Zambeef Products PLC Annual report 2013

Zambeef Products PLC
Annual report 2013

A year of consolidation

Our profile

Zambeef Products PLC ("Zambeef", the "Company", or, together with its subsidiaries the "Group") is one of the largest integrated agribusinesses in Zambia.

The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, flour and bread. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,350 Ha of row crops under irrigation and 8,650 Ha of rainfed/dryland crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as developing a palm project in Zambia.

Our vision

Our vision is to be the most accessible and affordable quality protein provider in the region.

Our business model

We continue to pursue a vertically integrated business model which provides strong foundations for growth and:

– Underpins margin capture and value add
– Secures supply chain
– Reduces risk and earnings volatility

Overview

Strategic report

Corporate governance

Financial statements

Highlights

Revenue

↑ 23% (ZMW)

↑ 18% (USD)

2013: ZMW1,595 million
2013: USD300 million

Gross profit

↑ 15% (ZMW)

↑ 10% (USD)

2013: ZMW553 million
2013: USD104 million

Continued good performance of Mpongwe Farm and stock feed division

Net free cash flow

Inflow

2013: USD21 million*

Outflow

2012: USD54 million

Gearing

2013 45%

2012 87%

Successful upgrade, expansion and commissioning of Zamanita's new solvent extraction and crushing plant

* Includes USD14.25 million proceeds from the sale of 49 per cent. of Zam Chick to Rainbow
2012 figures exclude the Zamanita ZRA tax provision

Challenges

Profit after tax

↓ 74% (ZMW)

↓ 75% (USD)

2013: ZMW16 million
2013: USD3 million

Cost/Income Ratio

2013 27%

2012 26%

Excluding depreciation

Reduction in sales and profit due to concerns surrounding imported beef and destruction of imported beef product stocks

Lower than forecast wheat prices

Cost pressures from removal of fuel subsidy and increase in statutory minimum wage

2012 figures exclude the Zamanita ZRA tax provision

Zambeef at a glance

Robust business model of vertical integration

Farming

Key Facts

- One of the largest irrigated row cropping operations in Zambia.
- 8,350 Ha irrigated and 8,650 Ha rainfed, arable, developed land available for planting each year.
- Crop production focused on soya beans during summer and wheat during winter.
- Capacity to produce 40,000 MT of soya beans, 45,000 MT of wheat and 21,000 MT of maize p.a.
- 115,000 MT storage capacity.

Meat and Dairy

- One of the largest suppliers of beef in Zambia.
- 7 beef abattoirs and 3 feedlots located throughout Zambia with a capacity to slaughter 100,000 cattle p.a. and a capacity to feedlot 24,000 grain fed cattle p.a.
- One of the largest chicken and egg producers in Zambia currently processing 5.3 million chickens p.a. and producing over 33.5 million eggs p.a.
- One of the largest piggeries, pig abattoir and pork processing plants in Zambia with a capacity to slaughter 100,000 pigs p.a.
- Dairy farm with approximately 2,000 dairy cattle, with 800 currently lactating and currently producing an average of over 6 million litres of milk p.a.

Manufacturing/Processing

- One of the largest edible oil and soya cake producers in Zambia with a crushing capacity of 100,000 tons of oil seed p.a.
- One of the leading stock feed producers in Zambia, with a capacity of 7,000 tons p.m.
- Wheat mill and bakery with a capacity to mill 30,000 tons of wheat p.a. and bake 9 million loaves p.a.
- One of the largest tanneries in Zambia, with a processing capacity of 72,000 hides p.a.
- Meat processing plants with a capacity to process over 700 tons of processed meats p.m.

Retail outlets

- Concessionary Agreement with Shoprite dating back to 1995, to manage the 20 Shoprite butcheries throughout Zambia.
- Currently 93 retail outlets, 3 wholesale centres, 8 fast food outlets and 20 Shoprite butcheries in Zambia.
- West Africa provides an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- Currently 9 Shoprite butcheries, 5 self operated stores and 3 processing plants in West Africa.

Strategic Fit

- Farming division provides raw materials input (wheat, soya, and maize) for further value add processing within the Group.

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

- Edible oils plant adds value to the soya beans from the Zambeef farms, producing edible oils and soya meal.
- Stock feed plant adds value to the protein by-product (soya meal) from the Zamanita crushing plant to produce stock feed.
- Meat and dairy processing plants add value in producing yoghurt, drinking yoghurt, cheese, butter, milk based juices and processed meat products.
- Wheat mill and bakery adds value to the wheat from the Zambeef farms, producing flour and bread.
- Tannery and shoe plant adds value to the by-product of the beef abattoir division (cattle hides); producing leather, industrial footwear and protective leather clothing.

- Vast majority of Zambeef products retailed directly to end consumer through extensive retail and wholesale distribution network.
- Zambeef also operates one of the largest transport and trucking fleets in Zambia and has its own workshop to service and maintain its vehicle fleet.
- Gives the Group control over logistics and distribution.

Zambia – an attractive investment destination

Increasing meat consumption and a fast growing local economy

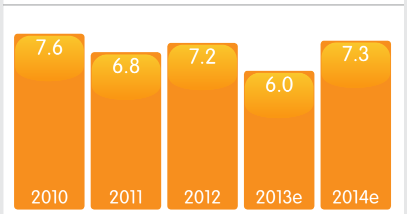
Zambia dashboard

6.0%
GDP growth (2013e)

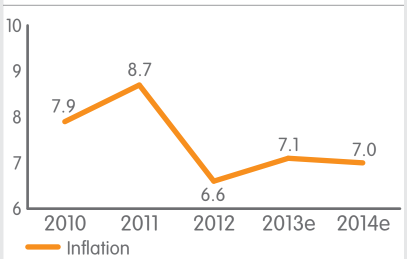
9th
Fastest growing global economy

13.6 million population
One of the fastest growing populations in the World

Strong, broad-based GDP growth
%



Single digit inflation (annual average)
%



Zambia: strong economic fundamentals

- One of the fastest growing economies in sub-Saharan Africa, with GDP growth averaging more than 6.5 per cent. over the last five years; preliminary GDP growth estimate for 2013 is over 6 per cent. and expected to average 7 per cent. over the next three years.
- Ranked ninth in the IMF's forecast of the world's fastest growing global economies.
- Factors contributing to Zambia's impressive performance are: good economic fundamentals, such as stable, single digit inflation and interest rates; rising foreign currency reserves; and sustainable external debt (the government's objective is to maintain debt sustainability level of not more than 30 per cent. of GDP).
- Rated B+ by S&P and Moodys.
- Highly attractive demographic profile; youth population as a percentage of total population is 90 per cent..
- With a current population of c.13.6 million, Zambia's population has grown by nearly 10 million since 1960, and is one of the fastest growing populations in the world, expected to reach 16 million by 2017.
- The consumer sector grew at an average of 14.6 per cent. over the past decade.
- Urban population as a percentage of total population is currently 40 per cent..
- GDP per capita has increased from USD1,110 (2009) to USD1,487 (2013), and expected to be over USD2,000 by 2017.
- Duty free access to regional, wider African and the USA markets under SADC (Southern African Development Community), COMESA (Common Market for Eastern and Southern Africa) Free Trade Agreements and AGOA (African Growth and Opportunity Act).

