

8 June 2016



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

SIGNIFICANT OPERATIONAL IMPROVEMENT SHOWS STRENGTH OF ZAMBEEF'S CORE BUSINESS

Unaudited Results for the Six Months ended 31 March 2016

Zambeef (AIM: ZAM), the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, announces its results for the six month period ended 31 March 2016.

Key Financial Highlights:

	USD (m) H1 2016	USD (m) H1 2015
Revenue	98.82	102.14
Gross Profit	41.19	44.62
Admin Expenses	(27.50)	(36.66)
Operating Profit	13.68	7.96
Finance costs	(5.32)	(4.14)
Exchange gain / (losses)	1.38	(7.61)
Profit / (loss) before tax	9.74	(3.79)
Adjusted profit / (loss) before tax	8.44	(0.31)
Tax	(0.78)	(0.60)
Profit from discontinued operations	-	1.03
Profit after tax	8.96	(3.36)
EBITDA	15.45	11.64
EBITDA Margin	15.64%	11.4%
Operating Profit Margin	13.85%	7.8%
Cost to income ratio	24.56%	31.5%

Highlights:

- Significant improvement in operational performance, driven by:
 - Continued focus on the core business: production, processing, distribution and retailing of cold chain food products
 - Aggressive expansion of the retail network
 - Effective cost control
- Operating profit increased over 200% to ZMW 155.3m (2015: ZMW 51.4m), an increase of 72% in USD terms to USD 13.7m (2015: USD 8.0m)
- Final settlement reached with the Zambian Revenue Authority (ZRA) over the historical disputed Zamanita tax liability, leading to a write-back to the Profit and Loss Account of approximately ZMW34 million (USD3.5 million)
- Investment of ZMW 84 Million (USD7.4million) in the Zamhatch breeder farm and new stock feed facility, eliminating supply bottlenecks in the egg, pork, beef and chicken divisions and expanding the retail store network
- Two new macro outlet stores opened during the period and a further two stores have been upgraded and renovated to Zambeef macro outlet standards. A further five sites are currently under construction and another five sites have been acquired and are awaiting planning permission
- The Group continued to benefit from its concession agreement with Shoprite for in-store Meat Market butcheries in Zambia and West Africa. Shoprite has expanded with seven new stores in Zambia and West Africa. A further seven Shoprite stores are due to open before the end of the year

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

“The excellent interim operating performance, achieved within a challenging macro-economic environment, is a tribute to the hard work, skill, dedication and professionalism of all management and staff. I would like to register our gratitude. Their efforts, driven by the Board’s clear strategic focus, will enable Zambeef to achieve its vision of becoming a major provider of cold chain food products to Zambia and the region.

“With the strong focus on the retailing operations, Zambeef is confident that this robust performance will continue, demonstrating the resilience of the Group’s business model. As a consequence of this strong operational performance, the Board is confident of meeting full year expectations.”

For further information, please contact:

Zambeef Products plc

Carl Irwin, Joint Chief Executive Officer
Francis Grogan, Joint Chief Executive Officer

Tel: +260 (0) 211 369003

Strand Hanson Limited

James Spinney
Ritchie Balmer
Frederick Twist

Tel: +44 (0) 20 7409 3494

Finncap

Joanna Scott
Raymond Greaves

Tel: +44 (0) 20 7220 0500

Powerscourt

Nick Dibden

Tel: +44 (0)20 7250 1446

Sophie Moate
Nick Brown

About Zambeef Products Plc

Zambeef Products Plc is the largest integrated agribusiness and food processor 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. The Group has one of the largest cereal row cropping operations in Africa, with a total of 24,174 hectares planted during FY2015. The group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana.

The Group has approximately 6,200 employees.

Further information can be found on www.zambeefplc.com

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS – 31 MARCH 2016

CHAIRMAN'S REPORT

Overview

I am pleased to report that the six-month period ended 31st March 2016 has seen the continuation of the improved operational performance reported in last year's Annual Financial Statements. This has been brought about by:

- Continued focus on Zambeef's strategic core business: the production, processing, distribution and retailing of its cold chain food products;
- Aggressive expansion of its retail network;
- Effective cost control throughout the Group.

As a result, operating profit has increased three-fold in Zambian Kwacha terms (72 per cent in US Dollar terms), from ZMW51.4 million to ZMW155.3 million (USD8.0 million to USD13.7million). Administrative costs as a percentage of turnover dropped to 24.6 per cent compared with 31.5 per cent in the same period in 2015, resulting in profit after tax of ZMW101.7 million (USD9 million), compared with a loss after tax in 2015 of ZMW21.7 million (USD3.4 million).

These results have been helped by the final settlement reached with the Zambian Revenue Authority (ZRA) over the historical disputed Zamanita tax liability, leading to a write-back to the Profit and Loss Account of approximately ZMW34 million (USD3.5 million).

Operating Environment

The global economic slowdown and decrease in demand for commodities such as copper, led to a lower Zambian GDP growth rate of 5 per cent in 2015 (5.6 per cent for 2014). This decline is expected to continue to around 3.3% for 2016 before increasing again in 2017.

After a highly volatile performance in the 2015 financial year, the Zambian Kwacha has shown stability during the period under review closing at ZMW11.16/USD on 31st March 2016 compared with ZMW12.02/USD at 30th September 2015. However, the average rate for the half-year was ZMW11.35/USD, compared with ZMW6.46/USD in 2015, which has had a significant negative impact on the Group's US Dollar turnover and gross profit growth comparisons against last year, for this period.

Inflation rates in Zambia have been running in single digits for a number of years. In the first half of this financial year we saw a rapid increase in inflation peaking at 22.9% in April 2016 before beginning to reduce. This has impacted spending power and it is encouraging to see this figure again falling.

The reduced rainfall in the last year has resulted in Zambia's hydroelectric power stations operating at well below capacity. This has resulted in load shedding which has impacted the economy in general. New capacity from a new Thermal power plant is expected to come on line in 2016 which will improve the power deficit.

Despite the challenges in the operating environment outlined above, the increase in operating profit and profit after tax is an indicator of the fundamental strength of Zambeef, and confirmation of the efficacy of the Group's strategic priorities.

Exercise of Put Option by RCL Foods Ltd.

As announced on 23rd March 2016, RCL Foods Ltd., Zambeef's joint venture partner in the Group's chicken operation, Zam Chick Ltd and the Group's day-old chick hatchery, Zamhatch Ltd exercised their put options in the two companies.

Under the terms of the options, Zambeef is obliged to purchase all of the partner's shares in the two companies. Once it does so, it will own 100 per cent of both companies. The put options must be settled by Zambeef by no later than 23rd September 2016.

The settlement consideration can, at the sole discretion of the Board, and subject to shareholder approval, be made wholly in cash, or by the issue of new Zambeef shares, or through a combination of the two methods.

If the settlement consideration is paid in cash, this will require a payment of USD16.25 million and the US Dollar equivalent of ZMW24.8 million and EUR3.3 million.

If the settlement consideration is met by the issue of new Zambeef shares, the number of which will be based on the share price at the time of settlement, this will result in a dilution of existing Zambeef shareholders.

The Zambeef Board will, in due course, advise shareholders as to how it proposes to pay the settlement consideration, and will call a meeting of shareholders in order to request the necessary approval.

Both Zam Chick and Zamhatch are important parts of Zambeef's core strategic operational strategy, and are expected to be significant contributors to future Group profitability.

Strategic Priorities

Zambeef's vision is to become a major provider of cold chain food products in Zambia and the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) region. In pursuit of this vision, the Group is pursuing a number of strategic priorities:

1. Expanding the production, processing, distribution and retailing of a range of cold chain products.

To this end, ZMW84 million (USD7.4 million) was invested in the period under review. Expenditure was made for the completion of Zamhatch's breeder farm and new stock feed facility; eliminating supply bottlenecks in our egg, pork, beef and chicken divisions; and expanding our retail store network.

In the six-month period, Shoprite, with which Zambeef has a concession agreement for their Meat Markets in Zambia and West Africa, opened three new stores in Zambia, and four in West Africa. Before the end of the financial year, a further three stores are expected to open in Zambia, and four in West Africa. In addition, four new Zambeef Macro Outlet stores have been opened, with a further five due to open before the end of the current financial year.

2. Reducing gearing, particularly exposure to US Dollar debt.

With the current high cost of Zambian kwacha debt, and the vulnerability of US Dollar debt to currency fluctuations, the reduction of gearing remains a priority.

This is being addressed through a two-pronged strategy of disposal of non-core assets, and the forging of strategic alliances and partnerships with industry leaders.

Conclusion and Outlook

Zambeef operates in a region (SADC/COMESA) with a population of 450 million. Its broad range of cold chain food products, distributed through a growing network of well-located stores, has positioned the Group to take advantage of this dynamic consumer market.

The excellent interim operating performance, achieved within a challenging macro-economic environment, is a tribute to the hard work, skill, dedication and professionalism of all management and staff. I would like to register our gratitude. Their efforts, driven by the Board's clear strategic focus, will enable Zambeef to achieve its vision of becoming a major provider of cold chain food products to Zambia and the region.

I would like to thank Adam Fleming, who retired from the Board during this period. Adam has been a non-executive director of Zambeef for 12 years. His valued contribution over this period has been greatly appreciated, and we wish him well in the future.

I would like to welcome Graham Clark, whose appointment to the Board was made during this period. Graham brings with him many years of experience in a wide range of industries, and is also familiar with Zambia, having served as CEO of Illovo Sugar Ltd during the period in which they acquired Zambia Sugar Plc. I look forward to working with Graham and to benefitting from his considerable knowledge and experience.

Finally, I would like to thank the entire Board for their support and commitment, as we begin to emerge from what has been a difficult period.

Dr Jacob Mwanza
Chairman

6 June 2016

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW

Overview

The first six months of the 2016 financial year have seen a continuation of the strong operational performance of 2015. All parts of the business have performed well, resulting in an increase in operating profit by 202 per cent (USD72 per cent) from ZMW51.4 million to ZMW155.3 million (USD8.0 million to USD13.7 million). This has been achieved by maintaining margins while reducing administration costs as a percentage of turnover from 31.5 per cent in the same period in 2015 to 24.6 per cent in the current period, resulting in the Group's operating margin increasing from 7.8 per cent to 13.9 per cent. The Group will continue to pay strong attention to cost control.

The period has seen a stable exchange rate with the Kwacha appreciating from ZMW12.02/USD at 30th September 2015 to ZMW11.16 at 31st March 2016. This has helped Zambeef record a profit after tax of ZMW101.7 million (USD9 million), compared with a loss after tax in 2015 of ZMW21.7 million (USD3.4 million) for the 6 months to 31st March 2016. These outstanding results confirm the rationale of Zambeef's strategic focus on its core business of production, processing, distribution and retailing of cold chain food products, as well as the aggressive expansion of its retail network. This approach has been coupled with strong cost control at all levels of the business.

The strong results have been further buoyed by the settlement of a past disputed tax liability on its former Zamanita business. The settlement with the Zambian Revenue Authority (ZRA) resulted in a write-back of some ZMW34 million (USD3.5 million) in the Profit and Loss Account.

The continued focus and expansion of the Zambeef retailing network through the roll out of its new Zambeef macro outlets has resulted in significant growth in volumes in the cold chain food product divisions with beef volumes up 23 per cent, pork volumes up 21 per cent and dairy product volumes up 9 per cent. The roll out of these combined one-stop shopping complexes with multiple product ranges, including butchery, stockfeed and day-old chick points, is gaining momentum and puts the Zambeef Group in an exciting space; making it one of the fastest growing retailers in the region.

Expansion of Retail Network

In line with the strategic priorities set out in our 2015 Annual Report, the key capital expenditure item remains the roll out of the new Zambeef macro outlet stores. The performance from these store openings has exceeded our expectations and, since August 2015 two new macro stores have been completed and two other stores have been upgraded and renovated to Zambeef macro outlet standards. Five further sites are under construction, and an addition five sites have been acquired and are awaiting planning permission. Seven more sites are being considered. Once this phase has been completed, the number of macro outlets will have jumped from the current level of four to 25.

