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Strong Retail Growth Driving Value

Feeding the Nation
ZAMBEEF
Products PLC

Annual Report
2018

www.zambeefplc.com

The Zambeef Group

Robust business model of vertical integration

The Zambeef Group is one of the largest integrated agri-businesses in Zambia, involved in the primary production, processing, distribution and retailing of beef, chicken, pork, milk, eggs, dairy products, fish, flour and stockfeed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana. The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 7,787 hectares of row crops under irrigation which are planted twice a year, and a further 8,694 hectares of rainfed/dry-land crops available for planting each year.

Our vision and strategy

Our vision is to be one of the most accessible and affordable quality protein providers in the Southern Africa region, delivered through the Group's extensive retail and distribution network.

Our business model

Our vertically integrated business model provides for strong foundations for growth and:

- **Underpins margin capture and value add;**
- **Secures supply chain;**
- **Reduces risk and earnings volatility.**

Highlights

Zambia Retailing Macro stores Revenue

↑ 56.9% (USD)

↑ 63.5% (ZMW)

2018: ZMW548.9m (USD55.3m)
2017: ZMW335.6m (USD35.3m)

Retailing and CCFP EBITDA

↑ 39.9% (USD)

↑ 45% (ZMW)

2018: ZMW193.5 (USD19.5m)
2017: ZMW133m (USD13.9m)

Cropping EBITDA

↑ 314.6% (USD)

↑ 332.2% (ZMW)

2018: ZMW70.8m (USD7.1m)
2017: ZMW16.4m (USD1.7m)

1. Strong growth in volumes with Mpongwe plant now operating: Lusaka – 142,229 Tons Mpongwe – 58,617 Tons (44.4% of capacity)
2. Completion of sale of 90% of Zampalm to the Industrial Development Corporation for a cash consideration of USD16million.
3. Consistent revenue growth through expanding the retail network and driving the CCFP and stock feed operations with like-for-like revenue growth of 12.8% in retail network.
4. Completion of Zambeef technology project installing of new point of sale software in all Zambeef outlets which will allow vastly more detailed and valuable management information being available to Zambeef's management.

Challenges

Overheads

↑ 12.2% (USD)

↑ 16.9% (ZMW)

2018: ZMW735.1m (USD74.1m)
2017: ZMW628.7m (USD66m)

1. A 15.8% reduction in budgeted tons of wheat of 52,600 M.T. to 44,300 M.T. harvested as a result of Bacteria Leaf Streak.
2. Outbreak of Foot and Mouth Disease affected dairy which lost 175 animals. The financial impact was provided for in March 2018.
3. Cholera outbreak in January 2018 affected the sale of Beef heads, bones and offal fat in the Traditional Outlets. The outbreak was contained quickly without any material financial consequence.

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Zambeef at a glance

Robust business model of vertical integration

Retail and distribution

- Currently 174 retail outlets in Zambia: 67 retail outlets, 29 macro stores, 1 bakery, 24 Novatek outlets, 19 Zamshu outlets and 34 Shoprite butcheries.
- Currently 32 retail outlets in West Africa: 25 Shoprite butcheries and 1 U Save outlet in Nigeria; and 6 Shoprite butcheries in Ghana.
- Shoprite butcheries throughout Zambia, Nigeria and Ghana provide an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- Total Shoprite butcheries of 65: Zambia (34); Nigeria (25) and Ghana (6).
- Vast majority of Zambeef products retailed directly to end consumer, in a value added form, through the Group's extensive retail and distribution network.
- Zambeef also operates one of the largest transport and trucking fleets in Zambia and has its own workshop to service and maintain its vehicle fleet, giving the Group control over logistics and distribution.

Cold Chain Food Products

- One of the largest suppliers of beef in Zambia. Five beef abattoirs and three feedlots located throughout Zambia, with a capacity to slaughter 100,000 cattle p.a. Zambeef produced 18.1 million kgs of beef in 2018 from 16.8 million kgs in 2017.
- One of the largest chicken and egg producers in Zambia, currently producing 16.9 million day-old chicks p.a.; processing 12.8 million kgs of chickens in 2018 (2017: 11.7 million kgs).
- One of the largest piggeries, pig abattoirs and pork processing plants in Zambia, with 9.9 million kgs produced during the period under review.
- Dairy farm with approximately 2,456 dairy cattle, with 1,039 currently lactating and currently producing/processing around 19.3 million litres of milk p.a. (2017: 14.8 million).
- Meat and dairy processing plants add value in producing yoghurt, drinking yoghurt, cheese, butter, milk-based juices and processed meat products.

Cropping

- One of the largest irrigated row cropping operations in Zambia.
- Approximately 7,971 Ha irrigated and 8,623 Ha rainfed, arable, developed land available for planting each year.
- Crop production focused on soya beans during summer and wheat during winter.
- In 2018, Zambeef Cropping division produced 44,720 tons soya (2017: 43,000 tons); 44,300 tons wheat (2017: 42,500 tons).
- 125,000 M.T. storage capacity (2017: 68,000 M.T. silo storage capacity).
- Cropping division provides raw materials input (wheat, soya, and maize) for further value add processing within the Group.

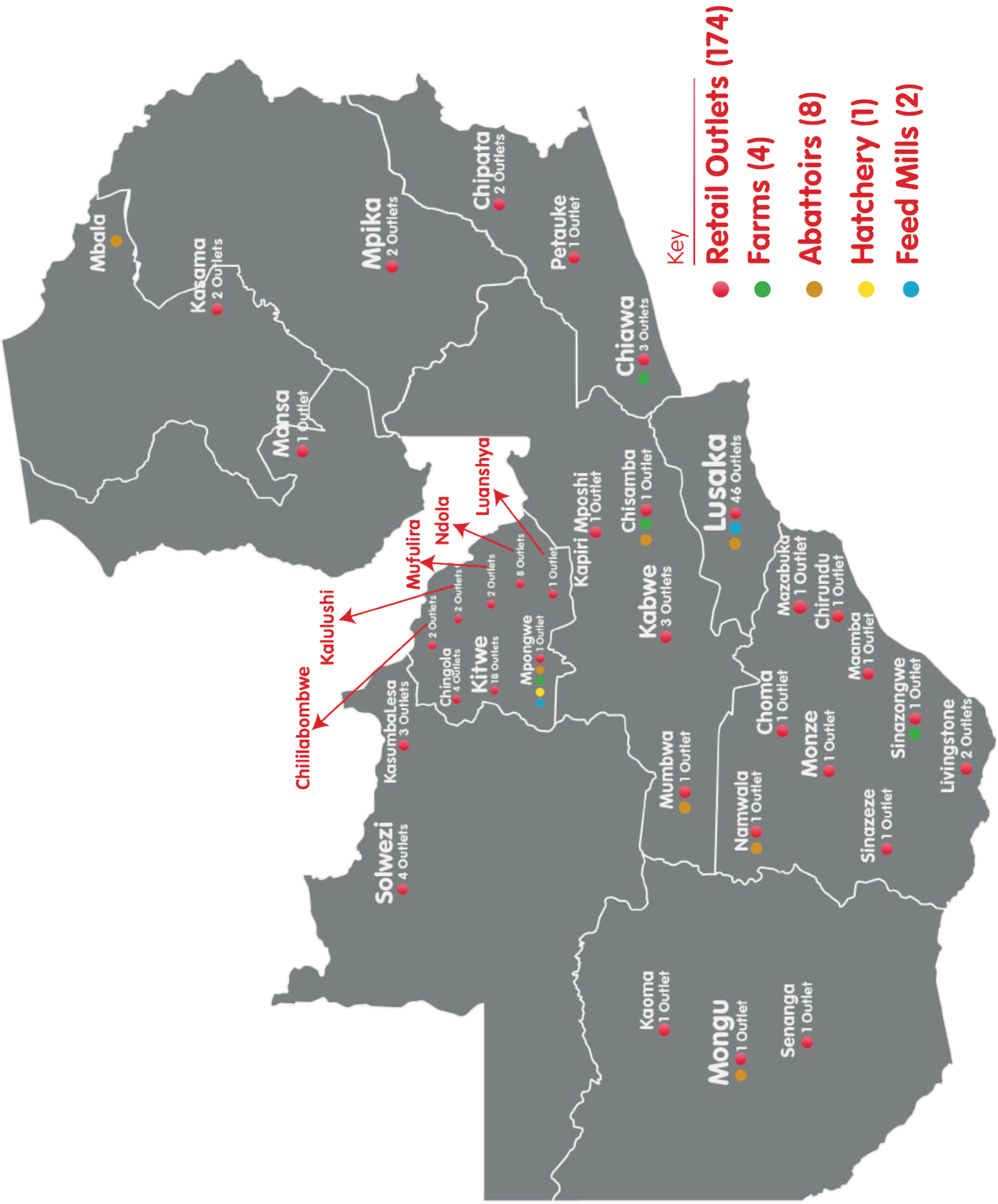
Stockfeed

- One of the leading animal feed suppliers in Zambia and the surrounding region, with a capacity of 25,000 M.T. per month (14,000 M.T. Lusaka plant, 11,000 M.T. Mpongwe plant). In 2018, Novatek produced 200,846 tons of stock feed (2017: 155,795 tons).
- The new Novatek plant in Mpongwe, which opened in 2017, has reached 44.4 percent production capacity representing a 28.9 percent increase. This plant is ideally placed to service Zambia's Copperbelt and North Western provinces, as well as the Democratic Republic of Congo market, while simultaneously reducing distribution costs.
- Some 75%. of Novatek's stock feed production is for the large and growing poultry sector.
- Approximately 48.3%. of Novatek's production is for internal consumption within the Zambeef Group; the balance of 51.7%. is sold in the external market, both within Zambia and in the surrounding region.
- Novatek stock feed marketing and distribution aided by over 90 branded Novatek agency distribution points and 24 Novatek outlets in Zambia; and 18 agency distribution points in Zimbabwe.
- Novatek products have been certified by the Zambia Bureau of Standards (ZS 017, ZS 018 and ZS 019) and Novatek is also ISO 9001 (Quality Management) and ISO 22,000 (Food Safety Management) certified.

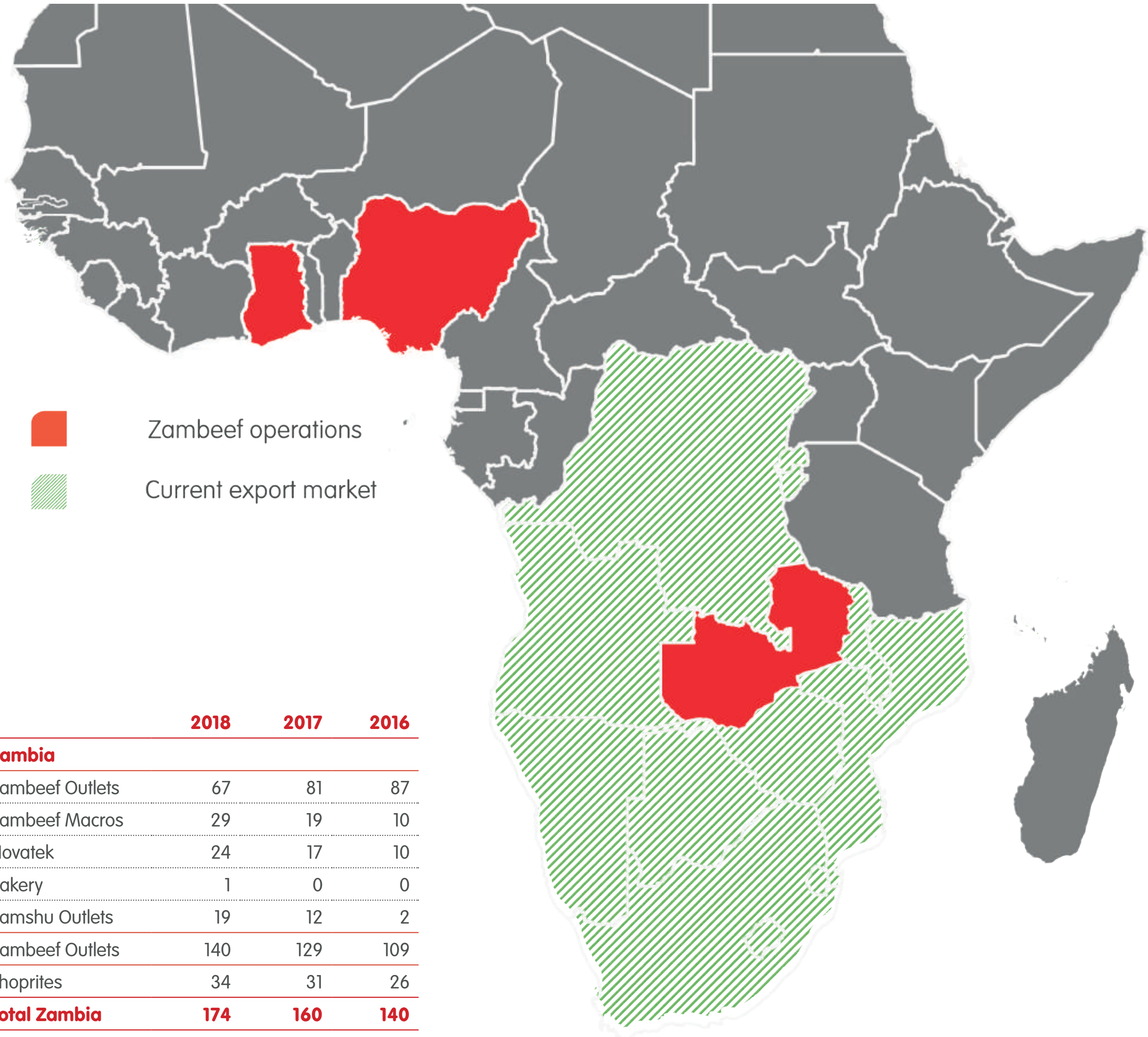
Other

- Wheat mill with a capacity to mill 30,000 M.T. of wheat p.a. In 2018, the wheat mill produced 10,377 tons of flour (2017: 9,820 tons).
- Wheat mill adds value to the wheat from the Zambeef farms, producing flour.
- One of the largest tanneries in Zambia, with a processing capacity of 130,000 hides p.a.
- One of the largest shoe plants in Zambia with a processing capacity of 150,000 pairs p.a.
- Tannery and shoe plant add value to the by-product of the beef division (cattle hides); producing leather, industrial footwear and protective leather clothing.

Our Zambia operations



Feeding a growing region



	2018	2017	2016
Zambia			
Zambeef Outlets	67	81	87
Zambeef Macros	29	19	10
Novatek	24	17	10
Bakery	1	0	0
Zamshu Outlets	19	12	2
Zambeef Outlets	140	129	109
Shoprites	34	31	26
Total Zambia	**174**	**160**	**140**

Nigeria			
Shoprites	25	23	20
Master Meats Outlets	1	6	6
Total Nigeria	**26**	**29**	**26**

Ghana			
Shoprites	6	6	5
Total Ghana	**6**	**6**	**5**

	2018	2017	2016
Total Zambeef	**141**	**135**	**115**
Total Shoprites	**65**	**60**	**56**
Total Retail Network	**206**	**195**	**171**

Chairman's Report

Volume and margin growth in the Retail and Cold Chain Food Products division and Stockfeed division reflects continued success in the execution of the Group strategy.

The environment

Zambia's economy remained relatively stable for the majority of the financial year to September 30, 2018.

GDP grew by 3.9% in the 2017 calendar year (2016: 3.8%), helped by rising copper prices, a good crop harvest in the previous season, and moderating inflation. The economy is forecast to grow by 4% in 2019.

However, in September 2018 the Kwacha suffered significant depreciation as economic conditions weakened amid wide concerns for emerging markets. The Kwacha weakened during the period with the exchange rate ending the period at around ZMW12.24/USD, having started the period under review at ZMW9.67/USD.

Notwithstanding the downturn in economic conditions in the second half of this financial year, the Group's results were encouraging, with revenue in Zambian Kwacha increasing by 14.2% year-on-year. The Group experienced robust volume and margin growth in the Retail and Cold Chain Food Products division and Stockfeed division, which together underpinned revenue growth.

As previously reported, Zambeef faced a number of external challenges during the year.

An outbreak of cholera during the rainy December and January months caused temporary closure of several Zambeef retail stores, along with those of other retailers, as part of the Zambian government's wider measures to control the disease. The financial impact on the Group was limited and Zambeef honoured its commitment to support local communities in partnering with the Ministry of Health donating chlorine, other disinfectants and cleaning materials to combat the spread of the disease.

In April 2018, an outbreak of Foot and Mouth Disease (FMD) was announced by the Ministry of Fisheries and Livestock. The Group's Kalundu Dairy was affected by the disease resulting in the loss of 175 cattle. The disease was contained and the animal movement restrictions were lifted on 12 July 2018. Zambeef confirmed at the time that the volume of milk being produced by the dairy herd had recovered to previous levels. The financial impact of FMD was provided for in March 2018 and the Group received USD240,000 in insurance compensation for the 175 cattle lost.

In the second half of 2018, the common bacterial disease, Bacterial Leaf Streak (BLS), was detected in the Group's winter wheat crop. As a result of the disease, wheat yields during the September 2018 harvest were lower than initial management expectation. However, commodity sales contracts during 2018 were concluded at higher than budgeted prices per ton, offsetting the financial losses resulting from BLS and resulting in the Cropping division's financial performance for the 2018 financial year exceeding original management expectation.

Trading results

The Group achieved a Profit After Tax (excluding discontinued operations) of ZMW24.5 million (USD2.5 million) versus ZMW4.4 million (USD0.5 million) in the prior corresponding financial period. Volumes and gross margins increased in our core divisions of Retail and Cold Chain Food Products (CCFP) and Stockfeed.

This performance was encouraging given the significant increase in overheads during the period as a result of the Government's move to eliminate subsidies on fuel and electricity. We have also seen an increase in labour costs and costs from road tolls, licence fees, and levies on livestock and crops.

Retail and Cold Chain Food Products (CCFP)

Zambeef's chain of 206 retail outlets - both own-brand and within Shoprite supermarkets - remain at the heart of the business, with demand from consumers driving supply.

During the period, 10 new Zambeef Macro retail stores were successfully opened across strategic locations in Zambia and the Group closed 14 small retail stores as part of its ongoing drive to optimise revenue and efficiencies across the division.

The Retail and Cold Chain Food Products division delivered a very satisfactory EBITDA of ZMW193.5 million (2017: ZMW132.7 million) or USD19.5 million (2017: USD13.9 million), generating an EBITDA margin of 9.7% (2017: 7.0%).

The growth of this division will remain a core focus for the Group and supports its strategic ambitions to drive Cold Chain Food Products and Stockfeed volumes through the expanding retail stores network.

The Group is pleased to report a return to profitability for the Masterpork and Master Meats Nigeria divisions in the last quarter of the 2018 financial year following management and operational restructuring.

Stockfeed

Zambeef's stockfeed operations continued to grow during the year, and the division remains a significant contributor to Group performance.

The Stockfeed division produced 200,846 tons of feed in 2018 compared to 155,795 tons in 2017, representing a 28.9% increase.

The new Novatek stockfeed plant in Mpongwe, which opened in 2017, has reached 44.4% capacity, compared with a target of 30%.

The Stockfeed division Gross Profit margin reduced from 25.2% to 23.2% compared to the prior corresponding financial period which was largely caused by an increase in soft commodity prices in H2 of 2018. This resulted in a reduction in Gross Profit from ZMW166.9 million to ZMW163.4 million (USD17.5 million to USD16.5 million).

Cropping

The Cropping division finished the year ahead of management expectations, despite the Bacterial Leaf Streak outbreak.

The Group is one of the largest cereal row cropping operations in Zambia, with approximately 7,787 hectares of row crops under irrigation, which are planted twice a year, and a further 8,694 hectares of rainfed/dry-land crops available for planting each year.

The Cropping division Gross Profit margin increased from 26.6% to 36.8% compared to the prior period. This resulted in an increase in Gross Profit from ZMW134.6 million to ZMW189.6 million (USD14.1 million to USD19.1 million).

The Cropping division delivered a strong EBITDA margin increase from 3.2% to 13.7% compared to the prior period. This resulted in an increase in EBITDA from ZMW16.4 million to ZMW70.9 million (USD1.7 million to USD7.1 million). This was as a result of an improved gross profit performance as well as improved cost control.

Other

Zamleather and Zambeef's wheat mill were tracking behind management expectation during the year, however wheat mill production increased significantly in the fourth quarter with the introduction of new management.

Investment

Capital expenditure was under budget for the 2018 financial year, with USD14.5 million spent on continuing operations (The budget was USD16 million).

USD4.2 million was spent on the continued rollout of new modern Macro retail outlets across Zambia, with 10 new stores opened during the financial year.

These new world-class outlets are proving popular, with like-for-like sales increasing by 37.8% from the prior period. Their success has accelerated our review of legacy stores to phase out poorer performing outlets to optimise marginal contribution. This approach will help improve both distribution and further cost efficiencies.

Outlets in border towns have continued to outperform, enabling the Company to realise its long-held strategy of meeting growing regional demand. One border town outlet opening is planned for the 2019 financial year.

In October 2017, Zambeef welcomed the Zambian President, H.E. Edgar Chagwa Lungu, to Mpongwe Farm on the Copperbelt to formally commission the Company's USD30 million hatchery and stockfeed mill which is now the largest agricultural investment in the province.

Zambeef completed the sale of 90% of Zambeef's shareholding in its wholly owned subsidiary Zampalm Limited, to the state-owned Industrial Development Corporation (IDC) for a cash consideration of USD16 million on 6 April 2018, in line with the Group's ongoing strategic focus on reducing Group debt. Zambeef continues to oversee the operation under a management agreement that includes a rollout of an outgrower scheme to develop further the remote rural communities of Muchinga Province, where the plantation is located.

Dividend policy

It remains the Board's intention to return the Group to annual dividend payments once cash flow permits. Reducing Group debt levels as well as the cost of debt is an important prerequisite to achieving this objective. In particular, the redemption of the preference shares held by CDC is a significant consideration, as although they rank as equity, the redemption value of the shares escalates at an annual compounded rate of 12%, which is significantly higher than the average cost of the Group's US Dollar debt, which is approximately 7%. The Board is therefore considering, as a priority, various strategic options that would enable the preference shares to be redeemed.

Leadership succession

Leadership of the Group will transition to a new management team by 31st December 2019, with the retirement of the current Chief Executive Officer, Mr Francis Grogan effective from that date.

Mr. Grogan, assisted by the Board's Remuneration and Succession Committee, is actively managing this transition process. Deputy Managing Director, Mr Walter Roodt, has been identified by the Board to succeed Mr Grogan, and is working closely with him to ensure a successful and smooth transition. Furthermore, Mr. Grogan is working closely with Mr Mike Lovett, the Group's Chief Operating Officer and Director of Agriculture, who will take over operational responsibilities from January 2019.

Board changes

As we enter into a renewed period of growth for Zambeef, I would like to thank co-founder and former Joint Chief Executive Officer Dr Carl Irwin, who retired from the Group on 31 March, 2018, after 23 years of service, during which time he and Francis Grogan grew the Company to the impressive heights it has reached today.

On 24 May 2018, Tim Pollock, Joint Chief Executive Officer, announced his resignation from the Board for personal reasons. We wish to thank Tim for his contribution to the Company.

Frank Braeken joined the Board as a Non-Executive Director on July 27, 2018, as the second nominee of CDC Group. Frank is a Belgian national with extensive experience in the Fast-Moving Consumer Goods ("FMCG") sector, including 26 years with Unilever where he lived and worked in nine countries on four continents.

Outlook

The macro-economic climate is anticipated to be more challenging for Zambia in 2019, including high national debt levels and an increasingly volatile Kwacha exchange rate, which could impact on the growth of the Zambian economy.