Attractive Zambia agriculture fundamentals

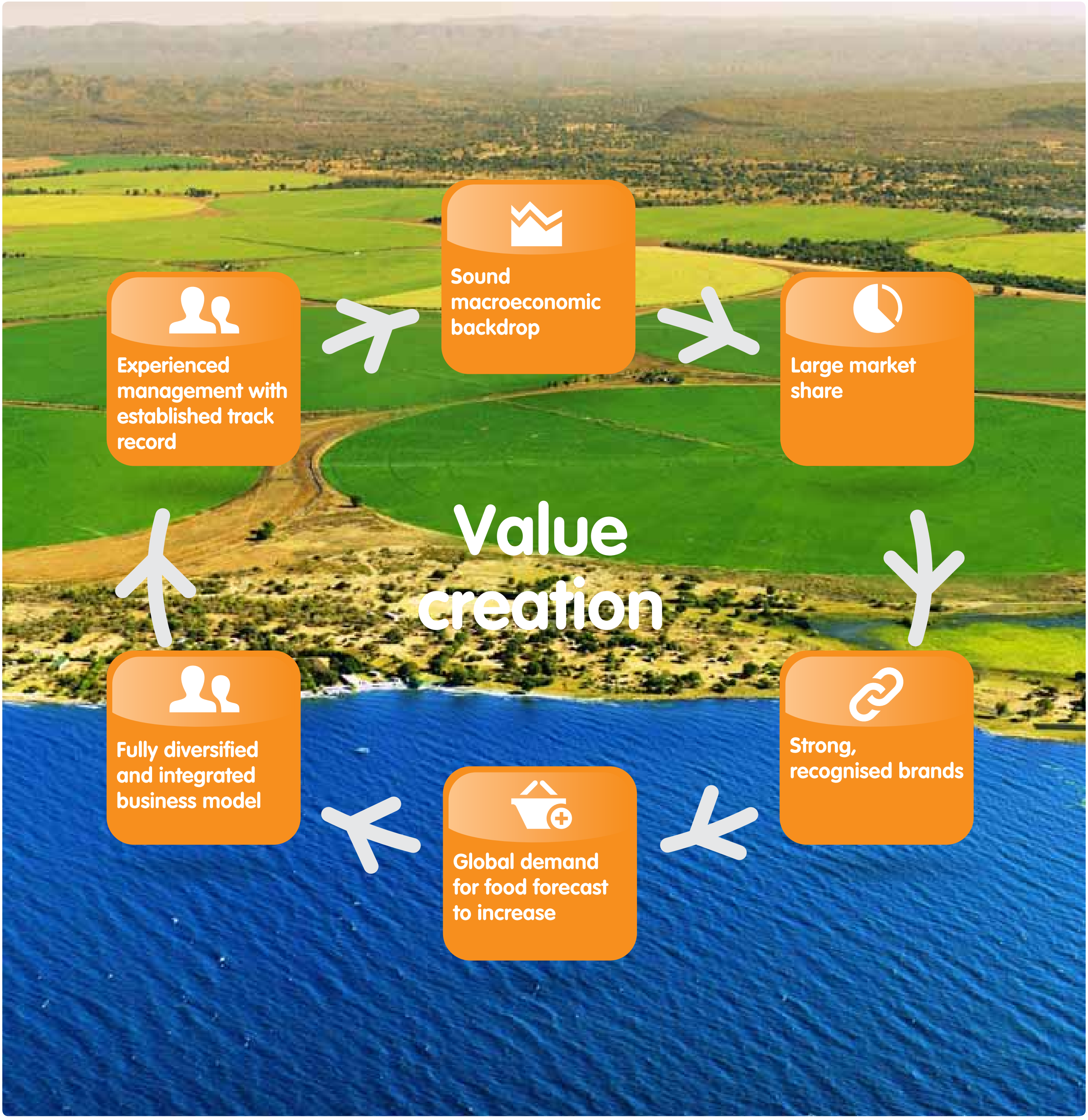
- Zambia's potential to develop its agricultural sector is tremendous, given its considerable resource endowment in terms of virgin land with good soils, abundant labour, good weather/climate/rainfall and abundant water.
- Of Zambia's total land area (752,620km^2), 58 per cent. is classified as having medium to high potential for agricultural production.
- Yet only c.10 per cent. of Zambia's land is cultivated, giving the sector significant potential for growth.
- It is estimated that up to 40 per cent. of inland fresh water in sub-Saharan Africa originates in Zambia.
- Zambia rainfall ranges from 800mm to 1,400mm annually, making it suitable for a broad range of crops and livestock.
- Zambia has two full growing seasons per year (a rainfed summer season between November and March, and an irrigated winter season between April and October).
- The Zambian Government and World Bank have been strong drivers for the sector in recent years.

Zambia: one of SSA's more stable democracies

- Zambia has a level of political maturity that is lacking in most African countries.
- In September 2011, Zambia witnessed one of the most peaceful transitions of power and presidency on the African continent.
- Since independence in 1964, Zambia has had five presidents, six general elections, all of which have been peaceful, and three different political parties in power, a proud testament to Zambia's political stability and maturing multi-party democracy.

Zambeef – an attractive investment opportunity

Robust business model of vertical integration



Strategic report

Chairman's statement

Dr. Jacob Mwanza
Chairman

Welcome to the 2013 Annual Report. This year, there have been some very encouraging operational results across the business, with cropping leading the way in revenue growth. However, these positives have been countered by specific events that have resulted in a reduced net profit for the Group for the year.

Since the Group was first listed on the Lusaka Stock Exchange in 2003, it has grown significantly and become recognised locally, and regionally, as a leading food producer employing modern agricultural processes and techniques to deliver to its customers high quality products at affordable prices. We continue to focus on improving profitability, investing in our infrastructure to enhance efficiencies and increase scope and scale in turn enabling Zambeef to take advantage of the growth opportunities available in Zambia and the wider region.

The macroeconomic fundamentals of Zambia generally remain positive: GDP growth is projected to be in excess of 6 per cent. in 2013; inflation has been relatively stable at approximately 7 per cent.; the Bank of Zambia Policy Rate continues to be in single digits (9.75 per cent.) and the Kwacha has depreciated by 8 per cent. against the US Dollar over the last 12 months.

Strong divisional performances

Cropping

The cropping division continues to perform well, with Mpongwe Farm being the leading contributor to turnover and profitability, despite lower than forecast wheat prices. Mpongwe Farm has enabled the Group to secure additional soya beans and capture further value add processing opportunities.

Edible oils

The commencement of edible oil seed crushing at Zamanita's expanded and refurbished plant in October 2012 has resulted in substantial growth in the division's turnover during 2013, together with improved gross margins. The plant is now running at 75 per cent. capacity and crushed 60,000 MT of oil seed in 2013, in line with expectations.

Stock feed

The stock feed division has maintained its good performance and is recognised as a high quality producer of feed in Zambia. In addition to growth in the Zambian market, the stock feed division also continues to increase exports to regional markets.

Challenging operating environment

As reported during the year, there were concerns surrounding the Group's imported beef products. In order to address the resulting nervousness amongst Zambeef's local customer base, the Group took the decision to cease all beef imports, focus solely on its domestic suppliers and to destroy its remaining stocks of imported products.

Despite Zambeef's decisive action, consumer confidence was badly affected and slower to recover than anticipated. The most significant impact of this situation has been reduced sales across the Group's retail outlets, which has also impacted other stock lines which utilise the Zambeef store network as their primary or sole route to market. In particular, poultry, pork, dairy, flour and bakery products have suffered lower than forecast sales – this despite operational and productivity performance improvements at a divisional level.

Footfall and sales are now showing signs of recovery. There continues to be a concerted effort to bolster the Zambeef brand and restore its pre-eminent reputation amongst local and regional food producers. The Board is committed to working closely with all stakeholders to reassure the Group's customers about the quality of all the products it offers.

Positioning for future growth

One of the key highlights of this period has been the sale of 49 per cent. of Zam Chick Limited ("Zam Chick") to Rainbow Chickens Limited, South Africa ("Rainbow"), one of the largest chicken producers in sub-Saharan Africa, for USD14.25 million. In addition to unlocking a profit of ZMW69 million (USD12.8 million), Rainbow's excellent track record of technical expertise in the chicken broiler business will allow the Group to grow this area of its operations, with a new focus on the processing of value added and processed chicken products, an area in which Rainbow has demonstrated significant capabilities in the South African market.

Integrated business model within a fast growing local economy provides strong foundations for growth

Chairman's Statement continued

Partnership with Rainbow:

- Zam Chick – development of value added products and improved production efficiencies
- Zamhatch – establishing a hatchery, breeder farm and stock feed plant at Mpongwe Farm for the supply of day old chicks, and increased stock feed production

During the year, the Group also announced the establishment of Zamhatch Limited, a JV partnership between Rainbow and Zambeef, for the development of a hatchery, breeder farm and stock feed plant at Mpongwe Farm. The Board considers that managing the quality and quantity of supply of day-old chicks to its broiler division will enable Zambeef to maximise operational performance as well as create opportunities to generate revenue from sales to third parties.

The establishment of Zamhatch is in line with the Group's strategically integrated business model, aimed at reducing risk and earnings volatility and capturing margin throughout the value chain, with a focus on supplying end consumers with higher margin products. The Board expects Zamhatch to become operational over the next 12 to 18 months.