In addition to the expansion of the Zambeef retailing network it is pleasing that Shoprite, the South African supermarket giant with whom Zambeef has a concession agreement for its in-store Meat Market butcheries in Zambia and West Africa, has continued its rapid expansion programme. In the six month period under review, Shoprite has opened a further three stores in Zambia, taking the total stores in Zambia to 28, and a further four stores in West Africa, taking West Africa to 23 stores. A further three Shoprite stores are due to open before the end of the year in Zambia and a further five during 2017. In West Africa we expect a further four stores to open in 2016 with a further three in 2017.

Retailing is the key focus of Zambeef and the engine room that will be used to drive the business.

Settlement of Zamanita Tax Liability

On 31st March 2016, Zambeef and the Zambia Revenue Authority ("ZRA") entered into an agreement to settle a disputed tax liability at Zamanita which dates back to 2010. On the disposal of Zamanita to Cargill in 2015 this potential liability remained the responsibility of Zambeef and was fully provided for in the Zambeef accounts for the amount of ZMW49.15 million (approximately USD9.7 million at the time of assessment). Zambeef appealed against the assessment to the Tax Appeals Tribunal, which ruled in favor of Zambeef in November 2015. ZRA subsequently appealed to the Supreme Court.

The agreement provides that Zambeef will pay the ZRA a total of ZMW14.4 million (approximately USD1.5 million) in six equal monthly instalments beginning 30 April 2016. Approximately ZMW2 million of the ZMW14.4 million is recoverable VAT. So long as Zambeef adheres to this payment schedule, interest and penalties totalling ZMW3.1 million (approximately USD0.3 million) will be waived. This settlement has resulted in a write back of approximately ZMW34 million (USD3.5 million) to the Profit and Loss Account.

New Breeder Farm and Hatchery

The new breeder farm and hatchery, built under a joint venture with RCL Foods Ltd of South Africa, came on line in September 2015. This operation complements the existing Zambeef business well, with all day-old chicks for the Zamchick broiler operations now coming from this hatchery. In addition, day-old chicks are being sold alongside Novatek stock feed to both the formal and informal sector. This will be an exciting business going forward.

Exercise of Put Option by RCL Foods Ltd

Zambeef received formal notification from Rainbow Farms Investments Proprietary Limited (“RCL FOODS”) on 23rd March 2016, that it wished to exercise the put options granted to it when it entered into two separate transactions with Zambeef relating to Zam Chick Limited (“ZamChick”) and Zamhatch Limited (“Zamhatch”) that were announced on 4 February 2013 and 30 May 2013 respectively.

Details of the put options were set out in the shareholders agreements between RCL FOODS and Zambeef, in respect of ZamChick on 1 February 2013 and RCL FOODS and Zamhatch on 29 May 2013.

Under the agreement, Zambeef is required to settle the put options, after which it will own 100 per cent of Zamhatch and ZamChick. The Board of Zambeef, with shareholder approval, has the choice as to whether to pay the settlement consideration in cash, new Zambeef shares, or a combination of the two. If the Board decides to pay the settlement consideration in cash then Zambeef calculates that it will be required to pay RCL FOODS USD16.25 million, the US Dollar equivalent of ZMW24.8 million and EUR3.3million on the date of settlement. If Zambeef settles the put options in shares, it will result in a dilution of Zambeef shareholders. The Board will advise shareholders as soon as it has a firm position on how it plans to settle these options.

OPERATIONAL REVIEW

Zambeef performed well for the six months to 31st March 2016 with EBITDA, excluding the ZRA write back, increasing by 88.5 per cent in Kwacha terms (7.3 per cent in US Dollar terms) from ZMW75 million to ZMW142 million (USD11.6 million to USD12.5 million) while the EBITDA margin increased from 11.4 per cent to 12.6 per cent. Operating profit margins, excluding the ZRA write-back, increased from 7.8 per cent to 10.8 per cent and the net profit margin increased to 6.1 per cent from a loss of 3.3 per cent in the same period of last year.

Zambeef hopes to build on these strong results by continuing to increase volumes and turnover, while maintaining gross profit margins and controlling administration costs in order to grow both operating profit margins and net profit margins. The strong performance, **excluding** the Zamanita tax write-back, is shown in the table below:

	6 months to 31st March 2016	6 months to 31st March 2016	6 months to 31st March 2015	6 months to 31st March 2015	% Change	% Change
	ZMW'm	USD'm	ZMW'm	USD'm	ZMW	USD
EBITDA	141.8	12.5	75.22	11.644	88.5%	7.3%
Operating Profit	121.7	10.7	51.4	8.0	136.8%	34.0%
Profit After Tax	68.1	6.0	-21.8	-3.4		
EBITDA Margin	12.6%	12.6%	11.4%	11.4%		
Operating Profit Margin	10.8%	10.8%	7.8%	7.8%		
Net Profit Margin	6.1%	6.1%	-3.3%	-3.3%		
Cost to income ratio	25.6%	25.6%	31.5%	31.5%		

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

ADMINISTRATION COSTS

A key focus during this period has been strong administration cost control. The administration costs, excluding the ZRA write-back, increased by 37 per cent in Zambian Kwacha, from ZMW237 million to ZMW324 million. However in USD terms these costs reduced by 22 per cent from USD37m to USD29m. It is pleasing to see the administration cost, excluding depreciation, as a percentage of turnover reducing from 31.5 per cent to 25.6 per cent. This has been achieved by strong cost control across the business ensuring that the growth in administration costs is well below the growth in revenue of 70 per cent.

INTEREST COSTS

This period has seen a large increase in interest costs for the Group. The average Kwacha exchange rate depreciated by 76 per cent from ZMW6.46K/USD in 2015 to ZMW11.35K/USD in 2016. This depreciation resulted in the US Dollar debt interest increasing significantly in Kwacha terms. At the same time the Bank of Zambia policy rate increased from 12.5 per cent at 31st March 2015 to 15.5 per cent at 31st March 2016 and interest rate on Zambef's Kwacha debt increased from between 14 per cent and 15.5 per cent to between 20 per cent and 25 per cent as of 31st March 2016. During this period Zambef also converted US Dollar debt to Kwacha debt at significantly higher interest rates. The impact of these events has been for Zambef's interest charge to increase by 126 per cent in Kwacha (29 per cent in US Dollars) from ZMW 27 million to ZMW 60 million (USD4.1 million to USD 5.3 million). The strategic objective of the Group remains to reduce gearing in the business going forward.

EXCHANGE RATES

After the rapid depreciation of the Zambian Kwacha in the second half of the 2015 financial year, it is pleasing to report that we have seen a period of relative stability in the currency for the second quarter of the 2016 financial year. The average exchange rates and exchange rates at the different period ends are detailed below:

• Closing Rate March 2015	7.62K/\$
• Closing Rate March 2016	11.16K/\$
• Closing Rate Y/E 2015	12.02K/\$
• Average Rate March 2015	6.46K/\$
• Average Rate March 2016	11.35K/\$
• Average Rate Y/E 2015	7.06K/\$

After 30th September 2015 the Kwacha continued to depreciate and peaked at just under ZMW15K/USD in November 2015. Since then we have seen an increase in Kwacha interest rates coupled with a reduction in Kwacha liquidity resulting in an appreciation of the Zambian Kwacha, which ended up at 31st March 2016 at ZMW11.16/USD. Since the end of the half-year the Kwacha has recorded a gradual appreciation. This period of stability has been welcomed and has allowed prices to readjust to the new exchange rate level.

The depreciation of the average exchange rate by 61 per cent from ZMW6.46/USD in the six months ended 31st March 2015 to ZMW11.35/USD for the six months ended 31st March 2016 has distorted the results when reported in US Dollars. The result is that our strong volume growth, is not accurately reflected in the US Dollar figures. On the positive side it must be noted that the depreciation of the currency has made our products more competitiveness across the region.

Capital expenditure

During the period, Zambef invested ZMW84.0 million (USD7.4 million) of capital in the business. The largest area of capital expenditure during this period was in Zamhatch Ltd, where ZMW 26.0 million (USD2.3 million) was spent on the breeder farm and new stock feed plant operations.

The second largest amount of capital expenditure was spent on expanding our egg layer operations, with three new houses being completed, increasing point-of-lay birds from 153,000 to 273,000 and ensuring Zambef can meet the strong increase in demand for eggs in its retailing operations. The expansion of this division further benefits the stock feed operations through increased stock feed use.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

ADMINISTRATION COSTS

Zambeef's expanding retail network accounted for the third largest amount of capital expenditure, with a total of ZMW7.3 million (USD0.6 million) invested in expanding and updating the Zambeef retail network. Other material expenditure included ZMW5.5 million (USD0.5 million) on Masterpork, ZMW6.7 million (USD0.6 million) on ZamChick, ZMW4 million (USD0.3 million) on Mbala abattoir, and ZMW6.5 million (USD0.6 million) on Zampalm.

The Group will continue a clear focus on investing capital expenditure on high yielding parts of the business including the retailing network.

DIVISIONAL PERFORMANCE

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

Table 1: Segmental and Divisional Turnover

Segment Turnover	2016 Revenue USD'000	2015 Revenue USD'000	% Change	2016 Revenue ZMW'000	2015 Revenue ZMW'000	% Change
Beef	21,970	28,362	-22.54%	249,347	183,219	36.09%
Chicken	10,408	12,814	-18.77%	118,135	82,778	42.71%
Pork	9,636	11,439	-15.76%	109,369	73,894	48.01%
Milk	5,296	7,521	-29.58%	60,114	48,584	23.73%
Fish	2,138	2,570	-16.79%	24,267	16,599	46.19%
Eggs	1,381	2,386	-42.13%	15,672	15,413	1.68%
Cold Chain Food Products	50,830	65,091	-21.91%	576,904	420,487	37.20%
Stock Feed	32,086	22,942	39.85%	364,176	148,208	145.72%
Crop-Row Crops	11,401	25,333	-55.00%	129,404	163,654	-20.93%
Master Meats Nigeria	8,008	7,965	0.55%	90,894	51,452	76.66%
Master Meats Ghana	1,550	1,547	0.20%	17,597	9,995	76.05%
West Africa	9,559	9,512	0.49%	108,491	61,447	76.56%
Mill	4,385	4,736	-7.42%	49,768	30,594	62.67%
Leather	1,524	2,400	-36.50%	17,298	15,505	11.56%
Edible Oils	3,558	-	0.00%	40,380	-	0.00%
Other	9,467	7,136	32.66%	107,446	46,100	133.07%
	113,341	130,015	-12.82%	1,286,421	839,896	53.16%
Less: Intra/Inter Group Sales	14,521	27,877	-47.91%	164,816	180,085	-8.48%
Group Total	98,820	102,138	-3.25%	1,121,605	659,811	69.99%

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

Table 2: Segmental and Divisional Gross Profits

Segment Gross Profit	2016 Gross Profit USD'000	2015 Gross Profit USD'000	% Change	2016 Gross Profit ZMW'000	2015 Gross Profit ZMW'000	% Change
Beef	7,866	10,091	-22.05%	89,293	65,189	36.98%
Chicken	3,185	3,338	-4.58%	36,153	21,564	67.65%
Pork	1,761	2,225	-20.87%	19,993	14,372	39.11%
Milk	2,758	3,855	-28.46%	31,301	24,904	25.69%
Fish	813	910	-10.67%	9,229	5,880	56.95%
Eggs	553	916	-39.65%	6,275	5,918	6.03%
Cold Chain Food Products	16,936	21,335	-20.62%	192,244	137,827	39.48%
Stock Feed	9,238	3,957	133.43%	104,846	25,564	310.13%
Crop-Row Crops	9,310	15,132	-38.47%	105,667	97,750	8.10%
Master Meats Nigeria	1,915	1,968	-2.67%	21,736	12,711	71.00%
Master Meats Ghana	411	360	14.08%	4,660	2,325	100.44%
West Africa	2,326	2,328	-0.08%	26,396	15,036	75.55%
Mill	1,009	994	1.53%	11,456	6,422	78.39%
Leather	325	873	-62.77%	3,688	5,639	-34.59%
Edible Oils	2,040	-	0.00%	23,149	-	0.00%
Other	3,374	1,867	80.71%	38,294	12,061	217.50%
Group Total	41,185	44,619	-7.70%	467,446	288,238	62.17%

DIVISIONAL REVIEW

Taking each of our business areas in turn as follows:

Cold Chain Food Products

	Six months to 31 March 2016 USD'000s	Six months to 31 March 2015 USD'000s	% change	Six months to 31 March 2016 ZMW'000s	Six months to 31 March 2015 ZMW'000s	% change	% of Group (2016)
Revenue	50,830	65,091	(22)	576,904	420,487	37	45
Gross profit	16,936	21,335	(21)	192,244	137,827	39	41

The cold chain food products divisions of Zambeef remain a key focus area and the strategic drive is to continue to grow these operations through the expansion of Zambeef's retail network with the rolling out of the new Zambeef macro outlets as well as continuing to run the butcheries within Shoprite supermarkets in Zambia and West Africa as Shoprite continues to roll out new stores.

