2. Principal accounting policies continued

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized within 'finance costs' in profit or loss in the statement of comprehensive income in the period in which they are incurred.

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

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

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

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

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

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

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

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

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

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

2. Principal accounting policies continued

(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.

(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 13 main reportable divisions which match the main external revenues earned by the Group:
- Beef
- Chicken
- Pork
- Crops
- Stock feed
- Eggs
- Fish
- Milk and dairy
- Edible oils
- Mill and bakery
- Leather and shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

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

The 'Other' segment includes the foreign subsidiaries 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.

2. Principal accounting policies continued

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

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

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

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

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

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

3. Critical accounting estimates and judgements

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

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.

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 on-going 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. Please refer to note 35.

(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).

Notes to the Financial Statements continued

For the year ended 30 September 2015

3. Critical accounting estimates and judgements continued

Significant accounting estimates continued

(ii) **Impairment of goodwill**

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

(iii) **Valuation of biological assets and inventory**

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

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment takes into account historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW0.77million (USD0.13 million) (2014: ZMW0.77 million [USD0.13 million]) is affected by price changes in different market segments, and ZMW223.3 million (USD38 million) (2014: ZMW223.3 million [USD38 million]) is affected by physical changes in different segments.

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW444.5 million (USD70.9 million) (2014: ZMW444.5 million [USD70.9 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.

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

4.1 **Financial risk**

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

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

4.2 **Credit risk**

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

The Group structures the levels of credit risk it accepts by placing limits on its exposure to the level of 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 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.

4. Management of financial risk continued

Capital structure

(i) In Zambian Kwacha	2015 ZMW'000s	2014 ZMW'000s
Cash and cash equivalents	(190,648)	(147,868)
Interest bearing liabilities	(678,919)	(594,878)
Equity	1,441,209	1,319,997
	571,642	**577,251**

(ii) In United States Dollars	2015 USD'000s	2014 USD'000s
Cash and cash equivalents	(15,861)	(23,583)
Interest bearing liabilities	(56,483)	(94,877)
Equity	119,900	210,526
	47,556	**92,066**

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

4.5 **Foreign exchange risk**

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

4.6 **Agricultural risk**

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

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

Notes to the Financial Statements continued

For the year ended 30 September 2015

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 2015

(i) In Zambian Kwacha

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

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	1,291,810	175,370	44,838	47,820	273,792	1,833,630
Biological assets and inventories	460,152	65,094	15,400	34,006	26,785	601,437
Cash, cash equivalents and bank overdrafts	(140,855)	(71,875)	874	268	20,940	(190,648)

5. Segmental reporting continued

(ii) In US Dollars

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

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

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

5. Segmental reporting continued

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
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)	
Less: Discontinued operations	(399,117)	(58,263)
Group Total	**1,244,136**	**496,747**
Central operating costs and other income		(440,577)
Operating profit		**56,170**
Foreign exchange losses		(22,671)
Finance costs		(43,272)
Loss before tax		**(9,773)**

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
Loss before tax		**(1,662)**

5. Segmental reporting continued

(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD' 000s
Master Meats (Ghana)	3,316	904
Total	**328,931**	**94,389**
Less: intra/inter Group sales	(49,466)	
Less: Discontinued operations	(67,877)	(9,909)
Total	**211,588**	**84,480**
Central operating costs and other income		(74,928)
Operating profit		**9,552**
Foreign exchange losses		(3,856)
Finance costs		(7,358)
Loss before tax		**(1,662)**

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	2,778	96,756
Cash, cash equivalents and bank overdrafts	(17,881)	(1,844)	(6,793)	15	39	2,881	(23,583)

	2015				2014			
Geographical	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	1,304,862	1,959,862	184,825	163,049	950,444	1,591,164	161,640	253,774
West Africa	129,951	29,641	18,407	2,466	116,227	21,366	19,766	3,408
Rest of world	120,059	-	17,005	-	177,465	-	30,182	-
	1,554,872	**1,989,503**	**220,237**	**165,515**	**1,244,136**	**1,612,530**	**211,588**	**257,182**

Notes to the Financial Statements continued

For the year ended 30 September 2015

6. Operating profit

	2015		2014	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	63,778	33,218	57,331	27,006
– Leased assets	3,272	1,625	4,139	2,806
Staff costs	231,045	90,132	208,205	65,384
Legal and other professional fees	26,230	14,065	21,716	15,372
Directors' remuneration				
– Executive	6,964	6,964	7,705	7,705
– Non-Executive	1,371	1,371	1,696	1,696
	8,335	8,335	9,401	9,401
Auditors remuneration				
– Audit services	1,219	814	2,810	2,391
– Non audit services	335	313	79	-
	1,554	1,127	2,889	2,391
Impairment of trade receivables	1,330	(29)	4,271	-
Profit/(loss) on disposal of property, plant and equipment	(7,040)	(3,648)	2,144	(422)
Rentals under operating leases	1,073	-	11,530	-

	2015		2014	
Operating profit	Group USD' 000s	Company USD'000s	Group USD'000s	Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	9,034	4,705	9,750	4,580
– Leased assets	463	230	704	490
Staff costs	32,726	12,767	35,409	11,120
Legal and other professional fees	3,715	1,990	3,693	2,614
Directors' remuneration				
– Executive	985	985	1,311	1,311
– Non-Executive	194	194	288	288
	1,179	1,179	1,599	1,599
Auditors remuneration				
– Audit services	173	115	478	407
– Non audit services	47	44	13	-
	220	159	491	407
Impairment of trade receivable	188	(4)	721	-
Profit/(loss) on disposal of property, plant and equipment	(997)	(517)	365	(72)
Rentals under operating leases	152	-	1,961	-

7. Staff costs

The Group employed an average of 6,251 employees during the year ended 30 September 2015 (2014: 5,861).

	2015 Number	2014 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited, Zamhatch Limited & Zamleather Limited	5,002	4,620
Zamanita Limited	249	415
Zampalm Limited	426	322
Master Pork Limited	226	201
Foreign Subsidiaries	348	303
Total	**6,251**	**5,861**

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

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Salaries and wages	217,311	30,781	198,583	33,773
Social security costs	7,320	1,037	6,035	1,026
Pension costs	6,414	909	3,587	610
	231,045	32,727	208,205	35,409

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

2014	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Total ZMW'000s
Short term benefits				
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

Notes to the Financial Statements continued

For the year ended 30 September 2015

7. Staff costs continued

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

2014	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Total USD'000s
Short term benefits				
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

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

8. Finance costs

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	59,180	8,383	50,311	8,556
Finance lease cost	405	57	288	49
Less: discontinued operations	(4,290)	(608)	(7,327)	(1,247)
Total	55,295	7,832	43,272	7,358

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	2015		2014	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	4,491	652	4,528	441
	4,491	652	4,528	441
Deferred tax:				
Deferred taxation (note 9(e))	170	(10,940)	(5,601)	(3,672)
Tax charge/(credit) for the year	4,661	(10,288)	(1,073)	(3,231)
(b) Reconciliation of tax charge/(credit)				
Loss before taxation	(35,575)	(4,850)	(9,773)	(3,689)
Taxation on accounting loss	(5,283)	(6,934)	(5,271)	869