Zamanita tax dispute

In relation to the disputed tax demand made by the Zambia Revenue Authority ("ZRA") with respect to Zamanita, a decision was expected to be made by the Revenue Appeals Tribunal in the second half of the financial year; however, we are still awaiting judgement. As announced previously, a full provision for this tax demand amounting to ZMW49 million (approximately USD9.7 million) was made in the financial statements for the year ended 30 September 2012.

Board of Directors

Sushmit Maitra left his position as the Group's Finance Director with effect from 15 June 2013, following completion of a handover to his successor, Craig Harris. Mr. Harris previously held the position of Zambeef's Chief Financial Officer ("CFO") from 1996 to 2004. His prior knowledge of Zambeef's operations leave him well placed to pick up the reins as CFO and assist in managing the Group's continuing growth and expansion.

The strength of the management team was further underlined on 9 November 2013, when Zambeef CEO, Francis Grogan, was judged winner of the All Africa Business Leaders "Entrepreneur of the Year" Award. This is viewed as the African continent's premier business awards ceremony and the judges described Zambeef as the "epitome of a successful

African enterprise". The whole of Zambeef's staff should be very proud of this award as it reflects the collective efforts of the entire team to achieve the success that the Group has had in its history to date.

Dividend

The Company's Board of Directors does not anticipate paying a dividend in respect of 2013. We are hopeful that the business will continue to progress to a stage where it is able to pay dividends and we intend to keep the dividend policy under review with the aim of achieving a balance between providing returns to shareholders and suitable levels of investment in the business.

Conclusion and outlook

Set against the challenges that the Group faced in 2013, I am delighted that the strategic foundations for the Group's further growth and expansion have been laid. The return to cash generation is pleasing and in line with the strategy set out by the Company when it listed on the AIM Market of the London Stock Exchange in 2011.

Partnerships with internationally recognised market leaders such as Rainbow, ensure that the Group and the country will receive an inflow of development capital and expertise which should be beneficial to all the Group's stakeholders.

If the issues faced by our beef division have had a positive effect, it is to remind the Board and all employees of the importance of our core domestic market – both consumers and suppliers – and our focus on the quality of our products.

Zambeef is a well-diversified and integrated food producer and the Board has great confidence that the Group will continue to enhance its position as one of the leading food providers in the region.

Dr. Jacob Mwanza
Chairman
21 November 2013

Targeted reinvestment will continue to drive organic growth

Chief Executive's review

Francis Grogan
Chief Executive

Zambeef has had a challenging year and seen some mixed results. We have had some strong performances across our diversified business base but these have been somewhat offset by increased costs and issues in certain areas, which we have sought to address.

Growing revenues (up 23 per cent.) and gross profitability (up 15 per cent.) are encouraging signs for the business, demonstrating the capacity in consumer demand for the Group's products and its well-positioned pricing strategy across its divisions. This was further borne out by the Group generating positive cash flow. However, increased costs at an operational level signify that there is still much to be done to fulfil the Board's strategy of managed growth and the Group's integrated business model.

Key performance indicators:

The Board has consistently targeted a return to cash flow generation, the strengthening of its balance sheet and realising shareholder value.

Positive cash flow

When Zambeef listed on the AIM Market of the London Stock Exchange in June 2011, it laid out an ambitious expansion plan which, in addition to the acquisition of Mpongwe Farm, included the complete upgrade of Zamanita's plant and equipment and improvements in production facilities at Master Pork. During the course of 2011 and 2012, the Group made significant capital investment in order to achieve its objectives. I am pleased to report that the business generated a net cash inflow before financing of ZMW112 million (USD21 million), as the benefits of our recent investment began to show.

Balance sheet strength
The Group made use of debt as well as equity and its own cash resources to finance its expansion and infrastructure upgrade. It was always the Board's intention to reduce its debt exposure using the proceeds from growth. During 2013, Zambeef's gearing reduced from its 2012 level of 87 per cent. to 45 per cent. This was achieved by paying down ZMW31 million (USD5.7 million) of debt, together with asset revaluations of ZMW524 million (USD99 million) and the profit on the sale of 49 per cent. of Zam Chick (ZMW69 million; USD12.8 million). This represents a significant strengthening of the balance sheet as well as prudent capital management.

Further, the Group's working capital showed significant improvement, reducing the net cash outflow in 2012 of ZMW248.5 million (USD45.8 million) to ZMW10.8 million (USD2 million) in 2013 and further improvements expected in the future.

Realising shareholder value
The Board is committed to unlocking value for its shareholders wherever it can. The deal announced earlier in the year to enter into a partnership with Rainbow involved, inter alia, a disposal to Rainbow of a 49 per cent. equity interest in Zam Chick. The consideration paid by Rainbow included a profit of ZMW69 million (USD12.8 million), a clear demonstration of the value that has been created in Zam Chick. The profit on disposal was reflected in reserves and is not included in the Group's reported profit.

Beef imports
As has been well publicised, the concerns surrounding the Group's imported beef products did much to damage its hard earned reputation for quality.

Key financial highlight this year has been to return the business to positive cash generation, which is in line with the strategy set out when Zambeef listed on the AIM Market of the London Stock Exchange

Net cash inflow before financing in 2013 was ZMW112 million (USD21 million)

Chief Executive's review continued

Significant strengthening of the balance sheet; gearing reduced from 87% (2012) to 45% (2013) due to:

- Debt repayments of ZMW31 million (USD5.7 million)
- Profit on the sale of 49% of Zam Chick of ZMW69 million (USD12.8 million)
- Asset revaluations of ZMW524 million (USD99 million)

The impact of the beef imports issue has been twofold:

Stock write off
The Board took the decisive and very public step of destroying its stock of imported beef products, amounting to a one-off cost of some USD1.4 million in response to the media reports. Furthermore, it ceased all further imports of beef products, choosing instead to focus on its core domestic market. Whilst this will impact margins in the short term, it is hoped that these will recover in the longer term, as the Group secures supply of additional cattle in the local market.

Reduced retail revenue
Nearly all of Zambeef's beef products are retailed through its network of stores. The press coverage surrounding the beef import issue was very harmful to the Group's brand, no more so than in the area of the business which interfaces most closely with our customers. The reduction in footfall across the Group's estate of stores resulted in an estimated USD7.8 million shortfall in revenues across all retail lines compared to our forecasts.

Whilst still behind prior year levels, footfall has continued to improve post the year-end and the Board is working hard to fully repair the damage that has been done, which includes continuing the programme of store refurbishments, a further 20 outlets being renovated in 2013.

Zambeef's response
It is essential that the Group learns from these events. Having taken the step of publicly announcing our cessation of beef imports, the only way that we will be able to satisfy future demand is by sourcing our beef locally or producing it internally. To this end, Zambeef has reviewed the integrity of its supply chain management to avoid further concerns arising. As part of this, the Group has increased its efforts to educate local farmers to improve their rearing technologies, to both improve animal husbandry as well as the quality of the animals that they produce. In return for improving their practices, Zambeef guarantees the farmers a market for their animals. This approach is also consistent with creating local employment and providing our customers with high quality beef.

Growth through partnership

Zambeef's decision to grow and develop its poultry division through a partnership with an acknowledged industry leader in the South African market is a further step forward in the Board's strategy of managed growth and continued integration. In addition to a cash inflow to the Group of USD14.25 million, which will, in part, be used to finance Zambeef's contribution to developing a successful joint venture in Zamhatch, the transaction also enables the Group to leverage Rainbow's experience and acknowledged expertise, which will in turn ensure tight cost control and operating efficiency within the operation.

Increased fixed costs

Two major factors impacted our fixed costs: an increase in the statutory minimum wage and the removal of the Zambian fuel price subsidy.

Whilst the Group is very limited in its ability to reduce its fuel bill, it is taking steps to reduce its fixed staff costs. A number of middle and senior members of the management that have left the business have not been replaced, or have been replaced by more junior positions. As this was a rolling programme during 2013, its complete effects were not shown in the year and are instead expected to be fully evident in 2014. These replacements are not anticipated to have any impact on the Group's performance or productivity.