Despite these macro concerns, the new financial year has started well for Zambeef with continued revenue, margin and volume growth. The Group expects to continue to grow US$ earnings in 2019, and generate positive free cash in the financial year. It remains committed to employing EBITDA to fund working capital, capital expenditure for financially viable projects, and to service debt and, as a result, the Group does not intend to raise further debt in the near future. In line with its stated strategic objectives, it plans to continue to reduce its debt levels in the medium term, which will help to mitigate foreign exchange and interest rate risk exposures.

In conclusion, I wish to thank all Management and Staff in the Group for their on-going commitment and professionalism during what has been another challenging year. Their contribution, at every level, is greatly appreciated, and helps make Zambeef one of the pre-eminent Zambian companies.

I would also like to thank my Board colleagues for their wisdom and guidance, and look forward to working with them in the coming year.

Dr. Jacob Mwanza, Chairman
20 November 2018

Chief Executive Officer's Review

We have remained steadfast in pursuing growth in our core business areas, capitalising on the previous two years of poor economic growth to build a firm foundation from which to build the business to a new level.

Overview

Zambeef's Retail and Cold Chain Food Products (CCFP) and Stockfeed divisions have consolidated their positions as the Group's core engines of growth.

These two focus areas remain at the heart of operations and continue to contribute strong cash flow to the Group, enabling management to focus on some of the underperforming divisions.

Our turnaround strategy at the Masterpork, Nigeria and wheat mill operations has resulted in a return to profitability for those divisions, increasing their contributions to the overall business.

The Group has achieved Profit After Tax (excluding discontinued operations) of ZMW24.5 million (USD2.5 million) (2017: ZMW4.4 million or USD0.5 million). Volumes and gross margins have increased in our core divisions of Retail and Cold Chain Food Products and Stockfeed.

This positive performance was achieved despite a significant increase in overheads during the period as a result of the Government's move to phase out subsidies on fuel and electricity, with overheads increasing by 16.9% in ZMW (12.2% in USD) during the period. We have also seen an increase in manpower costs and costs from road tolls, license fees, and levies on livestock and crops.

Strategic focus area

Zambeef remains unwavering in its strategic focus on the core divisions that generate strong cash flows: Retail and Cold Chain Food Products, and Stockfeed.

During the period, we continued our divestment of non-core assets to reduce our debt further and generate additional cash, concluding the sale of our 90% shareholding in Zampalm Limited to the Industrial Development Corporation (IDC) for a cash consideration of USD16 million, as previously announced.

Retail and Cold Chain Food Products

The growth in market demand, and associated development of Zambeef's retail chain, continues to drive cold chain food production as we add value and provide linkages between small-scale, emerging and commercial farmers and end consumers.

During the period,10 new Zambeef Macro retail stores were successfully opened across strategic locations in Zambia, along with three in-store Shoprite butcheries.

The new outlet in Nakonde is in line with our approach of targeting border towns to tap into the growing regional demand for our products.

This growth emphasises the Group's market-driven vertically integrated approach, through which retail demand drives production along our value chain.

The Macro stores, which sell our full range of cold chain food products, including Zamhatch's day old chicks, Novatek stockfeed, and in some instances Zamleather's Zamshu brand footwear, are bringing world-class standards of hygiene, service, security and affordability to our traditional markets in low to high density urban and peri-urban areas.

Revenue from Macro outlets grew 63.5% in Kwacha terms (56.9% in USD) compared with the previous year.

Our Zambeef-branded outlets account for 83% of retail sales, while our operation of in-store butcheries at all Shoprite supermarkets across Zambia accounts for 17% of retail turnover. This balance has remained relatively unchanged in recent years and ensures a diversification of exposure across retail segments.

The Group closed 14 small retail stores during the period to optimise efficiencies and concentrate on outlets with higher marginal contribution.

Cold Chain Food Product volume

Increased by 5.7%, driven by strong performance in the chicken and beef sectors.

Beef volumes increased by 7.6% from 16.8 million kgs to 18.1 million kgs.

Chicken volumes rose by 9.1% from 11.7 million kgs to 12.8 million kgs, with some 70% of chickens supplied by outgrower farmers. As demand outstrips supply, Zambeef continues to formalise a market that remains largely driven by the informal sector, presenting significant opportunities for growth.

Day Old Chick volumes increased by 34.6% from 12.6 thousand to 16.9 thousand.

Dairy volumes decreased by 3.9% from 20.0 million litres to 19.2 million litres.

Pork volumes decreased by 8.1% from 10.8 million kgs to 9.9 million kgs during the period under review.

In April 2018, an outbreak of Foot and Mouth Disease (FMD) was announced by the Ministry of Fisheries and Livestock. The Group's Kalundu Dairy was affected by the disease resulting in the biological value of the dairy cattle reducing by approximately USD690,000 and a loss of 175 cattle. The disease was rapidly contained and the animal movement restrictions were lifted on 12 July 2018.

The financial impact of FMD was provided for in March 2018 and the Group received USD240,000 in insurance compensation.

Zambeef is pleased to confirm that the volume of milk being produced by the dairy herd has recovered to previous levels.

Stockfeed

Zambeef's Stockfeed operation trades under the brand name Novatek. Its second stockfeed plant was commissioned at Mpongwe Farm in the Copperbelt in October, 2017. The second stockfeed plant has already produced 58,617 tons (44.4% of capacity) of the total of 200,846 tons.

Zambeef is one of the largest buyers of soyabeans and maize from local farmers. It bought 164,724 tons this year, which was used in the stockfeed operations.

Poultry feed accounts for three-quarters of stockfeed production, creating an opportunity for growth linked to the chicken segment.

Some 20.9% of Novatek's stockfeed production was sold through Zambeef outlets, compared with 8.3% in 2017. A further 27.4% of the stockfeed production is consumed in the Company's Cold Chain Food Products divisions. The remaining 50% is sold to third-party distributors.

The Mpongwe stockfeed mill continues to perform ahead of expectation. The stockfeed division is expected to continue to increase volumes and contribute materially to the Group.

Cropping

Zambeef's Mpongwe Farm continues to live up to its reputation as one of the most fertile and productive farms in the region, and remains at the heart of the Group's cropping operations.

However, in the second half of 2018, Bacterial Leaf Streak (BLS) was detected in our winter wheat crop and, as a result, wheat yields during the September harvest were approximately 44,300 tons, 15.8% lower than the 52,600 tonnes initially budgeted. However, commodity sales contracts were concluded at higher than budgeted prices per ton, offsetting some of the financial losses resulting from BLS.

The Group harvested approximately 44,730 tons of soybeans during the current financial period, compared with approximately 43,000 in the previous corresponding financial period.

Overall EBITDA in the division increased by 332% from ZMW16.4 million to ZMW70.9 million (USD1.7 million to USD7.1 million).

Zamhatch

Demand for day-old chicks produced by Zambeef's Zamhatch subsidiary is currently exceeding supply. This reinforces that Zambeef is an integral part of the nation's agricultural supply chain, with more than half of our chicks sold to small-scale farmers and entrepreneurs who then serve the traditional live-bird market, which still accounts for 75 % of the poultry industry.

Zamhatch incubates approximately 400,000 eggs a week, with an industry-standard 86 % success rate, producing 344,000-day-old chicks. We are working on increasing capacity to 500,000 eggs per week in 2019 and then 600,000 eggs per week in 2020 to meet demand. The cost of this expansion will be approximately USD2 million per year.

Outlook

Zambeef's management will continue to focus resources on the Group's profitable business divisions, while improving those divisions that need additional attention to ensure that all areas of the business contribute fully to Group profitability.

As part of its on-going process of divesting non-core assets, the Group is actively seeking buyers for its Chiawa and Sinazongwe Farms, proceeds of which will further reduce debt levels and supplement capital expenditure where returns are justified.

Zambeef's clear long-term strategy is translating into improved results. We will remain steadfast in our plans going forward, which include:

- Consistent revenue growth through expansion of our retail network, driving our cold chain food product and stockfeed operations;
- Margin improvements leveraged from continued capital investment in the most high-performing areas of the business, coupled with stringent control of administration costs;
- Cash generation through improved margins, cost control, working capital management and prudent capital expenditure;
- De-risking the business by reducing gearing levels; and
- Continued divestment of non-core assets.

The Group has ended the financial year with a renewed sense of optimism. The continued dedication of our management and staff, supported by a strong Board, remain key to this as we progress into an exciting new phase of growth.

Francis Grogan
Chief Executive Officer
20 November 2018

Operational and financial review

Summary

The 2018 financial year has seen the Zambeef Group continue to grow. Robust revenue figures and strong margin growth have been the main contributors. Revenue for the Group increased by 14.2% in ZMW and 9.6% in USD, while Gross Profit margins increased from 32.8% to 34.5%, resulting in Gross Profit increasing by 20.1% in ZMW from ZMW798.6m to ZMW959.2m (15.3% in USD from USD83.9m to USD96.7m).

Overheads increased by 16.9% in ZMW (12.2% in USD) from ZMW628.7m to ZMW735.1m (USD66.0m to USD74.1m). The strong Gross Profit performance enabled the Group to achieve Operating profits of ZMW118.3m versus ZMW86.7m (USD11.9m vs USD9.1m), which represents a 36.5% increase in ZMW and a 31.0% increase in USD.

Interest costs reduced by 20.1% in ZMW (23.3% in USD) as a result of lower interest rates, largely due to the reduction in the Bank of Zambia Policy Rate, which decreased our ZMW interest rates significantly compared with the prior period. As a result, Zambeef's PAT excluding discontinued operations increased from ZMW4.4m to ZMW24.5m (USD0.5m to USD2.5m).

The highlight of this period was the 6.5% (in ZMW) revenue growth in the Retail and Cold Chain Food Products (CCFP) division with a strong increase of 23.1% (in ZMW) in gross profits. Gross margins increased from 25.0% in 2017 to 28.9% in 2018. Zambeef continues to establish itself as best-in-class in terms of its production, distribution and retailing of the Cold Chain Food Products delivering a very satisfactory EBITDA margin of 9.7% compared to 7.0% in 2017.

Strategic priorities FY19:

- Consistent revenue growth through expanding the retail network and addressing supply constraints in the CCFP and Stockfeed operations;
- De-risking the business through reducing gearing and dollar debt and E&S/Food Safety strategies; and
- Improving cash conversion from strong working capital control and tight control on Capex with effective managerial responsibility.

Exchange rate movements

This period has seen a 26.6% depreciation of the ZMW with the exchange rate, starting the period at 9.67 ZMW/USD and closing the period at 12.24 ZMW/USD. The table below shows the comparative exchange rates over the periods:

	ZMW/USD
Average Rate for year ended 30th September 2018	9.92
Closing Rate 30th September 2018	12.24

	ZMW/USD
Average Rate for year ended 30th September 2017	9.52
Closing Rate 30th September 2017	9.67

The depreciating currency has resulted in the Group reporting exchange losses of ZMW19.3m (USD1.9m) for the year.

Operational and financial review continued

Administration and overhead costs

As mentioned above, overheads have increased by 16.9% (in ZMW). The following are contributing factors:

- Fuel prices increased from ZMW10.72/l in September 2017 to ZMW11.09/l and again to ZMW12.01/l in January 2018 representing a total increase of 12%;
- Electricity tariffs were increased by 50% in May 2017 and a further 15% in September 2017;
- With inflation at approximately 7%, an average increase of approximately 10% was agreed for all union workers resulting in higher payroll costs;
- Levy and slaughter fees have continued to increase during the year;
- Road toll fees, which were introduced in the previous financial period, are increasing as more toll gates are opened; and
- Repairs and Maintenance costs were incurred in Zambeef Outlets as a result of the outbreak of Cholera in January 2018.
-

Capital expenditure

Total capital expenditure on continuing operations during the period was ZMW144.0 million (USD14.5 million) against an anticipated capital expenditure of ZMW157.3 (USD16m) for the year.

Capital expenditure incurred during the year included:

- USD4.2m on rollout of new Zambeef Macro outlets
- USD2.5m on new Mpongwe stockfeed plant
- USD1.5m on expansion of Zamhatch hatchery and breeder farm
- USD1.2m for expansion of Zam Chick processing plant
- USD1.8m for farming replacement Capex
- USD0.8m on the new processing and distribution hub in Kitwe

The capex incurred in 2018 was focused on:

- The expansion of the retail network (ten Zambeef Macros and three Shoprite stores opened in 2018);
- The commissioning of the new Copperbelt processing and distribution hub which will increase capacity and improve efficiencies in the Copperbelt and North Western Province operations;
- Completing the expansion of the breeding farm and hatchery to increase day-old chick production from 344,000 to 430,000 birds per week; and
- Completing the new stock feed plant at Mpongwe to ensure additional stock feed capacity.

Financing

- The finance costs for the Group decreased by 20.1% in ZMW from ZMW 87.9 million to ZMW 70.2 million (USD 9.2 million to USD 7.1 million). The reduction was a result of a reduction in net debt following the receipt of USD 16 million from IDC on the completion of the Zampalm transaction.
- Net debt at the end of the 2018 financial year was USD56 million compared to USD 64 million at the end of 2017.
- No additional term finance was sourced in 2018.

Divisional performance

Table 1: Segmental Financial summary in ZMW'000s

Division	Revenue 2018 ZMW'000	Revenue 2017 ZMW'000	Gross Profit 2018 ZMW'000	Gross Profit 2017 ZMW'000	Overheads 2018 ZMW'000	Overheads 2017 ZMW'000	EBIT 2018 ZMW'000	EBIT 2017 ZMW'000
Retail & Cold Chain Foods	2,004,711	1,882,955	578,987	470,417	(385,484)	(337,693)	193,503	132,724
Stockfeed	706,008	662,068	163,442	166,884	(82,460)	(50,300)	80,982	116,584
Cropping	515,585	505,738	189,601	134,556	(118,729)	(118,152)	70,872	16,404
Others	141,452	161,387	27,129	26,774	(18,521)	(15,014)	8,608	11,760
Total	3,367,756	3,212,148	959,159	798,631	(605,194)	(521,159)	353,965	277,472
Less: Intra/ Inter Group Sales	(587,167)	(776,966)						
less Central Overhead					(129,907)	(107,520)	(129,907)	(107,520)
Group Total	2,780,589	2,435,182	959,159	798,631	(735,101)	(628,679)	224,058	169,952

Divisional performance continued

Table 2: Segmental financial summary in USD'000s

Division	Revenue 2018 USD'000	Revenue 2017 USD'000	Gross Profit 2018 USD'000	Gross Profit 2017 USD'000	Overheads 2018 USD'000	Overheads 2017 USD'000	EBIT 2018 USD'000	EBIT 2017 USD'000
Retail & Cold Chain Foods	202,088	197,789	58,364	49,414	(38,859)	(35,472)	19,507	13,942
Stockfeed	71,170	69,545	16,476	17,530	(8,313)	(5,284)	8,163	12,246
Crop-Row Crops	51,974	53,124	19,113	14,134	(11,969)	(12,411)	7,144	1,723
Others	14,259	16,952	2,736	2,812	(1,867)	(1,577)	868	1,235
Total	339,491	337,410	96,689	83,890	(61,008)	(54,744)	35,682	29,146
Less: Intra/ Inter Group Sales	(59,190)	(81,614)	-	-	-	-		
less Central Overhead	-	-	-	-	(13,095)	(11,294)	(13,095)	(11,294)
Group Total	280,301	255,796	96,689	83,890	(74,103)	(66,038)	22,587	17,852

Retail and Cold Chain Food Products

	2018 ZMW'000	2017 ZMW'000	% Change	2018 USD'000	2017 USD'000	% Change
Revenue	2 004 711	1 882 955	6.5%	202 088	197 789	2.2%
Gross Profit	578 987	470 417	23.1%	58 366	49 414	18.1%
Overheads	(385 484)	(337 693)	14.2%	(38 859)	(35 472)	9.5%
EBITDA	193 503	132 724	45.8%	19 507	13 942	39.9%

Revenue in the Retail and Cold Chain Food Products division increased by 6.5% in ZMW and 2.2% in USD. Gross profit grew by 23.1% in ZMW and 18.1% in USD.

Overhead costs increased by 14.2% in ZMW and 9.5% in USD mainly due to rises in transport, energy and employment costs.

EBITDA in ZMW rose 45.8% from ZMW132.7m to ZMW193.5m, whilst in USD it increased by 39.9% from USD13.9m to USD19.5m. The business has generated a pleasing EBITDA margin of 9.7 per cent. (compared to prior year period 7.0%).

The Retail and Cold Chain Food Products division includes the beef, chicken, pork, dairy, egg and fish production and processing activities which primarily supply the Zambeef and Shoprite retail chains.

The division delivered strong volume growth of 5.7% while increasing gross profits.

Highlights:
- Good volume Growth
- Strong GP Growth
- Strong EBITDA growth

Challenges: An outbreak of Cholera in January 2018 led to a number of outlets being closed for a period due to their proximity to the epidemic. The epidemic had a negative effect on the sale of beef heads, bones and offal fat, but overall the financial impact on the Group was immaterial.

Retail Expansion

During the period, Zambeef opened 10 Macro outlets. The Group purchased a further 18 sites for development, and plans to open 10 new Macro outlets every year over the next 3 years.

Stockfeed (Novatek)

	2018 ZMW'000	2017 ZMW'000	% Change	2018 USD'000	2017 USD'000	% Change
Revenue	706 008	662 068	6.6%	71 170	69 545	2.3%
Gross Profit	163 442	166 884	-2.1%	16 476	17 530	-6.0%
Overheads	(82 460)	(50 300)	63.9%	(8 313)	(5 284)	57.3%
EBITDA	80 982	116 584	-30.5%	8 163	12 246	-33.3%
Volume (Tons)	200 846	155 795	28.9%			

The Stockfeed division has increased its market share and market leadership with volumes increasing by 28.9% from 155,795 M.T. to 200,846 M.T. Gross profit margins have decreased from 25.2% to 23.2%, due mainly to high raw material prices from the 2018 crop. The Mpongwe plant continues to perform ahead of expectation, while the Stockfeed division exceeded its budget for 2018.

Overheads increased by 63.9% due mainly to the new stockfeed plant in Mpongwe.

The Mpongwe plant produced 58,617 tons of 200,846 tons during the period. This represents approximately 44.4% of the capacity of the plant.

Cropping


	2018 ZMW'000	2017 ZMW'000	% Change	2018 USD'000	2017 USD'000	% Change
Revenue	515 585	505 738	1.9%	51 974	53 124	-2.2%
Gross Profit	189 601	134 556	40.9%	19 113	14 134	35.2%
Overheads	(118 729)	(118 152)	0.5%	(11 969)	(12 411)	-3.6%
EBITDA	70 872	16 404	332.0%	7 144	1 723	314.6%

The Cropping division delivered improved results in 2018. Approximately 44,000 M.T. of Soya Beans were harvested from the summer crop compared to approximately 43,000 tons in 2017. Approximately 44,300 tons of wheat was harvested from the winter crop compared to approximately 41,700 tons in 2017. This is in spite of the fact that Bacteria Leaf Streak (BLS) reduced the budgeted tons of wheat of approximately 52,600 tons by 15.8%. Soya, wheat and maize prices increased from USD360/M.T. USD410/M.T. and USD115/M.T. respectively in September 2017 to USD410/M.T., USD430/M.T. and USD150/M.T. respectively in September 2018.

Overheads remained similar to 2017, mainly as a result of reduced manpower costs. This resulted in EBITDA increasing from ZMW16.4 in 2017 to ZMW70.9m in 2018 (USD1.7m to USD7.1m).

Other businesses (continued operations current and prior year)

	2018 ZMW'000	2017 ZMW'000	% Change	2018 USD'000	2017 USD'000	% Change
Revenue	141 452	161 387	-12.4%	14 259	16 952	-15.9%
Gross Profit	27 129	26 774	1.3%	2 735	2 812	-2.8%
Overheads	(18 521)	(15 014)	23.4%	(1 867)	(1 577)	18.4%
EBITDA	8 608	11 760	-26.8%	868	1 235	-29.8%

The Other divisions delivered a decrease in EBITDA of 26.8% from ZMW11.8m to ZMW8.6m (USD1.2m to USD0.9m) compared to the prior period.

Flour Milling:

The mill performance was satisfactory with sale volumes stable as Zambeef continues to sell flour through its retail network.

Zamleather:

The shoe division performed well over the period. However, there was a decrease in world-wide hide prices and the market for lower-grade hides is currently stagnant.

Sustainability Report

Zambeef takes a 'triple bottom line' approach to its sustainability

Policy

Zambeef takes a sustainable 'triple bottom line' approach to its operations thus helping ensure a positive social, environmental and financial impact.

We believe that economic development can be achieved whilst delivering sound social and environmental performance. We are committed in providing a safe and healthy workplace, protecting the environment and being a responsible corporate citizen in the communities where we operate. This commitment is enshrined in our Environmental and Social Policy.

Zambeef has committed to pursue excellence in its operations by upholding the principles set out in the International Finance Corporation (IFC) Performance Standards (PS) on environmental and social responsibility.
There is an Environmental and Social Committee of the board to provide strategic advice and guidance regarding systemic and strategic environmental and social issues. The company also has an environmental and social action plan (ESAP) to help ensure continuous performance improvement at the operational level.

Zambeef has a dedicated unit of nine corporate staff to deal with environmental and social compliance and improvements to the operations. There is a compliment of twenty-five operational level individuals dedicated to environmental and social activities across the business.

Continuous improvement in environmental and social management

Zambeef continues to work towards international best practice in all aspects of its operations. We have established an Environmental and Social Committee to the Board to provide strategic advice and guidance regarding systemic and strategic environmental and social issues. We have also developed a structured Environmental and Social Action Plan (ESAP) to help ensure continuous performance improvement at the operational level.

Zambeef is compliant with all statutory requirements in the jurisdictions where it has operations. Furthermore, through its commitment to working towards international good practice Zambeef has implemented a process of continual improvement in environmental and social management. As a consequence of this, the Zambia Environmental Management Agency (ZEMA), at its 2018 Environmental Awards held in June gave the company an **'Environmental Award for contribution to Sustainable Development through subjection of proposed Developments to the Environmental Impact Assessment process'.**

ZEMA Award

During the year under review, the company submitted seven Environmental Project Briefs (EPB) to ZEMA as governed by Statutory Instrument No. 28 of 1997 "Environmental Impact Assessments Regulations" read together with the Environmental Management Act (EMA) No. 12 of 2011. The underlisted projects were permitted;

1. Installation of fuel filling depot at Huntley Farm
2. Construction of manure composting facility at Huntley Farm
3. Replacement of waste incinerator at Mbala Abattoir
4. Replacement of waste incinerator at Masterpork
5. Construction of effluent treatment plant at Sinazongwe Abattoir
6. Construction of effluent treatment plant at Mongu Abattoir
7. Construction of commercial centre near Heroes Stadium

The company has been consistent in following regulatory requirements and has received no penalty by the authorities for any form of environmental violations in the preceding five years.

Social

Zambeef aligns its social investments in order to meet the United Nations Sustainable Development Goals (UN SDGs).

Inclusive business:

- New Out-grower Scheme at Zampalm

  Zampalm plantation has embarked on an out-grower scheme to involve the neighbouring communities in the project. The company will train the out-growers on the agronomy of oil palms, supply them with seedlings, fertilizers, chemicals, tools and other materials. The area being covered in 2018 is 80 hectares, whilst the plan for 2019 is 300 hectares; we expect to recruit around 450 farmers in the neighbouring Kopa, Kabinga and Chundaponde chiefdoms.

- New supplier support initiatives

  The cattle development program in Northern Province is now graduating into the next phase. This project, termed 'stimulation of early stage private investment and cattle development in the agricultural markets in Northern Province' has scored success in promoting animal husbandry practices in the area. The number of farmers under this program stands at 317.

