

25 November 2016



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

Results for the Year Ended 30 September 2016

Zambeef (AIM: ZAM), the fully integrated agri-business with operations in Zambia, Nigeria and Ghana, announce its final audited results for the year ended 30 September 2016.

Financial Performance Summary

(Figures in 000's)

	2016 USD	2015 USD	% Change	2016 ZMW	2015 ZMW	% Change
Turnover	219,404	220,237	(0.38)%	2,376,148	1,554,872	52.82%
Gross Profits	80,881	94,436	(14.35)%	875,946	666,713	31.38%
Operating Profits	17,321	22,958	(24.56)%	187,593	162,078	15.74%
Profit before tax excluding exchange losses	7,040	15,126	(53.46)%	76,247	106,783	(28.60)%
Realised exchange gains/(losses)	2,744	(13,525)	120.29%	29,719	(95,485)	131.12%
Adjusted Profit/(Loss) before tax*	9,784	1,601	511.12%	105,966	11,298	837.92%
Unrealised exchange gains/(losses)	2,643	(6,639)	139.81%	28,626	(46,873)	161.07%
Profit/(loss) before tax	12,427	(5,038)	346.67%	134,592	(35,575)	478.33%
Net cash inflow from operations activities	12,109	37,361	(67.59)%	131,148	263,775	(50.28)%
Gross Profit Margin	36.86%	42.88%	(14.04)%	36.86%	42.88%	(14.04)%
EBITDA Margin	13.32%	9.62%	38.46%	13.32%	9.62%	38.46%
Debt/Equity (Gearing)	26%	60%	(61.67)%	26%	60%	(61.67)%
Debt-To-EBITDA	1.73	4.24	(59.20)	1.73	4.24	(59.20)%

* adjusted to exclude unrealised foreign exchange differences

Note the figures for 2015 exclude the figures for Zamanita as these are shown in the Statement of Comprehensive Income as income from discontinued operations after the tax line.

Key Highlights

- 10.8 per cent. growth in cold chain volumes has delivered a strong financial performance leading to record profitability for the Group:
 - Profit After Tax of ZMW157.4 million (USD14.5 million), compared with a loss of ZMW54.6 million (USD7.7 million) for the same period last year;
 - EBITDA has increased by 111.1 per cent. in ZMW terms (38 per cent. in USD), from ZMW149.5 million to ZMW316.6 million (USD21.2 million to USD29.2 million);
 - Administrative costs as a percentage of turnover improved from 28.2 per cent. (2015) to 25.7 per cent. (2016), as a result of more effective cost management;
 - Group debt reduced by 23.6 per cent. from USD72 million (2015) to USD55 million (2016);
 - Gearing reduced significantly from 60.3 per cent. (2015) to 26 per cent. (2016);
 - Debt-to-EBITDA ratio has improved from 4.2 (2015) to 1.7 (2016).
- Successful completion of the USD65 million CDC Group PLC equity investment into Zambeef.
- Cash settlement (USD23.4m) of RCL Foods Ltd put options in Zam Chick Ltd and Zamhatch Ltd, giving Zambeef full control of its poultry operations.
- Strong performance from the Cold Chain Food Products division, achieved through a market-driven strategy involving continued roll out of new macro outlets.
- During the year, Zambeef's total retail network increased from 154 outlets to 171 outlets.
- Final settlement reached with the Zambia Revenue Authority (ZRA) over the historical and disputed Zamanita Ltd tax liability, resulting in a write-back to the profit and loss account of approximately ZMW34 million (USD3.1 million).

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

“Zambeef has ended the financial year in a strong position. A 10.8 per cent. volume growth in cold chain food products and a 15.3 per cent. volume growth in stock feed has delivered record profits through the efficient delivery of our strategic priorities, and a platform has been created from which to continue sustainable long term growth. The balance sheet has been significantly strengthened as a result of CDC having made a substantial investment in the Group.

Zambeef now has the ability once again to invest in growing its business, accelerate the roll-out of its new macro stores and expand its cold chain foods production capacity in order to meet the growing demand for its products, both in Zambia and in the surrounding SADC/COMESA regions.

Zambeef operates in a dynamic expanding market, where the demand for its products, both locally and in neighboring countries, is expected to grow rapidly in order to meet the needs of an increasing population.

We are entering into a new era for Zambeef, and I am confident that the Group is well positioned to take advantage of the opportunities that lie ahead.”

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Notes to Editors

The Zambef Group is one of the largest integrated cold chain food producers in Zambia, involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, eggs, dairy products, fish, flour and stock feed. The Group also has large cereal row cropping operations (principally maize, soya beans and wheat), with approximately 7,971 hectares of row crops under irrigation, which are planted twice a year and a further 8,623 hectares of rain-fed/dry-land crops available for planting each year. The Group is also expanding its West Africa operations in Nigeria and Ghana.

The Group employed an average of 6,000 employees in the period.

Further information can be found on www.zambeefplc.com

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

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CHAIRMAN'S REPORT

Overview

The 2016 financial year has been a momentous year for the Zambef Group.

The improved performance that the Group reported in its interim results statement in June continued into the second half and resulted in the Group reporting record profits for the year.

We signed an investment agreement with CDC Group Plc (CDC) under which they have become a significant and supportive shareholder in the Group and provided us with USD65 million of new capital. We have utilized part of this amount to regain 100 per cent. control of our poultry operations, a key strategic area for our business, through the cash settlement of the two put options held by RCL Foods Ltd over their 49 per cent. shareholding in Zam Chick Ltd, and 51 per cent. shareholding in Zamhatch Ltd.

Operational results

It is pleasing to be able to report the Group's Profit After Tax of ZMW157.4 million (USD14.5 million), compared with a loss of ZMW54.6 million (USD7.7 million) for the same period last year.

Volumes handled by our retail business grew 11 per cent. with a particularly strong performance from the value added branded dairy products.

EBITDA has increased by 111.1 per cent. in Zambian Kwacha terms (38 per cent. in US Dollars), from ZMW149.5 million to ZMW316.6 million (USD21.2 million to USD29.2 million). Administrative costs as a percentage of turnover improved from 28.2 per cent. in the year-ended 30 September 2015 to 25.7 per cent. for the current year, as a result of more effective cost management.

These results have been helped by the final settlement reached with the Zambia Revenue Authority (ZRA) over an historical disputed Zamanita Ltd tax liability, resulting in a write-back to the profit and loss account of approximately ZMW34 million (USD3.1 million).

The strong operational performance during the year, together with the cash injection from CDC, has significantly strengthened Zambef's balance sheet and enabled the Group to settle, in cash, the USD23.4 million due to RCL Foods Ltd for settlement of the put options it held and exercised over Zam Chick Ltd and Zamhatch Ltd, as well as fund Group capital expenditure of ZMW178.8 million (USD16.5 million), particularly focused on the roll out of the macro retail stores as well as reducing Group debt by 24 per cent. from USD72 million to USD55 million.

Operating environment

After volatile performance in the 2015 financial year, the Zambian Kwacha has shown improved stability during the period under review.

The closing rate at 30 September 2016 was 10.01ZMW/USD, as against 12.02ZMW/USD at 30 September 2015. However, the average rate for this year was 10.83ZMW/USD, compared with 7.06ZMW/USD in 2015, which had a negative impact on the US Dollar turnover and gross profit growth comparisons compared with last year.

Zambia is regarded as one of Africa's most mature and stable political democracies. In support of this reputation, peaceful General Elections were held during September 2016, in which President Edgar Chagwa Lungu's ruling Patriotic Front party was returned to office for a further five years. The President has committed to addressing the Balance of Payments deficit and to a balanced budget.

To this end, the government has sought support from the International Monetary Fund (IMF), which should lead to continuing Kwacha stability and improved economic growth.

Investment in Zambeef by CDC Group Plc (CDC)

In line with our objective of forging strategic alliances that will contribute to Zambeef's sustained long-term growth, negotiations with CDC were successfully concluded in September of this year. Under the agreement, CDC has invested USD65 million in Zambeef through the issue of 52,601,435 new Ordinary Shares at a price of USD0.18 per share, for a total of USD9.5 million, and 100,057,658 Convertible Redeemable Preference Shares at a price of USD0.55 per share for a total of USD55.5 million.