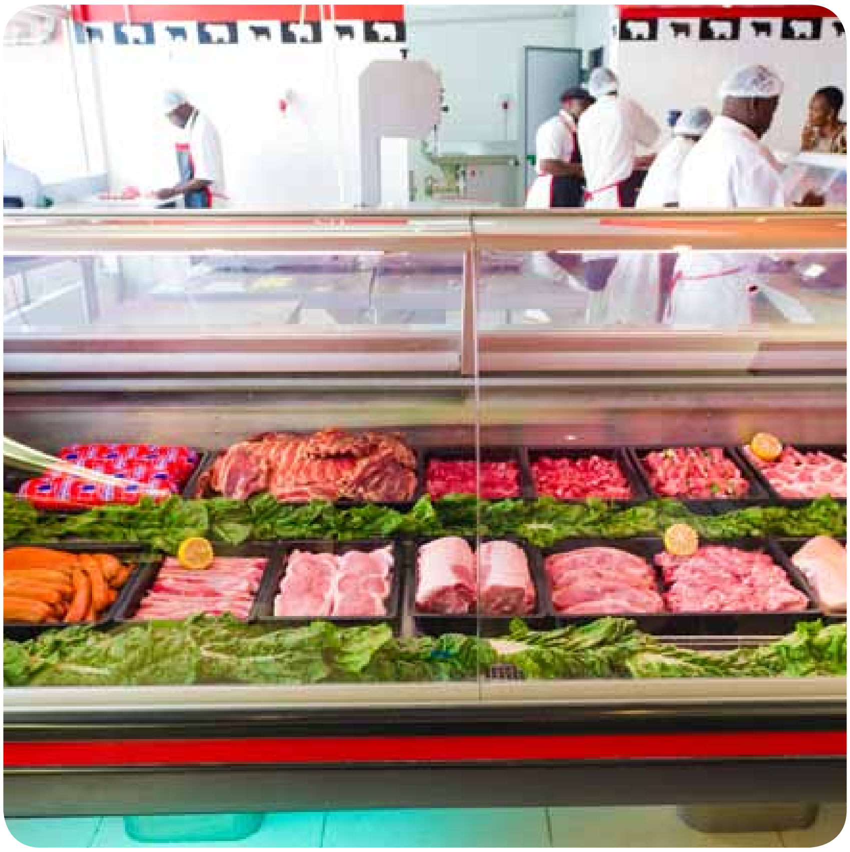
Finance costs and exchange losses

Finance costs increased by 53 per cent. largely due to management's strategic decision to convert some of the Group's USD denominated working capital facilities to ZMW. Interest costs on ZMW facilities are approximately 8 per cent. more expensive than for USD facilities. However, this decision was taken to better balance the Group's debt portfolio between USD and ZMW facilities, representing a reasonable trade-off between higher interest costs and lower exchange rate risks.

Revenue growth of 23% (ZMW) and 18% (USD), and gross profit growth of 15% (ZMW) and 10% (USD) demonstrates confidence in consumer demand for the Group's products

Chief Executive's review continued

Both sales and profitability adversely impacted by the concerns surrounding the imported beef products. Zambeef has, since June 2013, ceased all beef imports and now sources all beef locally



Exchange losses for the year totaled ZMW15.7 million (USD3 million) compared to ZMW19 million (USD4 million) in 2012. Of this figure ZMW8.2 million (USD1.5 million) was unrealised. The exchange losses arose as a result of the weakening Zambian Kwacha.

Zambeef is in the process of renegotiating a number of its debt facilities and the Board is confident that those will be on more competitive terms than its current facilities and will result in a reduction in finance costs in the future.

Commodity fluctuations

Local wheat prices were some 18 per cent. lower than expected, not only reducing sales gross profitability by ZMW21.5 million (USD4 million), but also resulting in a reduction in the value of our year end stocks by some USD3.4 million (ZMW18.2 million).

Future capital expenditure

We will continue to make targeted investments in infrastructure and facilities to keep pace with consumer demand, drive revenue and enhance margins, together with strong cash generation. Long-term investment will also be aimed at reducing, wherever desirable, costs of production and processing. Capex planned for 2013–2014 is USD28.5 million (of which USD12.5 million is for Zamhatch); other key areas of planned future investment comprise investment in Zam Chick, improving dairy yields, investing in our retail network, continued investment in West Africa and Zampalm.

Conclusion and outlook

Whilst the Group has continued to record healthy growth in revenue and gross profit, we have had challenges in managing sharply increasing costs, some of which were unforeseen, coupled with some one-off costs, including the impact of weak wheat prices.

The issues concerning the Group's imported beef products had a considerable impact on our business, and this has been more significant and longer lasting than initially expected, although there have been recent signs that customer confidence is recovering, with sales of products through our retail outlets beginning to improve.

Our partnership with Rainbow is extremely exciting as it allows the Group to utilise the experience of one of the largest chicken producers in sub-Saharan Africa, and will allow Zambeef to enhance and drive further efficiencies of its strategically integrated business model, aimed at reducing risk and earnings volatility and capturing margin throughout the value chain.

I am pleased to see the benefits coming onstream of our two year programme of investment in infrastructure, plant and equipment, which is delivering increased capacity and addressing supply constraints which previously limited the Group's growth.

The high yields and lower costs of production at Mpongwe continue to underline the success of that acquisition in providing soya beans to Zamanita's upgraded facilities and we continue to focus on value-added products and developing the Group's offering to achieve higher margins and underpin our competitive leadership.

I look forward to another year of operational progress in 2014.

Francis Grogan
Chief Executive Officer
21 November 2013

Lower than forecast wheat prices, and cost pressures from removal of fuel subsidy and increase in the statutory minimum wage, resulted in profit after tax down by 74% (ZMW) and 75% (USD)

Chief Executive's review continued
Operational and financial review

Overview
The business has made pleasing progress in a number of key operational areas. During the year, our focus has remained on increasing capacity, managing controllable costs and driving efficiencies, to support bottom line growth and ensure the Group is positioned for future expansion.

Our headline figures have been impacted by the issues surrounding imported beef and one-off costs, comprising USD1.4 million of costs relating to the beef stock write off, USD2.4 million relating to the increase in finance costs, USD4 million due to lower wheat prices and USD3 million of currency costs. However, it is important to note that USD4.3 million of these charges were non-cash items and the cash impact of the charges therefore totaled USD6.5 million. As a result, it was encouraging to see the business return to cash generation despite the challenges it faced in the year.

Some operational highlights include the new partnership with Rainbow and the successful investment to increase capacity and productivity across a number of the Group's divisions.

Turnover
Zambeef has continued to increase its turnover by significantly more than the Board's internal threshold expectations for growth of at least inflation plus GDP. Turnover increased by 23 per cent. in ZMW terms from ZMW1,296 million in 2012 to ZMW1,595 million in 2013 (by 15 per cent. in US Dollar terms from USD255.1 million in 2012 to USD300 million).

Turnover	2013 (USD'000)	2012 (USD'000)	Percentage change (USD)	2013 (ZMW'000)	2012 (ZMW'000)	Percentage change (ZMW)
Cropping	78,173	43,972	78	415,101	223,489	86
Edible oils	69,764	46,804	49	370,445	237,882	56
Beef	60,998	64,370	(5)	323,897	327,160	(1)
Stock feed	49,757	36,866	35	264,208	187,370	41
Chicken	25,437	23,663	7	135,070	120,265	12
Pork	21,749	22,928	(5)	115,485	116,534	(1)
Mill and bakery	14,840	17,819	(17)	78,798	90,563	(13)
Nigeria	13,047	9,917	32	69,277	50,404	37
Milk and dairy	11,563	10,532	10	61,402	53,531	15
Eggs	4,638	3,588	29	24,630	18,235	35
Fish	4,428	5,021	(12)	23,512	25,518	(8)
Leather and shoe	4,159	3,961	5	22,085	20,134	10
Ghana	3,040	2,715	12	16,141	13,800	17
Zamchick Inn	2,263	2,004	13	12,018	10,185	18
Total	**363,856**	**294,160**	**24**	**1,932,069**	**1,495,070**	**29**
Less: Intra/Inter Group Sales	63,468	39,101		337,007	198,731	
Group Total	**300,388**	**255,059**	**18**	**1,595,062**	**1,296,339**	**23**

Gross profit
Gross profit increased by 15 per cent. in ZMW terms from ZMW480 million in 2012 to ZMW553 million in 2013 and by 10 per cent. in US Dollar terms from USD94.4 million in 2012 to USD104.1 million in 2013 (2012 numbers exclude the Zamanita ZRA tax provision).