The next phase is focussing on genetics and nutrition of the animals. The company is supplying bulls and artificial insemination (AI) kits to the target farmers. The resulting offspring, with both exotic and local genetic material are expected to significantly perform better in terms of disease resistance, growth and meat quality. Improved pastures will also be supplied through the seven livestock service centres. We hope the quantity and quality of supply to the company abattoir located in Mbala will significantly improve in the next few years.

- Raw material suppliers

  Zambeef continues to work very closely with small and medium scale farmers in every sphere of its operations. These farmers make up the majority of the company's suppliers of beef, chicken, pork and milk to the Cold Chain Foods Division, and also maize suppliers for its Novatek stock feed operation.

This strong linkage to rural based suppliers helps fight poverty in these otherwise 'economically excluded' communities, meeting the aspirations of UN SDG 1, of 'ending poverty in all its forms everywhere'.

Sustainability report continued

Community Engagement

The company continues engaging with neighbouring communities in the areas where we operate. Consultations are held on a regular basis and every time developmental projects are initiated at company sites.

Support to vulnerable communities/groups through foodstuff donations:

The company continues to render support to the vulnerable (hospices/hospitals, orphanages, care homes) through donation of foodstuffs. This is done on a weekly or monthly basis, for those institutions with adequate storage facilities. There are currently 21 institutions hosting vulnerable people that the company supports through the food supply program.

This gesture by the company aligns strongly with UN SDG 2, whose main aspiration is to 'end hunger, achieve food security and improved nutrition.

Support to educational and healthcare institutions:

The company continues to fund educational and healthcare institutions. This includes those institutions like Mpongwe School and medical clinic, wholly owned by the company, where teachers, teaching aides, healthcare workers, equipment and facilities are fully funded by the company. The Mpongwe expenses amounted to US$165,000.00 in the year under review.

The company also supports community/government schools and healthcare institutions located in the communities where it operates. These company activities align with UN SDG 3 and 4, whose aspirations are to 'ensure healthy lives and promote well-being for all at all ages' and 'ensure inclusive and equitable quality education and promote lifelong learning opportunities for all', respectively.
The company also supports a number of traditional ceremonies and sporting activities.

Economic and Social Contribution

The company is a significant contributor to the country's economic activities, with a turnover in excess of 1% of national GDP.

Employment

- Zambeef continues to be one of the largest employers in the country, with over 7,683 staff, 16.50% of who are females.
- Over 98% of employees are Zambian.
- The Group's cropping division provides significant employment to rural communities, where poverty levels are higher than in urban areas.
- Most of the company's raw material suppliers are located and provide employment to communities in rural areas.

Taxes

- The Group is a significant contributor to government revenues.

Local capital markets

- A significant percentage of the Group's shareholding is owned by local institutional investors and pension funds including the National Pension Scheme Authority (NAPSA), which means every working Zambian has a stake in the company.

Export earnings

- The Group is a member of the Zambia Development Agency's elite Million Dollar Club of leading exporters.
- For the FYE 30 September 2018, the Group recorded foreign exchange export income of over (US$4.9 million), while total Group USD-denominated revenues were ($34 million)

Skills development

- The Group is fully committed to developing and training its employees at all levels.
- During the year, specific trainings in food safety, occupational health and safety, safe handling of hazardous materials (asbestos, chemicals) were offered to employees.
- The Group's continual reinvestment in human resources has resulted in many senior positions being held by Zambians.

Food security

- Zambeef plays a pivotal role in the national food security of Zambia, ensuring that the country has sufficient capacity to feed its growing population as well as a surplus for export to help feed neighbouring countries. The company produced over 116,855 metric tonnes of grains in the year under review.

Building a nation


ZAMBEEF
DAF
ABM 7201

Corporate Governance

Corporate governance

Zambeef values excellence in corporate governance, and the principles that enhance openness, integrity, transparency and accountability

High ethical standards in the conduct of business, and a verifiable framework of corporate governance policies and procedures, underpin all Zambeef's decision-making and management.
The Board of Directors believes that good corporate governance must be demonstrated and verifiable. This fosters trust and confidence in the management of our business among all our stakeholders.

Corporate Governance codes

The Board has a Corporate Governance Code that complies with the Lusaka Stock Exchange Corporate Governance Code. Further to this, it has formally adopted the recommended code for AIM-listed companies: the Quoted Companies Alliance (QCA) Code.
The Chairman of the Board acknowledges his leadership role and responsibility in promoting good corporate governance for Zambeef. The Board is confident that it is applying the QCA Code across the main areas of delivering growth, maintaining a dynamic management framework and building trust. The Company will provide annual updates on its compliance with the QCA Code in its Annual Report and website (www.zambeefplc.com).

Board of Directors

The Board is responsible for the performance and direction of Zambeef, through the establishment of strategic objectives and key policies, as well as approving major business decisions, in accordance with its charter.
The Board comprises eleven Directors, of whom nine are Non-Executive Directors, and two are Executive Directors. Six Non-Executive Directors are considered to be independent by the Board in terms of the QCA guidelines. They are Dr. Jacob Mwanza, Dr. Lawrence Sikutwa, John Rabb, Margaret Kunda Chalwe Mudenda, Prof. Enala Lyson Tembo-Mwase, and Jonathan Andrew Kirby.
Details of the current Directors, their roles and background are set out below.
The Board believes that its overall composition is appropriate, with no individual or group dominating the decision-making process, and with a good balance between knowledge, experience and independence. The role of Chairman is a separate role and position from that of the Chief Executive Officer. The Chairman is considered to be independent.
The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit, in addition to providing leadership in corporate governance implementation and practice.
The role of the Chief Executive Officer is the strategic development of the Group and the clear communication of that to the Board; and once approved by the Board, its implementation. In addition, the Chief Executive Officer is responsible for overseeing the management of the Group.
The Board meets on a regular basis to discuss the strategic direction of the Company.

Interaction with Stakeholders under QCA Application

Zambeef has several shareholder meetings: formally through Annual General Meetings (AGMs) (and EGMs where required), and informally through biannual, quarterly or monthly meetings for institutional shareholders. Shareholders views are shared in an open and frank manner with senior management taking due note of their concerns. The Board believes that this has proved successful as their views have fed into the current corporate strategy. The Chief Financial Officer, Chief Executive Officer, and Deputy Managing Director also meet and conduct formal result presentations with shareholders on a biannual basis in Zambia, South Africa and the UK.
The Group publishes the outcome of all shareholder resolutions immediately after each AGM/EGM. In the past, all resolutions have been passed unanimously or with a significant majority. Zambeef maintains all market announcements and Annual Reports on its website for the last 10 years.
Zambeef has identified and understands the importance of maintaining strong working relationships with:

- its key small-scale suppliers across grains and livestock;
- its larger commercial raw material/input suppliers and livestock suppliers;
- its wide customer base across stockfeed, cold chain food products, and other products;
- its regulators such as the Zambia Environmental Management Agency (ZEMA), Patents and Companies Registration Agency (PACRA), Water Resources Management Agency (WARMA), Lusaka Securities Exchange (LuSE), Securities and Exchange Commission (SEC) and AIM Nominated Adviser;
- its financiers; and
- social investment partners in communities.

Their feedback is received through face-to-face meetings, customer care hotlines, technical adviser meetings and written communication. In the case of customer feedback, products have been developed in the stockfeed division according to customer requirements. Product improvement programmes have been adopted in production of certain cold chain food products based on customer feedback.

In addition, the environmental impact of the Company's activities is carefully considered and the maintenance of high environmental standards is a priority. Zambeef continues to work towards international best practice in terms of environmental and social standards in all aspects of its operations.

The Company has established an Environmental and Social Committee to the Board to provide strategic advice and guidance on systemic and strategic environmental and social issues. It has also developed a structured Environmental and Social Action Plan ("ESAP") to ensure continuous performance improvement at the operational level.

Corporate governance advice has been received and implemented from LuSE and AIM.

Corporate Governance in Action

Risk Management

An effective Group Risk Assessment/Risk Management tool, based on recommended best practice and regular input from senior management, is formally reviewed on a quarterly basis. Formal risk assessments are carried out at Group level, and are carried out at company and division level, in conjunction with respective Heads of Business Units and General Managers, every quarter. This provides the Audit and Risk Committee and directors with regular updates and mitigating action plans on all major risks facing the Group.

This Group Risk Assessment is used by the Board to execute and deliver strategy. For example, the Group Risk Assessment has highlighted foreign exchange and interest rate fluctuations as high-impact risk areas to the business, and this has been noted in the Company's debt reduction and cash management strategy, which forms part of the current business plan and corporate strategy.

Internal Audit

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

The Board requires competitive bidding for significant purchases and contracts, above determined thresholds, through a formal Board approved Delegation of Limits and Authority policy document that covers the Board and senior management.

Share Dealing Code

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

Incident Reporting, Anti Bribery/ Corruption, and Whistleblowing policies and procedures

The Company has detailed policies and procedures covering incident reporting, anti-bribery and corruption ("ABC"), and Whistleblowing.

The Group's ABC programme has been formulated in conjunction with CDC Group Plc ("CDC"), following best international practice. It is well-structured, documented and rigorously monitored.

There is a dedicated high-level internal whistleblowing manager, managing reports and complaints. These complaints can be made in various forms, anonymously, without fear of adverse consequences. This policy has active senior management encouragement and has been communicated widely within the Group, with a verifiable and transparent process of handling complaints. This has resulted in valuable information being obtained for further action.

Internal Audit closely monitors, reviews and reports on all these policies to the Audit and Risk Committee of the Board.

Group Code of Ethics and Conduct

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

The Board believes that a culture based on ethical values and behaviours is cardinal to achieving Zambeef's objectives. Without sound ethical behaviour, it would be difficult for stakeholders to retain trust in the organisation to achieve these objectives. The expected behaviours are clearly detailed in the Group Code of Ethics. The Board monitors, via its Audit and Risk Committee, that management has circulated the Code to all stakeholders.

The Audit and Risk Committee of the Board has the remit to review any cases of ethical misconduct against directors or senior management. Such cases may be reported through the Group's Whistleblowing Policy and Procedures, incident reporting, or direct reports to the Audit Committee or Board.

Monitoring of compliance with the Code is further provided by the Internal Audit department's review work on Incident reports from disciplinary proceedings, management and staff conflicts of interest reports, control procedures and anti-bribery and corruption matters.

In the Board's opinion there have been no significant ethical issues noted and it believes the corporate culture, as a whole, is healthy.

Board evaluation

Every year the Board undertakes a self-assessment of its performance, based on its Charter's objectives, with the Company Secretary collating and reporting on the findings from each Board member. Board evaluation details and updates are provided in the Annual Report and website.

Areas covered in the self-assessment include:

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

Board engagement

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

	Main Board		Audit and Risk		E&S		Remuneration	
Non-Executive	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Dr. Jacob Mwanza	6	6						
Dr. Lawrence Sikutwa	6	4	4	4	4	-	3	3
David Osborne	6	6	4	3	-	-	3	3
Margaret Mudenda #	6	6	4	4	-	-	-	-
Enala Mwase #	6	6	-	-	4	4	-	-
Frank Braeken	1	1	-	-	-	-	-	-
John Rabb	6	6	-	-	4	3	3	3
Yollard Kachinda #	6	3	-	-	-	-	-	-
Jonathan Kirby #	6	4	4	4	-	-	-	-
Hastings Mtine	-	-	4	4	-	-	-	-
Executive								
Francis Grogan	6	6	-	-	4	4	-	-
Yusuf Koya	6	5	-	-	4	4	-	-
Danny Museteka	6	6	4	4	4	4	3	3

Notes
* Director left during the year
# Director joined during the year
A indicates number of meetings held during the year
B indicates number of meetings attended during the year

Board committees

The Board has three principal standing committees, led by the Non-Executive Chairman, and written terms of reference. The terms of reference follow recommended best practice for LuSE/AIM listed companies, the Institute of Chartered Secretaries and Administrators (ICSA), and requirements from co-operating partners.

Remuneration and Succession Committee

Chairman - David Osborne

Members

Lawrence Sikutwa
John Rabb
Yollard Kachinda

Responsibilities:

- To regularly review the structure, size, knowledge, experience and diversity of the Board and its sub-committees, and make recommendations to the Board with regard to any changes.
- To be responsible for identifying, evaluating and nominating for the approval of the Board, candidates to fill Board vacancies as they arise.
- To give full consideration to succession planning for directors and other senior executive management, and in particular, for the key roles of Chairman and Chief Executive Officer of the Company. The appointment of CEO and directors can only be made following a formal, rigorous assessment by this Committee and its formal recommendations to the Board, having evaluated the balance of skills, knowledge, experience and diversity on the Board.
- To determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive Officer, Chairman of the Board, executive directors, the company secretary and other members of the executive management of the Group to whom the Board has extended the remit of the Committee.
- In determining the remuneration policy, take into account all factors that it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Code and associated guidance. The objective of such policy shall be to ensure members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group.
- The committee ensures clear, transparent reporting of the Remuneration Committee's agreed fees and remuneration, for both the executive directors and non-executive directors,

in the formal Report of the Directors in the Annual Report. This requires formal approval by the shareholders in an AGM. The Chairman ensures he is available to answer any questions put forward by the shareholders in the AGM regarding directors' fees and remuneration.

- Perform evaluations of the Board, board committees, respective chairmen and non-executive directors, and recommend training where necessary.

Audit Committee
Chairman - Lawrence Sikutwa
Members
David Osborne
Margaret Kunda Chalwe Mudenda
Jonathan Andrew Kirby
Independent Adviser and co-opted member- Hastings Mtine.

Mr Mtine has extensive experience as a Chartered Accountant in the fields of financial reporting, external audit, internal audit, corporate governance and risk management gained in public practice, as well as on various corporate boards. He is a former senior partner for KPMG Zambia. He provides a detailed review and advisory service to the Audit Committee across each of these areas.

Responsibilities:

- The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process, including review of the interim and annual financial statements before they are submitted to the Board for final approval.
- To ensure that a sound risk management and internal control system is maintained as well as reviewing the system for monitoring compliance with applicable laws and regulations.
- To give due consideration and review of corporate governance matters in accordance with relevant frameworks, including the LuSE Corporate Governance Code and the UK QCA Code.
- Monitor and review the reports and function of the Internal Audit department, in line with its own charter, which requires systematic evaluation of the effectiveness of risk management, control, compliance and governance processes for the Group.
- At least once a year, the members of the committee should meet the external auditors without the presence of any executive director.
- The committee should also consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, as regards the appointment or reappointment of the company's external auditor.
- Monitor the ethical conduct of the Company, its executives and senior officials.

Environmental and Social Committee
Chair - Professor Enala Lyson Tembo-Mwase
Members
Lawrence Sikutwa
John Rabb

Responsibilities:

- Provide strategic advice and guidance to the Board in relation to systemic and strategic Environmental and Social (ES) issues that affect the Company's business model and strategy.
- Ensure that the Company has in place adequate and robust systems, policies and procedures for monitoring the ES management of the Company, in accordance with applicable legislation and Good International Industry Practice (GIIP), defined by International Finance Corporation (IFC) Performance Standards.
- Monitor the implementation of the Environmental and Social Action Plan and any corrective action plans that may be developed.
- Oversee any Company investigations relating to breaches of ES laws, regulations and standards, or the Company's ES policies, management systems and plans.
- Ensure good corporate citizenship through promotion of equality, prevention of unfair discrimination and reduction of corruption.
- Ensure contribution to development of the communities in which the Company's activities are predominantly conducted, or within which its products or services are predominantly marketed.

Directors' interests in other companies

In compliance with Section 110 of the Companies Act of Zambia, all Directors are required to declare to the Board their interests in other companies and this is taken into account in the event that any such company enters into any contract with any Group company. The Group has a Related Parties Transactions policy which aims to ensure transparency and appropriate management of any approved transactions.

Directors' shareholdings

In compliance with Sections 30, 110 and 195 of the Companies Act of Zambia, all Directors are required to disclose their shareholdings in the Company and any related companies.

Company Secretary

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

The Company Secretary ensures the following:

- Sufficient and timely information is provided to all the Members prior to Board and sub-committee meetings.
- Promotion of good corporate governance, and related frameworks and standards.
- Good relations and liaison with the Security and Exchange Commission (SEC), the Lusaka Securities Exchange (LuSE), and Patents and Companies Registration Agency (PACRA).
- Maintenance of statutory registers.
- Key liaison for investors and contact point for shareholders.
- Providing updates on relevant statutory amendments and developments.

Board of Directors

Dr. Jacob Mwanza (age 82)
Non-Executive Chairman
Nationality: Zambian

Qualifications:
PhD (Cornell University, (USA) MA Economics (W. Germany).

Experience:
Over 30 years' business management experience, both in the public and private sectors. Previously Governor of the Bank of Zambia, currently Chancellor of the University of Zambia.

External appointments
Has served and is currently serving on several boards, including IMF Advisory Group on Sub-Sahara African Economic and Social Affairs, Pangaea Securities, David Shepard Foundation and Kafue Sanctuary.

Francis Grogan (age 57)
CEO
Nationality: Irish

Qualifications:
BSc Agriculture (Ireland)

Experience:
Over 22 years' experience in agriculture and meat, both in Ireland and Zambia. Co-founder of Zambeef.

External appointments
Other directorships include Zambezi Ranching and Cropping Ltd, Fraca Meat Company Ltd and Tractorzam Ltd.

Yusuf Koya (age 53)
Executive Director
Nationality: British

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

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

External appointments

Margaret Chalwe-Mudenda (age 46)
Non-Executive Director
Nationality: Zambian

Qualifications:
LLB (University of Zambia) LLM (Southampton University, UK)
Post Grad Diploma in Legislative Drafting

Experience:
Over 10 years' legal experience across several disciplines, including investment banking and labour law. Almost 10 years' experience in ICT and telecommunications. Previously Director General of Zambia Information and Communications

External appointments
Currently serving on the Boards of Madison Financial Services Plc, Medical Stores Ltd and MCK Legal Practitioners.

Prof. Enala Tembo-Mwase (age 59)
Non-Executive Director
Nationality: Zambian

Qualifications:
BSc Biological Sciences (University of Zambia)
MSc Medical Parasitology (University of London, UK)
PhD in Zoology – Entomology (University of London, UK)

Experience:
Over 30 years' research and teaching experience. Associate Professor at University of Zambia. A founding member of the Zambia Association of Women in Science and Technology. Has previously served on a number of boards and technical committees.

External appointments
Deputy Vice Chancellor of University of Zambia (UNZA)

John Rabb (age 75)
Non-Executive Director
Nationality: South African

Qualifications:
BSc (Agriculture) MBA (RSA).

Experience:
Over 30 years' business management experience. Formerly Managing Director of the Wooltru Group in South Africa, which was listed on the Johannesburg Stock Exchange.

External appointments
Has served on, and is currently serving on, several boards, including Wellspring Ltd.

Yollard Kachinda (age 55)
Non-Executive Director
Nationality: Zambian

Qualifications:
BSc (Ed.) Mathematics and Statistics (University of Zambia)
MSc Social Protection Financing (Maastricht University, Netherlands)

Experience:
Over 25 years' experience at the Zambian National Pension Scheme Authority (NAPSA), Zambeef's biggest local shareholder.

External appointments
Director General of NAPSA. Currently serving on the Board of Trustees of NAPSA Lusaka Trust Hospital Staff Pension Scheme.

Dr. Lawrence Sikutwa (age 64)
Non-Executive Director
Nationality: Zambian

Qualifications:
MBA
FCII
Post Grad Diploma in Insurance (UK).
Honorary doctorate (University of Lusaka)

Experience:
Over 30 years' experience in business management. Previously General Manager of Zambia State Insurance Corporation Limited.

External appointments
Currently Chairman of Lawrence Sikutwa Associates Ltd Group of Companies.

Jonathan Kirby (age 56)
Non-Executive Director
Nationality: South African

Qualifications:
Bachelor of Accounting (University of the Witwatersrand, RSA)
Higher Diploma in Tax Law (Rand Afrikaans University, RSA)

Experience:
25 years' experience with SABMiller. Previously SABMiller Finance Director: Africa. Appointed VP Finance for Africa before retirement.

External appointments

David Osborne (age 54)
Non-Executive Director
Nationality: British

Qualifications:
Cambridge University;
Trinity College (Natural Sciences).

Experience:
Over 30 years' investment experience in private equity and infrastructure in UK, Europe, Africa and Asia. Previously Managing Partner and Head of the Islamic Infrastructure Fund at CapAsia.

External appointments
Director of Direct Equity
Team and Head of Portfolio Management with CDC Group PLC.

Frank Braeken (age 58)
Non-Executive Director
Nationality: Belgian

Qualifications:
MBA in Finance (Leuven University, Belgium)
Degree in Law with major in Corporate Law (Catholic University Lueven, Belgium)
Adavanced Management Program (Wharton Penn University, USA)

Experience:
Over 30 years of experience in the Fast-Moving Consumer Goods (@ FMCG@) industry. Previously head of Unilever Africa and Chief Investment officer of Amatheon Agri Holding

External appointments
Currently serving on the boards of Feronia Inc., Buhler AG, Alliance for a Green Revolution in Africa, F.M.B BWC-LLC, Marie Stopes International and Seven Hills Ranch Limited.

Report of the Directors

In compliance with Division Section 275 of the Zambian Companies Act, the Directors submit their report on the activities of the Group for the year ended 30 September 2018.

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 the 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 7,971 Ha of row crops under irrigation and 8,623 Ha of rain-fed/dry-land crops available for planting each year. The Group also has operations in West Africa in Nigeria and Ghana.

2. The Company

The Company, Zambeef Products Plc, is a public limited company 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:

	30 September 2018		30-September 2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
Issued and fully paid				
Ordinary shares				
300,579,630 of ZMW0.01 each	3,006	449	3,006	449
Preference shares – Convertible Redeemable				
100,057,658 of ZMW0.01 each	1,000	100	1,000	100

4. Results

The Group's results are as follows:

		2018	2018	2017	2017
Group	**Note**	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Revenue	5	2,780,589	280,301	2,435,182	255,796
Profit/(Loss) before taxation		28,753	2,898	5,450	572
Taxation charge	10	(4,257)	(429)	(1,049)	(110)
(Loss)/profit from discontinued operation		(14,003)	(1,412)	(1,133)	(119)
Group profit for the year		10,493	1,057	3,268	343
Group profit/(loss) attributable to:					
Equity holders of the parent		10,601	1,068	4,037	424
Non-controlling interest		(108)	(11)	(769)	(81)
		10,493	1,057	3,268	343

5. Dividends
There has been no dividend proposed for the year ended 30 September 2018 (2017: ZMW nil).

6. Management
The senior management currently comprises:

Francis Grogan	- Chief Executive Officer
Yusuf Koya	- Executive Director
Craig Harris	- Chief Financial Officer
Walter Roodt	- Deputy Managing Director
Mike Lovett	- Chief Operating Officer
Danny Museteka	- Company Secretary
Felix Lupindula	- Corporate Affairs and General Manager - Zambeef Retailing
Pravin Abraham	- Chief Internal Auditor
Ebrahim Israel	- General Manager – International Retailing
Murray Moore	- General Manager – Beef and Dairy
Lewis Potgieter	- General Manager – Sinazongwe Farm
Robert Hoskins Davies	- General Manager – Chiawa Farm
Francis Mondomona	- General Manager – Huntley Farm
Richard Franklin	- General Manager – Zamleather Limited
Harry Hayden-Payne	- General Manager – Zampalm Limited
Willem Abraham Vorster	- General Manager – Dairy
Alun Maskell	- General Manager Masterpork Limited
Christiaan Engelbrecht	- General Manager – Stock Feed
Theo de Lange	- Group Technical Manager
Bartholomew Mbao	- Dairy Processing Manager
Andries Van Rensburg	- Piggery Manager
Johannes Swanepoel	- Flour Mill Manager
Charles Milupi	- Poultry Manager
Ivor Chilufya	- Group Financial Controller
Justin Rust	- Commercial Manager
Basil Webber	- Commercial Manager
Phillip Diedericks	- Commercial Manager
Niyaas Dalal	- Finance Manager – Zambeef Products Plc, Zam Chick Limited
Rory Park	- Finance Manager – Master Pork Limited, Zampalm Limited, Zamhatch Limited
Simon Nkhata	- Finance Manager – Zambeef Retailing Limited
Baron Chisola	- Financial Controller – Group Inventory
Shadreck Banda	- Financial Controller – Group Suppliers
Jonathan Zyambo	- Financial Controller – Group Fixed Assets
Gbenga Ibitoye	- Financial Controller - West Africa
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
Hillary Anderson	- National Retail Manager - Shoprite
Lufeyo Nkhoma	- General Manager – Master Meats Ghana
Clement Mulenga	- General Manager – Master Meats Nigeria

Report of the Directors continued

7. Directors and Secretary

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

Dr. Jacob Mwanza	- Chairman
Dr. Lawrence S. Sikutwa	
John Rabb	
Yollard Kachinda	
Prof. Enala Mwase	
David Osborne	
Timothy Pollock	- Group Managing Director/Joint Chief Executive Officer (Resigned on 31 May 2018)
Margaret Mudenda	
Jonathan Kirby	
Frank Braeken	- Appointed July 25, 2018
Francis Grogan	- Chief Executive Officer
Dr. Carl Irwin	- Joint Chief Executive Officer (Retired on March 31, 2018)
Yusuf Koya	- Executive Director
Danny Museteka	- Company Secretary

8. Directors' Interests

The Directors held the following interests in the Company's ordinary shares at the reporting date:

	30 September 2018		30-September-2017	
	Direct	**Indirect**	**Direct**	**Indirect**
Jacob Mwanza (Dr)	1,100,000	-	1,100,000	-
Francis Grogan	995,000	3,596,631	995,000	3,596,631
John Rabb	-	14,000,000	-	14,000,000
Yusuf Koya	245,482	-	245,482	-
Frank Braeken	375,000	-	-	-
	2,715,482	**17,596,631**	**2,340,482**	**17,596,631**

9. Directors' fees and remuneration

The Remuneration Committee has agreed the following gross annual packages.