On the assumption that CDC converts its Convertible Redeemable Preference Shares to Ordinary Zambeef shares, it would potentially hold 38 per cent. of the Company's enlarged share capital. While this will result in a dilution of existing shareholders, it was the view of the board that the benefits that will flow from this significant inward investment will create additional shareholder value that will offset the effects of the dilution. At an Extraordinary General Meeting held on 8 September, existing shareholders voted unanimously to approve this transaction. CDC's voting rights are currently limited to 34.85 per cent.

CDC, established in 1948, is the UK's leading development finance institution, active in Africa and South Asia. Its strategic vision is to help grow businesses, create jobs and make a lasting difference to the people in those parts of the world where they are active. Zambeef is proud to have them as a major shareholder. We welcome CDC's David Osborne and Tim Pollock who have joined the Zambeef board, and look forward to their contribution. The experience they bring to the board, together with the commitment by CDC to encouraging best practice in relation to the social and environmental impact, operational safety and corporate governance in all the companies in which they invest, will assist Zambeef in its quest to be a leader in Africa in these areas.

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) / Common Market for Eastern and Southern Africa (COMESA) regions, where there is a population of 450 million people. In pursuit of this vision, the Group is committed to a number of strategic priorities:

1. Expansion of our retail network

The Zambeef retail network encompasses 56 meat butchery concessions in the Shoprite chain of supermarkets in Zambia, Nigeria and Ghana, and 115 stand-alone Company stores, located principally in Zambia. The retail network is the strategic distribution channel for the sale of the broad range of Cold Chain products including beef, poultry meat, pork products and dairy products, stockfeed and day-old chicks, produced within the Group.

This market-driven retail approach is Zambeef's critical differentiator in the Zambian market, the source of a major competitive advantage, and makes Zambeef a significant retailer on the African continent.

The new concept: large format 'macro stores', has been a success, and we will continue to roll out new outlets of this type in the coming year. The retail network is expected to have a major pull effect on our Cold Chain, stockfeed and day-old chick production in the coming years.

2. Expansion of our Cold Chain production facilities

The strong market demand fuelling our continued retail chain growth is dependent on consistent supplies of product to satisfy existing and potential customer demand. To this end there is a need to continually maintain and, where necessary, expand capacity in our Cold Chain, stockfeed and day-old chick production facilities. Accordingly, in the coming year, capital expenditure will be allocated to complete the stockfeed plant expansion at Mpongwe; the installation of a new rotary milking parlour at Kalundu Dairy; the expansion of the day-old chick hatchery; the expansion of the Masterpork processing plant and to increase the Zam Chick slaughtering and processing capacity.

Budgeted capital expenditure spend for the coming year is expected to be approximately USD21 million.

3. Reducing gearing

It is pleasing to report that debt levels have been reduced further during the past year, with the debt-to-equity ratio reducing from 60 per cent. to 26 per cent. The Group's underlying operating cash flows should permit it to continue to reduce gearing over the coming year.

4. Dividend policy

With the improved operational performance of the Group, and the strengthening of the balance sheet through the CDC transaction, the board's intention is to adopt a policy of regular progressive dividend payments to shareholders from 2017 onwards.

Board changes

During the year, Irene Muyenga and Adam Fleming retired from the board, having both served as directors for 12 years. We thank Irene and Adam for their valued contributions over this period, and wish them both well in the future. We welcome Graham Clark to the board. Graham brings a considerable depth of experience of African agribusiness and the foods sector.

Following completion of the CDC investment, we are pleased to welcome CDC directors, David Osborne and Tim Pollock, to the board and look forward to benefitting from their insight and contribution.

Conclusion and outlook

Zambeef has ended the financial year in a strong position.

Operationally, it has delivered record profits through efficient delivery of its strategic priorities, and a platform has been created from which to continue sustainable long term growth.

The balance sheet has been significantly strengthened as a result of CDC having made a substantial investment in the Group.

Zambeef now has the ability once again to invest in growing its business, accelerate the roll-out of its new macro stores and expand its production capacity in order to meet the growing demand for its products, both in Zambia and in the surrounding SADC/COMESA regions.

We have an outstanding management team, and loyal, committed and motivated staff, whose efforts have driven us to this position of strength. I thank them all for their valued contribution.

Zambeef operates in a dynamic expanding market, where the demand for its products, both locally and in neighboring countries, is expected to grow rapidly in order to meet the needs of an increasing population.

We are entering into a new era for Zambeef, and I am confident that the Group is well positioned to take advantage of the opportunities that lie ahead.

Finally, I would like to thank my board colleagues for their support and commitment during the year.

Dr. Jacob Mwanza
Chairman

22 November 2016

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

JOINT CHIEF EXECUTIVES' REVIEW

Overview

The 2016 financial year has been a highly successful year for Zambef Products PLC, with the Group achieving a record profit after tax of ZMW157.4 million (USD14.5 million) compared with a loss of ZMW54.6 million (USD7.7 million) in the previous year.

EBITDA increased in Zambian Kwacha terms by 111.7 per cent. from ZMW149.5 million to ZMW316.6 million and in US Dollar terms by 38 per cent. from USD21.2 million to USD29.2 million.

The adjusted profit after tax, adjusting for unrealised exchange gains and losses as well as the tax write-back in relation to the former Zamanita edible oils division, increased from ZMW6.6 million to ZMW95.2 million and in US Dollars from USD0.9 million to USD8.8 million.

These strong financial results are an endorsement of the board's strategy to focus on its retailing and Cold Chain Food Products divisions while implementing its strategy to reduce gearing and address exposure to currency fluctuations.

The year has also seen a significant strengthening of the Zambef balance sheet and improvement in liquidity ratios. The current ratio has increased from 1.0 to 1.58, and the debt-to-equity ratio has fallen from 60 per cent. to 26 per cent. The total debt-to-EBITDA ratio has dropped from 4.24 to 1.73, while total Group debt has reduced from USD72 million to USD55 million. This places the Group in a strong position to continue to grow its retailing and distribution network, both in Zambia and West Africa, and expand its Cold Chain Food Product operations.

Not only has 2016 been a successful year in terms of financial performance but it has also been a transformational year for Zambef as a Company.

Negotiations were concluded with CDC Group Plc, which have resulted in CDC becoming a significant shareholder in Zambef, through the investment of USD65 million of new capital. CDC is the UK's developmental finance institution which invests in Africa and South Asia to help to grow businesses, create jobs and make a lasting difference to the people in those parts of the world. CDC has a long and successful history in Zambia, and Zambef is pleased to welcome it as a shareholder of the Group.

Acquisition of 100 per cent. of Zam Chick Ltd and Zamhatch Ltd

On 23 March 2016, Zambef received notification from RCL Foods Ltd that it was exercising its put options, requiring Zambef to acquire its shares in Zam Chick Ltd and Zamhatch Ltd, either in exchange for Zambef shares or cash. The total settlement value of the put options was agreed as USD23,385,604 with either party having the right to pursue a disputed amount of around USD1 million, which both parties believed due to them. The Zambef board took the view that the settlement of the put options in Zambef shares would have resulted in a dilution to the existing shareholders of Zambef without any balance sheet benefits flowing from such a dilution, and hence resolved to settle the put options in cash. This was completed on 22 September 2016, resulting in Zam Chick Ltd and Zamhatch Ltd becoming 100 per cent. subsidiaries of Zambef Products PLC.

Zam Chick Ltd is the company through which Zambef conducts its chicken broiler operations, while Zamhatch Ltd is a green field company which commissioned one of the best hatcheries in the region in September 2015, has a breeder farm and is in the process of completing a 12,000 ton per month modern stockfeed plant, due for completion in early 2017. The combined turnover of these operations was ZMW279 million (USD25.7 million) and a net profit of ZMW44 million (USD4.1 million). These are core parts of the business. The chicken broiler operation is a material part of the Cold Chain Food Product operations, while the hatchery and stockfeed operations are key growth areas of the business with Zambef using its new macro stores to sell stockfeed and day-old chicks to small-scale farmers and the informal sector. These will be important growth areas for Zambef going forward, driven by the expansion of the Zambef retail network, and hence Zambef shareholders will benefit from having these poultry and stockfeed operations fully owned by Zambef.