The cold chain food products operations reduced in both turnover and gross profits in US Dollar terms by 22 per cent and 21 per cent respectively. However, in Kwacha the period saw strong growth, with turnover up by 37 per cent and gross profits up by 39 per cent accounting for 41 per cent of the Group's gross profits. The softening in US Dollar-denominated performance was due to the average exchange rate for the period depreciating by 61 per cent. These divisions have performed well despite the depreciation of the Kwacha, with margins being maintained and volumes growing. These divisions will continue to be a key focus of Zambeef.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

The divisions making up the cold chain food products are looked at in more detail below.

Beef

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	21,970	28,362	(23)	249,347	183,219	36	19
Gross profit	7,867	10,091	(22)	89,293	65,189	37	19

The beef division has performed well during the period, with volumes up by 22.5 per cent from 6.4 million kgs to 7.8 million kgs, while margins were maintained at 36 per cent. During this period beef prices fell in real terms due to the depreciation of the Kwacha from ZMW6.46/USD to ZMW11.35/USD. This made our beef more competitive in the wider SADC/COMESA region and contributed strongly to the increase in volumes.

This has resulted in turnover in the beef division increasing in Kwacha terms by 36 per cent but decreasing in US Dollars by 23 per cent. Similarly gross profits increased by 19 per cent from ZMW183 million to ZMW249 million while decreasing in US Dollars by 22 per cent from USD10.1 million to USD7.9 million.

Demand for beef remains strong both in Zambia and the region and supply of beef also remains solid. As a result, beef volumes are expected to continue to grow. This will result in beef prices starting to increase in real terms as well. The outlook for the beef division remains strong and has been helped by the opening of Mbala abattoir in March 2016 which has further increased supply. The continued expansion of the Zambeef distribution and retailing network will continue to drive growth in this division.

Chicken & Egg

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	11,789	15,200	(22)	133,807	98,191	36	10
Gross profit	3,738	4,254	(12)	42,428	27,482	54	9

Demand for chicken remains strong and ZamChick Ltd has been operating close to full capacity for the last year. As a result, volumes have remained fairly constant with around 5.1 million chickens being slaughtered in both the current period and the same period last year. Margins have increased from 26 per cent to 30 per cent while chicken prices have reduced in real terms from the rapid depreciation of the Kwacha. As a result, turnover and gross profit increased strongly in Kwacha by 36 per cent and 54 per cent respectively while reducing in US Dollar terms by 22 per cent and 12 per cent

Once RCL Foods Ltd has exercised its put option, ZamChick Ltd will become a 100 per cent subsidiary of Zambeef once more. Zambeef then intends to increase the capacity of ZamChick Ltd in order to get volume growth back into this business and meet the increased demand both in Zambia and neighboring countries. As a result, this division is expected to show modest growth for the next six months until new capacity comes on line.

Demand for eggs remains very strong and Zambeef has been unable to meet demand. During the next six months we will increase our layer numbers from 165,000 to 285,000, which will result in strong growth in the egg operations. This will also increase demand for stockfeed from Novatek and hence will help the Novatek operations as well.

Demand for eggs has exceeded expectations and Zambeef has been unable to meet the surge in demand. During the next six months we will increase our layer numbers from 165,000 to 285,000, which will result in strong growth in the egg operations. Consequently this will result in increased demand for stockfeed from Novatek and further supporting operations.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Pork

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	9,636	11,439	(16)	109,369	73,894	48	9
Gross profit	1,761	2,225	(21)	19,993	14,372	39	4

Masterpork has continued to grow, with volumes increasing by 21 per cent from 3.8 million kgs to 4.6 million kgs. Despite this strong growth in volumes, turnover and gross profit have decreased in US Dollar terms by 16 per cent and 21 per cent respectively while increasing strongly in Kwacha terms by 48 per cent and 39 per cent. The decrease in US Dollar figures can again be attributed to the depreciation of the Kwacha.

The Masterpork processing plant has seen a large increase in capacity and is now a world-class facility with cutting-edge technology. As a result, this division can look forward to strong growth and is looking to increase its volumes both within Zambia and into the region.

Milk and Dairy

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	5,296	7,521	(30)	60,114	48,584	24	5
Gross profit	2,758	3,855	(29)	31,301	24,904	26	7

The milk division continues to perform strongly with volumes increasing by 8.9 per cent from 6.0 million litres to 6.5 million litres. This division has again been impacted by the rapid depreciation in the Zambian Kwacha resulting in prices coming down in real terms. As a result, turnover and gross profit were up in Kwacha by 24 per cent and 26 per cent respectively while down in US Dollars by 30 per cent and 29 per cent.

The milk processing plant expansion is nearing completion and this has dramatically increased capacity in the plant. At the same time, milk production at Kalundu dairy continues to increase as the herd grows and the milk yield per cow improves. This dairy operation is now a world-class operation and Kalundu Dairy will be one of the lowest-cost dairy operations in the region. A new rotary parlor is being built that will not only increase the yield per cow but also ensure that Kalundu Dairy has the milking capacity to allow for the continued increase in the herd size. In addition, Zammilk has increased the volume of milk bought from third parties. The outlook for the dairy division remains positive, with increased volumes expected both within Zambia and into the region.

Fish

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	2,138	2,570	(17)	24,267	16,599	46	2
Gross profit	813	910	(11)	9,229	5,880	57	2

Fish volumes fell for the period from 1.1 million kgs to 0.9 million kgs due to the rapid rise in imported fish prices. This drove a consumer shift from fish to the other proteins, where prices came down in real terms following the devaluation of the Kwacha.

With the more recent stabilization of the Kwacha fish demand is again increasing. Zambef has also expanded its own fish farming operations at Chiawa Farm using the large water storage facilities for irrigation at the farm. It is expected that the next six months will again see growth in demand for fish.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

Stock feed (Novatek)

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	32,086	22,942	40	364,176	148,208	146	29
Gross profit	9,238	3,957	133	104,846	25,564	310	23

Novatek has continued to grow and increase its market share by providing top quality stock feed at competitive prices. This division continues to widen its product range and its fish feed is now the fastest growing part of the business. Novatek has created a strong brand name not only in Zambia but in the surrounding region. Novatek is exporting stock feed into Zimbabwe, Botswana, Namibia, Democratic Republic of Congo and Malawi, and has received its first orders from Mozambique. The division benefited from the Zamhatch hatchery coming into operation in September 2015, enabling Zambeef to market stock feed and day-old chicks together. With the drought elsewhere in the region it is likely that demand for Novatek stock feed outside Zambia will remain strong.

During this period volumes increased from 64,500 tons to 72,700 tons and gross profits increased from USD4.0 million (ZMW25.6 million) to USD9.2 million (ZMW104.8 million). The outlook for this division remains positive and this is now the largest Zambeef division in terms of turnover and the second biggest in terms of gross profits. This division will be further strengthened by the new stock feed plant that has been constructed at Mpongwe coming on line later this year. The new stock feed plant has been built by Zamhatch Ltd. However, with RCL Foods Ltd having exercised its put option and thus Zambeef soon to own 100 per cent of Zamhatch Ltd, it is likely the new stock feed plant will become part of the Novatek operation.

Cropping

	Six months to 31 March 2016 <i>USD'000s</i>	Six months to 31 March 2015 <i>USD'000s</i>	% change	Six months to 31 March 2016 <i>ZMW'000s</i>	Six months to 31 March 2015 <i>ZMW'000s</i>	% change	% of Group (2016)
Revenue	11,401	25,333	(55)	129,404	163,654	(21)	10
Gross profit	9,310	15,132	(38)	105,667	97,750	8	23

The cropping division remains the largest contributor to profits in Zambeef, accounting for 23 per cent of the Group's gross profit. The period saw gross profit fall in US Dollar terms by 38 per cent from USD15 million to USD9 million while in Kwacha terms gross profit increased by 8 per cent from ZMW98 million to ZMW106 million.

The reduction in revenue and gross profit in US Dollars reflected the impact of Zambeef selling a lot of its wheat before 30th September 2015 whereas in the previous year it was sold after 30th September 2014. Hence this results in the sale falling into a different accounting period. In addition the rapid depreciation of the Kwacha after 30th September 2015 resulted in a lot of the input costs being incurred at a very high exchange rate with the Kwacha reaching almost ZMK15/USD in November 2015. The Kwacha then appreciated to end at 31st March 2016 at ZMW11.16/USD. This resulted in input costs being inflated and the closing value of the summer crop being deflated.

The Zambeef farms performed well during this period despite a late start to the rains and power shortages. The soybean yields were ahead of forecasts, with the largest increase in yields being recorded at Kampembe and Chiawa Farms. Maize yields are expected to be on target, demonstrating a particularly outstanding performance in the context of the drought experienced elsewhere in the region. This performance demonstrates the quality of Zambeef farming assets and expertise, and the value of quality irrigation farming assets with secure water supplies.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

Commodity prices are strong with the regions summer crop having been badly affected by drought. Zambeef planted 11,780 hectares of soybean yielding around 40,000 tons of soya; 2,002 hectares of maize producing around 16,000 tons of maize, 864 hectares of maize silage producing around 27,000 tons of silage and 537 hectares of green crops consisting of Rhodes grass, sun hemp and pearl millet.

The farms are fully mechanised, using the latest precision farming techniques and are world-class farming assets. Zambia's abundance of water has enabled Zambeef to develop the irrigation potential of these farms and reduce the weather risk. Mpongwe Farm continues to produce yields comparable with any part of the world and these are operations which give Zambeef a competitive advantage in the region.

West Africa (Master Meats Nigeria and Master Meats Ghana)

	Six months to 31 March 2016 USD'000s	Six months to 31 March 2015 USD'000s	% change	Six months to 31 March 2016 ZMW'000s	Six months to 31 March 2015 ZMW'000s	% change	% of Group (2016)
Revenue	9,559	9,512	0.5	108,491	61,447	77	8
Gross profit	2,326	2,328	0.1	26,396	15,036	76	6

Zambeef's West Africa operations continue to grow despite a challenging macroeconomic environment. Nigeria has seen a devaluation of its currency, severe fuel shortages and a shortage of foreign exchange, with revenue increasing by 0.5 per cent in US Dollars (77 per cent in Kwacha) from USD9.5 million (ZMW61 million) to USD9.6 million (ZMW108 million). During the period three new Shoprite stores have opened, with a further store opening in April 2016, taking the total Shoprite stores in West Africa to 23 stores (18 in Nigeria and five in Ghana), for which Zambeef operates the in-store butcheries. A further four stores are expected to open before the end of 2016 and Master Meats Nigeria has opened a further outlet of its own taking its outlets to seven.

Despite the challenging environment, Zambeef can be pleased with the performance of its West African operations. These operations are well positioned in this the largest market in Africa. These operations will continue to benefit from Shoprite's continued aggressive roll-out of new stores.