	2015		2014	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Effects of:				
Permanent differences:				
Disallowable expenses	2,810	541	3,563	316
Timing differences:				
Capital allowances and depreciation	565	(85)	(6,846)	(70)
Livestock and crop valuations adjustment	1,063	(994)	(1,969)	(2,038)
Other income	(8,266)	(7,042)	(752)	19
Unrealised exchange (gains)/ losses	6,658	13,499	1,920	994
Unrealised tax losses	6,944	1,667	13,883	351
Tax charge for the year	4,491	652	4,528	441
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	(1,067)	(4,098)	2,141	(731)
Charge for the year	4,491	652	4,642	441
Arising on discontinued operation	(263)	-	-	-
Taxation paid	(6,144)	(592)	(7,850)	(3,808)
Taxation recoverable as at 30 September	(2,983)	(4,038)	(1,067)	(4,098)
Taxation payable	1,588	-	3,031	-
Taxation recoverable	(4,571)	(4,038)	(4,098)	(4,098)
Taxation recoverable	(2,983)	(4,038)	(1,067)	(4,098)

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

Notes to the Financial Statements continued

For the year ended 30 September 2015

9. Taxation continued

	2015		2014	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	7,012	6,682	8,254	7,952
Accelerated tax allowances	37,588	16,327	57,691	19,174
Provisions	(4,178)	(504)	(4,288)	(330)
Tax loss	(57,651)	(44,882)	(68,386)	(38,233)
	(17,229)	(22,377)	(6,729)	(11,437)
Analysis of movement:				
Deferred tax liability as at 1 October	(6,729)	(11,437)	(1,128)	(7,765)
Charge/(credit) to profit and loss account (note 9(a))	170	(10,940)	(5,601)	(3,672)
Arising on discontinued operations	(10,670)	-	-	-
Deferred tax (asset)/ liability as at 30 September	(17,229)	(22,377)	(6,729)	(11,437)
Deferred tax asset	(25,344)	(25,344)	(28,802)	(16,913)
Deferred tax liability	8,115	2,967	22,073	5,476
	(17,229)	(22,377)	(6,729)	(11,437)

(ii) In US Dollars	2015		2014	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	636	93	771	74
	636	93	771	74
Deferred tax:				
Deferred taxation (note 9(e))	24	(1,550)	(953)	(624)
Tax charge/ (credit) for the year	660	(1,457)	(182)	(550)

9. Taxation continued

(b) Reconciliation of tax charge

	2015		2014	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Loss before taxation	**(5,038)**	**(687)**	**(1,662)**	**(628)**
Taxation on accounting (loss)/profit	(748)	(982)	(896)	147
Effects of:				
Permanent differences:				
Disallowable expenses	398	77	606	54
Timing differences:				
Capital allowances and depreciation	80	(12)	(1,164)	(12)
Livestock and crop valuations adjustment	151	(141)	(335)	(347)
Other income	(1,171)	(997)	(128)	3
Unrealised exchange losses	942	1,912	327	60
Unrealised tax loss	984	236	2,361	169
Tax charge for the year	636	93	771	74

(c) Movement in taxation account

	2015		2014	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Taxation payable/(recoverable) at 1 October	(171)	(654)	402	(137)
Charge for the year	636	93	790	74
Arising on discontinued operations	(37)			
Taxation paid	(870)	(84)	(1,402)	(648)
Foreign exchange differences	194	309	39	57
Taxation payable recoverable as at 30 September	(248)	(336)	(171)	(654)
Taxation payable	132	-	483	-
Taxation recoverable	(380)	(336)	(654)	(654)
Taxation recoverable	(248)	(336)	(171)	(654)

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

Notes to the Financial Statements continued

For the year ended 30 September 2015

9. Taxation continued

(e) Deferred taxation	2015		2014	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Represented by:				
Biological valuation	583	556	1,316	1,267
Accelerated tax allowances	3,127	1,358	9,201	3,058
Provisions	(348)	(42)	(684)	(53)
Tax loss	(4,795)	(3,734)	(10,907)	(6,096)
	(1,433)	(1,862)	(1,074)	(1,824)
Analysis of movement:				
Deferred tax liability as at 1 October	(1,074)	(1,824)	(212)	(1,460)
Charge/(credit) to profit and loss account (note 9(a))	24	(1,550)	(953)	(624)
Arising on discontinued operations	(1,511)			
Foreign exchange	1,128	1,512	91	260
Deferred tax asset as at 30 September	(1,433)	(1,862)	(1,074)	(1,824)
Deferred tax asset	(2,108)	(2,109)	(4,594)	(2,697)
Deferred tax liability	675	247	3,520	873
	(1,433)	(1,862)	(1,074)	(1,824)

10. Equity dividends

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Dividends declared or paid	-	-	-	-

There has been no dividend paid or proposed for 2015 (2014:ZMW nil).

11. Earnings per share

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

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

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

	2015		2014	
Basic earnings per share	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Loss for the year	(63,614)	(9,009)	(24,609)	(4,185)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	247,978	247,978	247,978	247,978
	Ngwee	US cents	Ngwee	US cents
Basic earnings per share (ZMW and US cents) – Continued operations	(19.86)	(2.81)	(5.29)	(0.90)
Basic earnings per share (ZMW and US cents) – Discontinued operations	(5.80)	(0.82)	(4.64)	(0.79)
Total Basic earnings per share (ZMW and US cents)	(25.66)	(3.63)	(9.93)	(1.69)

12. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2013	15,699	2,951
Foreign exchange difference	-	(447)
At 30 September 2014	15,699	2,504
Foreign exchange difference	-	(1,198)
At 30 September 2015	15,699	1,306

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:

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Master Pork Limited	15,699	1,306	15,699	2,504

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

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

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

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

Notes to the Financial Statements continued

For the year ended 30 September 2015

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 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
Transfers	-	292	18,512	2,509	813	(22,639)	(513)
Disposals	-	-	(14)	(2,132)	(32)	(162)	(2,340)
Reclassification	-	2,225	4,733	-	35	(6,992)	1
Revaluation (a)	-	-	1,571	(1,571)	-	-	-
As at 30 September 2014	**64,564**	**834,198**	**540,012**	**67,190**	**27,896**	**57,301**	**1,591,161**
Exchange differences	-	220,850	146,552	6,469	907	91	374,869
Additions	11,654	2,409	18,378	4,323	2,035	255,089	293,888
Disposals	-	(2,920)	(7,224)	(1,783)	(130)	-	(12,057)
Disposal of subsidiary	-	(55,018)	(149,311)	(2,577)	(1,310)	(1,758)	(209,974)
Transfers	-	4,981	55,919	13,963	618	(75,511)	(30)
Reclassification	-	-	-	-	-	(11)	(11)
As at 30 September 2015	76,218	1,004,500	604,326	87,585	30,016	235,201	2,037,846
Depreciation							
As at 1 October 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**
Exchange difference	-	764	3,854	1,124	549	-	6,291
Charge for the year	-	8,877	40,119	15,280	2,774	-	67,050
Depreciation on Palm Plantation	(1,257)	-	-	-	-	-	(1,257)
Disposals	-	(97)	(1,170)	(372)	(26)	-	(1,665)
Disposal of subsidiary	-	(1,440)	(11,624)	(910)	(214)	-	(14,188)
As at 30 September 2015	**(4,606)**	**17,689**	**73,925**	**29,743**	**6,641**	**-**	**123,392**
Net book value							
At 30 September 2015	**80,824**	**986,811**	**530,401**	**57,842**	**23,375**	**235,201**	**1,914,454**
At 30 September 2014	**67,913**	**824,613**	**497,266**	**52,569**	**24,338**	**57,301**	**1,524,000**