The gross profit margin decreased from 37.0 per cent. in 2012 (excluding the impact of the provision for the Zamanita ZRA tax liability) to 34.7 per cent. in 2013. This was primarily due to the beef imports issue and the lower wheat prices.

Gross profit	2013 (USD'000)	2012 (USD'000)	Percentage change (USD)	2013 (ZMW'000)	2012 (ZMW'000)	Percentage change (ZMW)
Cropping	29,125	20,470	42	154,655	104,039	49
Edible oils	19,202	9,811*	96	101,965	49,776*	105
Beef	19,633	22,300	(12)	104,254	113,342	(8)
Stock feed	11,120	9,611	16	59,049	48,850	21
Chicken	5,080	6,928	(27)	26,973	35,210	(23)
Pork	2,458	6,686	(63)	13,050	33,977	(62)
Mill and bakery	3,002	4,497	(33)	15,939	22,858	(30)
Nigeria	2,921	1,655	76	15,511	8,411	84
Milk and dairy	4,962	5,945	(17)	26,346	30,215	(13)
Eggs	1,687	1,598	6	8,957	8,122	10
Fish	1,672	1,092	53	8,878	5,552	60
Leather and shoe	1,298	2,137	(39)	6,892	10,859	(37)
Ghana	860	792	9	4,567	4,023	14
Zamchick Inn	1,082	894	21	5,745	4,544	26
Group Total	**104,102**	**94,416**	**10**	**552,781**	**479,778**	**15**

* Excludes the USD6.7 million (ZMW34 million) Zamanita ZRA tax provision charged to cost of sales

Overheads

Overheads increased by 22 per cent. (ZMW) and 17 per cent. (USD) from 2012 to 2013 (27 per cent. (ZMW) and 21 per cent. (USD) excluding the Zamanita tax provision in 2012). This was mainly due to the following:

– An increase in the statutory minimum wage. This had the effect of materially increasing the Group's wage expenses.
– An increase in transport costs due in part to the removal of the fuel subsidy.
– An increase in repairs and maintenance costs due mainly to the renovations of 20 retail outlets.

The cost to income ratio therefore increased to 27 per cent. in 2013 from 26 per cent. in 2012 (25 per cent. in 2012 excluding the Zamanita tax provision).

Capital expenditure

During the year, we invested USD14 million of capital in the business and we anticipate further investment of USD28.5 in the new financial year, primarily on Zamhatch (USD12.5 million), Zam Chick, dairy, retail, West Africa and the palm project.

Retail

This year, we opened three new retail outlets and upgraded over 20 existing outlets.

The effect of store refurbishment has historically been to increase footfall and it is expected that this trend will continue, notwithstanding the recent downturn resulting from the publicity surrounding the beef imports issue.

The three current wholesale depots continue to perform well. An additional three depots are planned to follow shortly (Solwezi, Kasumbalesa and Mongu); these stores will form the backbone of the retail strategy going forward, and we will continue exploring other strategic sites in the future. The roll-out of wholesale stores enables us to capture the large and growing informal sector and other SME retailers.

The Shoprite butcheries deserve special mention, having shown the strongest growth in the retail division this year. Shoprite retail growth in Zambia year-on-year was greater than 17 per cent.

Third party debtor sales, an increasingly exciting channel which includes hotels, restaurants and fast food outlets, continues to show strong promise, and we will explore and expand on this further in 2014.

	Year to 30 September 2013	Year to 30 September 2012
Retail outlets	93	90
Shoprite butcheries	20	20
Wholesale depots	3	3
Zamchick Inns	8	8
Total outlets	124	121

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

Chief Executive's review continued
Operational and financial review

Cropping

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	78	44	78	21
Gross profit	29	20	42	28

The division had another excellent year, exceeding budget on all crop yields. Mpongwe once again was the leading performer, where yields exceeded the national average.

Zambeef's cropping programme was conducted on all four estates: Mpongwe Farm; Sinazongwe Farm; Chiawa Farm; and Huntley Farm.

Total arable land available for planting in the two cropping seasons was 25,350 Ha: 17,000 Ha in the summer and 8,350 Ha in the winter.

The summer crops consisted of 11,907 Ha soya beans (which produced 40,872 M.T. of soyas at an average yield of 3.43 M.T./Ha); 2,415 Ha maize (which produced 22,112 M.T. at an average yield of 9.16 M.T./Ha); and the balance of 1,431 Ha being made up of other crops such as maize silage, pasture, grass sunflower and sunhemp.

The winter crops consisted of 6,603 Ha wheat (which produced 46,433 M.T. of wheat at an average yield of 7.03 M.T./Ha); 437 Ha barley (which produced 4,178 M.T. of barley at an average yield of 9.57 M.T./Ha); 624 Ha winter maize (which produced 5,000 M.T. of maize at an average yield of 8.15 M.T./Ha); and the balance of 258 Ha consisted of green crops and pastures.

Edible oils

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	70	47	49	19
Gross profit	19	9.8*	96	18

* Excludes the USD6.7 million Zamanita ZRA tax provision charged to cost of sales

Zamanita recommenced crushing after completion of the expansion and renovation of the plant in October 2012, and is now running at over 75 per cent. capacity. Zamanita crushed 60,000 tons of oils seeds in 2013 and both revenue and gross margins have improved significantly.

Whilst soya meal continues to be in high demand across the region, the supply of soya meal into the market has increased significantly. This is likely to put downward pressure on prices and margins in 2014. Currently, 55 per cent. of Zamanita's turnover is derived from soya meal.

World edible oil prices are currently at a five year low, leading to a reduction in retail sales price. This has also led to a large increase in volumes of edible oil being imported into Zambia.

Zamanita has sourced 37,500 M.T. of soya beans internally and a further 25,000 M.T. from third parties. This, together with some stock carried over from 2013, will allow Zamanita to increase its crush to around 70,000 M.T. of oil seeds in 2014.

The outlook for Zamanita is stable. Despite lower prices expected this year (in both soya meal and soya oil), Zamanita's strength continues to be the higher margins achieved from crushing, the Zambeef retail network and a strong brand name.

Beef

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	61	64	(5)	17
Gross profit	20	22	(12)	19

Demand for beef across all market segments was buoyant from October 2012 to June 2013, however sales were badly affected by the negative publicity surrounding the Group's imported beef products, and we had to close all our regional abattoirs for several weeks to avoid over-supplying our retail outlets.

Profitability was also impacted by the additional cost of writing off the imported beef stock.

This year, we slaughtered 50,629 (17,263 choice and 33,366 standard) cattle, compared to approximately 45,000 last year. Supply of both traditional and commercial animals was satisfactory and adequate to meet our consumer demand.

In the future, we are optimistic that productivity will continue to grow and supply will continue to meet demand. Supply of commercial animals has been good, with farmers across Zambia keeping back heifers for breeding.

Stock feed (Novatek)

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	50	37	35	14
Gross profit	11	10	16	11

Novatek is the largest feedmill in Zambia and is recognised as the producer of one of the country's best quality feeds. Novatek has also doubled its sales to export destinations, which now account for 13 per cent. of its turnover.

During the year, Novatek increased its production capacity by 30 per cent., leveraging enhanced efficiency from existing investments and bringing additional production facilities on stream. A mash mixing plant was commissioned, broadening its product offering to include macro packs (pre-mixed minerals, vitamins, concentrates and soya meal), which are mixed by farmers themselves with their home grown maize or maize bran. We are also in the process of developing the ruminant livestock market with new products from the mash mixing plant to sustain continued growth in the Zambian cattle industry.

In view of the fact that over 60 per cent. of Novatek's revenue is from pelletised products, Novatek will commission a second pelleting line and a third pelleting machine in the first half of 2014, which is forecast to increase the current pelleting capacity by 50 per cent.. Pelletised products are mainly used for broilers and the increased capacity will also underpin our supply chain for Zam Chick and Zamhatch.

New entrants in the industry have increased competition. However, with Novatek's strong brand, the recent efficiency upgrades and the economies of scale achieved, we believe Novatek can continue to increase its market share.