Other Divisions (Mill, Leather and edible oils)

	Six months to 31 March 2016 USD'000s	Six months to 31 March 2015 USD'000s	% change	Six months to 31 March 2016 ZMW'000s	Six months to 31 March 2015 ZMW'000s	% change	% of Group (2016)
Revenue	9,467	7,136	33	107,446	46,100	133	5
Gross profit	3,374	1,867	81	38,294	12,061	217	8

Mill:

Milling gross profits increased in US Dollar terms by 1.53 per cent (ZMW 78.4 per cent) from USD0.99 million to USD1.01 million (ZMW6.4 million to ZMW11.5 million). This good performance was based on lower volumes being milled at a higher margin. The decision was made to sell larger volumes of wheat early as attractive prices were offered resulting in milling volumes being reduced.

Zamleather:

Zamleather profits were down in US Dollars by 62.8 per cent (ZMW 34.6 per cent) from USD0.9 million to USD0.3 million (ZMW5.6 million to ZMW3.7 million). This reduction was mainly due to a drop in international leather prices that affected margins. Zamleather continued to operate at close to capacity during this period with 50,720 hides processed, up from 48,999 in the same period in 2015. In addition, 42,564 shoes were sold, up slightly from 42,022 the previous year. Hide prices are expected to continue to be weak, however, with margins continuing to be tight as a result.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW (CONTINUED)

Edible Oils

Since the sale of Zamanita to Cargill in 2015, Zambeef has continued to sell Zamanita oil through its retail network taking a 4 per cent commission for the oil sales, which are rising. In addition, the reversal of the Zamanita tax provision, explained above, has contributed a further USD2 million (ZMW23 million) to gross profit in the sector.

Zampalm

The palm project continues to make good progress. Zampalm currently has 2,773 hectares planted with a further 100 hectares due to be planted at the end of this year. The mill has been commissioned and the first 168 hectares of palms planted in 2011 are starting to fruit. Oil sales will commence in the second half of the current financial year.

Conclusion and outlook

Zambeef is pleased to have continued the strong operational performance of 2015, which has resulted in record interim results, giving a profit after tax of USD9.0 million (ZMW102 million). These record results have resulted from a strong operational performance across all divisions together with good cost control across the business.

The key focus remains the expansion of the retail network both through the rolling out of the new Zambeef macro outlets as well operating the in-store butcheries in the new Shoprite supermarkets opening in both Zambia and West Africa. This is having a strong pull effect on all the vertically integrated business units within Zambeef.

The new chicken breeder farm and hatchery have started production and this will be a good new profitable business, while the new stock feed plant will provisionally start operation before the end of the current financial year. Despite the drought and power shortages in the region, Zambeef farms have continued to perform well with yields slightly ahead of forecast.

During the period RCL Foods Ltd exercised its put options enabling Zambeef to acquire its entire shareholdings in ZamChick Ltd and Zamhatch Ltd either through the issue of Zambeef shares or cash. The Board is currently evaluating the optimal approach to settling these options, which fall due on 23rd September 2016.

With the strong focus on the retailing operations, Zambeef is confident that this robust performance will continue, demonstrating the resilience of the Group's business model. As a consequence of this strong operational performance, the Board is confident of meeting full year expectations for the current year.

Carl Irwin
Joint Chief Executive Officer

Francis Grogan
Joint Chief Executive Officer

Date: 6 June 2016

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

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 six month period ended 31 March 2016.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,120 Ha of irrigated row crops 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

Plot 4970, Manda Road

Industrial Area

Lusaka

ZAMBIA

Postal address

Private Bag 17

Woodlands

Lusaka

ZAMBIA

3. Share capital

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

	31 March 2016		30 September 2015	
	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				
247,978,195 ordinary shares of ZMW0.01 each	2,480	396	2,480	396

4. Results

The Group's results are as follows:

	Unaudited				Audited	
	6 months to 31 March 2016	6 months to 31 March 2016	6 months to 31 March 2015	6 months to 31 March 2015	Year ended 30 September 2015	Year ended 30 September 2015
Group	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	1,121,605	98,820	659,811	102,138	1,554,872	220,237
Profit/(Loss) before taxation	110,546	9,740	(24,491)	(3,789)	(35,575)	(5,038)
Taxation charge	(8,827)	(778)	(3,841)	(595)	(4,661)	(660)
Profit from assets held for sale	-	-	6,620	1,025	-	-
Loss from discontinued operations	-	-	-	-	(14,377)	(2,036)
Group profit/(loss) for the period	101,719	8,962	(21,712)	(3,359)	(54,613)	(7,734)
Group profit/(loss) attributable to:						
Equity holders of the parent	90,285	7,955	(24,429)	(3,780)	(63,614)	(9,009)
Non-controlling interest	11,434	1,007	2,717	421	9,001	1,275
	101,719	8,962	(21,712)	(3,359)	(54,613)	(7,734)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

5. Dividends

There was no dividend paid or proposed for the six month period ended 31 March 2016.

6. Management

The Senior Management team comprise the following:

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

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

7. Directors and Secretary

The directors in office during 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	-	Resigned on 23 October 2015
Adam Fleming	-	Resigned on March 18, 2016
Francis Grogan	-	Joint Chief Executive Officer
Dr. Carl Irwin	-	Joint Chief Executive Officer
Graham Clark	-	Appointed on March 18, 2016
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:

	31 March 2016		30 September 2015	
	Direct	Indirect	Direct	Indirect
Dr. Jacob Mwanza	1,100,000	-	1,100,000	-
Dr. Carl Irwin	3,763	5,406,445	3,763	5,406,445
Francis Grogan	995,000	4,591,631	995,000	4,591,631
John Rabb	-	12,000,000	-	7,868,813
Dr. Lawrence S Sikutwa	-	-	-	12,000,000
Irene M Muyenga	13,129	-	13,129	-
Adam Fleming	-	22,797,537	-	9,179,180
Yusuf Koya	245,482	-	245,482	-
	<u>2,357,374</u>	<u>44,795,613</u>	<u>2,357,374</u>	<u>31,177,256</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

9. Directors' fees and remuneration

ZMW'000	Salary	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan 2 (Shares)
NON-EXECUTIVE						
Jacob Mwanza	861,341	-	-	-	-	
Lawrence Sikutwa	353,644	-	-	-	-	
Irene Muyenga	353,644	-	-	-	-	
Adam Fleming	214,330	-	-	-	-	
John Rabb	267,912	-	-	-	-	
Graham Clark	-	-	-	-	-	
EXECUTIVE						
Francis Grogan	3,054,438	Company House	Company Car	480,462	Yes	6,250,000
Carl Irwin	3,446,071	-	Company Car	480,462	Yes	6,250,000
Yusuf Koya	3,548,569	-	-	400,385	Yes	275,000
Danny Museteka	2,583,247	-	-	-	Yes	275,000

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

The Long Term Incentive Plan 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 1 March 2018:
- e) The Options can only be exercised if Zambef 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. Zambef achieving a debt-to-equity (gearing) ratio of less than 35 per cent. in the audited accounts immediately prior to exercising the options.
 - VI. Zambef 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. Zambef generating free cash flow.
 - VIII. The Zambef 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.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

10. Significant Shareholdings

As at 31 March 2016, the Company has been advised of the following notifiable interests in its ordinary share capital:

Investor Name	Current Position	% of Shareholding
M & G Recovery Fund	44,113,908	17.8%
National Pension Scheme Authority (Zambia)	24,979,819	10.0%
Rhodora	22,797,537	9.2%
Six SIS	8,839,787	3.6%
Butterfield Bank (Guernsey) Limited	8,175,000	3.3%
Shaka Holdings	7,868,813	3.2%

11. Employees

The Group employed an average number of employees of 6,200 (30 September 2015 – 6,251; 31 March 2015 – 6,236) and total salaries and wages were ZMW139.3 million (USD12.3 million) for the six month period to 31 March 2016 (30 September 2015 – ZMW231 million [USD32.7 million], 31 March 2015 – ZMW112.18 million [USD17.4 million]).

The average number of persons employed by the Group in each month of the 6 month period is as follows:

October 2015	6,049
November 2015	6,162
December 2015	6,124
January 2016	6,114
February 2016	6,354
March 2016	6,397

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS (CONTINUED)

12. **Safety, Health and Environmental issues**

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

The Group provides 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 or material effect on the financial position or profitability of the Company or any member of the Group, except the outstanding tax liability, which the Company entered into a formal settlement agreement with ZRA dated March 31, 2016. The agreement provides that the Company pays ZMW14.4m in six equal instalments in settlement of the disputed tax assessment of ZMW49.15m and about ZMW2m of this settlement amount is recoverable as Vat. This agreement will result in the writing back of ZMW33.6m which was provided in the books as a result of the court process.

14. **Gifts and donations**

The Group made donations of ZMW1.27 million (USD0.11 million), (30 September 2015 – ZMW2.1 million [USD0.3 million], 31 March 2015 – ZMW1.19 million [USD0.19 million]) to a number of activities.

15. **Export sales**

The Group made exports of ZMW59.3 million (USD5.2 million) during the period (30 September 2015 – ZMW120.1 million [USD17 million], 31 March 2015 – ZMW61 million [USD9.4 million]).

16. **Property, plant and equipment**

Assets totalling ZMW84 million (USD7.4 million) were purchased by the Group during the period (30 September 2015 – ZMW246.7 million [USD34.9 million], 31 March 2015 – ZMW140.1 million [USD21.7 million]) which included expenditure on the palm plantation development during the period of ZMW6.5 million (USD0.57 million) (30 September 2015 – ZMW11.7 million [USD1.7 million], 31 March 2015 – ZMW9.059 million [USD1.4 million]).

17. **Interim report**

The interim report set out below has been approved by the directors.

By order of the Board

Company Secretary

Date: 6 June 2016

6 June 2016

The Directors
Zambeef Products PLC
Plot 4970, Manda Road
Industrial Area
Lusaka

Dear Sirs

INDEPENDENT REVIEW REPORT OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

Introduction

We have been instructed by the Directors of the Company to review the financial information set out on pages 21 to 52 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Lusaka Stock Exchange and International Accounting Standard 34 require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where changes, and reasons for them, are disclosed.

Review of work performed

We conducted our review in accordance with guidance contained in the International Standards on Auditing. A review consists principally of making enquiry of Group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as test of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

INDEPENDENT REVIEW REPORT OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES (CONTINUED)

Review conclusion

On basis of our review we are not aware of any material modifications that should be made to the consolidated financial information as presented for the six month period ended 31 March 2016.

Chartered Accountants

Christopher Mulenga (AUD/ F000178)

Name of Partner signing on behalf of the Firm

Lusaka

Date: 6 June 2016

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016

		Unaudited		Audited
		Mar 2016	Mar 2015	Sept 2015
Group	Notes	ZMW'000s	ZMW'000s	ZMW'000s
Revenue	5(i)	1,121,605	659,811	1,554,872
Net gain/ (loss) arising from price changes in fair value of biological assets	8	17,430	(28,298)	(4,528)
Cost of sales		(671,589)	(343,274)	(883,631)
Gross profit	5(i)	467,446	288,239	666,713
Administrative expenses		(312,908)	(236,972)	(505,343)
Other income		763	121	708
Operating profit		155,301	51,388	162,078
Exchange losses on translating foreign currency transactions and balances		15,602	(49,162)	(142,358)
Finance costs		(60,357)	(26,717)	(55,295)
Profit/(loss) before taxation	5(i)	110,546	(24,491)	(35,575)
Taxation charge	6(a)	(8,827)	(3,841)	(4,661)
Group profit/(loss) for the period from continued operations		101,719	(28,332)	(40,236)
Profit for the period from assets held for disposal	11	-	6,620	-
Loss from discontinued operations		-	-	(14,377)
Total profit/(loss) for the period		101,719	(21,712)	(54,613)
Group profit/(loss) attributable to:				
Equity holders of the parent		90,285	(24,429)	(63,614)
Non-controlling interest		11,434	2,717	9,001
		101,719	(21,712)	(54,613)
Other comprehensive income				
Exchange gains on translating presentational currency		(52,198)	22,587	186,567
Total comprehensive income for the period		49,521	875	131,954
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		36,692	(1,801)	121,212
Non-controlling interest		12,829	2,676	10,742
		49,521	875	131,954
Earnings/(loss) per share		Ngwee	Ngwee	Ngwee
Basic and diluted earnings/(loss) per share from continued operations	7	36.41	(12.51)	(19.86)
Basic and diluted earnings/(loss) per share from discontinued operations	7	-	2.659	(5.80)
Total	7	36.41	(9.851)	(25.66)