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 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 (a)	-	-	267	(267)	-	-	-
As at 30 September 2014	**10,297**	**133,046**	**86,125**	**10,716**	**4,449**	**9,139**	**253,772**
Foreign translation	(5,607)	(42,317)	(24,200)	(5,402)	(2,124)	(14,757)	(94,407)
Additions	1,651	341	2,603	612	288	36,132	41,627
Transfers	-	706	7,921	1,978	88	(10,696)	(3)
Disposals	-	(414)	(1,023)	(253)	(18)	-	(1,708)
Disposal of subsidiary	-	(7,793)	(21,149)	(365)	(186)	(249)	(29,742)
Reclassification	-	-	-	-	-	(2)	(2)
As at 30 September 2015	**6,341**	**83,569**	**50,277**	**7,286**	**2,497**	**19,567**	**169,537**
Depreciation							
As at 1 October 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	(534)	1,529	6,816	2,332	567	-	10,710
Charge for the year	-	1,257	5,683	2,164	393	-	9,497
Depreciation on Palm Plantation	(178)	-	-	-	-	-	(178)
Disposals	-	(14)	(166)	(53)	(4)	-	(237)
Disposal of subsidiary	-	(204)	(1,646)	(129)	(30)	-	(2,009)
Foreign Translation	329	(1,097)	(4,537)	(1,840)	(373)	-	(7,518)
As at 30 September 2015	**(383)**	**1,471**	**6,150**	**2,474**	**553**	**-**	**10,265**
Net book value							
At 30 September 2015	**6,724**	**82,098**	**44,127**	**4,812**	**1,944**	**19,567**	**159,272**
At 30 September 2014	**10,831**	**131,517**	**79,309**	**8,384**	**3,882**	**9,139**	**243,062**

(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.

13. Property, plant and equipment continued

(b) The depreciation charge for the year includes ZMW8.9 million (USD1.3 million) (2014: ZMW6.1 million [USD1.01 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 ZMW34.9 million (USD2.9 million) (2014: ZMW31.8 million [USD5.1 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 (USD0.46 million) (2014: ZMW4.1 million [USD0.7 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.

(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 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	-	-
At 30 September 2014	**616,189**	**285,130**	**30,902**	**4,923**	**28,427**	**965,571**
Exchange differences	214,683	137,579	4,416	306	13	356,997
Additions	31	2,869	2,140	516	31,882	37,438
Transfers	1,662	31,442	2,179	439	(35,722)	-
Disposals	-	(4,560)	-	-	-	(4,560)
Reclassification	-	-	-	-	-	-
As at 30 September 2015	**832,565**	**452,460**	**39,637**	**6,184**	**24,600**	**1,355,446**
Depreciation						
As at 1 October 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**
Charge for the year	4,978	23,219	6,134	513	-	34,844
Disposals	-	(913)	-	-	-	(913)
As at 30 September 2015	**9,580**	**41,617**	**11,455**	**984**	**-**	**63,636**
Net book value						
At 30 September 2015	**822,985**	**410,843**	**28,182**	**5,200**	**24,600**	**1,291,810**
At 30 September 2014	**611,587**	**265,819**	**25,581**	**4,452**	**28,427**	**935,866**

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 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)
Reclassification	-	(271)	267	4	-	-
Foreign translation	(17,037)	(7,482)	(816)	(138)	(570)	(26,043)
As at 30 September 2014	**98,276**	**45,476**	**4,927**	**786**	**4,534**	**153,999**
Exchange differences	(59,659)	(31,535)	(2,867)	(450)	(1,945)	(96,456)
Additions	5	406	303	73	4,516	5,303
Transfers	235	4,454	309	62	(5,060)	-
Disposals	-	(645)	-	-	-	(645)
Foreign translation	30,408	19,487	625	43	2	50,565
Reclassification	-	-	-	-	-	-
As at 30 September 2015	**69,265**	**37,643**	**3,297**	**514**	**2,047**	**112,766**
Depreciation						
As at 1 October 2013	-	-	-	-	-	-
Charge for the year	787	3,290	913	80	-	5,070
Foreign translation	(49)	(204)	(56)	(4)	-	(313)
Disposals	-	-	(9)	-	-	(9)
Transfers	(4)	(6)	-	-	-	(10)
As at 30 September 2014	**734**	**3,080**	**848**	**76**	**-**	**4,738**
Charge for the year	705	3,288	869	73	-	4,935
Transfers						
Disposals	-	(129)	-	-	-	(129)
Foreign translation	(642)	(2,777)	(764)	(67)	-	(4,250)
As at 30 September 2015	**797**	**3,462**	**953**	**82**	**-**	**5,294**
Net book value						
At 30 September 2015	**68,468**	**34,181**	**2,344**	**432**	**2,047**	**107,472**
At 30 September 2014	**97,542**	**42,396**	**4,079**	**710**	**4,534**	**149,261**

(a) The carrying value of the Company's property, plant and equipment includes an amount of ZMW18 million (USD1.5 million) (2014: ZMW18.3 million [USD2.9 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW1.6 million (USD0.23 million) (2014: ZMW2 million [USD0.49 million]).

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

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For the year ended 30 September 2015

14. Investment in Associate

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	23,827	3,800	-	-
Arising during the year			23,827	3,800
Transfer to subsidiary	(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 Zam Hatch Limited ("Zam Hatch"). It was ascertained that Zambeef exercises due influence over Zam Hatch. Hence, Zam Hatch is now being consolidated into Zambeef financial statements. Zambeef and Rainbow still own 49% and 51% respectively.

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

(a) Directly owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2015	Proportion of all classes of issued share capital owned by the Company 2014	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	80	Processing and sale of meat products
Master Meat (Ghana) Limited	Ghana	90	90	Processing and sale of meat products
Master Pork Limited	Zambia	100	100	Processing and sale of pork and processed products
Zampalm Limited	Zambia	100	100	Palm tree plantation
Zam Chick Limited	Zambia	51	51	Processing and sale of poultry products
Zam Hatch Limited	Zambia	49	49	Chicken breeding, rearing and stock feed

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

	2015		2014	
(b) Movement at cost:	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	157,582	25,133	154,514	29,044
Arising during the year	-	-	3,068	774
Transfer from investment in associate (note 14)	23,827	3,800	-	-
Disposal during the year	(62,721)	(5,218)	-	-
Foreign translation	-	(13,841)		(4,685)
At end of the year	118,688	9,874	157,582	25,133

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

15. Investments in subsidiaries continued

Name of company	Country of Incorporation	Assets ZMW'000s	Liabilities ZMW'000s	Revenues ZMW'000s	Profit/(loss) ZMW'000s
Zambeef Retailing Limited	Zambia	365,052	368,705	984,361	(23,943)
Zamleather Limited	Zambia	40,524	9,029	32,739	10,588
West Africa Operations	Nigeria & Ghana	64,312	70,333	129,951	(4,640)
Master Pork Limited	Zambia	101,255	40,083	159,810	11,378
Zamanita Limited	Zambia	-	-	253,443	54,755
Zampalm Limited	Zambia	162,918	79,045	-	-
Zam Chick Limited	Zambia	178,700	97,992	167,610	19,916
Zam Hatch Limited	Zambia	192,716	140,143	1,139	3,946
Total at the end of 30 September 2015		1,105,477	805,330	1,729,053	72,000
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 & 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)**

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
Zambeef Retailing Limited	Zambia	30,370	30,674	139,428	(3,391)
Zamleather Limited	Zambia	3,371	751	4,637	1,500
West Africa Operations	Nigeria & Ghana	5,350	5,851	10,811	(657)
Master Pork Limited	Zambia	8,424	3,335	22,636	1,612
Zamanita Limited	Zambia	-	-	35,898	7,756
Zampalm Limited	Zambia	13,554	6,576	-	-
Zam Chick Limited	Zambia	14,867	8,152	23,741	2,821
Zamhatch Limited	Zambia	16,033	11,659	161	559
Total at the end of 30 September 2015		91,969	66,998	237,312	10,200
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 & 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)**

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15. Investments in subsidiaries continued