Investment by CDC Group PLC (CDC) into Zambeef

On 8 September 2016, Zambeef shareholders approved the investment by CDC of USD65 million in Zambeef through the issue of 52,601,435 new Ordinary Shares at a price of USD0.18 each, for a total consideration of USD9.5 million and the issuance of 100,057,658 Convertible Redeemable Preference Shares at a price of USD0.55 each for a total of USD55.5 million. The ordinary shares issued represent 17.5 per cent. of the enlarged ordinary issued share capital of Zambeef. The preference shares are convertible in whole or in part by CDC into ordinary shares on a one-for-one basis for the first eight years and thereafter on a basis of 3.0833 ordinary shares for each preference share. Zambeef has the right to redeem all or part of the preference shares at the redemption price, which will give CDC a 12 per cent. compounded return on investment. The zero-coupon preference shares pay a dividend only if a dividend is paid to ordinary shareholders, and in such cases, the dividend per share will be the same as that for ordinary shares. CDC has voting rights over 34.85 per cent. of the Company's share capital.

CDC is the UK's developmental finance institution established in 1948 and which currently has net assets of around USD5 billion. CDC has a long and successful history of investing in Zambia, which includes having been involved with the establishment of Chilanga Cement, Zambia Sugar, Kariba Dam and Mpongwe Farm. CDC prioritises investing in agribusinesses because it is a sector where growth leads to jobs and it helps provide access to safe and nutritious food to meet expanding populations' food requirements. Zambeef is pleased to welcome CDC as a supportive long-term investor in Zambeef.

The proceeds from this investment by CDC have been used to settle the put options to RCL Foods Ltd of USD23.4 million and reduce debt. In addition, it will allow Zambeef to grow its business and in particular its retailing platform and Cold Chain Food business as well as expanding its stockfeed operations.

Expansion of retail network

In line with the strategic priorities set out in our 2015 Annual Report, a key focus area for the year has been the expansion of Zambeef's retailing activities. During the year, Zambeef's total retail network increased from 154 outlets to 171 outlets. This expansion has been driven both by the expansion of the Shoprite retail network both in Zambia, Nigeria and Ghana, as well as Zambeef expanding its own retail network, with the building of new Zambeef macro outlets. Shoprite is the South African supermarket giant with which Zambeef has a concession agreement for its in-store meat market butchereries in Zambia and West Africa.

During the year, Shoprite opened five new stores in Zambia, six in Nigeria and one in Ghana all with Zambeef concessions within. Zambeef opened 11 new stores in Zambia, while six outdated Zambeef stores were relocated or closed during the year.

All of the new Zambeef stores are on premises owned by Zambeef and are outlets that have been built and fitted to Zambeef's specifications with the Group's own construction, IT and refrigeration teams, ensuring cost effective and timely delivery of our roll-out programme. During the next financial year, we expect this momentum to continue, with Shoprite planning an additional four stores in Zambia, four in Nigeria and one in Ghana. In addition, Zambeef is looking to roll out an additional ten Zambeef macro stores.

Going forward, the retail operations will remain the key focus for Zambeef. The retailing expansion will be the engine room that will drive Zambeef's growth and ensure the Group plays a leading role in providing food to a fast growing and urbanising population in Zambia, West Africa and the wider SADC/COMESA regions. Due to the strategic focus on retailing, Zambeef has restructured its retailing operations so that the entire Zambian retailing and distribution functions are now operated through a wholly owned subsidiary called Zambeef Retailing Ltd. In addition, the segmental report now separates out the Zambian retailing activities, allowing a greater focus on this critical area of the business.

In order to ensure constant supply for this expansion of its retailing operations, Zambeef will continue to invest in its Cold Chain Food Product divisions as well as the hatchery and stockfeed operations, as all of these operations are driven by the retail expansion. In addition, Zambeef plans to construct a large new depot outside Kitwe in order to improve distribution to the expanding Copperbelt retailing network, which will improve efficiencies in terms of supplying the Copperbelt.

It is worth noting that 56.7 per cent. of Zambeef's total group revenue is generated from retail sales through its own retail network, making Zambeef a major retailer on the continent.

New stockfeed plant

Zambeef's stockfeed operation, which trades under the brand name Novatek, has been the fastest growing and top performing division within the Group this year, helped by the expansion of the retail network and growth in demand from ruminant, monogastric and aquaculture producer customers in both the formal and informal sectors. The existing plant in Lusaka is operating at full capacity and is not able to keep up with demand. Following Zambeef's acquisition of 100 per cent. of Zamhatch, Novatek will now take full control of the modern new stockfeed plant that Zamhatch will be commissioning in early 2017, nearly doubling the production capacity of Novatek.

Accounting for the new stockfeed plant will be consolidated into the Novatek division. The new plant, which is being built at Zambeef's Mpongwe Farm, will ensure Novatek has one plant in Lusaka to supply Lusaka, the southern half of Zambia and the southern export markets, and a second plant which is ideally placed to supply the Copperbelt market, the northern half of Zambia and the northern export markets. This will save in transport costs and further improve the efficiencies of Novatek.

The second plant will cost a further USD2 million to complete and will be operational in February 2017. The additional capacity will facilitate the continued growth of Novatek sales of stockfeed and Zambeef's day-old chicks in the Zambian market. External sales to ruminant, monogastric and aquaculture producer customers now account for 71.2 per cent. of Novatek's annual volumes.

Debt reduction

A key strategic objective of the Zambeef board for the last two years has been to reduce the gearing of Zambeef and address exposure to currency fluctuations which have distorted financial performance in recent years. During the 2015 financial year, net debt was reduced from USD118.5 million to USD72.3 million. It is pleasing to again have reduced this net debt position to USD55.5 million at 30 September 2016. Zambeef is now in a position where it has a strong balance sheet with a debt-to-equity ratio of 26 per cent. and a total debt to EBITDA ratio of 1.73. The Group's underlying operating cash flows should permit it to continue to reduce gearing further over the coming year.

Outlook and conclusion

Zambeef is clearly focused on areas of operations where it considers itself the market leader in the region. These involve the retailing of beef, chicken, pork, eggs, dairy products and fish; the management of a vertically integrated proteins supply chain covering production, processing and distribution; as well as the production of stockfeed and day-old chicks for both external and internal channels. These activities constitute the core areas of our business and Zambeef will continue to invest in growing these areas. Expanding the retail network, which is the engine room that will drive the growth in the core operations, continues to be the priority for the foreseeable future.

Zambeef is fortunate to be operating in areas with some of the fastest growing urbanising populations in the world. The consequence of this is that the demand for food is growing rapidly and the challenge will be for Zambeef to continue to invest in its core operations to meet this growing demand. Zambeef aims to make its Zambian operations an efficient production base from which it can become a leading supplier of affordable proteins to the wider SADC/COMESA regions. These regions have a population of around 450 million people and as a result, are an exciting market for Zambeef going forward. It is pleasing to note that Zambeef is making real progress in becoming a food provider to these wider regions and is exporting to Zimbabwe, Angola, Democratic Republic of Congo, Burundi, Botswana and Malawi. Continued efforts will be made to continue to grow exports into these regions.

It has been a difficult year for the Nigerian business and economy. However, Shoprite are continuing their impressive expansion and, as a result, our operations will continue to grow strongly. With an established presence in one of Africa's biggest economies, Zambeef is well positioned in Nigeria and believes this business will become a material part of Zambeef's operations going forward.

It has been an extremely busy two years at Zambeef. We feel incredibly proud of our entire 6,000 workforce and what they have achieved over this period. Our operations are becoming world-class and as a result we believe Zambeef can become a meaningful food provider to the wider SADC/COMESA regions as well as West Africa. The Company is well placed to take full advantage of the significant opportunities that exist and can look forward to the future with a great deal of confidence.

We thank our entire workforce for the contribution they have all made to the success of Zambeef. In addition, we would like to thank our Chairman, Dr. Jacob Mwanza, as well as our entire board of directors for their valuable guidance and support.

Carl Irwin/Francis Grogan
Joint CEOs

22 November 2016

OPERATIONAL AND FINANCIAL REVIEW

The 2016 financial year has seen Zambef achieve strong volume growth in its operations. The Cold Chain Food production operations achieved volume growth of around 11 per cent. while the stockfeed volumes increased by 15 per cent. largely driven by the retailing expansion during the year. This has been coupled with strong cost control, resulting in administration costs excluding depreciation as a percentage of turnover reducing from 28.2 per cent. to 25.8 per cent. This strong volume growth with strict cost controls has contributed to a record profit after tax of ZMW157 million (USD14.5 million).