The accompanying notes form part of the financial statements.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016**

	Notes	Unaudited		Audited
		Mar 2016	Mar 2015	Sept 2015
Group		USD'000s	USD'000s	USD'000s
Revenue	5(ii)	98,820	102,138	220,237
Net gain /(loss) arising from price changes in fair value of biological assets	8	1,536	(4,380)	(641)
Cost of sales		(59,171)	(53,137)	(125,160)
Gross profit	5(ii)	41,185	44,621	94,436
Administrative expenses		(27,569)	(36,683)	(71,578)
Other income		67	19	100
Operating profit		13,683	7,957	22,958
Exchange losses on translating foreign currency transactions and balances		1,375	(7,610)	(20,164)
Finance costs		(5,318)	(4,136)	(7,832)
Profit/(loss) before taxation	5(ii)	9,740	(3,789)	(5,038)
Taxation charge	6(f)	(778)	(595)	(660)
Group profit/(loss) for the period from continued operations		8,962	(4,384)	(5,698)
Profit for the period from assets held for disposal	11	-	1,025	-
Loss from discontinued operations		-	-	(2,036)
Total profit/(loss) for the period		8,962	(3,359)	(7,734)
Group profit/(loss) attributable to:				
Equity holders of the parent		7,955	(3,780)	(9,009)
Non-controlling interest		1,007	421	1,275
		8,962	(3,359)	(7,734)
Other comprehensive income				
Exchange losses on translating presentational currency		4,973	(35,069)	(83,779)
Total comprehensive income/(loss) for the period		13,935	(38,428)	(91,513)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		12,528	(37,535)	(90,626)
Non-controlling interest		1,407	(893)	(887)
		13,935	(38,428)	(91,513)
Earnings/(loss) per share		Cents	Cents	Cents
Basic and diluted earnings/(loss) per share from continued operations	7	3.21	(1.94)	(2.81)
Basic and diluted earnings/(loss) per share from discontinued operations	7	-	0.41	(0.82)
Total	7	3.21	(1.52)	(3.63)

The accompanying notes form part of the financial statements.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016

	Share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Foreign exchange translation 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 2014	2,480	506,277	513,620	3,506	294,114	1,319,997	23,341	1,343,338
Transactions with owners								
(Loss)/profit for the period	-	-	-	-	(24,429)	(24,429)	2,717	(21,712)
Transfer of surplus depreciation	-	-	(7,309)	-	7,309	-	-	-
Consolidation of Zamhatch Limited	-	-	-	-	-	-	24,780	24,780
Other comprehensive income								
Exchange gains on translating presentational currency	-	-	-	22,628	-	22,628	(41)	22,587
Total comprehensive income for the period	-	-	(7,309)	22,628	(17,120)	(1,801)	27,456	25,655
At 31 March 2015	2,480	506,277	506,311	26,134	276,994	1,318,196	50,797	1,368,993
Transactions with owners								
(Loss)/ profit for the period	-	-	-	-	(39,185)	(39,185)	6,284	(32,901)
Transfer of surplus depreciation	-	-	(1,640)	-	1,640	-	-	-
Removal of Zamhatch Limited	-	-	-	-	-	-	(24,780)	(24,780)
Other comprehensive income:								
Exchange gains/(losses) on translating presentational currency	-	-	-	162,198	-	162,198	1,782	163,980
Total comprehensive income for the period	-	-	(1,640)	162,198	(37,545)	123,013	(16,714)	106,299
At 30 September 2015	2,480	506,277	504,671	188,332	239,449	1,441,209	34,083	1,475,292
Profit for the period	-	-	-	-	90,285	90,285	11,434	101,719
Transfer of surplus depreciation	-	-	(6,278)	-	6,278	-	-	-
Consolidation of Zamhatch Limited	-	-	-	-	-	-	24,800	24,800
Other comprehensive income								
Exchange gains on translating presentational currency	-	-	-	(53,593)	-	(53,593)	1,395	(52,198)
Total comprehensive income for the period	-	-	(6,278)	(53,593)	96,563	36,692	37,629	74,321
At 31 March 2016	2,480	506,277	498,393	134,739	336,012	1,477,901	71,712	1,549,613

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016

	Share capital	Share premium	Revaluation reserve	Foreign exchange translation reserve	Retained earnings	Total attributable to owners of the parent	Non- controlling Interest	Total equity
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
At 1 October 2014	396	123,283	101,777	(80,095)	65,165	210,526	3,723	214,249
(Loss)/profit for the period	-	-	-	-	(3,780)	(3,780)	421	(3,359)
Transfer of surplus depreciation	-	-	(1,131)	-	1,131	-	-	-
Consolidation of Zamhatch Limited	-	-	-	-	-	-	3,836	3,836
Other comprehensive income								
Exchange losses on translating presentational currency	-	-	-	(33,755)	-	(33,755)	(1,314)	(35,069)
Total comprehensive income for the period	-	-	(1,131)	(33,755)	(2,649)	(37,535)	2,943	(34,592)
At 31 March 2015	396	123,283	100,646	(113,850)	62,516	172,991	6,666	179,657
Transactions with owners								
(Loss)/ profit for the period	-	-	-	-	(5,229)	(5,229)	854	(4,375)
Transfer of surplus depreciation	-	-	(137)	-	137	-	-	-
Consolidation of Zamhatch Limited	-	-	-	-	-	-	(3,836)	(3,836)
Other comprehensive income:								
Exchange losses on translating presentational currency	-	-	-	(47,862)	-	(47,862)	(848)	(48,710)
Total comprehensive income for the period	-	-	(137)	(47,862)	(5,092)	(53,091)	(3,830)	(56,921)
At 30 September 2015	396	123,283	100,509	(161,712)	57,424	119,900	2,836	122,736
Profit for the period	-	-	-	-	7,955	7,955	1,007	8,962
Transfer of surplus depreciation	-	-	(553)	-	553	-	-	-
Consolidation of Zamhatch Limited	-	-	-	-	-	-	2,185	2,185
Other comprehensive income								
Exchange losses on translating presentational currency	-	-	-	4,573	-	4,573	400	4,973
Total comprehensive income	-	-	(553)	4,573	8,508	12,528	3,592	16,120
At 31 March 2016	396	123,283	99,956	(157,139)	65,932	132,428	6,428	138,856

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2016

	Notes	Unaudited		Audited
		31 Mar 2016 ZMW'000s	31 Mar 2015 ZMW'000s	30 Sept 2015 ZMW'000s
ASSETS				
Non – current assets				
Goodwill		15,699	15,699	15,699
Property, plant and equipment		1,820,210	1,439,492	1,833,630
Plantation development expenditure		87,336	75,422	80,824
Assets held for disposal	11	-	198,604	-
Biological assets	8	34,619	29,197	34,006
Deferred tax assets	6(e)	24,569	28,343	25,344
		<u>1,982,433</u>	<u>1,786,757</u>	<u>1,989,503</u>
Current assets				
Biological assets	8	370,285	212,034	155,192
Inventories		277,809	243,802	412,239
Trade and other receivables		138,408	77,629	210,229
Assets held for disposal	11	-	120,357	-
Amounts due from related companies		5,569	-	8,893
Income tax recoverable	6(c)	1,467	4,804	4,571
		<u>793,538</u>	<u>658,626</u>	<u>791,124</u>
Total assets		<u>2,775,971</u>	<u>2,445,383</u>	<u>2,780,627</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		2,480	2,480	2,480
Share premium		506,276	506,277	506,277
Assets held for disposal – reserves		-	81,023	-
Reserves		969,145	728,416	932,452
		<u>1,477,901</u>	<u>1,318,196</u>	<u>1,441,209</u>
Non-controlling interest		71,712	50,797	34,083
		<u>1,549,613</u>	<u>1,368,993</u>	<u>1,475,292</u>
Non – current liabilities				
Interest bearing liabilities	10	379,957	366,174	439,282
Obligations under finance leases		17,582	11,059	15,198
Amounts due to related companies		64,187	-	44,443
Deferred liability		9,366	7,842	9,254
Deferred taxation	6(e)	7,243	12,707	8,115
Assets held for disposal	11	-	38,012	-
		<u>478,335</u>	<u>435,794</u>	<u>516,292</u>
Current liabilities				
Interest bearing liabilities	10	94,927	55,095	120,943
Collateral management agreement	10	75,788	123,802	91,852
Obligations under finance leases		9,222	9,849	11,644
Trade and other payables		292,930	157,947	372,333
Assets held for disposal	11	-	125,905	-
Amounts due to related companies		-	17,471	35
Taxation payable	6(c)	5,037	3,764	1,588
Cash and cash equivalents	9	270,119	146,763	190,648
		<u>748,023</u>	<u>640,596</u>	<u>789,043</u>
Total equity and liabilities		<u>2,775,971</u>	<u>2,445,383</u>	<u>2,780,627</u>

The accompanying notes form part of the financial statements. The interim financial statements on pages 21 to 52 were approved by the Board of Directors on **6 June 2016** and were signed on its behalf by

)
) **DIRECTORS**

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 31 MARCH 2016

	Notes	Unaudited		Audited
		31 Mar 2016 USD '000s	31 Mar 2015 USD '000s	30 Sept 2015 USD '000s
ASSETS				
Non – current assets				
Goodwill		1,407	2,060	1,306
Property, plant and equipment		163,101	188,910	152,548
Plantation development expenditure		7,826	9,924	6,724
Assets held for disposal	11		26,037	-
Biological assets	8	3,102	3,832	2,829
Deferred tax asset	6(j)	2,202	3,720	2,108
		<u>177,638</u>	<u>234,483</u>	<u>165,515</u>
Current assets				
Biological assets	8	33,180	27,826	12,911
Inventories		24,893	31,995	34,296
Trade and other receivables		12,402	10,187	17,491
Assets held for disposal	11		15,795	-
Amounts due from related companies		499	-	740
Income tax recoverable	6(h)	131	630	380
		<u>71,105</u>	<u>86,433</u>	<u>65,818</u>
Total assets		<u>248,743</u>	<u>320,916</u>	<u>231,333</u>
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		396	396	396
Share premium		123,283	123,283	123,283
Assets held for disposal			10,633	-
Reserves		8,749	38,680	(3,779)
		<u>132,428</u>	<u>172,992</u>	<u>119,900</u>
Non-controlling interest		6,428	6,666	2,836
		<u>138,856</u>	<u>179,658</u>	<u>122,736</u>
Non – current liabilities				
Interest bearing liabilities	10	34,046	48,054	36,546
Obligations under finance leases		1,575	1,451	1,264
Amounts due to related companies		5,752	-	3,697
Deferred liability		839	1,029	770
Deferred tax liability	6(j)	649	1,668	675
Assets held for disposal	11	-	4,988	-
		<u>42,861</u>	<u>57,190</u>	<u>42,952</u>
Current liabilities				
Interest bearing liabilities	10	8,506	7,230	10,062
Collateral management agreement	10	6,791	16,247	7,642
Obligations under finance leases		826	1,293	969
Trade and other payables		26,248	20,728	30,976
Assets held for disposal	11	-	16,523	-
Amounts due to related companies		-	2,293	3
Taxation payable	6(h)	451	494	132
Cash and cash equivalents	9	24,204	19,260	15,861
		<u>67,026</u>	<u>84,068</u>	<u>65,645</u>
Total equity and liabilities		<u>248,743</u>	<u>320,916</u>	<u>231,333</u>

The accompanying notes form part of the financial statements. The interim financial statements on pages 21 to 52 were approved by the Board of Directors on **6 June 2016** and were signed on its behalf by