	2015		2014	
Name of company	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Zambeef Retailing Limited	31	3	31	5
Zamleather Limited	1,477	123	1,477	236
Master Meat and Agro Production Co of Nigeria Limited	216	18	216	34
Master Meat (Ghana) Limited	1,310	109	1,310	209
Master Pork Limited	26,601	2,213	26,601	4,243
Zamanita Limited	-	-	62,721	10,003
Zampalm Limited	56,835	4,728	56,835	9,065
Zam Chick Limited	8,391	698	8,391	1,338
Zam Hatch Limited	23,827	1,982	-	-
	118,688	**9,874**	**157,582**	**25,133**

(d) On 1 June 2015, the Group disposed of its 100% equity interest in its subsidiary, Zamanita Limited. The subsidiary was classified as held for sale in the 31 March 2015 interim report.
The consideration was received in June 2015. At the date of disposal, the carrying amounts of Zamanita's net assets were as follows:

	ZMW'000	**USD'000**
Property, plant and equipment	195,840	26,573
Total non-current assets	195,840	26,573
Inventories	146,045	19,816
Trade and other receivables	50,030	6,788
Total current assets	196,075	26,604
Deferred tax	8,964	1,216
Borrowings	104,919	14,236
Trade and other payables	83,161	11,284
Total liabilities	197,044	26,736
Total net assets	194,871	26,441
Total proceeds received	197,809	27,037
Less: Disposal costs	(22,920)	(3,247)
Net consideration received	174,889	23,790
Forex movement		(179)
Loss on disposal	(19,982) (2,830)	

The loss on disposal is included in the loss from discontinued operations in the consolidated statement of comprehensive income (note 34).
(e) In the opinion of the Directors, the value of the company's interests in the subsidiary companies is not less than the amounts at which they are stated in these financial statements.

16. (a) Biological assets – Group

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 30 September 2015 there were 12,492 cattle (9,909 feedlot cattle, 514 standing cattle and 2,069 dairy cattle) and 480,336 chickens (198,168 layers and 282,168 broilers), and 4,546 pigs. A total of 29,166 feedlot cattle, 1,802 dairy cattle, 8,478 pigs and 6,747,406 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 2,623 hectares.

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/(losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	35,430	245,306	147,488	(4,904)	(384,379)	38,940
Feedlot Cattle	70,874	132,139	38,347	-	(188,171)	53,189
Dairy Cattle	24,934	19,701	33,033	-	(27,307)	50,361
Pigs	2,750	6,261	3,409	376	(9,413)	3,383
Chickens	8,013	144,157	41,803	-	(184,654)	9,319
Palm oil plantation	20,202	13,869	-	-	(65)	34,006
Total	162,203	561,433	264,079	(4,528)	(793,989)	189,198
Less: Non-current biological assets	(20,202)	(13,869)	-	-	65	(34,006)
Total	**142,001**	**547,564**	**264,079**	**(4,528)**	**(793,924)**	**155,192**

(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	5,651	(2,910)	34,746	20,891	(694)	(54,445)	3,239
Feedlot Cattle	11,304	(4,374)	18,717	5,431	-	(26,653)	4,425
Dairy Cattle	3,976	(3,388)	2,791	4,679	-	(3,868)	4,190
Pigs	439	(247)	887	483	53	(1,333)	282
Chickens	1,278	(688)	20,419	5,921	-	(26,155)	775
Palm oil plantation	3,222	(2,348)	1,964	-	-	(9)	2,829
Total	25,870	(13,955)	79,524	37,405	(641)	(112,463)	15,740
Less: Non-current biological assets	(3,222)	2,348	(1,964)	-	-	9	(2,829)
Total	**22,648**	**(11,607)**	**77,560**	**37,405**	**(641)**	**(112,454)**	**12,911**

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2015 there were 12,492 cattle (9,909 feedlot cattle, 414 standing cattle and 2,069 dairy cattle), and 198,168 chickens (196,168 layers). A total of 29,130 feedlot cattle and 1,802 dairy cattle were culled during the year.

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/ (losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	35,430	245,306	147,487	(4,904)	(384,379)	38,940
Feedlot Cattle	70,875	132,139	38,346	-	(188,171)	53,189
Dairy Cattle	24,934	19,701	33,033	-	(27,307)	50,361
Chickens	5,709	21,371	3,646	-	(24,306)	6,420
Total	**136,948**	**418,517**	**222,512**	**(4,904)**	**(624,163)**	**148,910**

(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	5,651	(2,909)	34,746	20,891	(695)	(54,444)	3,240
Feedlot Cattle	11,304	(4,374)	18,716	5,432	-	(26,653)	4,425
Dairy Cattle	3,977	(3,389)	2,791	4,679	-	(3,868)	4,190
Chickens	910	(477)	3,028	516	-	(3,443)	534
Total	**21,842**	**(11,149)**	**59,281**	**31,518**	**(695)**	**(88,408)**	**12,389**

17. Inventories

	2015		2014	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Trading stocks	243,678	193,478	187,702	134,314
Abattoir stocks	1,292	-	966	-
Raw materials	4,058	-	168,684	-
Stock feed	60,970	60,493	28,888	28,603
Consumables	99,334	57,271	55,575	22,998
Raw hides and chemicals	2,907	-	2,638	-
	412,239	**311,242**	**444,453**	**185,915**

17. Inventories continued

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
Trading stocks	20,273	16,096	29,936	21,422
Abattoir stocks	107	-	154	-
Raw materials	338	-	26,904	-
Stock feed	5,072	5,033	4,607	4,562
Consumables	8,264	4,765	8,864	3,668
Raw hides and chemicals	242	-	421	-
	34,296	**25,893**	**70,886**	**29,652**

A total of ZMW883.6 million (USD125.2 million) (2014: ZMW1,088 million (USD185.1 million)) was included in profit and loss as an expense within cost of sales. Inventory was turned every 172 days (2014: 134 days).

Biological assets totalling ZMW794 million (USD112.5 million) (2014: ZMW611.4 million [USD104 million]) were transferred to inventories during the year.

18. Trade and other receivables

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Gross trade receivables	194,494	136,920	122,139	52,719
Less: provision for impairment of trade receivables	(1,438)	(226)	(6,025)	(237)
Trade receivables	193,056	136,694	116,114	52,482
Prepayments	16,583	13,025	5,353	1,165
Other receivables	590	-	876	45
	210,229	**149,719**	**122,343**	**53,692**

(ii) In US Dollars	2015 Group USD'000	2015 Company USD'000	2014 Group USD'000	2014 Company USD'000
Gross trade receivables	16,181	11,391	19,480	8,408
Less: provision for impairment of trade receivables	(120)	(19)	(960)	(38)
Trade receivables	16,061	11,372	18,520	8,370
Prepayments	1,381	1,084	851	186
Other receivables	49	-	140	6
	17,491	**12,456**	**19,511**	**8,562**

(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:

18. Trade and other receivables continued

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
At 1 October	6,025	237	11,931	10,142
Utilised	(2,967)	(28)	(10,177)	(9,905)
Arising on discontinued operations	(2,950)	-	-	-
Charge for the year	1,330	17	4,271	-
At 30 September	**1,438**	**226**	**6,025**	**237**

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
At 1 October	960	38	2,243	1,906
Foreign exchange	(190)	(17)	(273)	(288)
Utilised	(420)	(4)	(1,731)	(1,580)
Arising on discontinued operations	(418)	-	-	-
Charge for the year	188	2	721	-
At 30 September	**120**	**19**	**960**	**38**

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	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
More than 3 months but not more than 6 months	1,062	833	1,756	492
More than 6 months but not more than a year	-	-	4,774	405
More than one year	-	-	-	-
Total	**1,062**	**833**	**6,530**	**897**