The new hatchery, which came on line during the year, contributed ZMW11.7 million (USD1.0 million) to these profits in its first year of operation, and is likely to prove to be a significant profit contributor in the future. We believe Zambef's share of the Zambian proteins market continues to grow. Shareholders can be satisfied with this performance, particularly with the average exchange rate for the year having depreciated by 53.4 per cent. from 7.06ZMW/USD in 2015 to 10.82ZMW/USD in 2016, and Zambia's economy having slowed down in the last year.

Turnover for the year increased by 52.8 per cent. in ZMW but reduced slightly by 0.4 per cent. in USD as a result of the depreciation of the ZMW. The decision to retain 12,000 tons of wheat in stock from the 2016 harvest, in order to mill into flour for sale during 2017, has impacted negatively on sales growth for 2016, but will benefit next year's turnover results. The improved margin from selling the wheat as flour will also be reflected in next year's profits.

Operating profits increased by 15.7 per cent. in ZMW but down by 24.6 per cent. in USD, while operating profit margins reduced from 10.4 per cent. to 7.9 per cent. This reduction was primarily driven by the cropping division, whose income is largely received in USD, having benefited in 2015 from a depreciating ZMW currency and been negatively impacted on in 2016 by an appreciating currency. This division was also impacted by wheat prices reducing from around USD440/ton to USD400/ton.

EBITDA increased by 111.7 per cent. in ZMW and 38 per cent. in USD, and the EBITDA margin increased from 9.6 per cent. to 13.3 per cent. Adjusted profits after tax increased from ZMW6.6 million (USD0.9 million) to ZMW95.2 million (USD8.8 million). Debt levels have come down from USD118.5 million in 2014 to USD55.5 million in 2016. This will significantly reduce the impact of exchange rate movements on future results.

Zambef aims to build on these strong results by growing the business through the continued expansion of its retailing network and Cold Chain Food Products division, while maintaining margins and controlling administration costs.

Exchange rate movements

During the year, the ZMW initially depreciated from 12.02ZMW/USD at 30 September 2015 to just under 15.00ZMW/USD in November 2015. Since then we have seen an appreciation of the ZMW with the exchange rate finishing the financial year at 10.01ZMW/USD. The effect of this was that the average exchange rate for the year was 10.83ZMW/USD - a 53.4 per cent. depreciation on the average rate of 7.06ZMW/USD for 2015.

The exchange rates for the last two years are summarised in the table below:

	2016 ZMW/USD	2015 ZMW/USD
Average rate for year	10.83	7.06
Closing rate at 30 September	10.01	12.02

The depreciating ZMW exchange rate during 2016 has made our products competitive into the region, as our prices have reduced in USD terms. This has helped towards achieving our long term goal of being a major food producer for the wider SADC/COMESA regions.

The appreciation of the ZMW year end exchange rates has resulted in both realised and unrealised exchange gains being recorded of ZMW58.4 million (USD5.4 million). It is worth noting that the business has a natural hedge in that most of its cropping income is USD denominated. Hence the exchange gains from an appreciating currency are partially offset by reduction in cropping profits.

The ZMW has been stable for the last six months and it is hoped that this stability will continue. With Zambeef having significantly reduced its gearing over the last two years, the potential impact arising from exchange rate movements has been significantly reduced.

ADMINISTRATION AND OVERHEAD COSTS

Strong control of administrative and overhead costs has continued to be a key focus of management, with these costs excluding depreciation as a percentage of turnover reducing from 28.2 per cent. in 2015 to 25.7 per cent. in 2016. The control of these costs will remain a priority. However, there will be upward pressure on these costs during 2017. The largest single cost is wages and salaries, which accounts for 50.3 per cent. of total administration and overhead costs. Fuel represents five per cent. of costs. Since the year end we have already seen an increase in the fuel price of 30 per cent., with further increases expected as the Government fuel subsidy is reduced. Electricity represents 5.8 per cent. of costs and large price increases are also expected as Zambia moves towards a market-based electricity pricing policy. Zambia is expected to have good rains this year, which should be positive for power generation. As a result it is hoped that power load shedding will reduce which will, to a degree, offset these cost increases.

FINANCE COSTS

This period has seen finance costs for the Group increasing from ZMW55.3 million (USD7.8 million) to ZMW111.3 million (USD10.3 million). This large increase was made up of three parts:

- Following the rapid depreciation of the ZMW at the end of 2015, Zambeef moved USD short term facilities to ZMW at significantly higher interest rates, resulting in a larger proportion of the short term debt being at higher interest rates;
- ZMW interest rates increased from an average of around 16 per cent. in 2015 to around 28 per cent. in 2016 as strong measures were implemented to curb inflation and stabilize the ZMW; and
- The average exchange rate for the year depreciated by 53.4 per cent., resulting in the interest on dollar facilities increasing significantly in ZMW.

With the Zambeef Group debt levels having reduced during the year these costs are expected to reduce substantially during 2017.

CAPITAL EXPENDITURE

Total capital expenditure during the year was ZMW178.8 million (USD16.5 million), with Zambeef having paid a further USD23.4 million for the acquisition of 49 per cent. of Zam Chick Ltd and 51 per cent. of Zamhatch Ltd, which amount included the repayment of shareholder loans to RCL Foods Ltd.

The largest item of capital expenditure was ZMW22.6 million (USD2.09 million) on the new stockfeed plant in Zamhatch Ltd, which will commence operations in February 2017 and increase the Novatek capacity from 140,000 tons of stockfeed per year to 250,000 tons per year. Farming replacement capex during the year was ZMW19.9 million (USD1.8 million), ensuring our farming operations remain world class assets. Capex of ZMW15.6 million (USD1.4 million) was spent increasing capacity at Masterpork, which remains one of the fastest growing parts of Zambeef's operations. Capex on Zampalm was ZMW13.5 million (USD1.2 million) in order to fund a further 150 hectares of palms planted during the year. The egg layer operations invested ZMW13.5 million (USD1.2 million) to increase the layer operations from 153,000 to 273,000 layers in order to meet the demand for eggs. ZMW7.5 million (USD0.69 million) was spent on building four new macro stores opened during the year, and ZMW7.8 million (USD0.72 million) on the new Kitwe processing plant, which will open during 2017, and allow for the expansion of our Copperbelt operations and supply into North Western Province in Zambia. ZMW7.1 million (USD0.7 million) was spent on upgrading our distribution fleet, and ZMW4.1 million (USD0.4 million) on a new beef abattoir in Mbala to ensure the supply of beef.

For 2017, the capex budget is approximately USD21 million, with the main focus being on investments in the high return parts of the business. The main projects include:

- USD3.2 million on the construction of a further ten macro outlets and the completion of the Kitwe processing plant;
- USD1.5 million on expanding the dairy operations;
- USD2.8 million on completing the second stockfeed plant;

- USD1.7 million expanding the hatchery from 215,000 day-old chicks per week to 315,000;
- USD1 million in Nigeria to ensure we have the capacity to keep growing in line with the Shoprite expansion;
- USD1.5 million on the delivery and implementation of the ESAP; and
- USD0.6 million on upgrade and expansion of Masterpork operations.

It is worth noting that that as part of the CDC investment in Zambeef, we will be following programs to ensure we work towards meeting the highest international standards in terms of Quality and Control, Health and Safety, Environmental and Social Policy and Animal Welfare. It is pleasing to report that Novatek is now the only stockfeed operation in Zambia which is ISO 9001 compliant, while Zamleather has received ISO 20345 certification for some of its boots for the mining sector, and our beef, dairy and pork operations are working on programs for FSSC 22000 compliance which will ensure that the highest international standards are met in food safety.

DIVISIONAL PERFORMANCE

The board has decided to simplify the reporting structure of the business to provide a clearer strategic focus on performance of core activities for Zambeef's shareholders and potential investors. Henceforth, the Group will report upon five key business units being "Retail", "Cold Chain Food Production", "Stockfeed", "Row Crops" and "Other Businesses" (which include Milling and Zamleather), rather than reporting upon 16 divisions. In 2017, it is our intention to start to publish the EBT and return on capital employed within each of the five units.