)
) **DIRECTORS**

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016

	Unaudited		Audited
	6 months to 31 Mar 2016 ZMW'000s	6 months to 31 Mar 2015 ZMW'000s	Year to 30 Sept 2015 ZMW'000s
Cash inflow from operating activities			
Loss before taxation	110,546	(24,491)	(35,575)
Finance costs	60,357	26,717	59,585
Loss on disposal of property, plant and equipment	-	(3)	7,040
Depreciation	36,630	28,852	67,050
Fair value price adjustment	(17,430)	28,298	4,528
Net unrealised foreign exchange (gains)/losses	(14,738)	15,847	46,873
Earnings before interest, tax, depreciation and amortisation	175,365	75,220	149,501
Increase in biological assets	(205,546)	(79,028)	(26,995)
Decrease in inventory	124,271	18,277	32,214
Decrease /(increase) in trade and other receivables	47,830	16,877	(87,886)
Decrease in amount due from related companies	-	11,533	2,640
(Decrease)/increase in trade and other payables	(63,694)	11,569	154,036
Increase in amount due to related companies	11,891	17,471	44,478
Increase in deferred liability	112	399	1,781
Income tax paid	(2,371)	(1,792)	(6,144)
Cash inflow from assets held for sale	-	97,649	-
Net cash inflow from operating activities	87,858	168,175	263,625
Investing activities			
Purchase of property, plant and equipment	(77,533)	(119,026)	(235,048)
Expenditure on plantation development	(6,512)	(9,059)	(11,654)
Movement in investments	-	23,827	23,827
Cash outflow from assets held for sale	-	(2,907)	-
Proceeds from sale of assets	623	3	3,352
Proceeds from the sale of Zamanita	-	-	197,809
Net cash outflow on investing activities	(83,422)	(107,162)	(21,714)
Net cash inflow before financing	4,436	61,013	241,911
Financing			
Long term loans repaid	(56,420)	(26,782)	(97,578)
(Repayment)/ receipt of short term funding	(9,492)	43,042	(109,386)
Lease finance obtained/(repayment)	656	(369)	(1,993)
Finance costs including discontinued operations	(60,357)	(26,717)	(59,585)
Cash outflow from assets held for sale	-	(87,002)	-
Net cash outflow from financing	(125,613)	(97,828)	(268,542)
Decrease in cash and cash equivalents	(121,177)	(36,815)	(26,631)
Cash and cash equivalents at beginning of year	(190,648)	(147,868)	(147,868)
Effects of exchange rate changes on the balance of cash held in foreign currencies	41,706	(6,606)	(16,149)
Cash and cash equivalents at end of year	(270,119)	(191,289)	(190,648)
Represented by:			
Cash in hand and at bank	67,740	51,483	49,106

Bank overdrafts

<u>(337,859)</u>	<u>(242,772)</u>	<u>(239,754)</u>
<u>(270,119)</u>	<u>(191,289)</u>	<u>(190,648)</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2016**

	Unaudited		Audited
	6 months to 31 Mar 2016 <i>USD'000s</i>	6 months to 31 Mar 2015 <i>USD'000s</i>	Year to 30 Sept 2015 <i>USD'000s</i>
Cash inflow from operating activities			
Loss before taxation	9,740	(3,791)	(5,039)
Finance costs	5,318	4,136	8,440
Loss on disposal of property, plant and equipment	-	-	997
Depreciation	3,227	4,466	9,497
Fair value price adjustment	(1,536)	4,380	641
Net unrealised foreign (gains)/ exchange losses	(1,299)	2,453	6,639
Earnings before interest, tax, depreciation and amortisation	15,450	11,644	21,175
Increase in biological assets	(18,110)	(12,233)	(3,824)
Decrease in inventory	10,949	2,829	4,563
Decrease /(increase) in trade and other receivables	4,214	2,613	(12,448)
Decrease in amount due from related companies	-	1,785	374
(Decrease)/ increase in trade and other payables	(5,612)	1,791	21,818
Increase in amount due to related companies	1,048	2,704	6,300
Increase in deferred liability	10	62	252
Income tax paid	(209)	(277)	(870)
Cash inflow from assets held for sale	-	15,118	-
Net cash inflow from operating activities	7,740	26,036	37,340
Investing activities			
Purchase of property, plant and equipment	(6,831)	(18,425)	(33,293)
Expenditure on plantation development	(574)	(1,402)	(1,651)
Movement in investments	-	3,800	3,375
Cash outflow from assets held for sale	-	(450)	-
Proceeds from sale of assets	55	-	474
Proceeds from the sale of Zamanita	-	-	27,037
Net cash outflow on investing activities	(7,350)	(16,477)	(4,058)
Net cash inflow before financing	390	9,559	33,282
Financing			
Long term loans repaid	(4,971)	(4,146)	(13,821)
(Repayment)/ receipt of short term funding	(851)	5,670	(15,494)
Lease finance	58	(57)	(282)
Finance costs including discontinued operations	(5,318)	(4,136)	(8,440)
Cash inflow/outflow from assets held for sale	-	(13,469)	-
Net cash outflow from financing	(11,082)	(16,138)	(38,037)
Decrease in cash and cash equivalents	(10,692)	(6,579)	(4,755)
Cash and cash equivalents at beginning of year	(15,861)	(23,583)	(23,583)
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,349	5,058	12,477
Cash and cash equivalents at end of year	(24,204)	(25,104)	(15,861)

Represented by:

Cash in hand and at bank

5,783

6,756

4,085

Bank overdrafts

(29,987)(31,860)(19,946)(24,204)(25,104)(15,861)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016

1. **The Group**

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed and flour. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,120 Ha of irrigated row crops 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 are allocated against the interests of the parent.

(b) **Going Concern**

At the reporting date the current portion of long term loan amounts repayable amount to ZMW179.9 million (USD16.1 million) [30 September 2015: ZMW224.4 million (USD18.7 million)]. After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out.

(c) **Basis of presentation**

The information for the period ended 31 March 2016 and 31 March 2015 do not constitute statutory accounts. The figures for the year ended 30 September 2015 have been extracted from the 2015 statutory financial statements. The auditors' report on those financial statements was unqualified.

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

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

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

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

2. Principal accounting policies (continued)

(d) Foreign currencies

(i) *Presentational and functional currency*

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

- the majority of farm input costs (fertilizer, farming chemicals, agricultural machinery spares, etc.), which are primarily sourced from overseas, are driven by USD to ZMW exchange rate due to original prices being USD;
- the pricing of Mpongwe's principal outputs (wheat, soya and maize) are significantly influenced by world USD denominated grain prices;
- the capital raised attached to the acquisition of the Mpongwe assets was denominated in foreign currency;
- the Mpongwe assets were purchased in USD;
- upon admission and dual listing on the AIM market of the London Stock Exchange (LSE), Zambeef was required to report in USD in addition to reporting in ZMW for the LuSE listing; and
- majority of financial liabilities associated with working capital funding and capital expenditure are sourced in USD and repayable in USD, with a substantial portion of the Company's term liabilities secured on the assets of Mpongwe.

In light of this, Mpongwe's assets and liabilities are translated to ZMW and consolidated with other branches of the Company for reporting and tax purposes in Zambia, with any differences arising out of translation posted as a capital reserve item and a non-distributable reserve.

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

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

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

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

The following exchange rates have been applied:

ZMW:USD	Average exchange rate	Closing exchange rate
---------	--------------------------	--------------------------

6 months ended 31 March 2015	6.46	7.62
Year ended 30 September 2015	7.06	12.02
6 months ended 31 March 2016	11.35	11.16

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.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

2. Principal accounting policies (continued)

(iii) *Basis of translating transactions and balances*

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

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

(iv) *Basis of translating foreign operations*

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

The following exchange rates have been applied:

	Average exchange rate	Closing exchange rate
ZMW:Nigeria Naira		
6 months ended 31 March 2015	27.35	26.25
Year ended 30 September 2015	27.20	16.64
6 months ended 31 March 2016	17.92	17.62
	Average exchange rate	Closing exchange rate
ZMW:Ghana Cedi		
6 months ended 31 March 2015	0.51	0.50
Year ended 30 September 2015	0.52	0.32
6 months ended 31 March 2016	0.35	0.35

(e) **General information and basis of preparation**

The condensed interim consolidated financial statements are for the six months ended 31 March 2016 and are presented in Zambian Kwacha and United States Dollars. They have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2015.

(f) **Significant accounting policies**

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 September 2015.

3. Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on

historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

3. **Critical accounting estimates and judgements (continued)**

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

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

4. **Significant events and transactions**

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

- (d) Growth in the Zambian economy leading to higher disposable incomes.
- (e) Increase in the retail foot print of the Group.
- (f) Increase in production facilities of the Group leading to higher volumes available for retail.
- (g) Improvements in the management team across various areas of the Group leading to positive reinforcement of strong operational synergies.

Overall, the Group is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital credit risk and liquidity risk should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 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 Board of Directors ('BoD') to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margin information is sufficient for the BoD to use for such purposes. The BoD reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and liabilities of the main business divisions within the Group.

During the six month period to 31 March 2016, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2016

(i) in Zambian Kwacha

Segment	Revenue <i>ZMW'000s</i>	Gross Profit <i>ZMW'000s</i>
Beef	249,347	89,293
Chicken	118,135	36,153
Pork	109,369	19,993
Crops - Row Crops	129,404	105,667
Stock feed	364,176	104,846
Eggs	15,672	6,275
Fish	24,267	9,229
Milk	60,114	31,301
Edible oils	40,380	23,149
Mill	49,768	11,456
Leather	17,298	3,688
Master Meats (Nigeria)	90,894	21,736
Master Meats (Ghana)	17,597	4,660
Total	1,286,421	467,446
Less: intra/inter group Sales	(164,816)	
Group total	1,121,605	467,446
Central operating costs		(312,145)
Operating profit		155,301
Foreign exchange gains		15,602
Finance costs		(60,357)
Profit before tax		110,546

Operating assets/(liabilities)

	Zambeef <i>ZMW'000s</i>	Retailing <i>ZMW'000s</i>	Master Pork <i>ZMW'000s</i>	Zampalm <i>ZMW'000s</i>	Other <i>ZMW'000s</i>	Total <i>ZMW'000s</i>
Property plant and equipment and plantation development expenditure	1,235,271	182,986	48,330	134,474	306,485	1,907,546
Biological assets and inventories	518,925	71,296	17,858	34,619	40,015	682,713
Cash, cash equivalents and bank overdrafts	(214,158)	(77,747)	70	359	21,357	(270,119)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2016

(ii) in US Dollars

Segment	Revenue <i>USD '000s</i>	Gross Profit <i>USD '000s</i>
Beef	21,970	7,866
Chicken	10,408	3,185
Pork	9,636	1,761
Crops - row crops	11,401	9,310
Stock feed	32,086	9,238
Eggs	1,381	553
Fish	2,138	813
Milk	5,296	2,758
Edible oils	3,558	2,040
Mill	4,385	1,009
Leather/shoe	1,524	325
Master Meats (Nigeria)	8,008	1,915
Master Meats (Ghana)	1,550	411
Total	113,341	41,185
Less: intra/inter group sales	(14,521)	
Group total	98,820	41,185
Central operating costs		(27,502)
Operating profit		13,683
Foreign exchange losses		1,375
Finance costs		(5,318)
Loss before tax		9,740

Operating assets/(liabilities)

	Zambeef <i>USD'000s</i>	Retailing <i>USD'000s</i>	Master Pork <i>USD'000s</i>	Zampalm <i>USD'000s</i>	Other <i>USD'000s</i>	Total <i>USD'000s</i>
Property plant and equipment and plantation development expenditure	110,687	16,397	4,331	12,049	27,463	170,927
Biological assets and inventories	46,499	6,389	1,600	3,102	3,585	61,175
Cash, cash equivalents and bank overdrafts	(19,190)	(6,967)	6	33	1,914	(24,204)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2015

(i) in Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Beef	183,219	65,189
Chicken	82,778	21,565
Pork	73,894	14,372
Crops - Row Crops	163,654	97,750
Stock feed	148,208	25,564
Eggs	15,413	5,918
Fish	16,599	5,880
Milk and dairy	48,584	24,904
Edible oils	-	-
Mill	30,594	6,422
Leather and shoe	15,505	5,639
Master Meats Nigeria	51,452	12,711
Master Meats Ghana	9,995	2,325
Total	839,895	288,239
Less: intra/inter group Sales	(180,084)	
Group total	659,811	288,239
Central operating costs		(236,851)
Operating profit		51,388
Foreign exchange losses		(49,162)
Finance costs		(26,717)
Loss before taxation		(24,491)