	Salary	Bonus	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan 2 (Shares)
ZMW							
NON-EXECUTIVE							
Jacob Mwanza	850,817	-	-	-	-	-	-
Yollard Kachinda	270,866	-	-	-	-	-	-
Margaret Mudenda	270,866						
Lawrence Sikutwa	379,213	-					
Enala Mwase	270,866	-	-	-	-	-	-
Jonathan Kirby	257,601						
John Rabb	325,040	-	-	-	-	-	-
Frank Braeken	73,124	-	-	-	-	-	-
EXECUTIVE							
Francis Grogan	3,849,403	3,125	-	Company Car	225,225	Yes	-
Yusuf Koya	3,505,412	5,000	-	-	285,300	Yes	275,000
Danny Museteka	2,465,957	318,600	-	-	456,480	Yes	275,000

In October 2016, the Board approved a retirement package for the Chairman, Dr. Jacob Mwanza of USD330,000. An advance of USD110,000 was paid about the same time, and the full payment will be paid towards the end of 2018.

9. Directors fees and remuneration (continued)

In addition to the above, all Executive Directors are entitled to a gratuity of 10 per cent of their gross basic salary paid over the contract term.

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 (this term/condition does not apply to the two Joint CEOs under the JCEO LTIP Scheme) and
d) **Vesting period:** three years from 2015 to 2018; exercisable from June 2018.
e) The Options can only be exercised if Zambeef achieves the following targets:
    i) If the share price reaches 40 pence, then 25 per cent. of the Options become exercisable.
    ii) If the share price reaches 48 pence, a further 25 per cent. of the Options become exercisable.
    iii) If the share price reaches 56 pence, a further 25 per cent. of the Options become exercisable.
    iv) If the share price reaches 65 pence, the final 25 per cent. of the Options become exercisable.
    v) Zambeef achieving a debt-to-equity (gearing) ratio of less than 35 per cent. in the audited accounts immediately prior to exercising the Options.
    vi) Zambeef achieving a current ratio (current assets divided by current liabilities) of 1.5 or higher in the audited annual accounts immediately prior to the exercising of the options.
    vii) Zambeef generating free cash flows.
    viii) The Zambeef share price triggers set above will be considered achieved if in the 14 days immediately prior to exercising the Options, the shares have traded continuously at not less than these prices for 14 days.
    ix) The Options will be exercisable at any time for 2 years after the 3-year period from the issue of the Options have lapsed.
    x) The Options can only be exercised if the relevant executives are still employed by the Company.

10. Significant Shareholdings

As at 30 September 2018, the Company has been advised of the following notable interests in its ordinary share capital:

Investor Name	Current Position	% of Shareholding
CDC Group Plc	52,601,435	17.5%
M & G Investment Management	46,304,408	15.4%
Africa Life	35,177,239	11.7%
National Pension Scheme Authority (Zambia)	24,979,819	8.3%
Sussex Trust	14,000,000	4.7%
Eastspring Investment	11,995,062	4.0%
Artio Global Investors	9,360,000	3.1%
Rhodora	8,639,374	2.9%
JB Management	8,175,000	2.7%

CDC Group Plc are also the holders of 100,057,658 convertible redeemable preference shares. These shares have three voting rights for every four preference shares held resulting in CDC having 34.8% of the voting rights.

Report of the Directors continued

11. Employees

The Group employed an average of 7,555 (30 September 2017 – 7,068) employees and total salaries and wages were ZMW420.8 million (USD42.4 million) for the year ended 30 September 2018 (30 September 2017 – ZMW357 million [USD37.5 million]).

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

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Headcount	7,342	7,333	7,485	7,156	7,336	7,698	7,679	7,553	7,751	7,784	7,857	7,683

12. Safety, Health and Environmental issues

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

The Group provides education and healthcare services to its employees. The Group also supports various community activities in the areas that it operates from.

13. Legal matters

There are no significant legal or arbitration proceedings (including to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company or any subsidiary of the Group) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company or any member of the Group.

14. Gifts and donations

The Group made donations of ZMW2.6 million (USD0.259 million) (30 September 2017: ZMW2 million [USD0.2 million]) to a number of activities.

15. Export sales

The Group made exports of ZMW48.5 million (USD4.9 million) during the period (30 September 2017: ZMW24.5 million [USD2.6 million]).

16. Property, plant and equipment

Assets totalling ZMW150.1 million (USD15.1 million) were purchased by the Group during the period (30 September 2017 – ZMW209.4 million [USD22 million]) which included expenditure on the palm plantation development during the period of ZMW6 million (USD0.6 million) (30 September 2017 – ZMW13.8 million [USD1.5 million]).

17. Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Group's financial position or the results of its operations.

18. Events since the Year-End

There have been no significant events affecting the Group since the year-end.

19. Annual financial statements

The annual financial statements set out on pages 46 to 116 have been approved by the directors.

20. Auditor

In accordance with the provisions of section 257(1) of the Zambian Companies Act, the auditors, Messrs Grant Thornton, will retire as auditors of the Company at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Danny Shaba Museteka
Company Secretary
Date: 20 November 2018

Statement Of Directors' Responsibilities

Section 265 of the Zambian Companies Act 1994 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the directors are responsible for

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

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

The Board of Directors confirm that in their opinion:

(a) the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as at 30 September 2018, and of its financial performance and its cash flows for the year then ended;

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

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

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

Signed at Lusaka on 20 November 2018

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Approval of annual Financial Statements

The annual financial statements that appear on pages 46 to 102 were approved by the Board of Directors on 20 November 2018 and signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Fracis Grogan
Chief Executive Officer

Signed in Lusaka on 20 November 2018

Annual compliance certificate

Pursuant to the requirements of schedule 18 to the rules of the Lusaka Stock Exchange, I the undersigned Danny Museteka being the duly appointed and registered Secretary certify to the Lusaka Stock Exchange that Zambeef Products Plc has during the twelve months ended 30 September 2018, complied with every disclosure requirement for continued listing on the Lusaka Stock Exchange imposed by the Board of the Exchange during that period.
In addition, I hereby confirm that for the year ended 30 September 2018, the Company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Zambian Companies Act 1994 and that all such returns are true and correct.

Danny Museteka
Company Secretary
20 November 2018


FRESH AND
LOCAL
beef
beef


NOVATEK
Layer 105
Baby Broiler

Financial statements

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

Opinion
We have audited the consolidated financial statements of Zambeef Products and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 30 September 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements or give a true and fair view of the financial position of the Group as at 30 September 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- The investment in Zampalm Limited which was presented as an 'asset held for sale' in the prior year was realized during the year. The disposal proceeds amounted to K158.7 million (USD 16 million).
- The 10% holding in Zampalm is accounted for using the equity method. The investment is included in the financial statements at K15.4 million (USD 1.5 million).
- Valuation of stocks and biological assets; management uses estimates in the valuation of biological assets.

How the matter was addressed in our report
- We reviewed the sale agreements and verified the proceeds received.
- We reviewed the workings of the value as at the year end.
- We counted the stocks and reviewed the basis of valuation. We also reviewed the estimations of the valuations.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as at 30 September 2018 have been properly prepared in accordance with the Zambian Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.

Grant Thornton

Grant Thorton

Chartered Accountants

Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the firm

Lusaka

Date: 20 November 2018


Feeding the Nation
ZAMBEEF
Products PLC
ZAMBEEF
MUTANDABANTU MINI MACRO
ZAMBEEF
Feeding The Nation

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2018

Group	Note	2018	2018	2017	2017
		ZMW'000s	USD'000s	ZMW'000s	USD'000s
Revenue	5	2,780,589	280,301	2,435,182	255,796
Net gain/(loss) arising from price changes in fair value of biological assets	16	(15,245)	(1,537)	(3,491)	(367)
Cost of sales		(1,806,185)	(182,075)	(1,633,060)	(171,540)
Gross profit		959,159	96,689	798,631	83,889
Administrative expenses		(841,319)	(84,810)	(714,746)	(75,078)
Other income	6	430	43	2,768	291
Operating profit	7	118,270	11,922	86,653	9,102
Exchange gains/(losses) on translating foreign currency transactions and balances		(19,302)	(1,946)	6,701	704
Finance costs	9	(70,215)	(7,078)	(87,904)	(9,234)
Profit/(loss) before taxation		28,753	2,898	5,450	572
Taxation charge	10	(4,257)	(429)	(1,049)	(110)
Group income/(loss) for the year from continuing operations		24,496	2,469	4,401	462
Profit/(loss) from discontinued operations	34	(14,003)	(1,412)	(1,133)	(119)
Group income/(loss) for the year		10,493	1,057	3,268	343
Group income/(loss) attributable to:					
Equity holders of the parent		10,601	1,068	4,037	424
Non-controlling interest		(108)	(11)	(769)	(81)
		10,493	1,057	3,268	343
Other comprehensive income:					
Exchange (losses) /gains on translating presentational currency		206,425	(46,089)	(31,190)	4,243
Total comprehensive (loss)/income for the year		(216,918)	(45,032)	(27,922)	4,586
Total comprehensive (loss)/income for the year attributable to:					
Equity holders of the parent		217,297	(45,021)	(27,257)	4,681
Non-controlling interest		(379)	(11)	(665)	(95)
		216,918	(45,032)	(27,922)	4,586
		Ngwee	Cents	Ngwee	Cents
Earnings per share					
Basic earnings per share – continued operations	12	8.19	0.82	1.72	0.18
Basic earnings per share – discontinued operations	12	(4.66)	(0.47)	(0.38)	(0.04)
Total Basic earnings per share	12	3.53	0.35	1.34	0.14

Consolidated Statement of Changes in Equity

For the year ended 30 September 2018

(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 2016	**3,006**	**1,125,012**	**1,000**	**103,521**	**485,765**	**417,635**	**2,135,939**	**(7,616)**	**2,128,323**
Profit for the year	-	-	-	-	-	4,037	4,037	(769)	3,268
Transfer of surplus depreciation	-	-	-	-	(23,418)	23,418	-	-	-
Other comprehensive income:									
Exchange losses on translating presentational currency	-	-	-	(31,294)	-	-	(31,294)	104	(31,190)
Revaluation	**-**	**-**	**-**	**-**	**789,795**	**-**	**789,795**	**-**	**789,795**
Total comprehensive income	**-**	**-**	**-**	**(31,294)**	**766,377**	**27,455**	**762,538**	**(665)**	**761,873**
At 30 September 2017	**3,006**	**1,125,012**	**1,000**	**72,227**	**1,252,142**	**445,090**	**2,898,477**	**(8,281)**	**2,890,196**
Profit for the year	-	-	-	-	-	10,601	10,601	(108)	10,493
Transfer of surplus depreciation	-	-	-	-	(23,418)	23,418			
Other comprehensive income:									
Exchange (loss)/ gain on translating presentational currency				206,696	-	-	206,696	(271)	206,425
Total comprehensive income	**-**	**-**	**-**	**206,696**	**(23,418)**	**34,019**	**217,297**	**(379)**	**216,918**
At 30 September 2018	**3,006**	**1,125,012**	**1,000**	**278,923**	**1,228,724**	**479,109**	**3,115,774**	**(8,660)**	**3,107,114**

Consolidated Statement of Changes in Equity continued

For the year ended 30 September 2018

(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 2016	**449**	**100**	**185,095**	**(144,898)**	**98,763**	**73,875**	**213,384**	**(761)**	**212,623**
Profit for the year	-	-	-	-	-	424	424	(81)	343
Transfer of surplus depreciation	-	-	-	-	(2,460)	2,460	-	-	-
Other comprehensive income:									
Exchange gains on translating presentational currency	-	-	-	4,257	-	-	4,257	(14)	4,243
Revaluation	-	-	-	-	81,675	-	81,675	-	81,675
Total comprehensive income	**-**	**-**	**-**	**4,257**	**79,215**	**2,884**	**86,356**	**(95)**	**86,261**
At 30 September 2017	**449**	**100**	**185,095**	**(140,641)**	**177,978**	**76,759**	**299,740**	**(856)**	**298,884**
Profit for the year						1,068	1,068	(11)	1,057
Transfer of surplus depreciation					(2,361)	2,361			
Other comprehensive income:									
Exchange gains/ (losses) on translating presentational currency				(46,248)			(46,248)	159	(46,089)
Total comprehensive income	**-**	**-**	**-**	**(46,248)**	**(2,361)**	**3,429**	**(45,180)**	**148**	**(45,032)**
At 30 September 2018	**449**	**100**	**185,095**	**(186,889)**	**175,617**	**80,188**	**254,560**	**(708)**	**253,852**

Company Statement of Changes in Equity

For the year ended 30 September 2018

(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 2016	**3,006**	**1,000**	**1,125,012**	**280,981**	**504,681**	**1,914,680**
Profit for the year	-	-	-	-	24,003	24,003
Transfer of surplus depreciation	-	-	-	(14,605)	14,605	-
Other comprehensive income:						
Surplus on revaluation	-	-	-	651,521	-	651,521
Exchange gains on translating presentational currency	-	-	-	-	(31,682)	(31,682)
Total comprehensive income	**-**	**-**	**-**	**636,916**	**6,926**	**643,842**
At 30 September 2017	**3,006**	**1,000**	**1,125,012**	**932,502**	**497,002**	**2,558,522**
Profit for the year	-	-	-	-	15,155	15,155
Loss from associate	-	-	-	-	(742)	(742)
Transfer of surplus depreciation	-	-	-	(27,562)	27,562	-
Other comprehensive income:						
Surplus on revaluation	-	-	-	5,394	-	5,394
Exchange loss on translating presentational currency	-		-	-	211,973	211,973
Total comprehensive income	**-**	**-**	**-**	**(22,168)**	**253,948**	**231,780**
At 30 September 2018	**3,006**	**1,000**	**1,125,012**	**910,334**	**750,950**	**2,790,302**

Company Statement of Changes in Equity
For the year ended 30 September 2018

(ii) In US Dollars	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 2016	**449**	**100**	**185,095**	**54,163**	**(122,706)**	**74,203**	**191,304**
Profit for the year	-	-	-	-	-	2,522	2,522
Other comprehensive income:							
Exchange losses on translating presentational currency	-	-	-	68,437	-	-	68,437
Transfer of surplus depreciation	-	-	-	-	2,321	-	2,321
Total comprehensive income	**-**	**-**	**-**	**68,437**	**2,321**	**2,522**	**73,280**
At 30 September 2017	**449**	**100**	**185,095**	**122,600**	**(120,385)**	**76,725**	**264,584**
Profit for the year						1,528	1,528
Loss from associate	-	-	-	-	-	(75)	(75)
Transfer of surplus depreciation	-	-	-	-	-	-	-
Other comprehensive income:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Surplus on revaluation	-	-	-	543	-	-	543
Transfer of surplus depreciation	-	-	-	(3,904)	-	3,904	
Exchange gain on translating presentational currency	-	-	-	-	(38,614)	-	(38,614)
Total comprehensive income	**-**	**-**	**-**	**(3,361)**	**(38,614)**	**5,357**	**(36,618)**
At 30 September 2018	**449**	**100**	**185,095**	**119,239**	**(158,999)**	**82,082**	**227,966**

Consolidated Statement of Financial Position

For the year ended 30 September 2018

		2018	2018	2017	2017
ASSETS	**Note**	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Non-current assets					
Goodwill	13	166,801	13,628	166,801	17,249
Property, plant and equipment	14	2,902,221	237,110	2,610,488	269,958
Investment in associate	15	15,412	1,259	-	-
Assets held for disposal	34	-	-	221,087	22,863
Deferred tax asset	10(e)	47,854	3,910	43,368	4,485
		3,132,288	**255,907**	**3,041,744**	**314,555**
Current assets					
Biological assets	16	181,674	14,843	167,857	17,359
Inventories	17	639,811	52,272	516,418	53,404
Trade and other receivables	18	156,314	12,771	90,792	9,390
Assets held for disposal	34	-	-	91	9
Amounts due from related companies	19	50,272	4,107	11,422	1,181
Income tax recoverable	10(c)	3,885	317	1,376	142
		1,031,956	**84,310**	**787,956**	**81,485**
Total assets		**4,164,244**	**340,217**	**3,829,700**	**396,040**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		1,986,756	68,916	1,769,459	114,096
		3,115,774	254,560	2,898,477	299,740
Non-controlling interest		(8,660)	(708)	(8,281)	(856)
		3,107,114	**253,852**	**2,890,196**	**298,884**

Consolidated Statement of Financial Position continued

For the year ended 30 September 2018

	Note	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Non-current liabilities					
Interest bearing liabilities	23	308,312	25,189	328,238	33,944
Obligations under finance leases	24	20,163	1,647	27,915	2,887
Deferred liability	25	22,611	1,847	16,756	1,733
Deferred tax liability	10(e)	6,909	565	7,212	746
		357,995	**29,248**	**380,121**	**39,310**
Current liabilities					
Interest bearing liabilities	23	95,247	7,782	78,080	8,074
Collateral management agreement	23	107,213	8,759	60,248	6,230
Obligations under finance leases	24	18,248	1,491	19,916	2,060
Trade and other payables	26	339,527	27,737	291,843	30,179
Assets held for disposal	34	-	-	1,079	111
Amounts due to related companies	27	232	19	81	9
Taxation payable	10(c)	2,925	239	2,988	309
Cash and cash equivalents	20	135,743	11,090	105,148	10,874
		695,135	**57,117**	**559,383**	**57,846**
Total equity and liabilities		**4,164,244**	**340,217**	**3,829,700**	**396,040**

The financial statements on pages 46 to 111 were approved by the Board of Directors on 20 November 2018 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Company Statement of Financial Position
For the year ended 30 September 2018

ASSETS	Note	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Non-current assets					
Property, plant and equipment	14	2,154,822	176,048	1,915,760	198,114
Investments in subsidiaries	15	245,807	20,082	245,807	25,420
Investment in associates	15	15,412	1,259	-	-
Deferred tax asset	10(e)	24,792	2,025	26,566	2,747
		2,440,833	**199,414**	**2,188,133**	**226,281**
Current assets					
Biological assets	16	158,349	12,937	150,087	15,521
Inventories	17	481,319	39,324	411,841	42,590
Cash and cash equivalents	20	-	-	-	-
Asset held for disposal		-	-	56,835	5,877
Trade and other receivables	18	91,381	7,466	37,169	3,844
Amounts due from related companies	19	796,506	65,073	655,060	67,741
Income tax recoverable	10(c)	2,510	205	-	-
		1,530,065	**125,005**	**1,310,992**	**135,573**
Total assets		**3,970,898**	**324,419**	**3,499,125**	**361,854**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	21	3,006	449	3,006	449
Preference share capital	21	1,000	100	1,000	100
Share premium	22	1,125,012	185,095	1,125,012	185,095
Other reserves		1,661,284	42,322	1,429,504	78,940
		2,790,302	**227,966**	**2,558,522**	**264,584**
Non-current liabilities					
Interest bearing liabilities	23	308,312	25,189	328,238	33,945
Obligations under finance leases	24	12,503	1,022	17,195	1,778
Deferred liability	25	5,059	413	3,659	378
Deferred tax liability	10(e)	4,034	330	4,169	431
		329,908	**26,954**	**353,261**	**36,532**
Current liabilities					
Interest bearing liabilities	23	202,460	16,541	138,328	14,305
Obligations under finance leases	24	11,841	967	13,272	1,373
Trade and other payables	26	230,783	18,854	164,843	17,046
Amounts due to related companies	27	328,633	26,849	243,876	25,220
Taxation payable	10(c)	-	-	1,588	164
Cash and cash equivalents	20	76,971	6,288	25,435	2,630
		850,688	**69,499**	**587,342**	**60,738**
Total equity and liabilities		**3,970,898**	**324,419**	**3,499,125**	**361,854**

The financial statements on pages 46 to 111 were approved by the Board of Directors on 20 November 2018 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Consolidated Statement of Cash Flows

For the year ended 30 September 2018

	Note	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Cash inflow from operating activities					
Profit before taxation		28,753	2,898	5,450	572
Finance costs	9	70,215	7,078	87,904	9,234
(Profit)/ loss on disposal of property, plant and equipment		(220)	(22)	(974)	(102)
Depreciation	14	105,789	10,665	83,301	8,750
(Loss)/ profit on discontinued operations		(13,261)	(1,337)	(1,133)	(119)
Fair value price adjustment	16	15,245	1,537	3,491	367
Net unrealised foreign exchange losses		22,343	2,252	(4,410)	(463)
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		**228,864**	**23,071**	**173,629**	**18,239**
Decrease/ (increase) in biological assets		48,923	4,932	19,169	2,014
Decrease/ (increase)/ in inventory		(123,393)	(12,439)	28,321	2,975
Decrease in trade and other receivables		(64,071)	(6,459)	22,503	2,363
Increase in amounts due from related companies		(40,361)	(4,069)	(1,158)	(122)
Decrease in trade and other payables		45,776	4,615	(33,308)	(3,499)
Increase/ (decrease)/ in amounts due to related companies		151	15	4,113	432
Increase in deferred liability		5,855	590	6,314	663
Cash outflow from assets held for disposal		-	-	(14,226)	(1,494)
Income tax paid	10(c)	(11,618)	(1,171)	(17,329)	(1,820)
Net cash inflow from operating activities		**90,126**	**9,085**	**188,028**	**19,751**
Investing activities					
Purchase of property, plant and equipment	14	(144,022)	(14,518)	(195,610)	(20,547)
Expenditure on plantation development	14	(6,034)	(608)	(13,805)	(1,450)
Movement in investments				(8,879)	(933)
Proceeds from the sale of Zampalm		151,680	15,290	-	-
Net cash (outflow)/ inflow (on)/ from investing activities		**1,624**	**164**	**(218,294)**	**(22,931)**
Net cash (outflow)/inflow before financing activities		91,750	9,249	(30,266)	(3,179)
Financing activities					
Long-term loans repaid		(79,873)	(8,052)	(104,768)	(11,005)
Receipt of long term loans		-	-	140,100	15,000
Receipt/(repayment) of short term funding		25,088	2,529	(55,292)	(5,808)
Lease finance (repayment)/ obtained		(12,044)	(1,214)	(3,551)	(373)
Finance costs	9	(70,215)	(7,078)	(87,904)	(9,234)
Net cash outflow on financing activities		**(137,044)**	**(13,815)**	**(111,415)**	**(11,420)**
(Decrease)/ increase in cash and cash equivalents		**(45,294)**	**(4,566)**	**(141,681)**	**(14,599)**
Cash and cash equivalents at beginning of the year		(105,148)	(10,874)	64,806	6,474
Effects of exchange rate changes on the balance of cash held in foreign currencies		14,699	4,350	(28,273)	(2,749)
Cash and cash equivalents at end of the year	**20**	**(135,743)**	**(11,090)**	**(105,148)**	**(10,874)**
Represented by:					
Cash in hand and at bank	20	101,123	8,262	62,518	6,465
Bank overdrafts	20	(236,866)	(19,352)	(167,666)	(17,339)
		(135,743)	**(11,090)**	**(105,148)**	**(10,874)**