Chicken and egg

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	30	27	11	8
Gross profit	6.8	8.5	(22)	7

Demand for broilers was at a high in the first quarter of 2013 but tapered off in the second quarter, with all suppliers processing at maximum capacity through the festive period, which caused an oversupply in the market during the months of February – April 2013. Gross profit was impacted by weak pricing during the three months when the market was flooded, in addition to the impact of the fixed costs which have had effects across the Group.

Since April 2013, market demand has remained buoyant and production has kept pace, resulting in an upward trend in turnover and margins, and confirming that there is still substantial growth within the sector. Broiler production for 2013 was 5,349,300 versus 3,965,000 in 2012.

One of the initial plans agreed with Rainbow is to convert the present broiler houses into a semi-controlled environment, which has the scope to increase production volumes by 30 per cent., with a reduced cost of production.

Zamhatch is targeting the commencement of supply of day old chicks within the next 12 to 18 months.

The egg market has continued to expand and Zambeef has responded to this challenge by constructing two new layer houses in the first quarter of 2013, which increased production volumes from 120,000 to 156,000 commercial layers in production. Production volumes increased from 23.9 million eggs in 2012 to 33.5 million eggs in 2013.

Pork

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	22	23	(5)	6
Gross profit	2.5	6.7	(63)	2

The number of pigs slaughtered in Master Pork has increased to approximately 54,000 this year (2012: 52,000), and should demand warrant it and consistency of pig supply continue, we believe we can achieve a volume in excess of 65,000 pigs per annum in the foreseeable future. 85 per cent. of all pigs purchased by Master Pork are from small scale domestic pig suppliers.

Profitability was down due to a significant reduction in gross margins. The reduction in gross margins can be attributed to significant storage and demurrage charges on imported raw materials during a three-month moratorium on the importation of food products into Zambia in 2012, which resulted in a situation where the Group had procured stock, but was not able to import it, whilst having to meet the associated holding costs. These costs, estimated to be USD1.6 million, were factored into the cost of our raw materials, leading to the reduction in margins. The general overhead increases referred to elsewhere also impacted Master Pork.

There is an ongoing programme to refurbish and upgrade the breeding and rearing facilities to reduce mortality and increase welfare.

The completion of the upgrades to the processing plant, together with ongoing work to expand and improve the division's plant and equipment, provides a good foundation for revenue and profit growth in the future.

Chief Executive's review continued
Operational and financial review

Mill and bakery

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	15	18	(17)	4
Gross profit	3.0	4.5	(33)	3

Wheat milled during the year under review amounted to approximately 26,400 M.T.

Increased competition and new milling entrants into the market, together with general over supply of wheat in the country, is squeezing both sales and margins. Wholesale buyers are currently able to dictate purchase prices, which has eroded Zambeef's margins, as well as those of our competitors.

In order to maintain and increase on current production levels and increase margins, we will concentrate on the sale of flour to retail consumers through our wholesale and retail outlets, as this route to market attracts a higher margin. However, growth in sales volumes will be largely dependent on the Group restoring consumer growth in its brand.

The Zambeef retail framework allows us to be a national distributor of both flour and bread.

Milk and dairy

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	12	11	10	3
Gross profit	5.0	5.9	(17)	5

Demand for milk and dairy products remains buoyant, and we have made good progress with improving our yields, herd health conditions, and the number of milking cows, supported by increased sourcing from third party suppliers. Cows in milk have increased from an average of 700 in 2012 to 800 in 2013, and we expect to have over 900 cows in milk in 2014.

The dairy farm produced approximately 6 million litres of milk this year, compared to just over 4.5 million last year. Milk sourced from the small scale dairy sector also increased from 555,000 litres to 952,000 litres.

The factors contributing to improving yields include the improved feed efficiencies and fodder quality (feeding the cows on home grown Lucerne and silage from Zambeef's farms), strong partnerships with small scale outgrowers and improved herd management.

However, general overhead increases impacted gross and net profitability.

The new milk processing plant was commissioned 22 November 2013, which will increase milk processing capacity from 25,000 litres per day to 65,000 litres per day. The new plant will allow Zambeef to target supply growth more aggressively and increase the amount of value added products offered to our customers and which earn the highest margins.

Fish

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	4.4	5.0	(12)	1
Gross profit	1.7	1.1	53	2

Strong demand has stimulated competition in the fish market and consequently, we have shifted our product mix away from whole fish to focus on value added products.

Whilst this has led to a 12 per cent. decrease in revenue, gross margins increased from 22 per cent. to 38.6 per cent., resulting in a 53 per cent. growth in gross profits.

Fish continues to be an attractive substitute for meat protein and the key to success lies in a good supply base, an efficient distribution network and a quality product.

In 2014, we intend expanding our range of fish products sold through our retail outlets.

Leather and shoe

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	4.2	4.0	5	1
Gross profit	1.3	2.1	(39)	1

Zamleather's tannery operated at full capacity in 2013, processing just under 80,000 hides (72,000 within Zamleather and 8,000 outsourced).

Zamleather is the Group's main buyer of hides and provides an environmentally friendly approach to processing the Company's beef abattoir by-products.

Whilst turnover increased by 5 per cent., margins were substantially lower than last year, resulting in a 39 per cent. reduction in gross profits.

We are currently in the process of reducing Zamleather's dependence on wet blue exports (where demand, prices and margins are currently depressed), and increasing our production in the value add finished leather and shoe divisions, where margins are higher and demand, which is largely driven by the local and regional markets, is increasing.

Zamchick Inn

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	2.3	2.0	13	1
Gross profit	1.1	0.9	21	1

Zamchick Inn remains a small part of the business, as the Group has decided to maintain the number of stores (eight), while improving quality and efficiency.

There is enormous competition in this sector, and as such, the Group continues to do well by improving revenue growth and margins.

Turnover increased by 13 per cent., gross margins increased from 45 per cent. to 47.8 per cent. and gross profits increased by 21 per cent.

West Africa

USD'Ms	Year to 30 Sept 2013	Year to 30 Sept 2012	% change	% of Group (2013)
Revenue	16	13	23	5
Gross profit	3.8	2.4	58	4

The West African operations continue to be driven solely by the roll out of Shoprite stores. Following the opening of two new Shoprite stores in Ilorin and Ibadan, and one new self-operated retail outlet, there has been a resulting increase in revenue across the operations. We now have seven Shoprite stores and five self-operated outlets in Nigeria, and two Shoprite stores in Ghana.

Shoprite's aim is to continue a programme of opening at least two to three new stores every year, with six stores expected to open during 2014. These include Kano (November 2013), Abuja (February 2014), Ibadan (February 2014), Apapa/Lagos (April 2014), Warri (September 2014) and Festac/Lagos (December 2014); and one additional store in Accra, Ghana, during December 2013.

The processing plant in Accra, Ghana, is now up and running. In Nigeria, we have now successfully re-located the processing plant from Abijo to our Ikenne farm complex, 60 km north of Lagos; the abattoir and coldroom facilities at Ikenne are also now operational, and the feedlot is expected to be completed over the next few months.

As a result, continued growth is expected in Zambeef's West African operations.