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
More than 3 months but not more than 6 months	88	69	280	78
More than 6 months but not more than a year	-	-	761	65
More than one year	-	-	-	-
Total	**88**	**69**	**1,041**	**143**

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

19. Amounts due from related companies

(i) In Zambian Kwacha	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
Leopard Investments Company Limited	238	323	-	227
Brick Back Zambia Limited	2,275	2,275	-	-
Tractorzam Limited	90	90	-	-
Zambezi Ranching and Cropping Limited	6,290	4,458	1,825	-
Zambeef Retailing Limited	-	52,394	-	202,859
Zamleather Limited	-	2,893	-	630
Master Pork Limited	-	9,841	-	3,283
Zampalm Limited	-	29,815	-	6,418
Zamanita Limited	-	-	-	59,637
Master Meat & Agro Production Co. of Nigeria Limited	-	33,169	-	27,237
Zam Chick Limited	-	90,721	-	11,545
Master Meat (Ghana) Limited	-	531	-	531
Zam Hatch Limited	-	57,922	9,708	5,940
	8,893	**284,432**	**11,533**	**318,307**

(ii) In US Dollars	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Leopard Investments Company Limited	20	27	-	36
Brick Back Zambia Limited	189	189	-	-
Tractorzam Limited	7	8	-	-
Zambezi Ranching and Cropping	524	371	291	-
Zambeef Retailing Limited	-	4,359	-	32,354
Zamleather Limited	-	241	-	100
Master Pork Limited	-	819	-	524
Zampalm Limited	-	2,481	-	1,024
Zamanita Limited	-	-	-	9,511
Zam Chick Limited	-	7,547	-	1,842
Mastermeat & Agro Production Co. of Nigeria Limited	-	2,759	-	4,344
Master Meat (Ghana) Limited	-	44	-	85
Zam Hatch Limited	-	4,818	1,548	947
	740	**23,663**	**1,839**	**50,767**

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

20. Cash and cash equivalents

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Cash in hand and at bank	49,106	7,322	65,599	12,877
Bank overdrafts (note (b))	(239,754)	(148,177)	(213,467)	(124,992)
	(190,648)	**(140,855)**	**(147,868)**	**(112,115)**

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
Cash in hand and at bank	4,085	609	10,463	2,054
Bank overdrafts (note (b))	(19,946)	(12,327)	(34,046)	(19,935)
	(15,861)	**(11,718)**	**(23,583)**	**(17,881)**

(a) Banking facilities
The Group has overdraft facilities totalling ZMW82.177 million (2014: ZMW35.137 million) and USD1.1 million (2014: USD5.1 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 7.5 per cent. for the Kwacha facility and 1 year USD LIBOR rate plus 3.5 per cent. for the USD facility.

The Group has overdraft facilities totalling ZMW30 million (2014: ZMW24.5 million) and USD2 million (2014: 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. on the Kwacha facilities and 1 month USD LIBOR rate plus 3.6 per cent. on the USD facilities.

The Group has overdraft facilities totalling ZMW63.3 million (2014: ZMW22.5 million) and no USD facility (2014: USD4 million) with Zanaco Bank Plc. The Zanaco Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 4 per cent. on the Kwacha facility.

The Group has overdraft facilities totalling ZMW42 million (2014: ZMW42 million) and USD1 million (2014: 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 3 month USD LIBOR rate plus 3.75 per cent. on the USD facility.

(b) Bank overdrafts

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(64,280)	(270)	(52,999)	(23,744)
Citibank Zambia Limited	(90,518)	(62,950)	(50,791)	(35,133)
Stanbic Bank Zambia Limited	(54,108)	(54,108)	(45,812)	(45,811)
Standard Chartered Bank Zambia Plc	(30,848)	(30,849)	(63,865)	(20,304)
	(239,754)	**(148,177)**	**(213,467)**	**(124,992)**

(ii) In US Dollars	2015 Group USD'000	2015 Company USD'000	2014 Group USD'000	2014 Company USD'000
Bank overdrafts represented by:				
Zanaco Bank Plc	(5,348)	(22)	(8,453)	(3,787)
Citibank Zambia Limited	(7,530)	(5,236)	(8,101)	(5,603)
Stanbic Bank Zambia Limited	(4,502)	(4,502)	(7,306)	(7,307)
Standard Chartered Bank Zambia Plc	(2,566)	(2,567)	(10,186)	(3,238)
	(19,946)	**(12,327)**	**(34,046)**	**(19,935)**

20. Cash and cash equivalents continued

(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 ZMW22.5million), Stanbic Bank Zambia Limited (USD1 million and ZMW42 million).

All overdrafts are annual revolving facilities.

21. Share capital

	2015		2014	
	ZMW'000s	**USD'000s**	**ZMW'000s**	**USD'000s**
Authorised				
400,000,000 ordinary shares of ZMW0.01 each	**4,000**	**638**	**4,000**	**638**
(2014 : 400,000,000 ordinary shares of ZMW0.01 each)				
Issued and fully paid				
At 1 October	2,480	396	248	61
Issued during the year	-	-	2,232	335
At 30 September				
247,978,195 ordinary shares of ZMW0.01 each	**2,480**	**396**	**2,480**	**396**
(2014 : 247,978,195 ordinary shares of ZMW0.01 each)				

22. Share premium

	2015		2014	
	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

	2015		2014	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	206,143	206,143	132,573	132,573
Zanaco Bank Plc (note (b))	39,857	39,857	46,500	46,500
Standard Chartered Bank Zambia Plc (note (c))	91,852	91,852	186,619	60,785
IFC – International Finance Corporation (note (d))	314,225	300,588	209,610	198,940
	652,077	**638,440**	**575,302**	**438,798**
Less: Short term portion (repayable within next 12 months)	(212,795)	(205,976)	(222,093)	(109,433)
Long term portion (repayable after 12 months)	**439,282**	**432,464**	**353,209**	**329,365**

Notes to the Financial Statements continued

For the year ended 30 September 2015

23. Interest bearing liabilities

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	17,150	17,150	21,144	21,144
Zanaco Bank Plc (note (b))	3,316	3,316	7,416	7,416
Standard Chartered Bank Zambia Plc (note (c))	7,642	7,642	29,764	9,695
IFC – International Finance Corporation (note (d))	26,142	25,007	33,431	31,728
	54,250	**53,115**	**91,755**	**69,983**
Less: Short term portion (repayable within next 12 months)	(17,704)	(17,136)	(35,422)	(17,453)
Long term portion (repayable after 12 months)	**36,546**	**35,979**	**56,333**	**52,530**

(a) (i) DEG Term Loan 1
The Group had a loan facility of USDNil (2014: USD424 thousand and original amount USD5 million) from DEG. Interest on the loan was 2.75 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal was repayable in 12 bi-annual instalments of USD416,000 commencing April 2009 and final payment was made in October 2014.

The DEG loan was 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 USD7.15 million (2014: USD10.72 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
The Group has a loan facility of USD10 million (2014: USD10 million and original amount of USD10 million) from DEG. Interest on the loan is 4.25 per cent. above the 6 month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The 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 ZMW39.9 million (2014: ZMW46.5 million) with Zanaco Bank Plc. Interest on the loan is 4.75 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857,143 commencing December 2014 and expiring in December 2020.

The loan is secured by a first ranking legal mortgage over Stand No. 4970, Industrial Area, Lusaka (Head Office).

(c) Standard Chartered Bank Zambia Plc
The Group has USD no loan facility (2014: USD4.935 million and original amount of USD8 million) from Standard Chartered Bank Zambia Plc. This loan was transferred out of Zambeef's books upon the disposal of it's subsidiary Zamanita Limited.