Company Statement of Cash Flows

For the year ended 30 September 2018

	Note	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Cash inflow from operating activities					
Profit before taxation		22,877	2,307	37,735	3,964
Finance costs		54,900	5,534	67,744	7,116
Depreciation	14	61,376	6,187	41,706	4,381
Fair value price adjustment	16	15,299	1,542	3,452	363
(Profit)/ loss on disposal of property, plant and equipment		1,457	147	(825)	(87)
(Profit)/ loss on disposal of investment		1,431	144	-	-
Net unrealised foreign exchange differences		19,255	1,941	3,871	407
Earnings before interest, tax, depreciation and amortisation		**176,595**	**17,802**	**153,683**	**16,144**
Decrease/ (increase) in biological assets		(8,262)	(833)	20,424	2,144
Decrease/ (increase) in inventory		(69,478)	(7,004)	1,829	192
Decrease/(increase) in trade and other receivables		(53,151)	(5,358)	8,697	913
Increase in amounts due from related companies		(142,507)	(14,365)	(191,946))	(20,160)
Increase/ (decrease) in trade and other payables		65,940	6,647	376	39
Increase in amounts due to related companies		84,757	8,544	243,551	25,583
Increase in deferred liability		1,400	141	1,393	146
Income tax paid	10(c)	(10,182)	(1,026)	(13,484)	(1,416)
Net cash inflow/(outflow) from/ (on) operating activities		**45,112**	**4,548**	**224,523**	**23,585**
Investing activities					
Purchase of property, plant and equipment	14	(49,415)	(4,982)	(154,880)	(16,269)
Proceeds from the issue of shares		-	-	-	-
Movements in investments	15	41,423	4,176	(8,879)	(933)
Proceeds from disposal of investment		144,161	14,532	-	-
Proceeds from sale of assets		345	35	1,239	130
Net cash inflow from investing activities		**136,514**	**13,761**	**(162,520)**	**(17,072)**
Net cash inflow before financing activities		**181,626**	**18,309**	**62,003**	**6,513**
Financing activities					
Long-term loans repaid		(79,873)	(8,052)	(99,663)	(10,468)
Receipt from term loans		-	-	140,100	14,716
Short-term funding (repaid)/obtained		25,559	2,576	(55,292)	(5,808)
Lease finance (repayment)/ obtained		(10,415)	(1,050)	(3,551)	(374)
Interest paid		(54,900)	(5,534)	(67,744)	(7,116)
Net cash outflow on financing activities		**(119,629)**	**(12,060)**	**(86,150)**	**(9,050)**
(Decrease)/ increase in cash and cash equivalents		**61,997**	**6,249**	**(24,147)**	**(2,537)**
Cash and cash equivalents at beginning of the year		(25,435)	(2,631)	37,193	3,716
Effects of exchange rate changes on the balance of cash held in foreign currencies		(113,533)	(9,906)	(38,481)	(3,810)
Cash and cash equivalents at end of the year	**20**	**(76,971)**	**(6,288)**	**(25,435)**	**(2,631)**
Represented by:					
Cash in hand and at bank	20	54,357	4,441	16,509	1,707
Bank overdrafts	20	(131,328)	(10,729)	(41,944)	(4,338)
		(76,971)	**(6,288)**	**(25,435)**	**(2,631)**

For the year ended 30 September 2018

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 7,971 Ha of row crops under irrigation and 8,623 Ha of rain-fed/ dry-land crops available for planting each year. The Group also has operations in West Africa in Nigeria and Ghana.

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. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition or up to the effective date of disposal, as applicable.

(b) Going Concern

At the reporting date loans and other finance amounts repayable within twelve months amount to ZMW220.7 million (USD18 million) [2017: ZMW158.2 million (USD16.4 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 during the financial year.

(c) Basis of presentation

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

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of property, plant and equipment, and financial assets and liabilities at fair value through profit or loss. Biological assets are measured at fair value less costs to sell except for bearer plants which are accounted for in accordance with IAS 16.

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

(d) Foreign currencies

(i) Presentation and functional currency

The Company has twelve operating branches of which eleven have a functional currency of Zambian Kwacha (ZMW) and one (the Mpongwe Farms Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the year ended 30 September 2012. Management have chosen a variant on the functional currency of Mpongwe due to the following factors:

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

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

As a result of using a functional currency of USD for Mpongwe, there arose an exchange difference of ZMW212 million (2017: ZMW31.7 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income of the company and an exchange adjustment under property, plant and equipment.

2. Principal accounting policies continued

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

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

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

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

The following exchange rates have been applied:

ZMW: USD	Average exchange rate	Closing exchange rate
Year ended 30 September 2017	9.52	9.67
Year ended 30 September 2018	9.92	12.24

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

(iii) Basis of translating transactions and balances

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in 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 unrealised variances of foreign exchange related assets and liabilities, these gains and losses have been presented below operating profit in the Statement of Comprehensive Income.

(iv) Basis of translating foreign operations

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

ZMW: Nigeria Naira	Average exchange rate	Closing exchange rate
Year ended 30 September 2017	36.55	36.79
Year ended 30 September 2018	36.09	29.44

ZMW: Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2017	0.45	0.45
Year ended 30 September 2018	0.46	0.39

(e) New Standards adopted as at 1 January 2018

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 January 2018.

In accordance with the transition guidance, IFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of IFRS 15 has mainly affected the following areas:

- Loss contracts

(e) New Standards adopted as at 1 January 2018 continued

As these costs arise from activities that the Group must undertake to fulfil a contract but do not themselves transfer a good or service to a customer, IFRS 15 does not consider them to be performance obligations. Accordingly, these costs are excluded from the measure of performance under the contract. Instead, such costs are evaluated for possible capitalisation using the specific criteria supplied in the Standard. If capitalised, the resulting asset is subsequently amortised on a straight-line basis over the estimated period of benefit which includes both the existing contract and any reasonably anticipated renewals based on the company's historical experience with similar arrangements. Under IAS 18, these costs had been included in the measure of performance under the contract.

Loss contracts
IFRS 15 does not include any guidance on how to account for loss contracts. Accordingly, such contracts are accounted for using the guidance in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Under IAS 37, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there are some instances where loss provisions recognised in the past have not been recognised under IFRS 15 because the contract as a whole is profitable. In addition, when two or more contracts entered into at or near the same time are required to be combined for accounting purposes, IFRS 15 requires the Group to perform the assessment of whether the contract is onerous at the level of the combined contracts.

The Group also notes that the amount of loss accrued in respect of a loss contract under IAS 11 takes into account an appropriate allocation of construction overheads. This contrasts with IAS 37 where loss accruals may be lower as they are based on the identification of 'unavoidable costs'.

As at 1 January 2018, the Group did not identify any loss provisions.

Contracts with multiple performance obligations
The Group has a variety of grain contacts with several customers. Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group in any year.

Impact area	Retained earnings effect
Remeasurement of loss contracts	-
Total	**-**

IFRS 9 'Financial Instruments'
IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness. The Group applies the new hedge accounting requirements prospectively and all hedges qualify for being regarded as continuing hedging relationships.

The adoption of IFRS 9 has impacted the following areas:

- the equity investment in Zampalm Limited under IAS 39 is measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest (SPPI). The Group did not elect to irrevocably designate any of the equity investments at fair value with changes presented in other comprehensive income

- the impairment of financial assets applying the expected credit loss model. This affects the Group's trade receivables and investments in debt-type assets measured at amortised cost. For contract assets arising from IFRS 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component. Refer to Note zzzz.

2. Principal accounting policies continued

On the date of initial application, 1 October 2017, the financial instruments of the Group were reclassified as follows:

	Measurement category		Carrying amount		
	Original IAS 39 category	New IFRS 9 category	Closing balance 30 September 2017 (IAS 39) (ZMW'000s)	Adoption of IFRS 9 (ZMW'000s)	Opening balance 1 October 2017 (IFRS 9) (ZMW'000s)
Non-current financial assets					
Other long term financial assets					
Investment in Zampalm Limited	Available for sale	FVTPL	-	-	-
			-	-	-
Current financial assets					
CMA	FVTPL	FVTPL	60,248	-	60,248
Trade and other receivables	Amortised cost	Amortised cost	61,651	(2,010)	59,641
Other short term financial assets	FVTPL	FVTPL	29,141	(653)	28,488
Cash and cash equivalents	Amortised cost	Amortised cost	-	-	-
Total financial asset balances			**151,040**	**(2,663)**	**148,377**

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 January 2018:

	IAS 39 carrying amount 30 September 2017 (ZMW'000s)	Reclassification (ZMW'000s)	Remeasurement (ZMW'000s)	IFRS 9 carrying amount 1 September 2017 (ZMW'000s)	Retained earnings effect (ZMW'000s)
Fair value through profit and loss					
FVTPL in IAS 39	89,389	-	(653)	88,736	(653)
From available for sale	-	-	-	-	-
Total change to fair value through profit or loss	**89,389**	**-**	**(653)**	**88,736**	**(653)**
Amortised cost (including held to maturity in IAS 39)	**61,165**	**-**	**(2,010)**	**59,641**	**(2,010)**
Total financial asset balances, reclassification and remeasurement at 1 October 2017	**151,040**	**-**	**(2,663)**	**148,377**	**(2,663)**

Available for sale financial assets included equity investments. These are now classified at fair value through profit and loss in IFRS 9. The Group did not use the designation of fair value through other comprehensive income which is available for equity investments in IFRS 9. The change in carrying amount of the equity investments relates to an investment in Zampalm Limited. In IAS 39 this was previously carried at cost less impairment. This treatment is no longer permitted under IFRS 9, and there were no investments held as available for sale at 1 January 2018 to fair value.

(f) Other Standards and amendments that are effective for the first time in 2018 and could be applicable to the Group are:

- Annual Improvements to IFRS 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

2. Principal accounting policies continued

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

(g) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

IFRS 16 'Leases'
IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.
IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Group have decided not to early adopt.

Management is in the process of assessing the full impact of the Standard. So far, the Group:
- has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Group has reassessed these leases and concluded they will be recognised on the statement of financial position as a right-of-use asset
- believes that the most significant impact will be that the Group will need to recognise a right of use asset and a lease liability for the office and production buildings currently treated as operating leases. At 30 September 2018 the future minimum lease payments amounted to ZMW28.9m (USD2.4m). This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense.
- concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position.

The Group is planning to adopt IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.
Choosing this transition approach results in further policy decisions the Group need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Group are currently assessing the impact of applying these other transitional reliefs.
IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

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

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

(i) Discontinued operations
A discontinued operation is a component of the entity that has been disposed of. A component can be distinguished operationally and for financial reporting purposes if:
- its operating assets and liabilities can be directly attributed to it
- its income (gross revenue) can be directly attributed to it
- at least a majority of its operating expenses can be directly attributed to it.

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

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

2. Principal accounting policies continued

period presented.

(j) Goodwill

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

(k) Revenue recognition

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

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

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

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

To determine whether to recognise revenue, the Company follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

(l) Property, plant and equipment

All classes of property, plant and equipment are stated at valuation except for plantation development expenditure and capital work in progress which are stated at historical cost. Capital work in progress relates to internally constructed building parts and plant and machinery and are categorised as such on completion. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the statement of comprehensive income during the financial year in which they are incurred.

The Group has adopted a policy of revaluing all classes of property, plant and equipment, excluding capital work in progress and plantation development expenditure. Revaluations are conducted with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Increases in the carrying amount arising on revaluation of property, plant and equipment are recognised in other comprehensive income and accumulated in the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus in shareholders' equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, net

2. Principal accounting policies continued

of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Buildings	2%
Motor vehicles	20%
Furniture & equipment	10%
Plant & machinery	10%
Aircraft	10%

Land and capital work in progress is not depreciated.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted where appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in other income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(m) Plantation development expenditure

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

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

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

These are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated on the straight-line method to write off the cost of assets over their estimated useful lives. The principal annual rates of depreciation are:

Bridges and roads	5%
Mature plantations	4%

Mature plantations are amortised over the estimated productive life of the trees estimated to be 25 years. The period of the plantations' productive life was determined by vegetative growth calculated and estimated by management.

(n) Leased assets

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

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

2. Principal accounting policies continued

in accordance with the terms of the relevant leases.

(o) Financial assets

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).
Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are within a different business model other than 'hold to receivecollect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in Zamplam Limited and at fair value through other comprehensive income (FVOCI). The equity investment in Zampalm Limited was measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that its fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables). The Group's AFS financial assets include an equity investment in Zampalm Limited.

All AFS financial assets except for the investment in Zampalm Limited were measured at fair value. Gains and losses were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

(p) Impairment of assets

(i) Financial assets carried at amortised cost

Impairment of financial assets IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information

2. Principal accounting policies continued

(p) Impairment of assets

when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial asset or group ofinstruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence thatof impairment at the reporting date.
'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.
Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Previous financial asset impairment under IAS 39

- In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant.
- receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default.

Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

(ii) Impairment of goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceed its carrying amount.

(q) Financial liabilities

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include, trade and other payables. and derivative financial instruments.
Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.
Except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs

2. Principal accounting policies continued

or finance income.

(r) Biological assets

(i) Current assets
Biological assets are valued at their fair values less estimated point of sale costs as determined by the Directors. The fair value of livestock is determined based on market prices of animals of similar age, breed and genetic merit. Standing crops are revalued to fair value at each reporting date based on the estimated market value of fully-grown standing crops adjusted for the age and condition of the crops at the reporting date. Feedlot, standing and dairy cattle, chickens (broilers and layers), and pigs have been classified as current biological assets based on Directors' expectation of their useful economic life. Upon maturity of biological assets, they are transferred to inventory through harvest and culling.

Net gains and losses arising from changes in fair value less estimated point of sale costs of biological assets are recognised in profit and loss in the statement of comprehensive income.

(ii) Non-current assets
Oil palms which are not yet mature at the accounting date, and hence are not producing fresh fruit branches (FFB), are valued at cost as an approximation of fair value which is not capable of being accurately measured.

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

Bearer palms are accounted for in the same way as property, plant and equipment in IAS 16.

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

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

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

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

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

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

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

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

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

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and

2. Principal accounting policies continued

their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.
Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

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

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

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

(y) Employee benefits

(i) Pension obligations

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

(ii) Termination benefits

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

(aa) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders at a general meeting.

(bb) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment. This reserve is non-distributable.

Foreign currency translation differences arising from translating to presentational currency and translating foreign operations are included in the foreign exchange reserve. These reserves are non-distributable.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income. All transactions with owners of the parent are recorded separately within equity.

(cc) Segmental reporting

IFRS 8 requires segments to be identified based on the internal reports about operating units of the Group that are regularly reviewed by the Joint Chief Executive Officers and the Chief Financial Officer who are the Chief Operating Decision Makers (CODMs) to allocate resources and to assess their performance. The Group operates 14 main reportable divisions which match the main external revenues earned by the Group:

- Beef
- Chicken
- Pork
- Crops
- Stockfeed
- Eggs
- Retailing
- Fish
- Milk and dairy

2. Principal accounting policies continued

- Edible oils
- Mill and bakery
- Leather and shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

Due to the nature of the Group's operations, namely that Groups of assets and liabilities are each used to generate several of the revenue streams above, balance sheet items cannot be discretely allocated to the above components, and the CODM also reviews management information regarding the operating assets and liabilities of the main reporting entities within the Group as follows:

- Zambeef
- Retailing
- Zam Chick
- Zamanita
- Masterpork
- Zampalm
- Other

The 'Other' segment includes the foreign subsidiaries, Zamleather Limited and Zamhatch Limited. Foreign subsidiaries include the Group's two majority-owned subsidiaries in Nigeria and Ghana. Inter and intra-divisional, and inter-company sales are recognised based on an internally set transfer price. The prices are reviewed periodically and aim to reflect what each Business segment could achieve if it sold its output to external parties at arm's length.

(dd) Provisions (Restructuring costs and legal claims)

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(ee) Share-based employee remuneration

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

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

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

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

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

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

3. Critical accounting estimates and judgements

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

(i) Plantation development expenditure

Management exercises judgement in assessing whether costs incurred at the Zampalm plantation:

- Continue plantation development expenditure (and are therefore capitalised).
- Constitute other classes of property, plant and equipment (and are therefore capitalised and allocated as such).
- Relate directly to palm oil trees (and are therefore accounted for via the valuation of biological assets).

(ii) Deferred tax
Management applies judgement in assessing whether a deferred tax asset is recognised on carried forward trading losses based on anticipated future profits.

3.1 Significant accounting estimates
(i) Translating to the presentational currency
Management have applied the average exchange rate as an approximation to the actual exchange rate for the purposes of translating the Group's consolidated financial statements into USD. The Directors have conducted an exercise to evaluate the impact of these fluctuations on the presentation of the Group's results and has concluded that the application of the average exchange rate is a reasonable approximation to the actual rate. The Group has long-term borrowings denominated in USD and management has conducted sensitivity analysis on the Group's reported profits and equity for the periods reported (see note 28).

(ii) Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value (see note 13).

(iii) Valuation of biological assets and inventory
Biological assets are measured at fair value less estimated costs to sell. In estimating fair values and costs to sell, management considers the most reliable evidence at the times the estimates are made.

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment takes into account historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW181.7 million (USD14.8 million); ZMW15.2 million (USD1.5 million) (2017: ZMW168 million [USD17 million]) is affected by price changes in different market segments, and ZMW634.9 million (USD64 million) (2017: ZMW468.1 million [USD49.2 million]) is affected by physical changes in different segments. Refer note to 16.

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management onsiders the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW641.8 million (USD52.4 million) (2017: ZMW516.4 million [USD53.4 million]) is affected by price changes in different market segments.

4. Management of financial risk
The Group's Board of Directors believes that the Group is well positioned in an improving economy. Factors contributing to the Group's strong position are:

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

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

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

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

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

The Group structures the levels of credit risk it accepts by placing limits on its exposure to the level of credit given to a single customer. Such risk is subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved annually by the Board of Directors.

4.3 Interest risk
The Group has exposure to both variable and fixed interest rates on its borrowings. The area where the Group is exposed to interest risk is where the variable rate benchmark such as LIBOR, Zambian Treasury Bill rate, or the Bank of Zambia Policy rate may change.

The Group structures its debt with low spreads over the variable rate benchmark and protects itself with matching fixed interest rates on its borrowings. Management periodically review economic conditions relating to such variable benchmarks and is allowed to consider alternate debt structures where the need may arise.

4.4 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital structure

(i) In Zambian Kwacha	2018 ZMW'000s	2017 ZMW'000s
Cash and cash equivalents	(135,743)	(105,148)
Interest bearing liabilities	(549,183)	(514,397)
Equity	3,115,774	2,898,477
	2,430,848	**2,278,932**

(ii) In United States Dollars	2018 USD'000s	2017 USD'000s
Cash and cash equivalents	(11,090)	(10,874)
Interest bearing liabilities	(44,868)	(53,195)
Equity	254,560	299,740
	198,602	**235,671**

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

4.5 Foreign exchange risk

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

4.6 Agricultural risk

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

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

5. Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ('CODMs'), which is the Joint Chief Executive Officer and Chief Financial Officer, to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margin information is sufficient for the CODM to use for such purposes. The CODM reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and

5. Segmental reporting continued
liabilities of the main business divisions within the Group.

Year ended 30 September 2018

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Revenue ZMW'000s	Gross Profit ZMW'000s	Gross Profit ZMW'000s
Retailing – Zambia		**1,548,421**		**166,053**
Master Meats Nigeria	109,798		22,088	
Master Meats Ghana	35,015		10,976	
Retailing West Africa		**144,813**		**33,064**
Total Retailing		**1,693,234**		**199,117**
Beef	456,613		125,148	
Chicken	243,472		60,124	
Zamhatch	103,779		66,792	
Pork	223,085		34,610	
Milk and dairy	178,684		66,160	
Fish	49,354		10,631	
Eggs	58,065		16,405	
Total Cold Chain Food Production		**1,313,052**		**379,870**
Gross Combined Retail and CCFP		**3,006,286**		**578,987**
Less: Intra/Inter Sales		**(1,001,575)**		
Combined Retail & CCFP		**2,004,711**		**578,987**
Stock Feed		**706,008**		**163,442**
Crops		**515,585**		**189,601**
Mill and Bakery	110,713		19,810	
Leather and shoe	30,739		7,319	
Edible oils	-		-	
Total Other		**141,452**		**27,129**
Total		**3,367,756**		**959,159**
Less: Intra/Inter Group Sales		**(587,167)**		
Group total		**2,780,589**		**959,159**
Central operating costs and other income				**(840,889)**
Operating profit				**118,270**
Foreign exchange losses				(19,302)
Finance costs				(70,215)
Profit before tax				**28,753**

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	2,154,822	196,004	85,302	466,093	2,902,221
Cash, cash equivalents and bank overdrafts	(76,971)	(66,994)	1,099	7,123	(135,743)

5. Segmental reporting continued

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total ZMW'000s
Biological assets and inventories	639,667	61,984	20,408	99,426	821,485
Cash, cash equivalents and bank overdrafts	(76,971)	(66,994)	1,099	7,123	(135,743)

(ii) In US Dollars

Segment	Revenue USD'000s	Revenue USD'000s	Gross Profit USD'000s	Gross Profit USD'000s
Retailing – Zambia		**156,091**		**16,738**
Master Meats Nigeria	11,068		2,227	
Master Meats Ghana	3,530		1,106	
Retail – West Africa		**14,598**		**3,333**
Total Retailing		**170,689**		**20,071**
Beef	46,029		12,615	
Chicken	24,543		6,061	
Zamhatch	10,462		6,733	
Pork	22,488		3,489	
Milk and dairy	18,013		6,669	
Fish	4,975		1,072	
Eggs	5,583		1,654	
Total Cold Chain Food Production		**132,363**		**38,293**
Gross Combined Retail and CCFP		**303,052**		
Less: Intra/Inter Sales		(100,965)		
Combined Retail & CCFP		**202,087**		**58,364**
Stock Feed		**71,170**		**16,476**
Crops		**51,974**		**19,113**
Mill and Bakery	11,161		1,997	
Leather and shoe	3,099		739	
Edible oils	-		-	
Total Other		**14,260**		**2,736**
Total		**339,491**		**96,689**
Less: Intra/Inter Group Sales		(59,190)		
Group total		280,301		96,689
Central operating costs and other income				**(84,767)**
Operating profit				**11,922**
Foreign exchange gains				(1,946)
Finance costs				(7,078)
Profit before tax				**2,898**