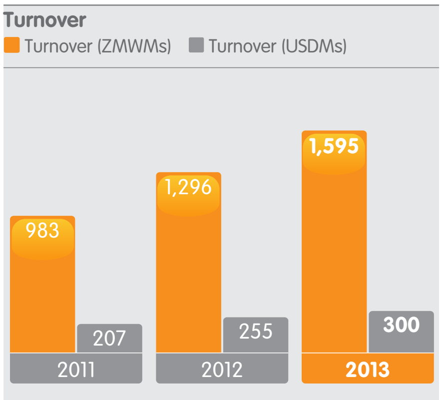
Ratios and statistics

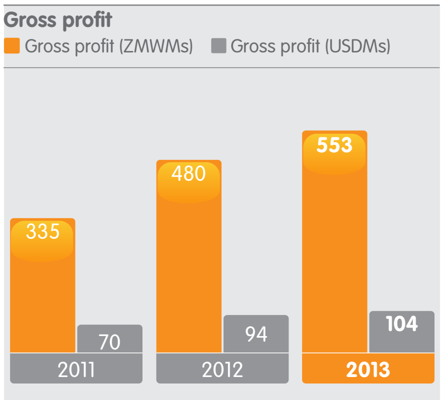
		2013	2012**	2011	2010	2009*
Statement of comprehensive income summary						
Revenue	ZMW Ms	1,595	1,296	983.1	770.5	683.1
Gross profit	ZMW Ms	552.8	445.8	334.9	242.1	199.6
Group profit attributable to equity holders of Zambeef Products PLC	ZMW Ms	13.8	14.6	44.4	19.8	9.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)	ZMW Ms	114.2	88.6	88.4	61.3	29.3
Revenue	USD Ms	300.4	255.1	206.8	161.9	137.7
Gross profit	USD Ms	104.1	87.7	70.5	50.9	40.2
Group profit attributable to equity holders of Zambeef Products PLC	USD Ms	2.6	2.9	9.3	4.2	1.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	USD Ms	21.5	17.4	18.6	12.9	5.9
Statement of financial position summary						
Total assets	ZMW Ms	2,143.4	1,616.5	1,177.1	779.3	711.6
Shareholders' funds	ZMW Ms	1,353.1	752.8	744.2	456	444.8
Total liabilities	ZMW Ms	790.3	864.4	432.5	322.8	266.3
Total assets	USD Ms	402.9	317	245.2	162.3	150.8
Shareholders' funds	USD Ms	254.3	147.6	155.0	95.0	94.2
Total liabilities	USD Ms	148.5	169.5	90.1	67.3	56.4
Profitability and return ratios						
Gross profit margin	%	34.7	34.4	34.1	31.4	29.2
Net income margin	%	1.0	1.1	4.5	2.6	1.4
Return on equity	%	1.2	1.9	6.0	4.3	2.2
Asset turnover	times	1.3	1.2	0.8	1.0	1.0
Liquidity ratios						
Current ratio	times	1.5	1.4	1.5	1.4	1.1
Interest cover (using EBITDA)	times	2.8	3.3	4.8	6.0	2.4
Capital structure ratios						
Long-term debt/equity ratio	%	25.4	47.7	24.2	30.3	10.1
Total debt/equity ratio	%	44.9	87	41.2	48.3	40.8
Shareholders' ratios						
Earnings per share	ZMW	0.0555	0.0588	0.242	0.1247	0.0606
Dividend per share	ZMW	–	–	31.1	49.9	–
Earnings per share	cents	1.0	1.16	5.1	2.6	1.2
Dividend per share	cents	–	–	0.8	1.0	–
Dividend cover	times	–	–	7.8	2.5	–
Dividend payout ratio	times	–	–	12.8	40.0	–
Dividend yield	%	–	–	1.0	1.3	–
Price earnings ratio	times	71.9	44.2	12.8	30.2	66.0
Net asset value per share	ZMW	5.4	3.0	3.0	2.9	2.8
Net asset value per share	cents	101.1	59.5	62.5	59.9	59.4
Lusaka Stock Exchange statistics						
Market value per share						
– At year end	ZMW	3.99	2.60	3.10	3.77	4.00
– Highest	ZMW	4.65	2.80	4.20	4.10	7.00
– Lowest	ZMW	2.60	2.40	2.50	3.50	3.00
Number of shares issued		110,357,898	126,205,341	166,231,234	158,706,045	158,706,045
Closing market capitalisation	ZMW Ms	440	328	515	598	635
Closing market capitalisation	USD Ms	83	64	107	125	135
AIM statistics						
Market value per share						
– At year end pence		40	36	42	–	–
– Highest pence		60	56	67	–	–
– Lowest pence		37	28	38	–	–
Number of shares issued		137,620,297	121,772,854	81,746,961	–	–
Closing market capitalisation	GBP Ms	54	44	34	–	–
Closing market capitalisation	ZMW Ms	467	363	257	–	–
Closing market capitalisation	USD Ms	88	71	54	–	–

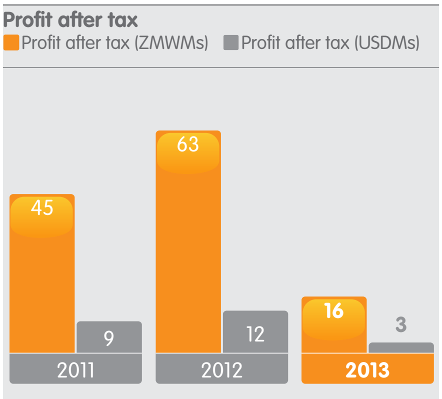
* Discontinued operations, namely Nanga Farms PLC

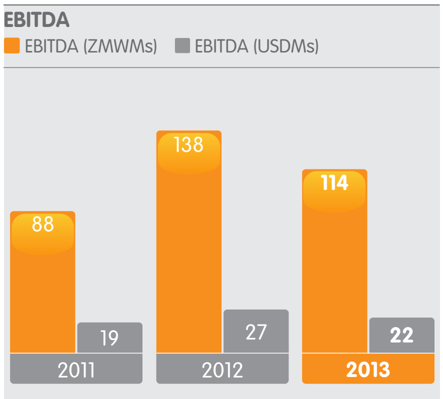
** The results for FY2012 includes the Zamanita ZRA provision of ZMW49 million (USD9.7 million) charge to the statement of comprehensive income.

Key performance indicators



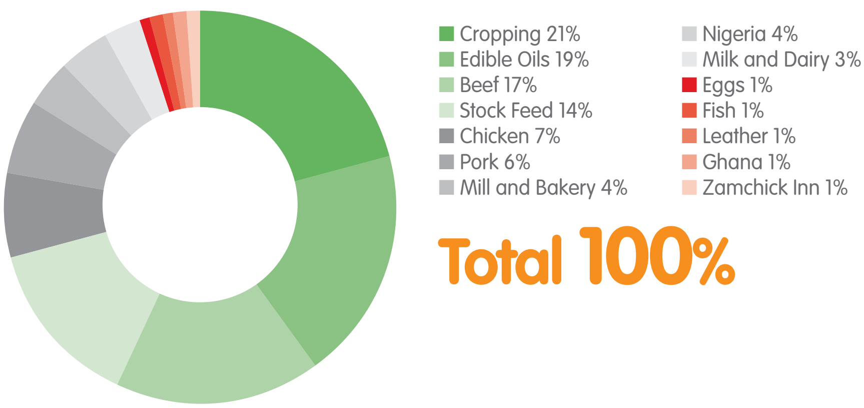






2012 figures in the above graphs exclude the Zamanita ZRA tax provision

Turnover



Environment and social responsibility

The Company is committed to improving its environmental and social management in the pursuit for achieving international environmental and social standards

Environmental policy

Zambeef's environmental policy is aimed at providing a safe and healthy workplace, protecting the environment and being a responsible corporate citizen within the communities where the Company operates. The policy provides the foundation for achieving the following corporate policy objectives:

– To provide a safe and healthy workplace and to ensure that personnel are properly trained and have appropriate safety and emergency equipment.
– To be an environmentally responsible neighbour in the communities where we operate and to act promptly and responsibly to correct incidents or conditions that endanger health, safety, or the environment.
– To conduct our business in compliance with applicable environmental and health and safety laws and regulations;
– To be a responsible and committed corporate citizen and to be a useful and effective member of the communities within which we operate.
– To aim to reduce poverty by establishing strong partnerships with local communities and supporting community initiatives, especially in the health and education areas, that deliver sustainable long-term results and real benefits to the communities within which we operate.
– To review yearly our strategies, objectives and targets and to monitor environmental programmes to ensure continuous improvement of our environmental performance.
– To conduct ongoing audits to ensure compliance with environmental and health and safety legislation and to report periodically to the Board of Directors.

Compliance mechanisms

As part of the conditions associated with some of the Company's term loans, Zambeef signed up to an Environmental and Social Action Plan ("ESAP"). The key deliverables of the ESAP relate to:

1. Social and environmental assessment and management system.
2. Labour and working conditions.
3. Pollution prevention and abatement.
4. Community health, safety and security.
5. Land acquisition and involuntary settlement.
6. Biodiversity conservation and sustainable natural resource management.

The ESAP requires the Group to meet both Zambian as well as international standards relating to the environment.

Zambeef must also report annually to some of its lenders certain qualitative and quantitative project performance data under the following key headings:

1. Environmental and Social Management.
2. Occupational Health and Safety Performance.
3. Significant Environmental and Social Events.
4. Sustainability of Project and Associated Operations.
5. Compliance with World Bank Group and local environmental requirements.
6. Progress on implementing the ESAP.
7. General Information and Feedback.