The Group has structured agricultural facilities with an annual revolving limit totalling ZMW150 million (2014: 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 180 days. The balance on the facilities at year end was USD7.6 million (2014: USD24.83 million). Interest on the facilities is the Bank of Zambia Policy Rate plus 4 per cent. per annum.

23. Interest bearing liabilities continued

(d) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD3.68 million (USD2.545 million in Zambia and USD1.135 million in Nigeria) [2014: USD3.818 million in Zambia and USD1.701 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 USD18.6 million and ZMW46.2 million (2014: USD20 million and ZMW49.6 million). Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,344,828 commencing June 2015 and expiring in June 2022.

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

24. Obligations under finance leases

	2015		2014	
In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Freddy Hirsch Group Zambia Limited (note (a))	4,909	-	4,835	-
Stanbic Bank Zambia Limited (note (b))	21,933	21,933	14,741	14,740
	26,842	**21,933**	**19,576**	**14,741**
Less: Payable within 12 months	(11,644)	(9,168)	(4,974)	(1,398)
Repayable after 12 months	**15,198**	**12,765**	**14,602**	**13,342**

	2015		2014	
(ii) In US Dollar	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Freddy Hirsch Group Zambia Limited (note (a))	408	-	771	-
Stanbic Bank Zambia Limited (note (b))	1,825	1,825	2,351	2,351
	2,233	**1,825**	**3,122**	**2,351**
Less: Payable within 12 months	(969)	(763)	(793)	(223)
Repayable after 12 months	**1,264**	**1,062**	**2,329**	**2,128**

The ageing for the finance leases is as detailed below:

(i) In Zambian Kwacha	**Within 1 year ZMW'000s**	**1 to 5 years ZMW'000s**	**After 5 years ZMW'000s**	**Total ZMW'000s**
2015				
Lease payments	12,055	15,906	-	27,961
Finance charges	(411)	(708)	-	(1,119)
Net present values	**11,644**	**15,198**	**-**	**26,842**
2014				
Lease payments	5,015	15,398	-	20,413
Finance charges	(41)	(796)	-	(837)
Net present values	**4,974**	**14,602**	**-**	**19,576**

24. Obligations under finance leases continued

(ii) In US Dollars	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2015				
Lease payments	1,003	1,323	-	2,326
Finance charges	(34)	(59)	-	(93)
Net present values	**969**	**1,264**	**-**	**2,233**
2014				
Lease payments	799	2,456	-	3,255
Finance charges	(6)	(127)	-	(133)
Net present values	**793**	**2,329**	**-**	**3,122**

(a) Master Pork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW5.6 million (2014 – ZMW4.835 million) with Freddy Hirsch Group Zambia Ltd. The following equipment is on hire purchase and are interest free: Cozzini Silo Hopper, HirschPro400, Ulma, Cozzini Blender, injector brine mixer, blender/lifting and Polyclipper. The principle on the Kwacha hire purchase facilities is repayable in 48 equal monthly instalments totalling ZMW0.35 million (USD0.03 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 3 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 ten years. Uncertainty exists over the amount of future outflows due to staff turnover levels, but are not considered material to the Group.

	2015		2014	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
At 1 October	7,473	1,572	6,793	1,504
Provision made during the year	4,407	1,359	1,776	188
Payments made during the year	(2,626)	(1,261)	(1,096)	(120)
At 30 September	**9,254**	**1,670**	**7,473**	**1,572**

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 2015. As of the report date, the actuary had finalised the report and the provision was adjusted to agree to the report.

	2015		2014	
(ii) In US Dollar	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
At 1 October	1,192	251	1,277	283
Provision made during the year	624	193	303	32
Payments made during the year	(372)	(179)	(187)	(21)
Foreign translation	(674)	(126)	(201)	(43)
At 30 September	**770**	**139**	**1,192**	**251**

26. Trade and other payables

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Trade payables	245,444	154,787	105,261	52,585
Provisions and accruals	126,889	97,059	113,036	23,392
	372,333	**251,846**	**218,297**	**75,977**

(ii) In US Dollars	2015 Group USD'000s	2015 Company USD'000s	2014 Group USD'000s	2014 Company USD'000s
Trade payables	20,420	12,876	16,788	8,387
Provisions and accruals	10,556	8,077	18,028	3,732
	30,976	**20,953**	**34,816**	**12,119**

The average credit period taken in 2015 was 153 days (2014: 74 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	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Rainbow Farm Investments	44,443	-	-	-
Zambeef Retailing Limited	-	-	-	15,641
Wellspring Limited	20	21	-	-
Squares Ranch	11	11	-	-
Proflight Commuter Services	4	4	-	-
Zamleather Limited	-	-	-	6
Zamanita Limited	-	-	-	45,150
	44,478	36	-	60,797
Non-current	44,443	-	-	-
Current	35	-	-	-

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Rainbow Farm Investments	3,697	-	-	-
Zambeef Retailing Limited	-	-	-	2,494
Wellspring Limited	2	2	-	-
Squares Ranch	1	1	-	-
Zamleather Limited	-	-	-	1
Zamanita Limited	-	-	-	7,201
	3,700	3	-	9,696
Non-current	3,697	-	-	-
Current	3	-	-	-

The above balances relate to arm's length transactions with the related parties. External parties that fall under the 'Related Party' disclosure are with respect to all common shareholding companies of the Board of Directors of the Group.

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:

	2015		2014	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Financial assets				
- Cash at bank	15,932	2,083	43,273	3,685
- Trade receivables	87,961	76,421	65,923	25,000
- Other receivables	5,747	-	2,289	-
Financial liabilities				
- Bank overdrafts	(71,176)	(44,334)	(133,315)	(45,473)
- Trade and other payables	(91,885)	(76,503)	(46,730)	(16,716)
- Bank loans	(552,404)	(552,404)	(342,698)	(342,698)
- Finance leases	(21,933)	(21,933)	(14,741)	(14,741)
Net exposure	**(627,758)**	**(616,670)**	**(425,999)**	**(390,943)**

28. Financial instruments continued

(i) In Zambian Kwacha	2015 Group ZMW'000s	2015 Company ZMW'000s	2014 Group ZMW'000s	2014 Company ZMW'000s
Financial assets				
- Cash at bank	1,325	173	6,871	588
- Trade receivables	7,318	6,358	10,514	3,987
- Other receivables	478	-	365	-
Financial liabilities				
- Bank overdrafts	(5,921)	(3,688)	(21,232)	(7,525)
- Trade and other payables	(7,644)	(6,365)	(7,453)	(2,666)
- Bank loans	(49,957)	(45,957)	(54,657)	(54,657)
- Finance leases	(1,825)	(1,825)	(2,351)	(2,361)
Net exposure	**(56,226)**	**(51,304)**	**(67,943)**	**(62,634)**

In Zambian Kwacha 2014	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
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)**

28. Financial instruments continued

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

(ii) In US Dollars 2014	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
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)**

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

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

These risks are managed as described below:

28. Financial instruments continued

(i) **Currency risk**

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

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

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	206,143	17,150	132,573	21,144
Standard Chartered Bank Zambia PLC	-	-	30,942	4,935
International Finance Corporation	268,055	22,301	149,340	23,818
	474,198	39,451	312,855	49,897

Foreign currency risk sensitivity analysis
Zambian Kwacha/United States Dollar exchange risk
The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Group's foreign currency borrowings with all other things being equal. It assumes a +/-10 per cent. and 5 per cent., movement in the United States Dollar/Zambian Kwacha exchange rate for the year ended 30 September 2015.
If the Zambian Kwacha had weakened against the United States dollar by 10 per cent. (2014: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2015		2014	
Weakening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	(102,032)	(13,138)	(51,485)	(7,960)
Equity	1,393,789	105,414	1,288,712	186,851

If Zambian Kwacha had strengthened against the United States Dollar by 5 per cent. (2014: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2015		2014	
Strengthening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	(30,903)	(4,608)	(4,557)	(816)
Equity	1,464,919	128,288	1,335,640	224,232

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 on-going monitoring of the Group's overdrafts and long-term borrowings, the spreading of debt between a number of financial institutions and the denomination of debt in Zambian Kwacha and USD.