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

Table 1: Segmental turnover and gross profit in ZMW

Division	2016 Turnover ZMW	2015 Turnover ZMW	% Change 2015 to 2016	2016 Gross Profit ZMW	2015 Gross Profit ZMW	% Change 2015 to 2016
Retailing - Zambia	1,131,524	843,269	34.2%	132,872	96,299	38.0%
Retailing - West Africa	216,535	129,951	66.6%	48,827	31,124	56.9%
Total Retailing	1,348,059	973,220	38.5%	181,699	127,423	42.6%
Cold Chain Food Production	1,134,693	850,986	33.3%	266,080	195,487	36.1%
Stockfeed	697,563	407,863	71.0%	143,916	73,821	95.0%
Row Crops	413,391	397,125	4.1%	251,860	253,326	-0.6%
Others	213,964	307,389	-30.4%	32,391	64,555	-49.8%
Total	3,807,669	2,936,583	29.7%	875,946	714,612	22.6%
Less: Intra/Inter Group Sales	(1,431,522)	(1,128,268)	26.9%	-		
Less: Discontinued Operations		(253,443)			(47,899)	
Group Total	2,376,148	1,554,872	52.8%	875,946	666,713	31.4%

Table 2: Segmental turnover and gross profit in USD

Division	2016 Turnover USD	2015 Turnover USD	% Change 2015 to 2016	2016 Gross Profit USD	2015 Gross Profit USD	% Change 2015 to 2016
Retailing - Zambia	104,481	119,443	-12.5%	12,269	13,640	-10.1%
Retail - West Africa	19,994	18,407	8.6%	4,509	4,408	2.3%
Total Retailing	124,475	137,850	-9.7%	16,778	18,049	-7.0%
Cold Chain Food Production	104,771	120,536	-13.1%	24,567	27,689	-11.3%
Stockfeed	64,410	57,771	11.5%	13,289	10,456	27.1%
Row Crops	38,171	56,250	-32.1%	23,256	35,882	-35.2%
Others	19,758	43,539	-54.6%	2,991	9,144	-67.3%
Total	351,585	415,947	-15.5%	80,881	101,220	-20.1%
Less: Intra/Inter Group Sales	(132,181)	(159,811)	-17.3%	-	-	
Less: Discontinued Operations		(35,898)			(6,785)	
Group Total	219,404	220,237	-0.4%	80,881	94,435	-14.4%

DIVISIONAL REVIEW

Taking each of our business areas in turn as follows:

RETAILING ZAMBIA

	2016 <i>ZMW'000s</i>	2015 <i>ZMW'000s</i>	% change	2016 <i>USD'000s</i>	2015 <i>USD'000s</i>	% change	% of Group 2016
Revenue	1,131,524	843,269	34.2	104,481	119,443	(12.5)	29.7
Gross profit	132,872	96,299	38.0	12,269	13,640	(10.1)	14.8

The Zambian retailing operations increased gross profits by 38 per cent. in ZMW but decreased in USD by 10.1 per cent. During the year, four new Zambeef macro stores, five new Novatek outlets, two new Zamleather outlets and five new Shoprite stores were opened. Additionally, six outdated outlets were closed, resulting in the Zambian retail network increasing from 130 to 140 outlets.

This division is a key focus area for the next year with ten new macro outlets, ten new Novatek outlets and some additional Zamleather outlets all planned to be opened during 2017.

With the ZMW having stabilised and the planned roll-out of the Zambeef macro outlets, this division is expected to grow in both ZMW and USD in 2017. In Zambia 52.4 per cent. of the Group's turnover is sold through Zambeef's own retail network and as a result the continued expansion of this retail network will ensure continued growth for Zambeef.

RETAILING WEST AFRICA (Master Meats Nigeria and Master Meats Ghana)

	2016 <i>ZMW'000s</i>	2015 <i>ZMW'000s</i>	% change	2016 <i>USD'000s</i>	2015 <i>USD'000s</i>	% change	% of Group 2016
Revenue	216,535	129,951	66.6	19,994	18,407	8.6	5.7
Gross profit	48,827	31,124	56.9	4,509	4,408	2.3	5.6

Zambeef's West African operations have grown, with six new Shoprite stores opening in Nigeria and one in Ghana during the year, taking the West African retail network to 25 Shoprite stores and six Master Meats outlets. This momentum will continue into 2017, with a further four Shoprite stores in Nigeria and one in Ghana expected to be opened.

Despite the challenging macroeconomic environment which has seen the average Nigerian Naira exchange rate depreciate by

64 per cent., and the Ghana Cedi by 7.3 per cent. to the USD, as well as severe fuel and foreign exchange shortages, it is pleasing to report an increase in gross profits of 56.9 per cent. in ZMW and 2.3 per cent. in USD. West Africa accounts for 5.6 per cent. of Group gross profits.

Nigeria remains one of the largest markets in Africa with a population of around 180 million people. Although it has been a difficult year in Nigeria, Zambeef is well positioned in this market. With Shoprite's continued expansion and the Nigerian macroeconomic fundamentals improving, these operations are expected to become material for Zambeef.

COLD CHAIN FOOD PRODUCTION

	2016 <i>ZMW'000s</i>	2015 <i>ZMW'000s</i>	% change	2016 <i>USD'000s</i>	2015 <i>USD'000s</i>	% change	% of Group 2016
Revenue	1,134,693	850,986	33.3	104,771	120,537	(13.1)	29.8
Gross profit	266,082	195,487	36.1	24,567	27,691	(11.3)	30.4

The Cold Chain Food Production operations have shown an average volume growth for beef, chicken, pork and fish of 8.0 per cent. while dairy grew 19.1 per cent. and eggs by 2.2 per cent. These operations have all been pulled by the expansion of the retailing network referred to above. Cold Chain Food Production now accounts for 30.4 per cent. of the gross profits of the Group. Gross profits increased in ZMW by 36.1 per cent. but reduced in USD by 11.3 per cent. This reduction in USD gross profits is a direct result of the average exchange rate having depreciated by 53.4 per cent. from 2015 to 2016. These divisions revenues are ZMW based, hence when there is a rapid depreciation of the ZMW, the need to adjust selling prices in order to compensate for the inflationary impact of this devaluation of the currency has to be phased-in over a period of time, with the resultant impact on margins.

The volume growth is expected to continue as a result of the retailing expansion. With the ZMW showing stability we expect this volume growth to be reflected in both ZMW and USD gross profits increasing in 2017.

The Cold Chain Food Product divisions are analysed in more detail below.

a) **Beef (Zambeef)**

Volumes in the beef category increased by 16.5 per cent. from 14.1 million kgs to 16.43 million kgs and cattle slaughtered increased from 52,938 to 69,848, making beef the second fastest growing category in terms of volumes. The depreciation of the average exchange rate by 53.4 per cent. has reduced the Zambian beef price in USD and made our beef competitive into the region increasing both formal and informal exports into the region.

During March 2016, Zambeef opened a new abattoir in Mbala, which has been a success, as it allowed Zambeef greater access to supplies of local traditional cattle, which contributed to the increased volumes of beef sold during the year.

With the expansion of the retailing network and the recent stability of the ZMW it is expected that the gross profits of the beef category will grow in both ZMW and USD in 2017.

b) **Chicken (Zam Chick and Zamhatch)**

The Zam Chick operations have been operating at capacity for the last two years, processing 6.7 million chickens and selling 10.7 million kgs of chicken. With increased demand from the expansion of the retail network, Zam Chick is in the process of increasing capacity by 30,000 birds per week, which represents an increase in processing capacity of 20 per cent. This extra capacity is expected to be completed in March 2017 within a capital expenditure budget of USD0.7 million.

The Zamhatch hatchery commenced operations towards the end of September 2015 and has performed ahead of expectations. The hatchery is now producing 215,000 day-old chicks per week. This is budgeted to increase to 315,000 birds per week during the 2017 financial year.

This hatchery complements the Novatek operations, supplying day-old chicks to the Novatek retail network for sale to smallholders as well as supplying Zam Chick's internal broiler chicken production needs. In its first year of operations the hatchery has contributed 3.7 per cent. of the Groups gross profits and with the expansion taking place

will continue to be a fast growing part of Zambeef's business.

With extra capacity coming on line for both the chicken broiler operations and hatchery in 2017, the Group's chicken operations can look forward to growth in 2017.

c) Pork (Masterpork)

Masterpork has continued to grow, with volumes increasing by 9.4 per cent. to 10.0 million kgs. During the year, the pork processing plant expanded capacity, which will allow the business to continue to grow. USD1.7 million was invested in almost doubling the cooked product manufacturing capacity, as well as substantially increasing the cold storage and blast freezing capacity to cater for this future growth. Masterpork is working on obtaining FSSC 22000 (Food Safety System Certification) registration which will make it the first food manufacturer in Zambia to achieve this international food safety certification.