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Master Pork USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	176,048	16,013	6,969	38,080	237,110
Biological assets and inventories	52,260	5,064	1,667	8,124	67,115
Cash, cash equivalents and bank overdrafts	(6,288)	(5,473)	90	581	(11,090)

Year ended 30 September 2017

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Revenue ZMW'000s	Gross Profit ZMW'000s	Gross Profit ZMW'000s
Retailing – Zambia		**1,440,784**		**164,450**
Master Meats Nigeria	137,759		25,139	
Master Meats Ghana	26,415		2,775	
Retailing West Africa		**164,174**		**27,914**
Total Retailing		**1,604,958**		**192,364**
Beef	415,963		103,725	
Chicken	297,340		65,686	
Pork	243,491		36,980	
Milk and dairy	172,516		49,338	
Fish	55,438		10,591	
Eggs	57,729		7,049	
Total Cold Chain Food Production		**1,242,477**		**273,369**
Stock Feed		**662,068**		**166,884**
Crops		**505,738**		**134,556**
Mill and Bakery	117,504		19,827	
Leather and shoe	31,571		7,260	
Edible oils	12,312		(313)	
Total Other		**161,387**		**26,774**
Total		**4,176,628**		**798,631**
Less: Intra/Inter Group Sales		(1,741,446)		(182,925)
Group total		**2,435,182**		**798,631**
Central operating costs and other income				(711,978)
Operating profit				**86,653**
Foreign exchange gains				6,701
Finance costs				(87,904)
Profit before tax				**5,450**

5. Segmental reporting continued Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Master Pork ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	1,915,758	167,854	85,779	441,097	2,610,488
Biological assets and inventories	561,928	47,624	22,837	51,886	684,275
Cash, cash equivalents and bank overdrafts	(24,435)	(96,578)	1,108	14,757	(105,148)

(ii) In US Dollars

Segment	Revenue USD'000s	Revenue USD'000s	Gross Profit USD' 000s	Gross Profit USD' 000s
Retailing – Zambia		**151,343**		**17,273**
Master Meats Nigeria	14,470		2,641	
Master Meats Ghana	2,775		784	
Total Retailing		**17,245**		**3,425**
Retail – West Africa		**168,588**		**20,698**
Beef	43,694		10,895	
Chicken	31,233		6,900	
Pork	25,577		3,884	
Milk and dairy	18,121		5,183	
Fish	5,823		1,113	
Eggs	6,064		740	
Total Cold Chain Food Production		**130,512**		**28,715**
Stock Feed		**69,545**		**17,530**
Crops		**53,124**		**14,134**
Mill and Bakery	12,343		2,083	
Leather and shoe	3,316		763	
Edible oils	1,293		(33)	
Total Other		**16,952**		**2,813**
Total		**438,721**		**83,890**
Less: Intra/Inter Group Sales		(182,925)		
Group total		**255,796**		**83,890**
Central operating costs and other income				(74,788)
Operating profit				**9,102**
Foreign exchange gains				704
Finance costs				(9,234)
Profit before tax				**572**

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Masterpork USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	198,114	17,358	8,871	45,615	269,958
Biological assets and inventories	58,110	4,925	2,362	5,366	70,763
Cash, cash equivalents and bank overdrafts	(2,630)	(9,987)	115	1,628	(10,874)

	2018				2017			
Geographical	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	2,587,262	3,110,257	260,814	254,107	2,104,431	3,016,798	221,055	311,975
West Africa	144,813	22,031	14,598	1,800	306,296	24,946	32,174	2,580
Rest of world	48,514	-	4,889	-	24,455	-	2,568	-
	2,780,589	**3,132,288**	**280,301**	**255,907**	**2,435,182**	**3,041,744**	**255,796**	**314,555**

6. Other income

Other income is derived from rental income received by the letting out of guest houses on Mpongwe farm.

7. Operating profit

	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	102,708	58,295	80,433	41,339
– Leased assets	3,081	3,081	2,869	367
Staff costs	420,787	234,758	357,244	219,674
Legal and other professional fees	25,741	18,248	20,438	16,443
Directors' remuneration				
– Executive	13,237	13,237	15,324	15,324
– Non-Executive	2,699	2,699	2,113	2,112
	15,936	15,936	17,436	17,436
Auditors' remuneration				
– Audit services	2,494	2,460	3,071	2,514
– Non-audit services	-	-	557	705
Impairment of trade receivables	2,863	205	313	218
Profit/(loss) on disposal of property, plant and equipment	(220)	1,457	(974)	(825)

7. Operating profit continued

	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Rentals under operating leases	10,583	-	12,727	-

	2017		2016	
	Group USD' 000s	Company USD'000s	Group USD'000s	Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	10,354	5,876	8,449	4,342
– Leased assets	311	311	301	39
Staff costs	42,418	23,665	37,526	23,075
Legal and other professional fees	2,595	1,840	2,147	1,728
Directors' remuneration				
– Executive	1,335	1,335	1,609	1,609
– Non-Executive	269	269	222	222
	1,604	1,604	1,831	1,831
Auditors' remuneration				
– Audit services	251	248	323	264
– Non-audit services	-	-	58	74

	2017		2016	
	Group USD' 000s	Company USD'000s	Group USD'000s	Company USD'000s
	251	248	381	338
Impairment of trade receivable	289	21	33	23
Profit/(loss) on disposal of property, plant and equipment	(220)	-	(102)	(87)
Rentals under operating leases	1,067	-	1,337	-

8. Staff costs

The Group employed an average of 7,555 employees during the year ended 30 September 2018 (2017: 7,068).

	2018 Number	2017 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited, Zamhatch Limited & Zamleather Limited	6,935	5,857
Zampalm Limited	-	527
Master Pork Limited	275	281
Foreign Subsidiaries	345	403
Total	**7,555**	**7,068**

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

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Salaries and wages	370,158	37,314	322,014	33,825
Social security costs	31,506	3,176	27,482	2,887
Pension costs	19,123	1,928	7,748	814
	420,787	42,418	357,244	37,526

2018	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Danny Museteka ZMW'000s	Total ZMW'000s
Short term benefits				
Salary and fees	3,655	2,198	1,550	7,403
Bonus	3	3	199	205
Pension contributions	11	11	11	33
Airfare Allowance	225	178	285	688
Employment taxes	2,307	1,405	1,196	4,908
Total	6,201	3,795	3,241	13,237

2018	Francis Grogan USD'000s	Yusuf Koya USD'000s	Danny Museteka USD'000s	Total USD'000s
Short term benefits				
Total	625	383	327	1,335

8. Staff costs continued

2018	Francis Grogan USD'000s	Yusuf Koya USD'000s	Danny Museteka USD'000s	Total USD'000s
Salary and fees	368	222	156	746
Bonus	-	-	20	20
Pension contributions	1	1	1	3
Airfare Allowance	23	18	29	70
Employment taxes	233	142	121	496
Total	625	383	327	1,335

2017	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Danny Museteka ZMW'000s	Total ZMW'000s
Short term benefits					
Salary and fees	2,293	2,188	2,356	1,771	8,608
Bonus	5	5	5	258	273
Pension contributions	11	11	11	11	44
Airfare Allowance	461	461	384	142	1,448
Employment taxes	1,325	1,265	1,361	1,000	4,951
Total	4,095	3,930	4,117	3,182	15,324

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

9. Finance costs

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	65,777	6,631	82,348	8,650
Finance lease cost	4,438	447	5,556	584
Total	70,215	7,078	87,904	9,234

10. Taxation

The Group has various tax rates applicable on the basis of individual entities being defined as agricultural entities or divisions (income tax rate of 10%) or manufacturing entities or divisions (income tax rate of 35%). The Group has further obtained tax holidays through investment incentives offered by the Zambian Government.

(i) In Zambian Kwacha	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	9,046	6,084	12,878	11,145
Deferred tax:				
Deferred taxation (note 10(e))	(4,789)	1,638	(11,829)	2,587
Tax charge/(credit) for the year	4,257	7,722	1,049	13,732
Profit/(loss) before taxation	28,753	22,877	5,450	37,735
Taxation on accounting (loss)/profit	(15,231)	5,822	(6,872)	6,069

10. Taxation continued

(i) In Zambian Kwacha	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(b) Reconciliation of tax charge/(credit)				
Profit/(loss) before taxation	28,753	22,877	5,450	37,735
Taxation on accounting (loss)/profit	(15,231)	5,822	(6,872)	6,069
Effects of:				
Permanent differences:				
Disallowable expenses	3,398	1,326	1,191	1,496
Timing differences:				
Capital allowances and depreciation	(8,591)	(378)	1,763	(10,626)
Livestock and crop valuations adjustment	(2,264)	(1,882)	3,283	3,250
Other income	59	39	(5)	4
Unrealised exchange (gains)/ losses	(997)	2,135	1,581	834
Unrealised tax losses	32,672	(978)	11,937	10,118
Tax charge for the year	9,046	6,084	12,878	11,145
(c) Movement in taxation account				
Taxation recoverable at 1 October	1,612	1,588	6,063	3,927
Charge for the year	9,046	6,084	12,878	11,145
Arising on discontinued operation				-
Taxation paid	(11,618)	(10,182)	(17,329)	(13,484)
Taxation payable/(recoverable) as at 30 September	(960)	(2,510)	1,612	1,588
Analysed as follows:				
Taxation payable	2,925	-	2,988	1,588
Taxation recoverable	(3,885)	(2,510)	(1,376)	-
	(960)	(2,510)	1,612	1,588

A self-assessment system for income tax was introduced for periods subsequent to 31 March 2004. Tax returns for the year ended 30 September 2018 will be made on the due date.

	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	13,444	13,012	11,005	10,644
Accelerated tax allowances	38,384	32,733	39,213	32,783
Provisions	(6,019)	(1,808)	(6,974)	(1,162)
Tax loss	(86,754)	(64,695)	(79,400)	(64,662)
	(40,945)	(20,758)	(36,156)	22,397
Analysis of movement:				

10. Taxation continued

	2018		2017	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Deferred tax asset as at 1 October	(36,156)	(22,397)	(24,327)	(24,984)
Charge/(credit) to profit and loss account (note 10(a))	(4,789)	1,638	(11,829)	2,587
Arising on discontinued operations			-	-
Deferred tax asset as at 30 September	(40,945)	(20,758)	(36,156)	22,397
Deferred tax asset	(47,854)	(24,792)	(43,368)	(26,566)
Deferred tax liability	6,909	4,034	7,212	4,169
	(40,945)	(20,758)	(36,156)	(22,397)

(ii) In US Dollars	2018		2017	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	912	614	1,353	1,171
			-	-
Deferred tax:				
Deferred taxation (note 10(e))	(483)	165	(1,243)	271
Tax charge/ (credit) for the year	429	779	110	1,442

(b) Reconciliation of tax charge

10. Taxation continued

	2018		2017	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Profit/(loss) before taxation	**2,898**	**2,307**	**572**	**3,964**
Profit/(loss) before taxation	(1,535)	587	(722)	638
Effects of:				
Permanent differences:				
Disallowable expenses	344	134	126	157
Timing differences:				
Capital allowances and depreciation	(866)	(38)	185	(1,116)
Livestock and crop valuations adjustment	(228)	(190)	345	341
Other income	6	4	(1)	-
Unrealised exchange (gains)/losses	(100)	215	166	1,063
Unrealised tax loss	3,291	(99)	1,254	88
Tax charge for the year	912	614	1,353	1,171

(c) Movement in taxation account

	2018		2017	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Taxation recoverable at 1 October	167	164	605	392
Charge for the year	912	614	1,353	1,171
Taxation paid	(1,171)	(1,026)	(1,820)	(1,416)
Foreign exchange differences	14	43	29	17
Taxation payable /(recoverable) as at 30 September	(78)	(205)	167	164
Analysed as follows:				
Taxation payable	239	-	309	164
Taxation recoverable	(317)	(205)	(142)	-
	(78)	(205)	167	164

(d) A self-assessment system for income tax was introduced for periods subsequent to 31 March 2004. Tax returns for the year ended 30 September 2018 will be made on the due date.

(e) Deferred taxation	2018		2017	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Represented by:				
Biological valuation	1,098	1,312	1,138	1,118
Accelerated tax allowances	3,136	3,300	4,055	3,444
Provisions	(492)	(182)	(721)	(122)

(e) Deferred taxation	2018		2017	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Tax loss	(7,087)	(6,125)	(8,211)	(6,756)
	(3,345)	(1,695)	(3,739)	(2,316)
Analysis of movement:				
Deferred tax asset as at 1 October	(3,739)	(2,316)	(2,431)	(2,496)
Charge/(credit) to profit and loss account (note 10(a))	(483)	165	(1,243)	271
Foreign exchange	877	452	(65)	(91)
Deferred tax asset as at 30 September	(3,345)	(1,695)	(3,739)	(2,316)
Deferred tax asset	(3,910)	(2,025)	(4,485)	(2,747)
Deferred tax liability	565	330	746	431
	(3,345)	(1,695)	(3,739)	(2,316)

11. Equity dividends

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Dividends declared or paid	-	-	-	-

There has been no dividend paid or proposed for 2018 (2017: ZMW nil).

12. Earnings per share

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

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2018		2017	
Basic earnings per share				
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Profit/(loss) for the year	10,601	1,068	4,037	424
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	300,630	300,630	300,630	300,630
	Ngwee	US cents	Ngwee	US cents
Basic earnings per share (ZMW and US cents) – Continued operations	8.19	0.82	1.72	0.18
Basic earnings per share (ZMW and US cents) – Discontinued operations	(4.66)	(0.47)	(0.38)	(0.04)
Total Basic earnings per share (ZMW and US cents)	3.53	0.35	1.34	0.14

13. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2016		
Arising during the year	157,922	15,776
Foreign exchange difference	8,879	918
At 30 September 2017	-	555
Arising during the year	166,801	17,249
Foreign exchange difference	-	-

	ZMW'000s	USD'000s
At 30 September 2018	-	(3,621)
	166,801	13,628

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

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

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

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

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

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Masterpork Limited	15,699	1,283	15,699	1,623
Zam Chick Limited	141,786	11,584	141,786	14,663
Zamhatch Limited	9,316	761	9,316	963
	166,801	**13,628**	**166,801**	**17,249**

14. Property, plant and equipment

(i) In Zambian Kwacha

(a) Group	Plantation development expenditure ZMW'000s	Leasehold land and buildings ZMW'000s	Aircraft ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation								
As at 1 October 2016	**88,477**	**1,031,637**	**-**	**635,215**	**90,467**	**32,952**	**174,836**	**2,053,584**
Exchange differences	-	(1,346)	-	(6,744)	(981)	(1,676)	(2,157)	(12,904)
Additions	13,805	63,332	865	100,863	9,704	6,611	14,235	209,415
Disposals	-	(166)	-	-	(2,098)	51	-	(2,213)
Surplus/ (deficit) on revaluation	-	720,622	-	(117,250)	(48,415)	(21,372)		533,585
As at 30 September 2017	**102,282**	**1,814,079**	**865**	**612,084**	**48,677**	**16,566**	**186,914**	**2,781,467**
Exchange differences	-	141,162	-	53,859	(2,095)	(892)	-	192,034
Additions	6,034	59,129	-	58,748	19,947	6,198	-	150,056
Disposals	(108,316)	-	-	(1,399)	(3,753)	(87)	-	(113,555)
Transfers	-	38,863	-	96,276	4,103	1,570	140,812	-
As at 30 September 2018	**-**	**2,053,233**	**865**	**819568**	**66,879**	**23,355**	**46,102**	**3,010,002**
Depreciation								
As at 1 October 2016	**(5,825)**	**25,687**	**-**	**115,412**	**44,978**	**9,064**	**-**	**189,316**
Exchange difference		(388)	-	(1,531)	5,989	(458)	-	3,612
Charge for the year	-	10,612	50	50,570	19,489	3,820	-	84,541

14. Property, plant and equipment continued

(i) In Zambian Kwacha

(a) Group	Plantation development expenditure ZMW'000s	Leasehold land and buildings ZMW'000s	Aircraft ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Depreciation on Palm Plantation	(1,239)	-	-	-	-	-	-	(1,239)
Disposals	-	-	-	(82)	(7,411)	(9)		(7,502)
Transfers	-	-	-	-	114	-	-	114
Revaluation	-	(33,618)	(50)	(153,329)	(57,857)	(11,356)	-	(256,210)
As at 30 September 2017	**(7,064)**	**2,293**	**-**	**11,040**	**5,302**	**1,061**	**-**	**12,632**
Exchange difference	-	(2,113)	-	(10,945)	(3,206)	(752)	-	(17,016)
Charge for the year	-	17,397	86	70,775	15,187	2,344	-	105,789
Depreciation on Palm Plantation	-	-	-	-	-	-	-	-
Disposals	7,064	-	-	(128)	(552)	(8)	-	6,376
As at 30 September 2018	**-**	**17,577**	**86**	**70,742**	**16,731**	**2,645**	**-**	**107,781**
Net book value								
At 30 September 2018	**-**	**2,035,656**	**779**	**748,826**	**50148**	**20.710**	**46,102**	**2,902,221**
At 30 September 2017	**109,346**	**1,811,786**	**865**	**601,044**	**43,375**	**15,505**	**186,914**	**2,768,835**

(ii) In US Dollars

(a) Group	Plantation development expenditure USD'000s	Leasehold land and buildings USD'000s	Aircraft USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation								
As at 1 October 2016	**8,839**	**103,061**	**-**	**63,460**	**9,036**	**3,292**	**17,468**	**205,156**
Foreign translation	288	2,207	-	1,558	285	1,250	365	5,953
Additions	1,450	6,653	91	10,595	1,019	694	1,495	21,997
Disposals	-	(17)	-	-	(220)	5	-	(232)
Surplus/ (deficit) on revaluation	-	75,696	-	(12,316)	(5,086)	(3,529)	-	54,765
As at 30 September 2017	**10,577**	**187,600**	**91**	**63,297**	**5,034**	**1,712**	**19,328**	**287,639**
Foreign translation	(266)	(28,988)	(20)	(10,779)	(1,538)	(548)	(3,264)	(45,403)
Additions	608	5,961	-	5,922	2,011	625	-	15,127
Transfers	-	3,918	-	9,705	414	158	(14,195)	-
Disposals	(10,919)	-	-	(141)	(378)	(9)	-	(11,447)
As at 30 September 2018	**-**	**168,491**	**71**	**68,004**	**5,543**	**1,938**	**1.869**	**245,916**
As at 1 October 2016	**(582)**	**2,566**	**-**	**11,532**	**4,494**	**905**	**-**	**18,915**
Charge for the year		1,115	5	5,312	2,047	401	-	8,880
Depreciation on Palm Plantation	(130)	-	-	-	-	-	-	(130)
Disposals	-	-	-	(9)	(71)	(1)	-	(81)

14. Property, plant and equipment continued

(ii) In US Dollars

(a) Group	Plantation development expenditure USD'000s	Leasehold land and buildings USD'000s	Aircraft USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Revaluation	-	(3,531)	(5)	(16,106)	(6,077)	(1,190)	-	(26,909)
Foreign Translation	(19)	91		412	156	(9)	-	631
As at 30 September 2017	**(731)**	**241**	**-**	**1,141**	**549**	**106**	**-**	**1,306**
Charge for the year	-	1,754	9	7,135	1,531	236	-	10,665
Depreciation on Palm Plantation	-	-	-	-	-		-	-
Disposals	712	-	-	(13)	(56)	(1)	-	642
Foreign Translation	19	(559)	(2)	(2,483)	(657)	(125)	-	(3,807)
As at 30 September 2018	**-**	**1,436**	**7**	**5,780**	**1,367**	**216**	**-**	**8,806**
Net book value								
At 30 September 2018	**-**	**167,055**	**64**	**62,224**	**4,176**	**1,722**	**1,869**	**237,110**
At 30 September 2017	**11,308**	**187,359**	**91**	**62,156**	**4,485**	**1,606**	**19,328**	**286,333**

(a) The Group's property, plant and equipment situated in Zambia were revalued as at 30 September 2017 by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMW790 million (USD82 million) was transferred to a revaluation reserve.
(b) The depreciation charge for the year includes ZMW23.4 million (USD2.4 million) (2017: ZMW23.4 million [USD2.5 million]) which relates to the surplus over the original cost of fixed assets shown at a valuation. As this amount should not be taken to reduce the Group's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.
(c) The carrying value of the Group's property, plant and equipment includes an amount of ZMW22.4 million (USD1.8 million) (2017: ZMW49.6 million [USD5.1 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW3.1 million (USD0.31 million) (2017: ZMW2.9 million [USD0.3 million]).
(d)The capital work in progress depicts all capital expenditure items on projects that are yet to be completed.
(e) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

(i) In Zambian Kwacha

(b) Company	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation						
At 1 October 2016	**751,839**	**416,897**	**37,360**	**6,598**	**55,041**	**1,267,735**
Exchange differences	(8,670)	(7,134)	(712)	(131)	-	(16,647)
Additions	31,468	71,722	6,283	2,503	75,230	187,206
Disposals	(166)	-	(551)	-	-	(717)
Revaluation surplus/(deficit)	608,447	(96,132)	(14,021)	(970)	-	497,324

14. Property, plant and equipment continued

(i) In Zambian Kwacha

(b) Company	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Transfers	48,374	44,599	(11,536)	1,798	(102,376)	(19,141)
At 30 September 2017	**1,431,292**	**429,952**	**16,823**	**9,798**	**27,985**	**1,915,760**
Translation Mpongwe	189,491	61,140	1,758	414	-	252,803
Additions	-	1,024	3,971	1,856	42,564	49,415
Disposals	-	(984)	(1,005)	(72)	-	(2,061)
Transfers	-	-	-	691	(32,019)	-
Revaluation adjustment	8,590	20,311	2,427	9	-	5,246
As at 30 September 2018	**1,629,373**	**511,443**	**23,974**	**12,687**	**38,440**	**2,215,917**
Depreciation						
As at 1 October 2016	**15,192**	**72,161**	**17,290**	**1,607**	**-**	**106,250**
Disposals	-	(82)	(6,862)	-	-	(6,944)
Transfers	3,315	5,787	3,518	565	-	13,185
Adjustments on Revaluation	(23,992)	(107,535)	(19,755)	(2,915)	-	(154,197)
Charge for the year	5,485	29,669	5,809	743	-	41,706
As at 30 September 2017	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	10,564	45,397	4,306	1,109	-	61,376
Transfers	-	-	-	-	-	-
Disposals	-	(90)	(184)	(7)	-	(281)
Revaluation adjustment	-	-	-	-	-	(148)
As at 30 September 2018	**10,564**	**45,307**	**4,122**	**1,102**	**-**	**61,095**
Net book value						
At 30 September 2018	**1,618,809**	**466,136**	**19,852**	**11,585**	**38,440**	**2,154,822**
At 30 September 2017	**1,431,292**	**429,952**	**16,823**	**9,798**	**27,895**	**1,915,760**

(ii) In US Dollars

(b) Company	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation						
As at 1 October 2016	**75,110**	**41,647**	**3,731**	**658**	**5,500**	**126,646**
Exchange differences	(911)	(749)	(75)	(14)	-	(1,749)
Additions	3,305	7,534	660	263	7,902	19,664
Transfers	5,082	4,685	(1,212)	189	(10,754)	(2,010)
Disposals	(17)	-	(58)	-	-	(75)
Surplus/ (deficit) on revaluation	63,913	(10,098)	(1,473)	(102)	-	52,240

(ii) In US Dollars

(b) Company	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Foreign translation	1,532	1,447	167	19	237	3,402
As at 30 September 2017	**148,014**	**44,466**	**1,740**	**1,013**	**2,885**	**198,118**
Exchange differences	19,102	5,689	108	41	-	24,940
Additions	866	2,151	645	258	4,290	8,210
Transfers	-	-	-	-	(3,228)	(3,228)
Disposals	-	(99)	(101)	(8)	-	(208)
Foreign translation	(34,863)	(10,504)	(365)	(267)	(807)	(47,806)
As at 30 September 2018	**133,119**	**41,707**	**2,027**	**1,037**	**3,140**	**181,026**
Depreciation						
As at 1 October 2016	**1,518**	**7,210**	**1,726**	**160**	**-**	**10,614**
Disposals	-	(9)	(721)			(730)
Transfers	348	608	370	59	-	1,385
Foreign translation	78	371	91	8	-	548
Charge for the year	576	3,116	610	79	-	4,381
Depreciation no longer required	(2,520)	(11,296)	(2,076)	(306)	-	(16,198)
As at 30 September 2017	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	1,065	4,576	434	112	-	6,187
Disposals	-	(9)	(19)	(1)	-	(29)
Foreign translation	(202)	(878)	(79)	(21)	-	(1,180)
Revaluation adjustment	-	(15)	-	-	-	(15)
As at 30 September 2018	**863**	**3,689**	**336**	**90**	**-**	**4,978**
Net book value						
At 30 September 2018	**132,256**	**38,014**	**1,691**	**947**	**3,140**	**176,048**
At 30 September 2017	**148,014**	**44,466**	**1,740**	**1,013**	**2,885**	**198,117**

a) The Company's property, plant and equipment situated in Zambia were revalued as at 30 September 2017 by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, based on market value. The surplus on valuation totalling ZMW497 million (USD52 million) was transferred to a revaluation reserve.