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

(iii) **Market risk**

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

(b) **Credit risk**

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

28. Financial instruments continued

(c) **Liquidity risk**

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

30 September 2015	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Interest bearing liabilities	55,756	150,220	313,241	132,860
Other bank borrowings		239,754		
Finance lease obligations	7,857	6,220	12,765	-
Trade and other payables	372,333	-	-	-

30 September 2015	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	USD'000	USD'000	USD'000	USD'000
Interest bearing liabilities	4,639	12,498	26,060	11,053
Other bank borrowings		19,946		
Finance lease obligations	654	517	1,062	-
Trade and other payables	30,976	-	-	-

29. Fair value measurement

Fair value measurement of financial instruments

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

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

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

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

28. Financial instruments continued

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

1 October 2013	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Financial assets				
Other forward exchange contracts Inventory (CMA)	-	119,966	-	119,966
Total Assets	**-**	**119,966**	**-**	**119,966**
Financial liabilities				
US-dollar loans	-	-	(283,753)	(283,753)
Total Liabilities	**-**	**-**	**(283,753)**	**(283,753)**
Net fair value	**-**	**119,966**	**(283,753)**	**(163,787)**

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

30 September 2014	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Other forward exchange contracts inventory (CMA) -		24,829		24,829
Total Assets	**-**	**24,829**	**-**	**24,829**
Financial liabilities				
US-dollar loans	-	-	(51,598)	(51,598)
Total Liabilities	**-**	**-**	**(51,958)**	**(51,598)**
Net fair value	**-**	**24,829**	**(51,598)**	**(26,769)**

Notes to the Financial Statements continued

For the year ended 30 September 2015

29. Fair value measurement continued

1 October 2013	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Financial assets				
Other forward exchange contracts inventory (CMA)	-	2,550	-	22,550
Total Assets	**-**	**22,550**	**-**	**22,550**
Financial liabilities				
US-dollar loans	-	-	(53,337)	(53,337)
Total Liabilities	**-**	**-**	**(53,337)**	**(53,337)**
Net fair value	**-**	**22,550**	**(53,337)**	**(30,787)**

There were no transfers between Level 1 and Level 2 in 2015 or 2014.

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.

US-dollar loans (Level 2)

The fair values of the US-dollar loans are estimated using a discounted cash flow approach, which discounts the contractual cash 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% (2014: 4.81%).

Contingent consideration (Level 3)

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

Fair value measurement of non-financial assets

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

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

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

1 October 2013	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Land held for production in Zambia	-	405,260	-	405,260
Office building in Zambia	-	22,297	-	22,297

29. Fair value measurement continued

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

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

1 October 2013	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Land held for production in Zambia	-	76,177	-	76,177
Office building in Zambia	-	4,191	-	4,191

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

Further information is set out below.

Land held for production in Zambia (Level 2)
Land has been valued using the direct comparison method. This method has been adopted as the most appropriate for the purpose of this valuation as there are enough comparisons available on the open market for land. The land was revalued on 30 September 2013.

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

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

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

31. Capital commitments

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	45,892	3,818	22,503	3,589
Not contracted for at the reporting date	314,708	26,182	88,438	14,105

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

	2015		2014	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Within one year	11,582	-	12,370	-
One to five years	14,480	-	14,765	-

Notes to the Financial Statements continued

For the year ended 30 September 2015

32. Operating leases continued

	2015		2014	
(i) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Within one year	964	-	1,973	-
One to five years	1,204	-	2,355	-

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

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 2015 are as follows:

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

		2015		2014	
	Sale of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Limited	Animal feeds/bran	628	89	-	-
Foresythe Limited	Animal feeds/bran	-	-	404	68
Squares Ranch Limited	Animal feeds/bran	45	6	-	-
Brick Back Limited	Animal feeds/bran	1,805	256	-	-
Zambezi Ranching and Cropping Limited	Animal feeds/bran	31,938	4,524	27,681	4,708
Leopard Investments Company Limited	Animal feeds/bran	2,135	302	2,948	501
		36,551	**5,177**	**31,033**	**5,277**

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

		2015		2014	
	Purchase of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	57,429	8,134	56,524	9,613
Wellspring Limited	Cattle beef	4,539	643	6,211	1,056
Leopard Investments Company Limited	Cattle beef, chickens, pigs, rental of property	8,834	1,251	8,374	1,426
Proflight Commuter Services Limited	Air travel tickets	50	7	101	17
Tractorzam Limited	Tractors/spares	6,535	926	3,619	615
Brick Back Limied	Cattle beef	4,778	677	-	-
Squares Ranch Limited	Cattle beef	673	95	-	-
Claudia Burton	Rental of property, Lamb			30	5
Nanga Plc	Cattle beef	1,002	142	-	-
		83,840	**11,875**	**74,859**	**12,732**

(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.

33. Related party transactions continued

The remuneration of Directors and other members of key management during the year were as follows:

	2015		2014	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Short-term benefits	43,689	21,058	44,823	21,644
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Short-term benefits	6,188	2,983	7,623	3,681
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.

33. Related party transactions continued

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

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing	298,691	42,307	268,588	45,678
Zambezi Ranching and Cropping Limited	711	101	3,446	586
Wellspring Limited	628	89	-	-
Brick Back Limited	1,805	256	404	69
Squares Ranch Limited	45	6	-	-
Leopard Investments Company Limited	-	-	2,948	501
	301,880	**2,759**	**275,386**	**46,834**

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

	2015		2014	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing	4,947	701	5,809	988
Zambezi Ranching and Cropping Limited	11,851	1,679	16,139	2,745
Tractorzam Limited	6,492	920	2,984	507
Leopard Investments Company Limited	710	101	-	-
Proflight Commuter Services Limited	50	7	101	17
Brick Back Limied	4,778	677	404	69
Nanga Plc	1,022	142	-	-
Squares Ranch Limited	673	95	-	-
Wellspring Limited	4,539	643	-	-
	35,852	**4,965**	**31,244**	**5,332**

34. **Discontinued Operations**

During the period management decided to sell a 100% owned subsidiary, Zamanita Limited (Zamanita). The sale was concluded on 1 June 2015. As such the income and expenditures of Zamanita are disclosed in accordance with IFRS 5.

The income generated by assets held for sale was generated as follows:

	June 2015 ZMW'000	June 2015 USD'000	Sept 2014 ZMW'000	Sept 2014 USD'000
Revenue	253,443	35,898	399,117	67,877
Cost of sales	(205,543)	(29,114)	(340,854)	(57,968)
Administration costs	(33,936)	(4,806)	(50,792)	(8,638)
Other income	7	1	101	17
Operating profit	13,971	1,979	7,572	1,288
Finance Costs	(4,290)	(608)	(7,327)	(1,246)
Exchange losses	(5,778)	(818)	(11,631)	(1,978)
Profit from discontinued operation before tax	3,903	553	(11,386)	(1,936)
Tax credit/(charge)	1,702	241	(114)	(19)
Profit/(loss) for the year	5,605	794	(11,500)	(1,955)
Loss on disposal (note 15 (e))	(19,982)	(2,830)		
Loss from discontinued operations	(14,377)	(2,036)	(11,500)	(1,955)

35. Events subsequent to reporting date

No item, transaction or event of a material and unusual nature has arisen since 30 September 2015, 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.