With the depreciation of the ZMW, the Masterpork products are competitive into the region and Masterpork will continue to work on developing new markets in the region. Masterpork expects to continue to grow in volumes and gross profits in 2017.

d) Milk and dairy products (Zammilk)

Milk volumes have increased by 19.1 per cent. to 14.8 million litres, making milk and dairy products the fastest growing category in terms of volumes. The business has invested USD0.7 million in capex in 2016, with a further USD1.5 million budgeted for 2017. This capital expenditure includes the building of a new rotary milking and cow shed parlor at Kalundu Dairy as part of the continued growth of the milk production from Zambeef's own dairy herd. In addition, this expenditure also includes investing in extra capacity at the Huntley milk processing facilities and widening the range of branded value added yoghurt and drinking yoghurt lines produced. The milk processing plant is, like Masterpork, working towards FSSC 22000 (Food Safety System Certification) as part of its commitment to producing the highest quality products.

Dairy product volumes increased strongly towards the end of the year supported by increased milk production at Zambeef's dairy as well as by the buying in of fresh milk from other dairy farms. This strong growth in milk production at the end of 2016 is expected to continue into 2017, which will enable Zammilk to meet the increasing demand for its dairy products from both formal and informal sales channels.

e) Fish

Fish volumes fell for the period by 16.7 per cent. from 2.2 million kgs to 1.8 million kgs, due to the rise in imported fish prices with the depreciation of the ZMW. This was the only Cold Chain Food Product in which volumes decreased, as consumers moved to other protein sources as prices moved quickly up in ZMW. With the recent stability in the ZMW, volumes are expected to increase again.

f) Eggs (Zamegg)

Egg volumes grew by 2.2 per cent. to 40.2 million eggs during 2016. During the year, USD1.2 million has been invested to increase the layer chicken housing from 153,000 layer capacity to 273,000. This capacity increase has been phased in from the end of 2016 through into the beginning of 2017. As a result, 2017 will see strong volume growth.

STOCKFEED (NOVATEK)

	2016 <i>ZMW'000s</i>	2015 <i>ZMW'000s</i>	% change	2016 <i>USD'000s</i>	2015 <i>USD'000s</i>	% change	% of Group 2016
Revenue	697,563	407,863	71.0	64,410	57,771	11.5	18.3
Gross profit	143,916	73,821	95.0	13,289	10,456	27.1	16.4

Novatek has had an outstanding year with volumes increasing by 15.3 per cent. from 130,280 tons to 150,280 tons. The Lusaka plant has been operating at maximum capacity during the second half of the year and we look forward to our second stockfeed plant starting production in February 2017, which will alleviate some of the strain on the Lusaka plant and increase capacity by a further 11,000 tons per month. This second plant is being constructed at Mpongwe Farm and will be ideally placed to service the Copperbelt, North Western and DRC markets. The cost of completing the second plant will be approximately USD2

million and will give Novatek the capacity to meet the underlying growth in demand for quality stockfeeds.

The stockfeed operations account for 16.4 per cent. of the gross profits of the Group. During the year gross profits increased by 95.0 per cent. in ZMW and 27.1 per cent. in USD.

Novatek volumes have been boosted by the Zamhatch hatchery, which came on stream at the end of September 2015, allowing Zambeef to sell day-old chicks and stockfeed together to both the formal and informal sectors. Novatek sales have also been helped by the roll-out of the new Novatek outlets within the Zambeef macro outlets that opened during the past year.

The increase in Novatek's production capacity as the second stockfeed plant comes on stream in February 2017 should enable Novatek to meet growth in demand from ruminant, monogastric and aquaculture producer customers in both the formal and informal sectors.

CROPPING

	2016 <i>ZMW'000s</i>	2015 <i>ZMW'000s</i>	% change	2016 <i>USD'000s</i>	2015 <i>USD'000s</i>	% change	% of Group 2016
Revenue	413,391	397,125	4.1	38,171	56,250	(32.1)	10.9
Gross profit	251,860	253,326	(0.6)	23,256	35,882	(35.2)	28.8

The cropping division accounted for 28.8 per cent. of the Group's gross profit contribution. Gross profits were down by 0.6 per cent. in ZMW and 35.2 per cent. in USD. The cropping division incurs most of its income in USD as maize, wheat and soya are traded mainly in USD in Zambia. As a result, this division significantly benefitted in 2015 from a depreciating ZMW currency, which translated into a one-off currency translation gain on closing grain stocks of circa. USD9.6 million (ZMW119 million), while in 2016, the division was adversely affected by the impact of an appreciating ZMW currency. In addition, the weakening global wheat markets resulted in wheat prices falling from USD440/ton to USD400/ton.

Despite the currency movements the farming operations performed well. The summer soya crop was on budget harvesting 39,942 tons with the summer maize crop slightly behind budget at 15,532 tons and the silage on budget at 27,334 tons. This was an excellent achievement in a very difficult season, with the region having experienced a severe drought as well as power shortages. These excellent yields in one of the toughest seasons Zambia has experienced shows the quality of the Zambeef farming assets and the importance of irrigation.

For the 2016 winter crop, Zambeef came in on budget at 40,643 tons for the wheat and slightly behind budget at 17,024 tons for the winter maize. Again, these are outstanding results, with the winter crop being subject to power shortages which impacted this irrigated crop.

OTHER BUSINESSES

Flour Milling: performed satisfactorily during the year with gross profits increasing in ZMW by 71.5 per cent. and USD by 11.8 per cent. During the year, only 12,996 tons of wheat were milled as Zambeef had sold large volumes of wheat during the 2015 harvest rather than store it for milling in the 2016 year. For 2017, Zambeef has decided to increase the quantity of wheat to be milled from 13,000 tons to 25,000 tons. The intention is to retail this additional flour through the Zambeef retail network, thereby meeting expected growth in demand from existing customers.

Zamleather: has had a difficult year with world hide prices dropping with oversupply from Brazil and Chinese demand dropping. This has made the lower grade hides difficult to move on the international market. At the same time the demand for mining boots decreased following a slowdown in the mining sector in Zambia. This resulted in the number of shoes sold from the Zamshu plant decreasing by 24.1 per cent. from 89,197 to 67,746.

This has led to gross profits decreasing by 25.3 per cent. in ZMW and 51.3 per cent. in USD. Expectations are that the world leather industry will have another tough year in 2017, hence 2017 is expected to be another difficult year for Zamleather.

DISCONTINUED ACTIVITIES

Edible Oils: Zambeef sold its edible oil processing operation, Zamanita Ltd, to Cargill Holdings BV in June 2015. Since then Zambeef has continued to sell Zamanita oil through its retailing network on commission. Consequently, revenue has fallen from ZMW219 million (USD40.0 million) to ZMW92 million (USD8.5 million), and gross profit has fallen from ZMW40 million (USD5.7 million) to ZMW2.7 million (USD0.3 million).

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

Group	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Revenue	5	2,376,148	219,404	1,554,872	220,237
Net gain/(loss) arising from price changes in fair value of biological assets	16	13,257	1,224	(4,528)	(641)
Cost of sales		(1,513,459)	(139,747)	(883,631)	(125,160)
Gross profit		875,946	80,881	666,713	94,436
Administrative expenses		(690,047)	(63,716)	(505,343)	(71,578)
Other income		1,694	156	708	100
Operating profit	6	187,593	17,321	162,078	22,958
Exchange gains/(losses) on translating foreign currency transactions and balances		58,345	5,387	(142,358)	(20,164)
Finance costs	8	(111,346)	(10,281)	(55,295)	(7,832)
Profit/(loss) before taxation		134,592	12,427	(35,575)	(5,038)
Taxation charge	9	(10,798)	(997)	(4,661)	(660)
Group income/(loss) for the year from continuing operations		123,794	11,430	(40,236)	(5,698)
Profit/(loss) from discontinued operations (i)		33,592	3,101	(14,377)	(2,036)
Group income/(loss) for the year		157,386	14,531	(54,613)	(7,734)

(i) The profit from discontinued operations in the current year results from the reversal of a portion of the tax liability for a previously owned subsidiary (Zamanita Limited)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**