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 and plantation development expenditure	958,735	160,295	43,085	124,072	228,927	1,515,114
Biological assets and inventories	343,625	52,218	9,795	29,198	50,197	485,033
Cash, cash equivalents and bank overdrafts	(153,447)	(23,341)	1,177	59	28,789	(146,763)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Period ended 31 March 2015

(ii) in US Dollars

Segment	Revenue <i>USD'000s</i>	Gross Profit <i>USD'000s</i>
Beef	28,362	10,091
Chicken	12,814	3,338
Pork	11,439	2,225
Crops - row crops	25,333	15,132
Stock feed	22,942	3,959
Eggs	2,386	916
Fish	2,570	910
Milk and dairy	7,521	3,855
Edible oils	-	-
Mill	4,736	994
Leather and shoe	2,400	873
Master Meats (Nigeria)	7,965	1,968
Master Meats (Ghana)	1,547	360
Total	130,015	44,621
Less: intra/inter group sales	(27,877)	
Group total	102,138	44,621
Central operating costs		(36,664)
Operating profit		7,957
Foreign exchange losses		(7,610)
Finance costs		(4,136)
Loss before taxation		(3,789)

Operating assets/(liabilities)

	ZambeeF	Retailing	Master Pork	Zampalm	Other	Total
	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>
Property plant and equipment and plantation development expenditure	125,818	21,036	5,654	16,282	30,044	198,834
Biological assets and inventories	45,095	6,853	1,285	3,832	6,588	63,653
Cash, cash equivalents and bank overdrafts	(20,137)	(3,063)	154	8	3,778	(19,260)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Year ended 30 September 2015

(i) in Zambian Kwacha

Segment	Revenue <i>ZMW'000s</i>	Gross Profit <i>ZMW'000s</i>
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	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		(504,635)
Operating profit		162,078
Foreign exchange losses		(142,358)
Finance costs		(55,295)
Loss before tax		(35,575)

Operating assets/(liabilities)

	Zambeef <i>ZMW'000s</i>	Retailing <i>ZMW'000s</i>	Master Pork <i>ZMW'000s</i>	Zampalm <i>ZMW'000s</i>	Other <i>ZMW'000s</i>	Total <i>ZMW'000s</i>
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)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

Year ended 30 September 2015

(ii) in US Dollars

Segment	Revenue <i>USD'000s</i>	Gross Profit <i>USD'000s</i>
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	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)
Group total	220,237	94,436
Central operating costs		(71,478)
Operating profit		22,958
Foreign exchange losses		(20,164)
Finance costs		(7,832)
Loss before tax		(5,038)

Operating assets/(liabilities)

	Zambeef <i>USD'000s</i>	Retailing <i>USD'000s</i>	Master Pork <i>USD'000s</i>	Zampalm <i>USD'000s</i>	Other <i>USD'000s</i>	Total <i>USD'000s</i>
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)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

5. Segmental reporting (continued)

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

	31 Mar 2016		31 Mar 2015		30 Sept 2015	
	Revenues	Non-current assets	Revenues	Non-current assets	Revenues	Non-current assets
	<i>ZMW'000s</i>	<i>ZMW'000s</i>	<i>ZMW'000s</i>	<i>ZMW'000s</i>	<i>ZMW'000s</i>	<i>ZMW'000s</i>
Zambia	953,826	1,953,114	537,407	1,766,939	1,304,862	1,959,862
West Africa	108,491	29,319	61,447	19,818	129,951	29,641
Rest of world	59,288	-	60,957	-	120,059	-
	<u>1,121,605</u>	<u>1,982,433</u>	<u>659,811</u>	<u>1,786,757</u>	<u>1,554,872</u>	<u>1,989,503</u>

	31 Mar 2016		31 Mar 2015		30 Sept 2015	
	Revenues	Non-current assets	Revenues	Non-current assets	Revenues	Non-current assets
	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>	<i>USD'000s</i>
Zambia	84,037	175,011	83,190	231,882	184,825	163,049
West Africa	9,559	2,627	9,512	2,601	18,407	2,466
Rest of world	5,224	-	9,436	-	17,005	-
	<u>98,820</u>	<u>177,638</u>	<u>102,138</u>	<u>234,483</u>	<u>220,237</u>	<u>165,515</u>

6. Taxation

	March 2016	March 2015	September 2015
	<i>ZMW'000s</i>	<i>ZMW'000s</i>	<i>ZMW'000s</i>
Income tax expense			
(a) Tax charge			
Current tax:			
Tax charge	8,924	2,082	4,491
Deferred tax:			
Deferred taxation (note 6(e))	(97)	1,759	170
Tax charge/(credit) for the period	<u>8,827</u>	<u>3,841</u>	<u>4,661</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

6. Taxation (continued)

	March 2016 ZMW'000s	March 2015 ZMW'000s	September 2015 ZMW'000s
(b) Reconciliation of tax charge			
Profit/(loss) before taxation	110,546	(24,491)	(35,575)
Taxation on accounting profit	16,389	(5,078)	(5,283)
Effects of:			
Permanent differences:			
Disallowable expenses	2,478	1,744	2,810
Timing differences:			
Capital allowances and depreciation	(6,223)	(4,027)	565
Livestock and crop valuations adjustment	(1,123)	1,660	1,063
Other income	(701)	(750)	(8,266)
Unrealised exchange gains/(losses)	(1,102)	4,802	6,658
Unrealised tax loss	(794)	3,731	6,944
Tax charge for the period	<u>8,924</u>	<u>2,082</u>	<u>4,491</u>
(c) Movement in taxation account			
Taxation payable at 1 October	(2,983)	(1,330)	(1,067)
Charge for the period	8,924	2,082	4,491
Arising on discontinued operation	-	-	(263)
Taxation paid	<u>(2,371)</u>	<u>(1,792)</u>	<u>(6,144)</u>
Taxation payable/(recoverable) at the end of the period	<u>3,570</u>	<u>(1,040)</u>	<u>(2,983)</u>
Taxation payable	5,037	3,764	1,588
Taxation recoverable	<u>(1,467)</u>	<u>(4,804)</u>	<u>(4,571)</u>
Taxation payable as at 30 September	<u>3,570</u>	<u>(1,040)</u>	<u>(2,983)</u>
(d)	Income tax returns have been filed with the ZRA for the tax year ended 31 December 2015. Quarterly tax returns for the period were made on the due dates.		
(e) Deferred taxation			
	March 2016 ZMW'000s	March 2015 ZMW'000s	September 2015 ZMW'000s
Represented by:			
Biological valuation	8,278	6,255	7,012
Accelerated tax allowances	39,587	47,820	37,588
Provisions	(3,122)	(2,998)	(4,178)
Unrealised exchange losses	-	-	-
Tax loss	<u>(62,069)</u>	<u>(66,713)</u>	<u>(57,651)</u>
	<u>(17,326)</u>	<u>(15,636)</u>	<u>(6,729)</u>
Analysis of movement:			
Liability as at 1 October	(17,229)	(17,395)	(6,729)
Charge to profit and loss account (note 6(a))	(97)	1,759	170
Arising on discontinued operation	-	-	(10,670)
(Asset)/liability as at the end of the period	<u>(17,326)</u>	<u>(15,636)</u>	<u>(17,229)</u>

Deferred tax asset	(24,569)	(28,343)	(25,344)
Deferred tax liability	7,243	12,707	8,115
	<u>(17,326)</u>	<u>(15,636)</u>	<u>(17,229)</u>

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

6. Taxation (continued)

	March 2016 <i>USD'000s</i>	March 2015 <i>USD'000s</i>	September 2015 <i>USD'000s</i>
Income tax expense			
(f) Tax charge			
Current tax:			
Tax charge	786	323	636
Deferred tax:			
Deferred taxation (note 6(j))	(9)	272	24
Tax (credit)/charge for the period	<u>778</u>	<u>595</u>	<u>660</u>
(g) Reconciliation of tax charge			
Profit/(loss) before taxation	9,740	(3,789)	(5,038)
Taxation on accounting profit	1,444	(786)	(748)
Effects of:			
Permanent differences:			
Disallowable expenses	220	271	398
Timing differences:			
Capital allowances and depreciation	(548)	(623)	80
Livestock and crop valuations adjustment	(99)	257	151
Other income	(62)	(116)	(1,171)
Unrealised exchange (gains/losses)	(99)	743	942
Unrealised tax loss	(70)	577	984
Foreign exchange	-	-	-
Tax charge for the period	<u>786</u>	<u>323</u>	<u>636</u>
(h) Movement in taxation account			
Taxation payable at 1 October	(248)	(213)	(171)
Charge for the year	786	323	636
Arising on discontinued operations	-	-	(37)
Taxation paid	(209)	(277)	(870)
Foreign exchange	(9)	31	194
Taxation payable as at the end of the period	<u>320</u>	<u>(136)</u>	<u>(248)</u>
Taxation payable	451	494	132
Taxation recoverable	(131)	(630)	(380)
Taxation payable as at 30 September	<u>320</u>	<u>(136)</u>	<u>(248)</u>

- (i) Income tax returns have been filed with the ZRA for the year 31 December 2015. Quarterly tax returns for the period were made on the due dates.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

6. Taxation (continued)

	March 2016 USD'000s	March 2015 USD'000s	September 2015 USD'000s
(j) Deferred taxation			
Represented by:			
Biological valuation	742	821	583
Accelerated tax allowances	3,547	6,276	3,127
Provisions	(280)	(394)	(348)
Unrealised exchange losses	-	-	-
Tax loss	(5,562)	(8,755)	(4,795)
	<u>(1,553)</u>	<u>(2,052)</u>	<u>(1,433)</u>
Analysis of movement:			
Liability as at 1 October	(1,433)	(2,775)	(1,074)
Charge to profit and loss account (note 6(f))	(9)	272	24
Arising on discontinued operations	-	-	(1,511)
Foreign exchange	(111)	451	1,128
(Asset)/liability as at the end of period	<u>(1,553)</u>	<u>(2,052)</u>	<u>(1,433)</u>
Deferred tax asset	(2,202)	(3,720)	(2,108)
Deferred tax liability	649	1,668	675
	<u>(1,553)</u>	<u>(2,052)</u>	<u>(1,433)</u>

7. Earnings/(loss) per share

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

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

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

	Mar 2016		Mar 2015		Sept 2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
<u>Basic earnings per share</u>						
Loss for the period	90,285	7,955	(24,429)	(3,780)	(63,614)	(9,009)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>247,978</u>	<u>247,978</u>	<u>247,978</u>	<u>247,978</u>	<u>247,978</u>	<u>247,978</u>
Basic and diluted earnings/(loss) per share (Ngwee & US Cents)	36.41	3.21	(9.851)	(1.52)	(25.66)	(3.63)
From continued operations	36.41	3.21	(12.51)	(1.94)	(19.86)	(2.81)
From discontinued operations	-	-	2.659	0.41	(5.80)	(0.82)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

8. Biological assets

(a) 31 March 2016

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 31 March 2016 there were 8,235 cattle (6,027 feedlot cattle, nil standing cattle and 2,208 dairy cattle) and 289,955 chickens (204,316 layers and 85,639 broilers), and 4,694 pigs. A total of 14,784 feedlot cattle, 514 dairy cattle, 4,471 pigs and 3,313,494 chickens were culled during the period. The palm plantation is in developmental stage with current plantation size of 2,623 hectares.