(b) The carrying value of the Company's property, plant and equipment includes an amount of ZMW5 million (USD0.4 million) (2017: ZMW25.2 million

15. Investments in subsidiaries and associates continued

[USD2.6 million]) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW0.8 million (USD0.083 million) (2017: ZMW0.367 million [USD0.039 million]).
(c) In the opinion of the Directors, the carrying values of property, plant and equipment stated above are not higher than their fair values.

15. Investments in subsidiaries and associates

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

(a) Directly owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2018	Proportion of all classes of issued share capital owned by the Company 2017	Principal activity
Zambeef Retailing Limited	Zambia	100	100	Retailing of Zambeef products
Zamleather Limited	Zambia	100	100	Processing and sale of leather and production and sale of shoes
Master Meats and Agro Production Co of Nigeria Limited	Nigeria	80	80	Processing and sale of meat products
Masters Meat (Ghana) Limited	Ghana	90	90	Processing and sale of meat products
Masterpork Limited	Zambia	100	100	Processing and sale of pork and processed products
Zampalm Limited	Zambia	10	100	Palm tree plantation
Zam Chick Limited	Zambia	100	100	Processing and sale of poultry products
Zamhatch Limited	Zambia	100	100	Chicken breeding, rearing and stock feed

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

	2018		2017	
(b) Movement at cost:	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
At beginning of the year	245,807	25,420	293,763	29,347
Arising during the year	16,154	1,628	8,879	993
Transferred to held for disposal	-	-	(56,835)	(5,970)
Transferred to reserves	(742)	(75)	-	-
Foreign translation	-	(5,632)	-	1,050
At end of the year	**261,219**	**21,341**	**245,807**	**25,420**

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

Name of company	Country of Incorporation	Assets ZMW'000s	Liabilities ZMW'000s	Revenues ZMW'000s	Profit/(loss) ZMW'000s
Zambeef Retailing Limited	Zambia	726,987	757,746	1,584,421	(63,952)
Zamleather Limited	Zambia	64,292	30,464	30,739	(5,285)
West Africa Operations	Nigeria & Ghana	43,911	83,154	144,813	(12)

15. Investments in subsidiaries and associates continued

Name of company	Country of Incorporation	Assets ZMW'000s	Liabilities ZMW'000s	Revenues ZMW'000s	Profit/(loss) ZMW'000s
Masterpork Limited	Zambia	218,159	137,104	223,085	(5,772)
Zampalm Limited	Zambia	247,996	79,026	424	(18,581)
Zam Chick Limited	Zambia	671,584	473,602	243,472	34,672
Zamhatch Limited	Zambia	427,465	275,265	297,476	48,255
Total at the end of 30 September 2018		**2,488,864**	**1,924,831**	**2,524,430**	**(10,705)**
Zambeef Retailing Limited	Zambia	726,987	757,746	1,440,784	(25,930)
Zamleather Limited	Zambia	58,562	19,527	31,571	(4,103)
West Africa Operations	Nigeria & Ghana	47,664	86,173	164,174	(4,782)
Masterpork Limited	Zambia	283,585	199,902	243,491	2,177
Zampalm Limited	Zambia	221,418	140,263	238	(1,133)
Zam Chick Limited	Zambia	497,189	333,879	230,931	12,015
Zamhatch Limited	Zambia	313,362	209,417	71,103	1,021
Total at the end of 30 September 2017	Zambia	**2,148,767**	**1,754,974**	**2,182,292**	**(20,735)**

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
Zambeef Retailing Limited	Zambia	59,394	61,907	159,720	(6,447)
Zamleather Limited	Zambia	5,253	2,489	3,099	(533)
West Africa Operations	Nigeria & Ghana	3,588	6,794	14,598	(1)
Masterpork Limited	Zambia	17,823	11,201	22,488	(582)
Zampalm Limited	Zambia	20,261	6,456	43	(1,873)
Zam Chick Limited	Zambia	54,868	38,693	24,544	3,495
Zamhatch Limited	Zambia	42,152	29,717	29,988	4,861
Total at the end of 30 September 2018		**203,339**	**157,257**	**254,480**	**(1,080)**
Zambeef Retailing Limited	Zambia	75,180	78,360	151,343	(2,724)
Zamleather Limited	Zambia	6,056	2,019	3,316	(431)
West Africa Operations	Nigeria & Ghana	4,929	8,911	17,245	(502)
Masterpork Limited	Zambia	29,326	20,672	25,577	229
Zampalm Limited	Zambia	22,897	14,505	25	(119)
Zam Chick Limited	Zambia	51,416	34,527	24,257	1,262
Zamhatch Limited	Zambia	32,406	22,491	7,469	107
Total at the end of 30 September 2017	**Zambia**	**222,210**	**181,485**	**229,232**	**(2,178)**

	2018		2017	
Name of company	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Zambeef Retailing Limited	31	3	31	3
Zamleather Limited	1,477	121	1,477	153
Master Meat and Agro Production Co of Nigeria Limited	216	17	216	22
Master Meat (Ghana) Limited	1,310	107	1,310	136
Masterpork Limited	26,601	2,173	26,601	2,751

16. (a) Biological assets – Group continued

Zampalm Limited	-	-	56,835	5,877
Zam Chick Limited	158,230	12,927	158,230	16,363
Zamhatch Limited	57,942	4,734	57,942	5,992
	245,807	**20,082**	**302,642**	**31,297**

(d) In the opinion of the Directors, the value of the company's interests in the subsidiary companies is not less than the amounts at which they are stated in these financial statements.

(e) During the period management decided to sell a majority stake of a 100% owned subsidiary, Zampalm Limited (Zambia). The sale of Zampalm was finalized during the year. As at the reporting date, the Group has a 10% equity interest in Zampalm Limited

Summarised financial information of the Group's share in the associate is as follows:

	2018		2017	
Name of company	**ZMW'000s**	**USD'000s**	**ZMW'000s**	**USD'000s**
Arising during the year	16,154	1,334	-	-
Loss from continuing operation	(742)	(75)	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	(742)	(75)	-	-
Carrying amount of the Group's interest	**15,412**	**1,259**	**-**	**-**

16. (a) Biological assets – Group

Biological assets comprise standing crops, feedlot cattle, dairy cattle, pigs, chickens and palm oil plantation. At 30 September 2018 there were 15,315 cattle (12,757 feedlot cattle and 2,558 dairy cattle) and 736,192 chickens (544,311 layers and 191,881 broilers), and 4,936 pigs. A total of 30,906 feedlot cattle, 905 dairy cattle, 8,263 pigs and 7,743,542 chickens were culled during the year. Zambeef sold 90% of the shares it owned in a subsidiary Zampalm Limited during the year under review.

(i) In Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/ (losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	45,796	307,076	212,510	(4,377)	(518,586)	42,419
Feedlot Cattle	46,507	309,342	155,215	(4,030)	(450,284)	56,750
Dairy Cattle	45,074	59,527	129,311	(6,892)	(178,684)	48,336
Pigs	3,688	7,745	3,881	54	(10,937)	4,431
Chickens	26,792	263,669	133,934	-	(394,657)	29,738
Palm oil plantation	62,741	-	-	-	(62,741)	-
Total	**230,598**	**947,359**	**634,851**	**(15,245)**	**(1,615,889)**	**181,674**
Less: Non-current biological assets	(62,741)	-	-	-	62,741	-
Total	**167,857**	**947,359**	**634,851**	**(15,245)**	**(1,553,148)**	**181,674**

(ii) In US Dollars	As at 1 October USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains/ (losses) arising from fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 30 September USD'000s
Standing Crops	4,736	(929)	30,955	21,422	(441)	(52,277	3,466
Feedlot Cattle	4,811	(1,208)	31,184	15,647	(406)	(45,392)	4,636
Dairy Cattle	4,660	(1,039)	6,001	13,035	(695)	(18,013)	3,949
Pigs	381	(93)	781	391	5	(1,103)	362
Chickens	2,771	(638)	26,580	13,501	-	(39,784)	2,430
Palm oil plantation	6,488	(163)	-	-	-	(6,325)	-
Total	**23,847**	**(4,070)**	**95,501**	**63,996**	**(1,537)**	**(162,894)**	**14,843**
Less: Non-current biological assets	(6,488)	163	-	-	-	6,325	-
Total	**17,359**	**(3,907)**	**95,501**	**63,996**	**(1,537)**	**(156,569)**	**14,843**

16. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2017 there were 15,315 cattle (12,757 feedlot cattle and 2,558 dairy cattle), and 345,807 chickens (345,807 layers). A total of 30,906 feedlot cattle and 905 dairy cattle were culled during the year.

(i) In Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/ (losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	45,796	307,076	212,510	(4,377)	(518,586)	42,419
Feedlot Cattle	46,507	309,342	155,215	(4,030)	(450,283)	56,751
Dairy Cattle	45,074	59,527	129,311	(6,892)	(178,684)	48,336
Chickens	12,710	40,012	16,186	-	(58,065)	10,843
Total	**150,087**	**715,957**	**513,222**	**(15,299)**	**(1,205,618)**	**158,349**

(ii) In US Dollars	As at 1 October USD'000s	Foreign exchange USD'000s	Increase due to purchases USD'000s	Gains/ (losses) arising from fair value attributable to physical changes USD'000s	Gains arising from fair value attributable to price changes USD'000s	Decrease due to harvest/ transferred to inventory USD'000s	As at 30 September USD'000s
Standing Crops	4,735	(929)	30,955	21,422	(441)	(52,277)	3,465
Feedlot Cattle	4,810	(1,206)	31,184	15,647	(406)	(45,392)	4,637
Dairy Cattle	4,661	(1,041)	6,001	13,035	(695)	(18,013)	3,948
Chickens	1,315	(241)	4,034	1,632	-	(5,853)	887
Total	**15,521**	**(3,417)**	**72,174**	**51,736**	**(1,542)**	**(121,535)**	**12,937**

17. Inventories

	2018		2017	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Trading stocks	272,763	215,648	241,289	195,697
Abattoir stocks	7,018	-	6,217	-
Raw materials	116,884	-	78,820	-
Stock feed	49,496	116,841	17,621	85,491
Consumables	190,396	148,830	169,693	130,653
Raw hides and chemicals	3,254	-	2,778	-
	639,811	**481,319**	**516,418**	**411,841**

	2018		2017	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Trading stocks	22,285	17,618	24,953	20,238
Abattoir stocks	573	-	643	-
Raw materials	9,549	-	8,151	-
Stock feed	4,044	9,546	1,822	8,841
Consumables	15,555	12,160	17,548	13,511

18. Trade and other receivables continued

(ii) In US Dollars	2018 Group USD'000s	2018 Company USD'000s	2017 Group USD'000s	2017 Company USD'000s
Raw hides and chemicals	266	-	287	-
	52,272	**39,324**	**53,404**	**42,590**

A total of ZMW1,802.3 million (USD181.7 million) (2017: ZMW1,633.1 million (USD171.5 million]) was included in profit and loss as an expense within cost of sales. Inventory was turned every 117 days (2017: 118 days).

Biological assets totalling ZMW1,553.1 million (USD156.6 million) (2017: ZMW1,389.1 million [USD145.9 million]) were transferred to inventories during the year.

18. Trade and other receivables

(i) In Zambian Kwacha	2018 Group ZMW'000s	2018 Company ZMW'000s	2017 Group ZMW'000s	2017 Company ZMW'000s
Gross trade receivables	122,237	59,710	66,155	28,227
Less: provision for impairment of trade receivables	(4,822)	(1,331)	(4,504)	(2,254)
Trade receivables	117,415	58,379	61,651	25,973
Prepayments	13,444	33,002	28,474	11,196
Other receivables	25,455	-	667	-
	156,314	**91,381**	**90,792**	**37,169**

(ii) In US Dollars	2018 Group USD'000	2018 Company USD'000	2017 Group USD'000	2017 Company USD'000
Gross trade receivables	9,987	4,878	6,842	2,919
Less: provision for impairment of trade receivables	(394)	(109)	(466)	(233)
Trade receivables	9,593	4,769	6,376	2,686
Prepayments	1,098	2,697	2,945	1,158
Other receivables	2,080	-	69	-
	12,771	**7,466**	**9,390**	**3,844**

(a) Provision for impairment of trade receivables
The Directors have made a provision against some of the trade receivables that are long standing. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

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

(i) In Zambian Kwacha	2018 Group ZMW'000s	2018 Company ZMW'000s	2017 Group ZMW'000s	2017 Company ZMW'000s
At 1 October	4,786	2,254	5,475	2,033
Utilised	(2,827)	(1,128)	(1,284)	3

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Charge for the year	2,863	205	313	218
At 30 September	**4,822**	**1,331**	**4,504**	**2,254**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
At 1 October	466	233	547	203
Foreign exchange	(76)	(32)	(9)	7
Utilised	(285)	(113)	(105)	-
Charge for the year	289	21	33	23
At 30 September	**394**	**109**	**466**	**233**

Trade receivables have a 15- or 30-day credit period.
Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets past due but not impaired are shown below:

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
More than 3 months but not more than 6 months	2,345	341	2,691	541
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
Total	**2,345**	**341**	**2,691**	**541**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
More than 3 months but not more than 6 months	192	34	278	56
More than 6 months but not more than a year	-	-	-	-
More than one year	-	-	-	-
Total	**192**	**34**	**278**	**56**

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

19. Amounts due from related companies

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Leopard Investments Company Limited	-	-	565	703
Tractorzam Limited	1,321	1,321	162	162
Zambezi Ranching and Cropping Limited		-	10,385	6,153
Tembilo Farms Limited	174	-	-	-
Wellspring Limited	889	889	6	6
Squares Ranch	-	-	304	304

20. Cash and cash equivalents

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Zambia Pig Genetics Limited	-	-	-	279
Zambeef Retailing Limited	-	-	-	-
Zamleather Limited	-	19,821	-	12,464
Master Pork Limited	-	-	-	-
Zampalm Limited	47,888	32,732	-	82,807
Master Meat & Agro Production Co. of Nigeria Limited	-	60,168	-	56,603
Zam Chick Limited	-	421,639	-	325,381
Master Meat (Ghana) Limited	-	2,076	-	720
Zamhatch Limited	-	257,860	-	169,478
	50,272	**796,506**	**11,422**	**655,060**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Leopard Investments Company Limited	-	-	58	73
Tractorzam Limited	108	108	17	17
Zambezi Ranching and Cropping	-	-	1,074	636
Tembilo Farms Limited	14	-	-	-
Wellspring Limited	73	73	1	-
Squares Ranch	-	-	31	31
Zambia Pig Genetics	-	-	-	29
Zambeef Retailing Limited	-	-	-	-
Zamleather Limited	-	1,619	-	1,289
Master Pork Limited	-	-	-	-
Zampalm Limited	3,912	2,674	-	8,563
Zam Chick Limited	-	34,448	-	33,649
Mastermeat & Agro Production Co. of Nigeria Limited	-	4,915	-	5,854
Master Meat (Ghana) Limited	-	169	-	74
Zamhatch Limited	-	21,067	-	17,526
	4,107	**65,073**	**1,181**	**67,741**

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

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Cash in hand and at bank	101,123	54,357	62,518	16,509
Bank overdrafts (note (b))	(236,866)	(131,328)	(167,666)	(41,944)

20. Cash and cash equivalents continued

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
	(135,743)	**(76,971)**	**(105,148)**	**(25,435)**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Cash in hand and at bank	8,262	4,441	6,465	1,707
Bank overdrafts (note (b))	(19,352)	(10,729)	(17,339)	(4,337)
	(11,090)	**(6,288)**	**(10,874)**	**(2,630)**

(a) Banking facilities

The Group has overdraft facilities totalling ZMW74.6 million (2017: ZMW55 million) and USD5 million (2017: USD7 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 5 per cent. on the Kwacha facility and 6-month USD LIBOR rate plus 4.25 per cent. on the USD facility.

The Group has overdraft facilities totalling ZMW30 million (2017: ZMW30 million) and USD2 million (2017: USD2 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 5 per cent. on the Kwacha facilities and 1-month USD LIBOR rate plus 4 per cent. on the USD facilities.

The Group has overdraft facilities totalling ZMW98.3 million (2017: ZMW98.3 million) with Zanaco Bank Plc. The Zanaco Bank overdraft bears an interest rate of Bank of Zambia Policy rate plus 5 per cent. on the Kwacha facility.

The Group has overdraft facilities totalling ZMW57.5 million (2017: ZMW35 million) and USD2 million (2017: USD4.3 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 5 per cent. on the Kwacha facility and 3-month USD LIBOR rate plus 4 per cent. on the USD facility.

(b) Bank overdrafts

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Bank overdrafts represented by:				
Zanaco Bank Plc	(95,709)	-	(96,245)	(53)
Citibank Zambia Limited	(57,021)	(47,193)	(56,930)	(27,730)
Stanbic Bank Zambia Limited	(56,935)	(56,935)	(10,201)	(9,871)
Standard Chartered Bank Zambia Plc	(27,200)	(27,200)	(4,290)	(4,290)
	(236,866)	**(131,328)**	**(167,666)**	**(41,944)**

	2018		2017	
(ii) In US Dollars	**Group USD'000**	**Company USD'000**	**Group USD'000**	**Company USD'000**
Bank overdrafts represented by:				
Zanaco Bank Plc	(7,819)	-	(9,953)	(5)
Citibank Zambia Limited	(4,659)	(3,855)	(5,887)	(2,868)
Stanbic Bank Zambia Limited	(4,652)	(4,652)	(1,055)	(1,020)

(ii) In US Dollars	2018 Group USD'000	2018 Company USD'000	2017 Group USD'000	2017 Company USD'000
Standard Chartered Bank Zambia Plc	(2,222)	(2,222)	(444)	(444)
	(19,352)	**(10,729)**	**(17,339)**	**(4,337)**

(i) The Zambeef Products Plc Company bank overdrafts are secured by a first floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD14 million and ZMW8 million), Zanaco Bank Plc (ZMW98.3 million), and Stanbic Bank Zambia Limited (ZMW78.5 million).

All overdrafts are annual revolving facilities.

21. Share capital

(a) Ordinary share capital

	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Authorised				
700,000,000 ordinary shares of ZMW0.01 each	7,000	938	7,000	938
(2017: 700,000,000 ordinary shares of ZMW0.01 each)				
Issued and fully paid				
At 1 October	3,006	449	2,480	396
Issued during the year	-	-	526	53
At 30 September				
300,579,630 ordinary shares of ZMW0.01 each	3,006	449	3,006	449
(2017: 300,579,630 ordinary shares of ZMW0.01 each)				

(b) Preference share capital

Issued and fully paid				
At 1 October	1,000	100	1,000	100
Issued during the year	-	-	-	-
At 30 September				
100,057,658 preference shares of ZMW0.01 each	**1,000**	**100**	**1,000**	**100**
(2017: 100,057,658 preference shares of ZMW0.01 each)				

22. Share premium

	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
At 1 October	**1,125,012**	**185,095**	**1,125,012**	**185,095**
Arising during the year	-	-	-	-
At 30 September	**1,125,012**	**185,095**	**1,125,012**	**185,095**

Proceeds received in addition to the nominal value of the shares issued have been included in share premium.

22. Share premium continued

23. Interest bearing liabilities continued

(i) In Zambian Kwacha	2018 Group ZMW'000s	2018 Company ZMW'000s	2017 Group ZMW'000s	2017 Company ZMW'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	231,413	231,413	220,573	220,573
Zanaco Bank Plc (note (b))	19,929	19,929	26,571	26,571
Standard Chartered Bank Zambia Plc (note (c))	107,213	107,213	60,248	60,248
IFC – International Finance Corporation (note (d))	152,217	152,217	159,174	159,174
	510,772	**510,772**	**466,566**	**466,566**
Less: Short term portion (repayable within next 12 months)	(202,460)	(202,460)	(138,328)	(138,328)
Long-term portion (repayable after 12 months)	**308,312**	**308,312**	**328,238**	**328,238**

23. Interest bearing liabilities

(ii) In US Dollars	2018 Group USD'000s	2018 Company USD'000s	2017 Group USD'000s	2017 Company USD'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	18,907	18,907	22,810	22,810
Zanaco Bank Plc (note (b))	1,628	1,628	2,748	2,748
Standard Chartered Bank Zambia Plc (note (c))	8,759	8,759	6,230	6,231
IFC – International Finance Corporation (note (d))	12,436	12,436	16,460	16,461
	41,730	**41,730**	**48,248**	**48,250**
Less: Short-term portion (repayable within next 12 months)	(16,541)	(16,541)	(14,304)	(14,305)
Long-term portion (repayable after 12 months)	**25,189**	**25,189**	**33,944**	**33,945**

(a) (i) DEG Term Loan 3
The Group has a loan facility of USD6.39 million (2017: USD7.81 million and original amount of USD10 million) from DEG. Interest on the loan is 4.25 per cent. above the 6-month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The DEG term loan 3 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, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(ii) DEG Term Loan 4
The Group has a loan facility of USD12.5 million (2017: USD15 million - the original amount) from DEG. Interest on the loan is 5.75 per cent. above the 6-month USD LIBOR rate per annum payable quarterly in arrears. The capital is repayable in 12 quarterly instalments of USD1,250,000 commencing March 2018 and expiring in March 2023.

The DEG term loan 4 is secured by:
- Second ranking legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- Second ranking legal mortgage over Farm No. 10097, R/E of Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(b) Zanaco Bank Plc
TThe Group has a loan facility of ZMW19.9 million (2017: ZMW26.6 million and original amount of ZMW46.5 million) with Zanaco Bank Plc. Interest on the loan is 5 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857 commencing December 2014 and expiring in December 2020.

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

(c) Standard Chartered Bank Zambia Plc
The Group has a structured agricultural facility with an annual revolving limit totalling USD20 million (2017 – USD20 million) with Standard Chartered Bank Zambia PLC. The purpose of the facility is the financing of wheat, soya beans, and maize under collateral management agreements and is for 270 days. The balance on the facilities at year end was USD8.8 million (2017: USD6.2 million). Interest on the facility is 3-month LIBOR plus 3.25 per cent.