	Notes	2016	2016	2015	2015
Group income/(loss) attributable to:		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Equity holders of the parent		137,103	12,659	(63,614)	(9,009)
Non-controlling interest		20,283	1,872	9,001	1,275
		157,386	14,531	(54,613)	(7,734)
Other comprehensive income:					
Exchange gains/ (losses) on translating presentational currency		(86,511)	16,909	186,567	(83,779)
Total comprehensive income /(loss) for the year		70,875	31,440	131,954	(91,513)
Total comprehensive income /(loss) for the year attributable to:					
Equity holders of the parent		52,292	29,473	121,212	(90,626)
Non-controlling interest		18,583	1,967	10,742	(887)
		70,875	31,440	131,954	(91,513)
		Ngwee	Cents	Ngwee	Cents
Earnings per share					
Basic and diluted earnings per share – continued operations	11	41.38	3.82	(19.86)	(2.81)
Basic and diluted earnings per share – discontinued operations	11	13.42	1.24	(5.80)	(0.82)
Total Basic and diluted earnings per share	11	54.80	5.06	(25.66)	(3.63)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Share premium ZMW'000s	Preference share capital ZMW'000s	Foreign exchange reserve ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total attributable to owners of the parent ZMW'000s	Non-controlling interest ZMW'000s	Total equity ZMW'000s
At 1 October 2014	2,480	506,277	-	3,506	513,620	294,114	1,319,997	23,341	1,343,338
Loss for the year	-	-	-	-	-	(63,614)	(63,614)	9,001	(54,613)
Transfer of surplus depreciation	-	-	-	-	(8,949)	8,949	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	184,826	-	-	184,826	1,741	186,567
Total comprehensive income	-	-	-	184,826	(8,949)	(54,665)	121,212	10,742	131,954
At 30 September 2015	2,480	506,277	-	188,332	504,671	239,449	1,441,209	34,083	1,475,292
Profit for the year	-	-	-	-	-	137,103	137,103	20,283	157,386
Transfer of surplus depreciation	-	-	-	-	(18,906)	18,906	-	-	-
Other comprehensive income:									
Exchange gain on translating presentational currency	-	-	-	(84,811)	-	-	(84,811)	(1,700)	(86,511)
Total comprehensive income	-	-	-	(84,811)	(18,906)	156,009	52,292	18,583	70,875
Transactions with owners									
Non-controlling interest shares acquired	-	-	-	-	-	22,177	22,177	(60,282)	(38,105)
Shares issued	526	618,735	1,000	-	-	-	620,261	-	620,261
Total Transactions with owners	526	618,735	1,000	-	-	22,177	642,438	(60,282)	582,156
At 30 September 2016	3,006	1,125,012	1,000	103,521	485,765	417,635	2,135,939	(7,616)	2,128,323

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**

(ii) In US Dollar	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
At 1 October 2014	396	-	123,283	(80,095)	101,777	65,165	210,526	3,723	214,249
Loss for the year	-	-	-	-	-	(9,009)	(9,009)	1,275	(7,734)
Transfer of surplus depreciation	-	-	-	-	(1,268)	1,268	-	-	-
Other comprehensive income:									
Exchange losses on translating presentational currency	-	-	-	(81,617)	-	-	(81,617)	(2,162)	(83,779)
Total comprehensive income	-	-	-	(81,617)	(1,268)	(7,741)	(90,626)	(887)	(91,513)
At 30 September 2015	396	-	123,283	(161,712)	100,509	57,424	119,900	2,836	122,736
Profit for the year						12,659	12,659	1,872	14,531
Transfer of surplus depreciation					(1,746)	1,746			
Other comprehensive income:									
Exchange losses on translating presentational currency				16,813			16,813	96	16,909
Total comprehensive income	-	-	-	16,813	(1,746)	14,404	29,472	1,968	31,440
Transactions with owners									
Non-controlling interest shares acquired						2,047	2,047	(5,565)	(3,518)
Shares issued	53	100	61,812	-	-	-	61,965	-	61,965
Total Transactions with owners	53	100	61,812	-	-	2,047	64,012	(5,565)	58,447
At 30 September 2016	449	100	185,095	(144,901)	98,763	73,875	213,384	(761)	212,623

ZAMBEEF PRODUCTS PLC
**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Preference share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total equity ZMW'000s
At 1 October 2014	2,480	-	506,277	306,483	308,433	1,123,673
Profit for the year	-	-	-	-	5,438	5,438
Transfer of surplus depreciation	-	-	-	(8,771)	8,771	-
Other comprehensive income						
Exchange gains on translating presentational currency	-	-	-	-	147,325	147,325
Total comprehensive income	-	-	-	(8,771)	161,534	152,763
At 30 September 2015	2,480	-	506,277	297,712	469,967	1,276,436
Profit for the year	-	-	-	-	91,377	91,377
Transfer of surplus depreciation	-	-	-	(16,731)	16,731	-
Other comprehensive income:						
Exchange gains on translating presentational currency	-	-	-	-	(73,394)	(73,394)
Total comprehensive income	-	-	-	(16,731)	34,714	17,983
Shares issued	526	1,000	618,735	-	-	620,261
Total transactions with owners	526	1,000	618,735	-	-	620,261
At 30 September 2016	3,006	1,000	1,125,012	280,891	504,681	1,914,680

ZAMBEEF PRODUCTS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)

(ii) In US Dollar	Issued share capital USD'000s	Preference share capital USD'000s	Share premium USD'000s	Revaluation reserve USD'000s	Foreign exchange reserve USD'000s	Retained earnings USD'000s	Total equity USD'000s
At 1 October 2014	396	-	123,283	57,775	(63,622)	61,382	179,214
Profit for the year	-	-	-	-	-	770	770
Transfer of surplus depreciation	-	-	-	(1,242)	-	1,242	-
Other comprehensive income:							
Exchange losses on translating presentational currency	-	-	-	-	(73,792)	-	(73,792)
Total comprehensive income	-	-	-	(1,242)	(73,792)	2,012	(73,022)
At 30 September 2015	396	-	123,283	56,533	(137,414)	63,394	106,192
Profit for the year						8,439	8,439
Transfer of surplus depreciation				(2,370)		2,370	
Other comprehensive income:							
Exchange losses on translating presentational currency					14,708	-	14,708
Total comprehensive income	-	-	-	(2,370)	14,708	10,809	23,147
Transactions with owners							
Shares issued	53	100	61,812	-	-	-	61,965
Total transactions with owners	53	100	61,812	-	-	-	61,965
At 30 September 2016	449	100	185,095	54,163	(122,706)	74,203	191,304

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2016

ASSETS	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current assets					
Goodwill	12	157,922	15,776	15,699	1,306
Property, plant and equipment	13	1,769,966	176,820	1,833,630	152,548
Plantation development expenditure	13	94,302	9,421	80,824	6,724
Biological assets	16	48,480	4,843	34,006	2,829
Deferred tax asset	9(e)	28,366	2,834	25,344	2,108
		2,099,036	209,694	1,989,503	165,515
Current assets					
Biological assets	16	187,026	18,684	155,192	12,911
Inventories	17	544,739	54,419	412,239	34,296
Trade and other receivables	18	113,151	11,304	210,229	17,491
Amounts due from related companies	19	10,543	1,053	8,893	740
Income tax recoverable	9(c)	1,759	176	4,571	380
Cash and cash equivalents	20	64,806	6,474	-	-
		922,024	92,110	791,124	65,818
Total assets		3,021,060	301,804	2,780,627	231,333
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	2,480	396
Preference share capital	21	1,000	100	-	-
Share premium	22	1,125,012	185,095	506,277	123,283
Other reserves		1,006,921	27,740	932,452	(3,779)
		2,135,939	213,384	1,441,209	119,900
Non-controlling interest		(7,616)	(761)	34,083	2,836
		2,128,323	212,623	1,475,292	122,736

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2016 (CONTINUED)

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current liabilities					
Interest bearing liabilities	23	261,734	26,147	439,282	36,546
Obligations under finance leases	24	31,485	3,145	15,198	1,264
Amounts due to related companies	27	-	-	44,443	3,697
Deferred liability	25	10,442	1,043	9,254	770
Deferred tax liability	9(c)	4,039	403	8,115	675
		307,700	30,738	516,292	42,952
Current liabilities					
Interest bearing liabilities	23	116,223	11,611	120,943	10,062
Collateral management agreement	23	118,849	11,873	91,852	7,642
Obligations under finance leases	24	19,697	1,968	11,644	969
Trade and other payables	26	322,133	32,179	372,333	30,976
Amounts due to related companies	27	313	31	35	3
Taxation payable	9(c)	7,822	781	1,588	132
Cash and cash equivalents	20	-	-	190,648	15,861
		585,037	58,443	789,043	65,645
Total equity and liabilities		3,021,060	301,804	2,780,627	231,333