(i) in Zambian Kwacha

	As at 1 October 2015	Increase due to purchases	Gains arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 31 Mar 2016
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	38,940	140,645	244,298	(5,596)	(148,784)	269,503
Feedlot cattle	53,189	60,761	21,868	-	(104,349)	31,469
Dairy Cattle	50,361	14,010	(760)	-	(14,821)	48,790
Pigs	3,383	5,038	1,036	-	(5,687)	3,770
Chickens	9,319	98,832	2,187	23,026	(116,611)	16,753
Palm Plantation	34,006	613	-	-	-	34,619
Total	189,198	319,899	268,629	17,430	(390,252)	404,904
Less: non-current biological assets	(34,006)	(613)	-	-	-	(34,619)
Total	155,192	319,286	268,629	17,430	(390,252)	370,285

(ii) in US Dollars

	As at 1 October 2015	Foreign exchange	Increase due to purchases	Gains arising From fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 31 March 2016
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s
Standing Crops	3,239	596	12,392	21,524	(493)	(13,109)	24,149
Feedlot cattle	4,425	309	5,353	1,927	-	(9,194)	2,820
Dairy Cattle	4,190	320	1,234	(67)	-	(1,306)	4,372
Pigs	282	22	444	91	-	(501)	338
Chickens	775	71	8,708	193	2,029	(10,274)	1,501
Palm Plantation	2,829	219	54	-	-	-	3,102
Total	15,740	1,537	28,185	23,668	1,536	(34,383)	36,282
Less: non-current biological assets	(2,829)	(219)	(54)	-	-	-	(3,102)
Total	12,911	1,318	28,131	23,668	1,536	(34,383)	33,180

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

8. Biological assets (continued)

(b) 31 March 2015

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, pigs, chickens and palm oil plantation. At 31 March 2015 there were 7,863 cattle (5,180 feedlot cattle, 637 standing cattle and 2,146 dairy cattle) and 455,286 chickens (184,220 layers and 271,066 broilers), and 4,238 pigs. A total of 12,527 feedlot cattle, 491 dairy cattle, 4,234 pigs and 1,158,129 chickens were culled during the period. The palm plantation is in developmental stage with current plantation size of 2,612 hectares.

(i) in Zambian Kwacha

	As at 1 Oct 2014 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 31 March 2015 ZMW'000s
Standing Crops	35,430	98,016	147,199	(28,298)	(111,807)	140,540
Feedlot cattle	70,874	34,749	10,156	-	(86,901)	28,878
Dairy Cattle	24,934	7,838	10,887	-	(12,634)	31,025
Pigs	2,750	2,978	1,737	-	(4,549)	2,916
Chickens	8,013	66,654	20,572	-	(86,564)	8,675
Palm Plantation	20,202	9,059	-	-	(64)	29,197
Total	162,203	219,294	190,551	(28,298)	(302,519)	241,231
Less: non-current biological assets	(20,202)	(9,059)	-	-	64	(29,197)
Total	142,001	210,235	190,551	(28,298)	(302,455)	212,034

(ii) in US Dollars

	As at 1 Oct 2014 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 31 March 2015 USD'000s
Standing Crops	5,651	(3,478)	15,173	22,786	(4,380)	(17,308)	18,444
Feedlot cattle	11,304	(1,013)	5,379	1,572	-	(13,452)	3,790
Dairy Cattle	3,976	(848)	1,212	1,685	-	(1,956)	4,069
Pigs	439	(82)	463	269	-	(704)	385
Chickens	1,278	(241)	10,318	3,185	-	(13,400)	1,140
Palm Plantation	3,222	(784)	1,402	-	-	(10)	3,830
Total	25,870	(6,446)	33,947	29,497	(4,380)	(46,830)	31,658
Less: non- current biological assets	(3,222)	784	(1,404)	-	-	10	(3,832)

Total

22,648	(5,662)	32,543	29,497	(4,380)	(46,820)	27,826
--------	---------	--------	--------	---------	----------	--------

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

8. Biological assets (continued)

(c) 30 September 2015

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) in Zambian Kwacha

	As at 1 October 2014	Increase due to purchases	Gains/(losses) arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest/ transferred to inventory	As at 30 Sept 2015
	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s	ZMW'000s
Standing Crops	35,430	245,306	147,487	(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 2014	Foreign exchange	Increase due to purchases	Gains/ (losses) arising from fair value attributable to physical changes	Gains arising from fair value attributable to price changes	Decrease due to harvest / transferred to inventory	As at 30 September 2015
	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	USD'000s	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	(3,222)	2,348	(1,964)	-	-	9	(2,829)

biological
assets

Total	22,648	(11,607)	77,560	37,405	(641)	(112,454)	12,911
-------	---------------	-----------------	---------------	---------------	--------------	------------------	---------------

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

9. Cash and cash equivalents

	March 2016		March 2015		September 2015	
	<i>ZMW'000s</i>	<i>USD'000s</i>	<i>ZMW'000s</i>	<i>USD'000s</i>	<i>ZMW'000s</i>	<i>USD'000s</i>
Cash in hand and at bank	64,539	5,783	51,483	6,756	49,106	4,085
Bank overdrafts	(334,658)	(29,987)	(198,246)	(26,016)	(239,754)	(19,946)
	(270,119)	(24,204)	(146,763)	(19,260)	(190,648)	(15,861)

(a) Banking facilities

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

The Group has overdraft facilities totalling ZMW30 million (2015: ZMW24.5 million) and USD2 million (2015: USD7 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 12 per cent. on the Kwacha facilities and 1 month USD LIBOR rate plus 3.6 per cent and 1 month USD LIBOR plus 6 per cent on the USD facilities.

The Group has overdraft facilities totalling ZMW98.3 million (2015: ZMW22.5 million) and USDnil million (2015: USD4 million) with Zanaco Bank Plc. The Zanaco Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 12 per cent. on the Kwacha facility.

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

(b) Bank overdrafts

	March 2016		March 2015		September 2015	
	<i>ZMW'000s</i>	<i>USD'000s</i>	<i>ZMW'000s</i>	<i>USD'000s</i>	<i>ZMW'000s</i>	<i>USD'000s</i>
Bank overdrafts represented by:						
Zanaco Bank PLC	(96,032)	(8,604)	(49,882)	(6,545)	(64,280)	(5,348)
Citibank Zambia Limited	(85,402)	(7,653)	(73,592)	(9,658)	(90,518)	(7,530)
Stanbic Bank Zambia Limited	(108,120)	(9,688)	(46,833)	(6,146)	(54,108)	(4,502)
Standard Chartered Bank Zambia PLC	(45,104)	(4,042)	(27,939)	(3,667)	(30,848)	(2,566)
	(334,658)	(29,987)	(198,246)	(26,016)	(239,754)	(19,946)

- (i) The Zambef Products Plc Company bank overdrafts are secured by a first floating charge/ debenture over all the assets of the Company. The floating charge/ debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD10 million plus ZMW 8 million), Zanaco Bank Plc (USD4 million and ZMW57.5 million), Stanbic Bank Zambia Limited (ZMW112 million).

All overdrafts are annual revolving facilities.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

10. Interest bearing liabilities

	31 Mar 2016		31 Mar 2015		30 September 2015	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG – Deutsche Investitious						
GUD Entwicklungsgesellschaft MBH (note (a))	171,473	15,365	144,285	18,935	206,143	17,150
Zanaco Bank Plc (note (b))	33,214	2,975	39,931	5,240	39,857	3,316
International Finance Corporation (note (d))	256,463	22,981	237,052	31,109	314,225	26,142
Standard Chartered Bank Zambia PLC (note (c))	89,522	8,022	123,803	16,247	91,852	7,642
	<u>550,672</u>	<u>49,343</u>	<u>545,071</u>	<u>71,532</u>	<u>652,077</u>	<u>54,250</u>
Less: short term portion of long term funding (repayable within next 12 months)	(170,715)	(15,297)	(178,897)	(23,477)	(212,795)	(17,704)
	<u>379,957</u>	<u>34,046</u>	<u>366,174</u>	<u>48,054</u>	<u>439,282</u>	<u>36,546</u>

(a) (i) **DEG Term Loan 2**

The Group has a loan facility of USD5.365 million (2015: USD8.935 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. R/E 5063 and Lot No. 8409/M (Chiawa farm).

(ii) **DEG Term Loan 3**

The group obtained a loan facility of USD10 million for the palm project 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); &
- Second ranking legal mortgage over Farm No. 10097, Farm No. R/E 5063 and Lot No. 8409/M (Chiawa farm).

(b) **Zanaco Bank Plc**

The Group has a loan facility of ZMW33.2 million (2015: ZMW39.9 million) with Zanaco Bank Plc. Interest on the loan is 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 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).

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

10. Interest bearing liabilities (continued)

(c) Standard Chartered Bank Zambia Plc

The Group has structured agricultural facilities with an annual revolving limit totalling USD15 million (2015: 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 (CMA)/facilities against warehouse receipts (FAWR) and is for 180 days. The balance on the facilities at period end was USD6.79 million (2015: USD18.68 million). Interest on the facilities is 3 month USD LIBOR rate plus 5.5 per cent. per annum.

(d) International Finance Corporation Loan

(i) International Finance Corporation Loan 1

The Group has a loan facility of USD2.76 million (USD1.909 million in Zambia and USD0.851 million in Nigeria) [2015: USD3.182 million in Zambia and USD1.418 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.

(ii) International Finance Corporation Loan 2

The company has a loan facility of USD17.241 million and ZMW42.759 (2015: USD20 million in USD 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 ZMW1,710,345 commencing June 2015 and expiring in June 2022.

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

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

11. Assets held for sale

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

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

	March 2015 ZMW'000	March 2015 USD'000
Revenue	184,267	28,524
Cost of sales	(149,024)	(23,069)
Administration costs	(24,570)	(3,802)
Other income	1	-
Operating profit	10,674	1,653
Finance Costs	(3,337)	(517)
Exchange losses	(2,419)	(374)
Profit from discontinued operation before tax	4,918	762
Tax (expense)/credit	1,702	263
Profit for the year	6,620	1,025

The assets and liabilities of the unit held for sale are as follows:

	March 2015 ZMW'000	March 2015 USD'000
Property, plant and equipment	198,604	26,037
Total non-current assets	198,604	26,037
Inventories	87,494	11,482
Trade and other receivables	32,863	4,313
Total current assets	120,357	15,795
Interest bearing liabilities	28,968	3,802
Deferred liability	80	10
Deferred income tax	8,964	1,176
Total non-current liabilities	38,012	4,988
Collateral management agreement	18,547	2,434
Trade and other payables	62,569	8,211
Taxation payable	263	35
Cash and cash equivalents	44,526	5,843
Total current liabilities	125,905	16,523

The cash flow effects of the unit held for sale are as follows:

	March 2015 ZMW'000	March 2015 USD'000
Cash inflow from operating activities	97,649	15,118
Cash outflow from investing activities	(2,907)	(450)
Cash outflow from financing activities	(87,002)	(13,469)

12. Events subsequent to reporting date

There has not arisen since the end of the 6 months period any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect substantially the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in the subsequent financial years.

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

13. 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 31 March 2016 and 30 September 2015.

31 March 2016	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Financial Assets				
Other forwards exchange contracts inventory (CMA)	-	38,501	-	38,501
Total Assets	-	38,501	-	38,501
Financial Liabilities				
US-dollar loans	-	-	(394,689)	(394,689)
Total Liabilities	-	-	(394,689)	(394,689)
Net fair value	-	38,501	(394,689)	(356,188)

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

31 March 2016	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial Assets				
Other forwards exchange contracts inventory (CMA)	-	3,450	-	3,450
Total Assets	-	3,450	-	3,450

Financial Liabilities				
US-dollar loans	-	-	(35,366)	(35,366)
Total Liabilities	-	-	(35,366)	(35,366)
Net fair value	-	3,450	(35,366)	(31,916)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

13. Fair value measurement (continued)

30 September 2015	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Financial Assets				
Other forwards 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)

There were no transfers between Level 1 and Level 2 in 2016 or 2015.

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 31 March 2016 and 30 September 2015:

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2016 (CONTINUED)

13. Fair value measurement (Continued)

31 March 2016	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	398,378	-	398,378
Office building in Zambia	-	17,590	-	17,590
30 September 2015	Level 1 ZMW'000	Level 2 ZMW'000	Level 3 ZMW'000	Total ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	393,825	-	393,825
Office building in Zambia	-	17,284	-	17,284
31 March 2016	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	35,697	-	35,697
Office building in Zambia	-	1,576	-	1,576
30 September 2015	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	62,811	-	62,811
Office building in Zambia	-	2,757	-	2,757

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.