The Zambia Revenue Appeals Tribunal upheld Zambeef's appeal against the ZMW49.15 million (USD3.91 million) Zamanita tax assessment which will be reversed in the 2016 financial year.

Notice of Annual General Meeting and agenda

Notice is hereby given that the 21st Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Monday, December 21, 2015 at 10:00 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 20th Annual General Meeting held on December 23, 2014.
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 September 30, 2015. (Resolution 1).
5. To re-appoint Grant Thornton (Zambia) as Auditors for 2015/16 and to authorize the Directors to fix their remuneration. (Resolution 2).
6. In terms of the Companies Act, Mr. John Rabb and Mrs. Irene Muyenga retire but are eligible to offer themselves for re-election. (Resolution 3)
7. To authorize the Board of Directors to issue new shares for any business purpose up to a maximum of 10 per cent of the issued share capital of the Company without shareholder approval. (Special Resolution 1).
8. That the authority to repurchase the Company's issued share capital given to the Board by the shareholders at the EGM dated 8 April 2015 for purposes of the implementation of the Joint CEO LTIP is renewed. This authority will expire at the 2016 AGM. (Special Resolution 2).
9. That in addition to the authority already conferred on the Board at the EGM of 8 April 2015 to implement the Joint CEO LTIP through the repurchase of the Company's shares, the Board can also elect to implement the Joint CEO LTIP, in whole or in part, through the issue and/ or allotment of new ordinary shares of the Company. The authority granted under this Special Resolution 3 when taken with the general authority requested under Special Resolution 1 will not exceed 10 per cent. of the issued share capital of the Company. (Special Resolution 3).
10. To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and the AIM market of the London Stock Exchange and to have these new issued ordinary shares listed on the Lusaka Stock Exchange and the AIM market of the London Stock Exchange, ranking *pari passu* with existing issued ordinary shares. (Resolution 4).
11. 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 the 21st day of December 2015 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 2015.	☐	☐
Resolution 2 - To reappoint Grant Thornton as Auditors for 2015/16 and authorise the Directors to fix their remuneration.	☐	☐
Resolution 3 - To re-elect the following Directors:		
• Mr. John Rabb	☐	☐
• Ms. Irene Muyenga	☐	☐
Special Resolution 1 - To authorize the Board of Directors to issue new shares for any business purpose up to a maximum of 10 per cent of the issued share capital of the Company without shareholder approval.	☐	☐
Special Resolution 2 - That the authority to repurchase the Company's issued share capital given to the Board by the shareholders at the EGM dated 8 April 2015 for purposes of the implementation of the Joint CEO LTIP is renewed. This authority will expire at the 2016 AGM.	☐	☐
Special Resolution 3 - That in addition to the authority already conferred on the Board at the EGM of 8 April 2015 to implement the Joint CEO LTIP through the repurchase of the Company's shares, the Board can also elect to implement the Joint CEO LTIP, in whole or in part, through the issue and/or allotment of new ordinary shares of the Company. The authority granted under this Special Resolution 3 when taken with the general authority requested under Special Resolution 1 will not exceed 10 per cent. of the issued share capital of the Company.	☐	☐
Resolution 4 - To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and the AIM market of the London Stock Exchange and to have these new issued ordinary shares listed on the Lusaka Stock Exchange and the AIM market of the London 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.

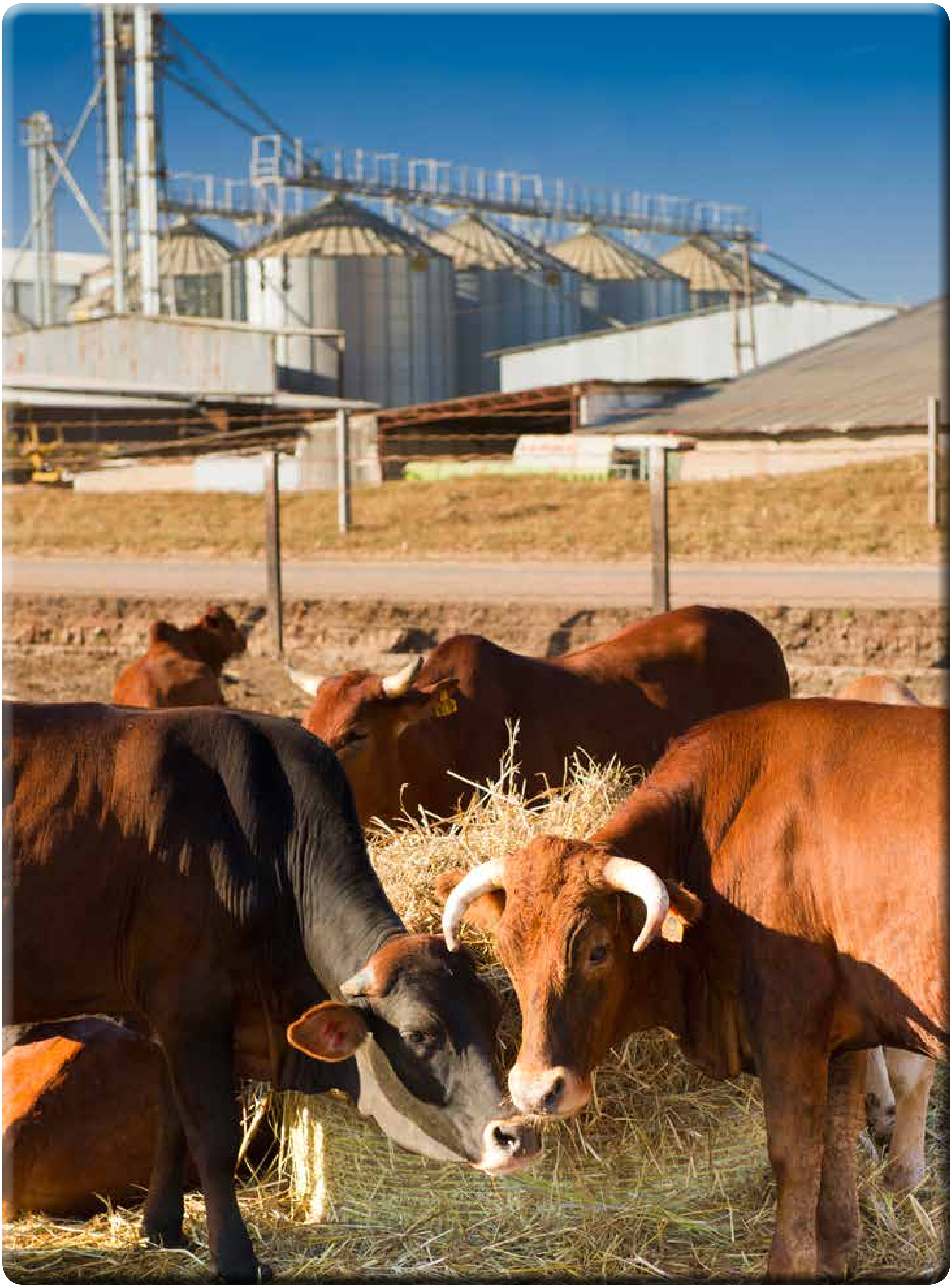
4. This form of proxy must be received by the Company secretary at the registered head office, Plot 4970, Manda Road, Industrial Area, P/B 17, Woodlands, Lusaka, by no later than 09:30 on Thursday, 17th December, 2015.

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

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

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

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



PROUD
ZAMBEEF SUPPLIER

Dairy Farmers

A snapshot of just a few of Zambeef's loyal farmers who continue to pursue their passion for farming while carrying out their family responsibilities. Proud to be Zambian and looking forward to feeding the nation for years to come.

Feeding the Nation
ZAMBEEF
Products PLC

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