ZAMBEEF PRODUCTS PLC

COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2016

ASSETS	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current assets					
Property, plant and equipment	13	1,161,485	116,032	1,291,810	107,472
Investment in subsidiaries	15	293,763	29,347	118,688	9,874
Deferred tax asset	9(e)	28,366	2,834	25,344	2,109
		1,483,614	148,213	1,435,842	119,455
Current assets					
Biological assets	16	170,511	17,034	148,910	12,389
Inventories	17	413,670	41,326	311,242	25,893
Cash and cash equivalents	20	37,193	3,716	-	-
Trade and other receivables	18	45,866	4,582	149,719	12,456
Amounts due from related companies	19	463,114	46,265	284,432	23,663
Income tax recoverable	9(c)	-	-	4,038	336
		1,130,354	112,924	898,341	74,737
Total assets		2,613,968	261,137	2,334,183	194,192
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	2,480	396
Preference share capital	21	1,000	100	-	-
Share premium	22	1,125,012	185,095	506,277	123,283
Other reserves		785,662	5,660	767,679	(17,487)
		1,914,680	191,304	1,276,436	106,192

ZAMBEEF PRODUCTS PLC

COMPANY STATEMENT OF FINANCIAL POSITION - 30 SEPTEMBER 2016 (CONTINUED)

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Non-current liabilities					
Interest bearing liabilities	23	261,734	26,147	432,464	35,979
Obligations under finance leases	24	19,685	1,967	12,765	1,062
Deferred liability	25	2,266	227	1,670	139
Deferred tax liability	9(e)	3,382	338	2,967	247
		287,067	28,679	449,866	37,427
Current liabilities					
Interest bearing liabilities	23	229,394	22,916	205,976	17,136
Obligations under finance leases	24	14,108	1,409	9,168	763
Trade and other payables	26	164,467	16,404	251,846	20,953
Amounts due to related companies	27	325	33	36	3
Taxation payable	9(c)	3,927	392	-	-
Cash and cash equivalents	20	-	-	140,855	11,718
		412,221	41,154	607,881	50,573
Total equity and liabilities		2,617,415	261,137	2,334,183	194,192

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Cash inflow from operating activities					
Profit/(loss) before taxation		134,592	12,427	(35,575)	(5,038)
Finance costs	8	111,346	10,281	59,585	8,440
Loss on disposal of property, plant and equipment		1,124	104	7,040	997
Depreciation	13	77,784	7,182	67,050	9,497
Profit on discontinued operations		33,592	3,101	-	-
Fair value price adjustment	16	(13,257)	(1,224)	4,528	641
Net unrealised foreign exchange losses		(28,626)	(2,643)	46,873	6,639
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		316,555	29,228	149,501	21,176
Increase in biological assets		(46,308)	(4,276)	(26,995)	(3,824)
(Increase)/decrease in inventory		(132,500)	(12,235)	32,214	4,563
Decrease/(increase) in trade and other receivables		97,078	8,949	(87,886)	(12,448)
Increase/(decrease) in amounts due from related companies		(1,650)	(137)	2,640	374
(Decrease)/increase in trade and other payables		(50,200)	(4,636)	154,036	21,818
(Decrease)/increase in amounts due to related companies		(44,165)	(4,078)	44,478	6,300
Increase in deferred liability		1,188	110	1,781	252
Income tax paid	9(c)	(8,850)	(817)	(6,144)	(870)
Net cash inflow from operating activities		131,148	12,109	263,625	37,341
Investing activities					
Purchase of property, plant and equipment	13	(166,513)	(15,376)	(235,048)	(33,293)
Expenditure on plantation development	13	(12,259)	(1,132)	(11,654)	(1,651)
Movement in investments		-	-	23,827	3,375
Proceeds from sale of assets				3,352	474
Proceeds from the issue of shares		620,262	57,273	-	-
Purchase of shares		(175,075)	(16,166)	-	-
Proceeds from the sale of Zamanita		-	-	197,809	27,037
Net cash outflow on investing activities		266,415	24,599	(21,714)	(4,058)

ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)**

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Net cash inflow before financing activities		397,563	36,708	241,911	33,283
Financing activities					
Long term loans repaid		(110,289)	(10,184)	(97,578)	(13,821)
Receipt/(repayment of short term funding		26,997	2,493	(109,386)	(15,494)
Lease finance obtained/(repayment)		16,249	1,500	(1,993)	(282)
Finance costs including discontinued operations	8	(111,346)	(10,281)	(59,585)	(8,440)
Net cash outflow on financing activities		(178,389)	(16,472)	(268,542)	(38,037)
Increase/(decrease) in cash and cash equivalents		219,177	20,236	(26,631)	(4,754)
Cash and cash equivalents at beginning of year		(190,648)	(15,861)	(147,868)	(23,583)
Effects of exchange rate changes on the balance of cash held in foreign currencies		36,280	2,099	(16,149)	12,476
Cash and cash equivalents at end of year	20	64,806	6,474	(190,648)	(15,861)
Represented by:					
Cash in hand and at bank	20	95,747	9,565	49,106	4,085
Bank overdrafts	20	(30,941)	(3,091)	(239,754)	(19,946)
		64,806	6,474	(190,648)	(15,861)

ZAMBEEF PRODUCTS PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Cash inflow from operating activities					
Profit/(loss) before taxation		101,173	9,342	(4,850)	(687)
Finance costs		87,815	8,109	48,182	6,825
Depreciation	13	43,728	4,037	34,844	4,935
Fair value price adjustment	16	(12,587)	(1,162)	4,904	695
Loss on disposal of property, plant and equipment		824	76	3,648	517
Loss on disposal of investment		-	-	(112,168)	(15,888)
Net unrealised foreign exchange differences		(17,010)	(1,571)	46,641	6,606
Earnings before interest, tax, depreciation and amortisation		203,943	18,831	21,201	3,003
Increase in biological assets		(21,601)	(1,995)	(11,962)	(1,694)
Increase in inventory		(102,428)	(9,458)	(125,327)	(17,752)
Decrease/(increase) in trade and other receivables		103,853	9,574	(96,027)	(13,602)
(Increase)/decrease in amounts due from related companies		(178,682)	(16,484)	33,875	4,798
(Decrease)/increase in trade and other payables		(87,379)	(8,068)	175,869	24,911
Increase/(decrease) in amounts due to related companies		289	27	(60,761)	(8,606)
Increase in deferred liability		596	55	98	14
Income tax paid	9(c)	(4,438)	(410)	(592)	(84)
Net cash outflow operating activities		(85,847)	(7,928)	(63,626)	(9,012)
Investing activities					
Purchase of property, plant and equipment	13	(49,743)	(4,593)	(37,438)	(5,303)
Proceeds from the issue of shares		620,261	57,273	-	-
Movements in investments	14/15	(175,075)	(16,166)	62,721	8,884
Proceeds from disposal of investment		-	-	197,809	28,018
Proceeds from sale of assets		65	6	-	-
Net cash inflow from investing activities		395,509	36,520	223,092	31,599

ZAMBEEF PRODUCTS PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2016 (CONTINUED)

	Notes	2016 ZMW'000s	2016 USD'000s	2015 ZMW'000s	2015 USD'000s
Net cash inflow before financing activities		309,662	28,592	159,466	22,587
Financing activities					
Long term loans repaid		(101,811)	(9,401)	(58,732)	(8,319)
Movement in short term funding		39,938	3,688	(14,494)	(2,053)
Lease finance obtained/(repayment)		11,823	1,092	(3,716)	(526)
Interest paid		(87,815)	(8,109)	(48,182)	(6,825)
Net cash outflow from financing activities		(137,865)	(12,730)	(125,124)	(17,723)
Increase in cash and cash equivalents		171,797	15,862	34,342	4,864
Cash and cash equivalents at beginning of year		(140,855)	(11,718)	(112,115)	(17,881)
Effects of exchange rate changes on the balance of cash held in foreign currencies		6,251	(428)	(63,082)	1,299
Cash and cash equivalents at end of year	20	37,193	3,716	(140,855)	(11,718)
Represented by:					
Cash in hand and at bank	20	52,239	5,219	7,322	609
Bank overdrafts	20	(15,046)	(1,503)	(148,177)	(12,327)
		37,193	3,716	(140,855)	(11,718)