24. Obligations under finance leases continued
per annum calculated on the daily overdrawn balances.

(d) (i) International Finance Corporation Loan 2

The Group has a loan facility of USD10.3 million and ZMW25.7 million (2017: USD13.1 million and ZMW32.5 million and original amount of USD20 million and ZMW49.6 million). Interest on the loan is 4.75 per cent. above the 6-month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91-day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,345 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).

24. Obligations under finance leases

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Freddy Hirsch Group Zambia Limited (note (a))	14,067	-	17,364	-
Stanbic Bank Zambia Limited (note (b))	24,344	24,344	30,467	30,467
	38,411	24,344	47,831	30,467
Less: Payable within 12 months	(18,248)	(11,841)	(19,916)	(13,272)
Repayable after 12 months	20,163	12,503	27,915	17,195

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Freddy Hirsch Group Zambia Limited (note (a))	1,149	-	1,796	-
Stanbic Bank Zambia Limited (note (b))	1,989	1,989	3,151	3,151
	3,138	**1,989**	**4,947**	**3,151**
Less: Payable within 12 months	(1,491)	(967)	(2,060)	(1,373)
Repayable after 12 months	**1,647**	**1,022**	**2,887**	**1,778**

The ageing for the finance leases is as detailed below:

(i) In Zambian Kwacha	**Within 1 year ZMW'000s**	**1 to 5 years ZMW'000s**	**After 5 years ZMW'000s**	**Total ZMW'000s**
2018				
Lease payments	18,678	21,179	-	39,857
Finance charges	(430)	(1,016)	-	(1,446)
Net present values	18,248	20,163	-	38,411
2017				
Lease payments	20,667	29,396	-	50,063
Finance charges	(751)	(1,481)	-	(2,232)
Net present values	19,916	27,915	-	47,831

(ii) In US Dollars	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2018				
Lease payments	1,526	1,730	-	3,256
Finance charges	(35)	(83)	-	(118)
Net present values	1,491	1,647	-	3,138
2017				
Lease payments	2,138	3,040	-	5,178
Finance charges	(78)	(153)	-	(231)
Net present values	2,060	2,887	-	4,947

(a) Masterpork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW14.067 million (2017 – ZMW17.364 million) with Freddy Hirsch Group Zambia Ltd. The following equipment is on hire purchase and are interest free: HirschPro 400, Ulma, Cozzini Blender, 2 x Smokehouse machines and Spiral Dryer. The principal on the Kwacha hire purchase facilities is repayable in 48 equal monthly instalments totalling ZMW0.30 million (USD0.03 million).

(b) The Stanbic Bank Zambia Limited finance lease relates to the purchase of motor vehicles and agricultural machinery with terms of 48 months. The group has a facility of USD2m and ZMW25m. The interest on the finance lease is charged at 3-month USD LIBOR plus 4 per cent on the USD facility and the Bank of Zambia Policy Rate plus 5 per cent. on the Kwacha facility. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the bank's interest noted as first loss payee.

25. Deferred liability

Under the terms of employment, employees are entitled to certain terminal benefits. Provision has been made during the year towards these benefits. This statutory entitlement, which is lost if the employee is summarily dismissed, becomes payable only when the employee retires after attaining the age of 55 years and that employee has been employed for more than ten years. Uncertainty exists over the number of future outflows due to staff turnover levels, but are not considered material to the Group.

	2018		2017	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
At 1 October	16,756	3,659	10,442	2,266
Provision made during the year	7,557	2,319	8,146	2,438
Payments made during the year	(1,702)	(919)	(1,832)	(1,045)
At 30 September	**22,611**	**5,059**	**16,756**	**3,659**

The company engaged a professional actuary, Quantum Consultants & Actuaries, to perform an actuarial valuation of the liability arising from the employee defined benefit plan as at 30 September 2018. As of the report date, the actuary had finalised the report and the provision was adjusted to agree to the report.

	2018		2017	
(ii) In US Dollar	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
At 1 October	1,733	378	1,043	227
Provision made during the year	762	234	856	256
Payments made during the year	(172)	(93)	(192)	(110)
		(39)	(201)	(43)
Foreign translation	(476)	(106)	26	5
At 30 September	**1,847**	**413**	**1,733**	**378**

26. Trade and other payables

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Trade payables	241,715	162,644	223,630	133,516
Provisions and accruals	97,812	68,139	68,213	31,327
	339,527	**230,783**	**291,843**	**164,843**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Trade payables	19,747	13,288	23,253	13,807
Provisions and accruals	7,990	5,566	7,054	3.239
	27,737	**18,854**	**30,307**	**17,046**

The average credit period taken in 2018 was 47 days (2017: 64 days).

All amounts shown under trade and other payables fall due for payment within one year. The carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

27. Amounts due to related companies

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Zambian Pig Genetics	45	-	81	-
Zambeef Retailing Limited	-	261,466	-	202,261
Masterpork Limited	-	67,035	-	41,615
Zambezi Ranching and Cropping Limited	187	132	-	-
	232	**328,633**	**81**	**243,876**
Non-current	-	-	-	-
Current	**232**	**328,633**	**81**	**243,876**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Zambian Pig Genetics	4		9	-
Zambeef Retailing Limited	-	21,362	-	20,916
Masterpork Limited	-	5,477	-	4,304
Wellspring Limited	-	-	-	-
Squares Ranch	-	-	-	-
Zambezi Ranching and Cropping Limited	15	10	-	-
Zamanita Limited	-	-	-	-
	19	**26,849**	**9**	**25,220**
Non-current				
Current	**19**	**26,849**	**9**	**25,220**

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

28. Financial instruments

Financial assets
The Group's principal financial assets are bank balances and cash and trade receivables. The Group maintains its bank accounts with major banks in Zambia of high credit standing. Trade receivables are stated at amounts reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities
The Group's financial liabilities are bank overdrafts, long term loans and trade payables. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade payables and loans are stated at their nominal value.

Monetary assets and liabilities in foreign currencies
The tables below show the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency:

	2018		2017	
(i) In Zambian Kwacha	**Group ZMW'000s**	**Company ZMW'000s**	**Group ZMW'000s**	**Company ZMW'000s**
Financial assets				
- Cash at bank	95,129	49,978	46,821	15,813
- Trade receivables	61,539	39,376	41,384	25,372
- Other receivables	8,890	4,342	2,318	-
Financial liabilities				
- Bank overdrafts	(110,171)	(4,634)	(125,391)	
- Trade and other payables	(211,769)	(136,763)	(167,038)	(119,824)
- Bank loans	(465,188)	(465,188)	(347,250)	(347,250)
- Finance leases	(19,140)	(19,140)	(36,427)	(20,280)
Net exposure	**(640,710)**	**(532,029)**	**(585,583)**	**(446,169)**

	2018		2017	
(ii) In US Dollars	**Group USD'000s**	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Financial assets				
- Cash at bank	7,772	4,083	4,843	1,635
- Trade receivables	5,028	3,217	4,279	2,624
- Other receivables	726	355	238	-
Financial liabilities				
- Bank overdrafts	(9,001)	(379)	(12,967)	-
- Trade and other payables	(17,301)	(11,173)	(17,273)	(12,391)
- Bank loans	(38,006)	(38,006)	(35,910)	(35,910)
- Finance leases	(1,564)	(1,563)	(3,767)	(2,097)
Net exposure	**(52,346)**	**(43,466)**	**(60,557)**	**(46,139)**

In Zambian Kwacha 2018	**US Dollar ZMW'000s**	**SA Rand ZMW'000s**	**Other ZMW'000s**	**Total ZMW'000s**
Financial Assets				
- Cash at bank	51,393	403	43,333	95,129
- Trade receivables	40,083	-	21,456	61,539
- Other receivables	4,566	575	3,749	8,890
Financial Liabilities				
- Bank overdrafts	(7,394)	-	(102,777)	(110,171)

28. Financial instruments continued

(ii) In US Dollars	2018 Group USD'000s	2018 Company USD'000s	2017 Group USD'000s	2017 Company USD'000s
- Trade and other payables	(116,969)	(21,118)	(73,682)	(211,769)
- Bank loans	(465,188)	-	-	(465,188)
- Finance leases	(19,140)	-	-	(19,140)
Net exposure	**(512,649)**	**(20,140)**	**(107,921)**	**(640,710)**

2017	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
Financial Assets				
- Cash at bank	13,061	190	33,570	46,821
- Trade receivables	10,728	554	30,102	41,384
- Other receivables	-	-	2,318	2,318
Financial Liabilities				
- Bank overdrafts	(28,829)	-	(95,562)	(125,391)
- Trade and other payables	(93,047)	(14,777)	(59,214)	(167,038)
- Bank loans	(347,250)	-	-	(347,250)
- Finance leases	(36,427)	-	-	(36,427)
Net exposure	**(481,764)**	**(14,033)**	**(89,786)**	**(585,583)**

(ii) In US Dollars 2018	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
Financial Assets				
- Cash at bank	4,199	33	3,540	7,772
- Trade receivables	3,275	-	1,753	5,028
- Other receivables	373	47	306	726
Financial Liabilities				
- Bank overdrafts	(604)	-	(8,397)	(9,001)
- Trade and other payables	(9,556)	(1,725)	(6,020)	(17,301)
- Bank loans	(38,006)	-	-	(38,006)
- Finance leases	(1,564)	-	-	(1,564)
Net exposure	**(41,883)**	**(1,645)**	**(8,818)**	**(52,346)**

2017	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
Financial Assets				
- Cash at bank	1,351	20	3,472	4,843
- Trade receivables	1,109	57	3,113	4,279
- Other receivables	-	-	238	238
Financial Liabilities				
- Bank overdrafts	(2,981)	-	(9,986)	(12,967)
- Trade and other payables	(9,622)	(1,528)	(6,123)	(17,273)
- Bank loans	(35,910)	-	-	(35,910)
- Finance leases	(3,767)	-	-	(3,767)
Net exposure	**(49,820)**	**(1,451)**	**(9,286)**	**(60,557)**

28. Financial instruments continued

2017	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
	(49,820)	(1,451)	(9,286)	(60,557)

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

These risks are managed as described below:

(i) Currency risk

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

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

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	231,413	18,907	220,573	22,810
International Finance Corporation	126,562	10,340	159,174	13,103
	357,975	29,247	379,747	35,913

Foreign currency risk sensitivity analysis

Zambian Kwacha/United States Dollar exchange risk
The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Group's foreign currency borrowings "with all other things being equal". It assumes a +/-10 per cent. and 5 per cent., movement in the United States Dollar/Zambian Kwacha exchange rate for the year ended 30 September 2017.
If the Zambian Kwacha had weakened against the United States dollar by 10 per cent. (2016: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2018		2017	
Weakening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	(25,291)	(2,318)	(31,460)	(3,004)
Equity	3,079,990	228,757	2,863,749	269,225

If Zambian Kwacha had strengthened against the United States Dollar by 5 per cent. (2015: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2018		2017	
Strengthening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit/(loss)	28,385	3,012	20,632	2,281
Equity	3,133,666	269,493	2,915,841	317,405

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

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from overdraft facilities and long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. The interest rates to which the Group is exposed are set out in notes 20, 23 and 24. The risk of interest rate movements is managed through on-going monitoring of the Group's overdrafts and long-term borrowings, the spreading of debt between several financial institutions and the denomination of debt in Zambian Kwacha and USD.

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

28. Financial instruments continued

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

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

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

30 September 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Interest bearing liabilities	50,937	44,310	308,312	-
Other bank borrowings	-	107,213	-	-
Finance lease obligations	9,124	9,124	20,163	-
Trade and other payables	339,527	-	-	-

30 September 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	later than 5 years
	USD'000	USD'000	USD'000	USD'000
Interest bearing liabilities	4,162	3,620	25,189	-
Other bank borrowings	-	8,759	-	-
Finance lease obligations	745	746	1,647	-
Trade and other payables	27,737	-	-	-

29. Fair value measurement

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

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

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 September 2018, 30 September 2017, and 1 October 2016.

30 September 2018	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Financial assets				

29. Fair value measurement continued

Other forward exchange contracts				
inventory (CMA)	-	107,213	-	107,213
Total Assets	**-**	**107,213**	**-**	**107,213**
Financial liabilities				
US-dollar loans	-	(357,975)	-	(357,975)
Total Liabilities	**-**	**(357,975)**	**-**	**(357,975)**
Net fair value	**-**	**(250,762)**	**-**	**(250,762)**

30 September 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Other forward exchange contracts				
inventory (CMA)	-	60,248	-	60,248
Total Assets	**-**	**60,248**	**-**	**60,248**
Financial liabilities				
US-dollar loans	-	(347,250)	-	(347,250)
Total Liabilities	**-**	**(347,250)**	**-**	**(347,250)**
Net fair value	**-**	**(287,002)**	**-**	**(287,002)**

1 October 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Other forward exchange contracts				
inventory (CMA)	-	118,849	-	118,849
Total Assets	**-**	**118,849**	**-**	**118,849**
Financial liabilities				
US-dollar loans	-	(377,957)	-	(377,957)
Total Liabilities	-	(377,957)	-	(377,957)
Net fair value	**-**	**(259,108)**	**-**	**(259,108)**

30 September 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Other forward exchange contracts				
inventory (CMA)	-	8,759	-	8,759
Total Assets	**-**	**8,759**	**-**	**8,759**
Financial liabilities				
US-dollar loans	-	(29,247)	-	(29,247)
Total Liabilities	**-**	**(29,247)**	**-**	**(29,247)**
Net fair value	**-**	**(20,488)**	**-**	**(20,488)**

30 September 2017	Level 1	Level 2	Level 3	Total
Financial assets				

29. Fair value measurement continued

Other forward exchange contracts				
inventory (CMA)	-	6,230	-	6,230
Total Assets	**-**	**6,230**	**-**	**6,230**
Financial liabilities				
US-dollar loans	-	(35,910)	-	(35,910)
Total Liabilities	**-**	**(35,910)**	**-**	**(35,910)**
Net fair value	**-**	**(29,680)**	**-**	**(29,680)**

1 October 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Other forward exchange contracts				
inventory (CMA)	-	11,873	-	11,873
Total Assets	**-**	**11,873**	**-**	**11,873**
Financial liabilities				
US-dollar loans	-	(37,758)	-	(37,758)
Total Liabilities	**-**	**(37,758)**	**-**	**(37,758)**
Net fair value	**-**	**(25,885)**	**-**	**(25,885)**

There were no transfers between Level 1 and Level 2 in 2018 or 2017.

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% (2017: 4.81%).

Contingent consideration (Level 3)

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

Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 September 2018, 30 September 2017, and 1 October 2016:

29. Fair value measurement continued

30 September 2018	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Property, plant and equipment:				
Land held for production in Zambia	-	1,182,870	-	1,182,870
Office building in Zambia	-	40,225	-	40,225

30 September 2017	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Land held for production in Zambia	-	1,178,526	-	1,178,526
Office building in Zambia	-	39,407	-	39,407

1 October 2016	Level 1	Level 2	Level 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Land held for production in Zambia	-	397,060	-	397,060
Office building in Zambia	-	18,666	-	18,666
30 September 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD'000	USD'000	USD'000	USD'000
Property, plant and equipment:				
Land held for production in Zambia	-	96,640	-	96,640
Office building in Zambia	-	3,286	-	3,286
30 September 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD'000	USD'000	USD'000	USD'000
Land held for production in Zambia	-	121,874	-	121,874
Office building in Zambia	-	4,075	-	4,075
1 October 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	USD'000	USD'000	USD'000	USD'000
Land held for production in Zambia	-	39,666	-	39,666
Office building in Zambia	-	1,865	-	1,865

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 2017.

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

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

30. Contingent liability

There is a potential claim against the group by Cargill Holdings BV relating to the sale of Zamanita Limited. The potential claim is valued at approximately ZMW5.4m (USD44m). However, as at the reporting date no action commenced in the courts of law.

31. Capital commitments

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	24,296	1,985	19,804	2,048
Not contracted for at the reporting date	85,864	7,015	108,420	11,212

32. Operating leases

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

	2018		2017	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Within one year	10,583	-	11,852	-
One to five years	18,321	-	17,964	-

	2018		2017	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Within one year	865	-	1,226	-
One to five years	1,497	-	1,858	-

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

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the significant transactions between the Group and other related parties during the year ended 30 September 2018 are as follows:

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

		2018		2017	
	Sale of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Limited	Animal feeds/bran	-	-	425	45
Zambezi Ranching and Cropping Limited	Animal feeds/bran	113	11	107	11
Leopard Investments Company Limited	Animal feeds/bran	-	-	8,181	859
Chisamba Ranching and Cropping	Animal feeds/bran	788	79	-	-
Danny Museteka	Animal feeds/bran	338	34	-	-
Zambia Pig Genetics Limited	Animal feeds/bran	2	-	-	-
		1,241	124	8,713	915

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

33. Related party transactions continued

	Purchase of	2018 ZMW'000s	2018 USD'000s	2017 ZMW'000s	2017 USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	56,847	5,731	58,206	6,114
Zambian Pig Genetics	Pigs	1,422	143	1,168	123
Wellspring Limited	Cattle beef	5,321	536	7,564	795
Leopard Investments Company Limited	Cattle, beef, chickens, pigs, rental of property	-	-	25,674	2,697
Proflight Commuter Services Limited	Air travel tickets	-	-	143	15
Tembilo Farms	Chickens	1,469	148		
Tractorzam Limited	Tractors/spares	5,597	564	7,322	769
Chisamba Ranching and Cropping	Beef	2,232	225		
Pro Charter	Air travel tickets	-	-	1,161	122
Madison Insurance	Insurance	11,594	1,169	-	-
Danny Museteka	Pigs	505	51	534	56
		84,987	**8,567**	**101,238**	**10,635**

(c) Sales of goods to related parties were made at the Group's usual list prices.
(d) Purchases were made at market price.
(e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.
(f) No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.
(g) The parties are related by virtue of certain Directors of the Group having a shareholding in the respective companies.
(h) Directors of the Group have shareholdings in the Company as stated in the Report of the Directors. No dividends have been paid to the Directors via their direct and indirect shareholdings at the same dividend per share as per Note 10.
(i) Key management compensation.

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

	2018 Group ZMW'000s	2018 Company ZMW'000s	2017 Group ZMW'000s	2017 Company ZMW'000s
Short-term benefits	76,767	71,159	80,449	29,342
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
	Group USD'000s	**Company USD'000s**	**Group USD'000s**	**Company USD'000s**
Short-term benefits	7,739	7,173	8,451	3,082
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(j) There were no loans to related parties and key management personnel.

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

33. Related party transactions continued

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing	869,969	87,698	903,647	94,921
Zambezi Ranching and Cropping Limited	113	11	107	11
Wellspring Limited	-	-	425	45
Zambia Pig Genetics	2	-	2,786	293
Masterpork Limited	16,681	1,681	13,972	1,468
Zam Chick Limited	106,636	10,750	112,298	11,796
Zamhatch Limited	91,303	9,204	30,690	3,174
Zamleather Limited	1,930	195	3,272	344
Zampalm Limited	-	-	65	7
Danny Museteka	338	34	-	-
Chisamba Ranching and Cropping	788	79	-	-
Leopard Investments Company Limited	-	-	8,181	859
	1,087,760	**109,652**	**1,075,443**	**112,918**

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

	2018		2017	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambeef Retailing	6,629	668	50,611	5,059
Zambezi Ranching and Cropping Limited	13,070	1,318	9,819	1,031
Zamleather Limited	714	72	572	60
Zam Chick Limited	123	12	201	21
Tractorzam Limited	5,597	564	7,322	769
Leopard Investments Company Limited	-	-	37	4
Proflight Commuter Services Limited	-	-	143	15
Procharter	-	-	1,161	122
Masterpork	56,082	5,653	93,255	9,796
Zamhatch Limited	13,490	1,360	442	46
Chisamba Ranching and Cropping	2,232	225	-	-
Wellspring Limited	5,321	536	7,564	795
	103,258	**10,408**	**171,127**	**17,718**

34. Assets held for sale

During the previous period management decided to sell a majority stake of a 100% owned subsidiary, Zampalm Limited (Zampalm). The sale is subject to competition commission approval. As such the assets and liabilities of Zampalm are disclosed in accordance with IFRS 5. A Shareholders' agreement was signed during the period.

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

	September 2018 ZMW'000	September 2018 USD'000	September 2017 ZMW'000	September 2017 USD'000
Revenue	-	-	238	25
Cost of sales	-	-	(1,570)	(165)
Administration costs	-	-	(199)	(21)

34. Assets held for sale continued

	September 2018 ZMW'000	September 2018 USD'000	September 2017 ZMW'000	September 2017 USD'000
Operating loss	-	-	(1,133)	(119)
Finance Costs	-	-	-	-
Exchange losses	-	-	-	-
Loss from discontinued operation before tax	-	-	(1,133)	(119)
Tax (expense)/credit	-	-	-	-
Loss for the year	-	-	(1,133)	(119)

	September 2018 ZMW'000	September 2018 USD'000	September 2017 ZMW'000	September 2017 USD'000
Plantation development expenditure	-	-	109,346	11,308
Property, plant and equipment	-	-	49,001	5,067
Biological assets	-	-	62,740	6,488
Total non-current assets	-	-	**221,087**	**22,863**
Trade and other receivables	-	-	91	9
Total current assets	-	-	**91**	**9**
Total non-current liabilities	-	-	-	-
Trade and other payables	-	-	1,318	136
Cash and cash equivalents	-	-	(239)	(25)
Total current liabilities	**-**	**-**	**1,079**	**111**

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

	September 2018 ZMW'000	September 2018 USD'000	September 2017 ZMW'000	September 2017 USD'000
Cash inflow from operating activities	-	-	(15,359)	(1,613)
Cash outflow from investing activities	-	-	(13,805)	(1,450)
Cash outflow from financing activities	-	-	-	-

35 Events subsequent to reporting date

No item, transaction or event of a material and unusual nature has arisen since 30 September 2018, which in the opinion of the directors would substantially affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in the subsequent financial years.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Notice of Annual General Meeting and agenda

Notice is hereby given that the 24th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Tuedsay, December 18, 2018 at 09:00 hours.

AGENDA

1. To read the Notice of the Meeting and confirm that a quorum is present.
2. To read and confirm the minutes of the 23rd Annual General Meeting held on December 18, 2017.
3. Consider any matters arising from the minutes.
4. To receive the report of the Directors, the Auditors report and the financial statements for the year ended September 30, 2017. (Resolution 1).
5. To re-appoint Grant Thornton (Zambia) as Auditors for 2018/19 and to authorize the Directors to fix their remuneration. (Resolution 2).
6. In terms of the Companies Act, Lawrence Sikutwa retires but is eligible to offer themselves for re-election. (Resolution 3)
7. To consider any competent business of which due notice has been given.

By order of the Board, Danny Museteka, Company Secretary

Note: A Member is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. Proxies must be lodged at the registered office of the Company at least 48 hours before the time fixed for the meeting.

Proxy form

I/We, ...

of ....

being a member/s of and the registered holder/s of ....

Zambeef shares hereby appoint ....

of ....

or, in his/her absence, the Chairman of the Company.

As my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the 18th day of December 2018 and at any adjournment of that meeting.

In Favour of/against (please tick)	In Favour	Against
Resolution 1 To recieve, approve and adopt financial statements for the year ended 30 September 2018.	☐	☐
Resolution 2 To re-appoint Grant Thornton as Auditors for 2018/19 and authorise the Directors to fix their remuneration.	☐	☐
Resolution 3 To re-elect Mr. Lawrence Sikutwa	☐	☐

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Signed: ....

Name: ....

Date: ....

Witnessed by: .... Signature: ....

Name: ....

Address: ....

....

Notes to the Proxy Form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the Chairman of the Company". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.

2. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

3. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

4. This form of proxy must be received by the Company secretary at the registered head office, Plot 4970, Manda Road, Industrial Area, P/B 17, Woodlands, Lusaka, by no later than 09:30 on Thursday, 14th December, 2018.

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

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

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

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


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