Status

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

During the year, two Environmental Impact Assessments were conducted and submitted to the Zambia Environmental Management Agency ("ZEMA"). These are awaiting approval from ZEMA, and relate to:

1. The new poultry project incorporating breeding, rearing, slaughter and stock feed production at Zambeef's Mpongwe Farm under Zam Chick and Zamhatch.
2. The expansion works at Kalundu Dairy Farm.

Two Environmental Project Briefs were also submitted and approved by ZEMA during the year. These relate to:

1. Expansion works at Zamanita (steam generation plant and boiler house).
2. Construction of two cow sheds at Kalundu Dairy Farm.

One Environmental Management Plan was developed for the Zam Chick operations based at Huntley and Kalundu Farms.

Some of our lenders have kindly assisted Zambeef with Technical Assistance (TA) funding, which has been utilised to employ local and international consultants to assist the Group in successfully delivering the ESAP. Some of the TA funded projects have included the following:

1. The implementation of a Food Safety Management System based on Food Safety Systems Certification 22000. The programme aims at getting certification for the first sites by 2015.


Value added
Environmental protection
Staff training
Supporting local business
Long-term partnership
Healthy working environment
Community development
Quality product
Customer satisfaction
Corporate social responsibility

Environment and social responsibility continued

2. To improve the Group's community engagement and stakeholder management; biodiversity conservation and sustainable living natural resource management, with a focus on the Company's five farming operations.

In order to enhance biodiversity, the Company has left the middle portion of Chiawa farm undeveloped. This section of the farm has been recognised as an important corridor for game movement.

The most recent independent consultant reports states that Zambeef continues to make good progress in delivering the approved ESAP.

Social responsibility

Zambeef continues to subscribe to the following United Nations Millennium Development Goals which aim to:

1. Eradicate extreme poverty and hunger.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality.
5. Improve maternal health.
6. Combat HIV/AIDS, Malaria, TB and other diseases.
7. Ensure environmental sustainability.

Zambeef continues to assist and support worthy causes, organisations and charities aimed at poverty alleviation through both cash donations as well as providing free Zambeef products on a regular basis. Zambeef continues to give support in the following areas:

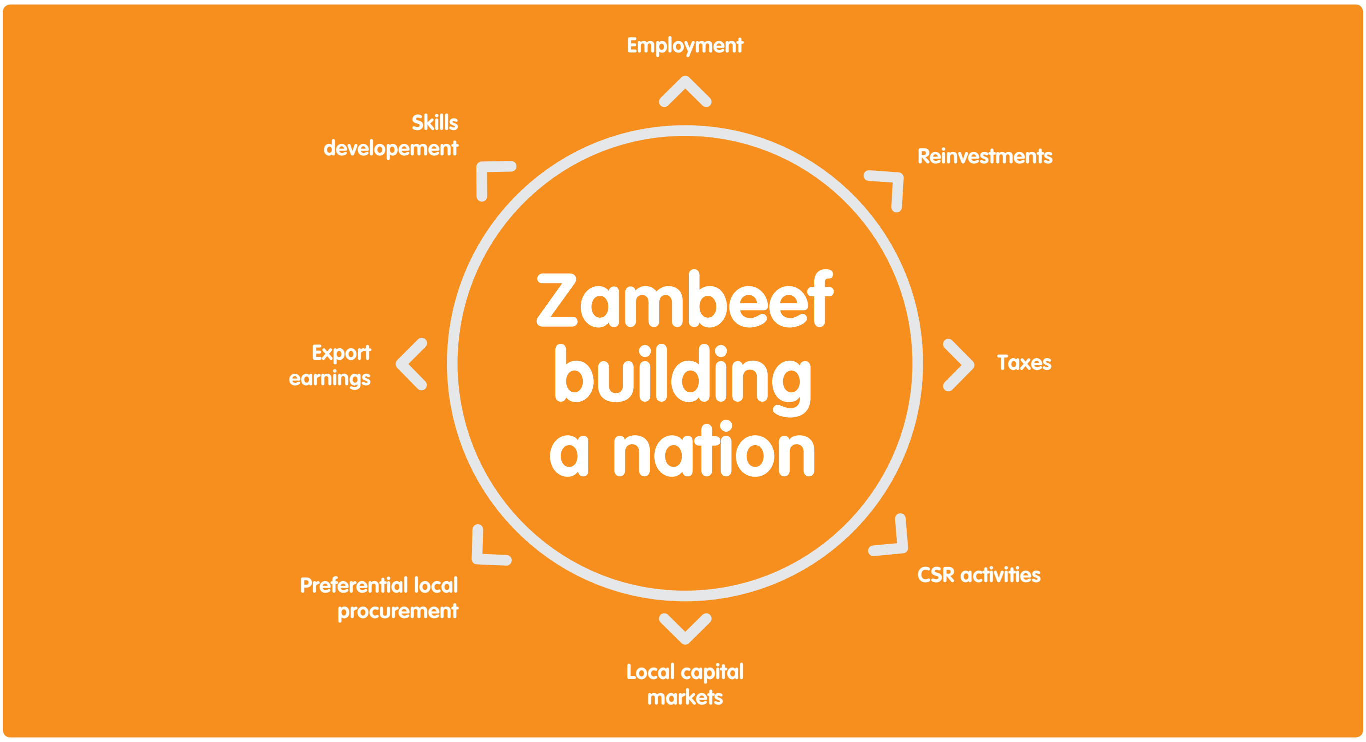
- Construction of schools and health centres.
- Provision of electricity and clean water facilities.
- Funding of educational and healthcare materials.
- Donation of food to the vulnerable.
- Support to promotion of sport.
- Support to traditional ceremonies.
- Support to local authorities for development process of Food Safety Policy.

The Company has also embarked on a cattle improvement programme in Western Province (with two NGO's). This scheme aims to improve cattle population numbers, quality of cattle and reproduction rates within the national herd. The programme is specifically targeted at small scale farmers, and includes an educational programme in animal husbandry, cattle dipping for the reduction of tick borne diseases and provision of medication for liver fluke. Under the scheme, Zambeef will pay a premium price for all cattle that successfully undergoes the prescribed treatments. Zambeef will also provide 30 bulls for breeding from its own breeding herd in order to improve the genetics of the current traditional herd in the project area.

The Company has also embarked on supporting the growth of small scale dairy farmers in Mongu (Western Province), with an NGO called Musika. Under the scheme, Zambeef will:

- undertake to construct a milk processing plant in Mongu;
- provide technical assistance, training and guidance to small scale dairy farmers to improve yields and good animal husbandry; and
- provide an assured market for small holder milk farmers.

Zambeef – a key contributor to nation building



Employment
- One of the largest employers in the country, with a staff complement of over 5,500 staff, who received a total of ZMW198 million (USD37 million) in remuneration and benefits
- Over 98 per cent. of the employees are Zambian
- The Group's farming division provides significant employment to rural communities, where poverty levels are much higher than in urban areas

Reinvestments
- Zambeef has a strong development record, being one of the largest investors in the agricultural sector in Zambia over the last six years, amounting to over USD150 million

Taxes
- The Group is a significant contributor to Government revenues
- For the FYE September 2013, the Group paid over ZMW105 million (USD20 million) to the ZRA in taxes

CSR activities
- Zambeef continues to subscribe to the United Nations Millennium Development Goals which aim to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, Malaria, TB and other diseases; and ensure environmental sustainability
- The Group provides amenities and benefits such as housing, education, health care, clean water and electricity to its staff and communities where it operates
- Zambeef continues to assist and support worthy causes, organisations and charities, aimed at poverty alleviation, through both cash donations as well as providing free Zambeef products on a regular basis

Local capital markets
- Zambeef's listing on the Lusaka Stock Exchange in 2003 provided an opportunity for Zambian citizens and local pension funds to buy shares in the Company
- With most local pension funds as shareholders in Zambeef, almost every full-time Zambian employee benefits from the success of Zambeef, which ensures Zambeef helps with wealth creation within Zambia

Preferential local procurement
- Zambeef is one of the largest business partner and employer in many rural areas Zambeef actively promotes the procurement of locally produced raw materials, resulting in poverty alleviation and sustainable development of these rural economies
- Zambeef supports a number of small and medium scale outgrowers; a large percentage of Zambeef's cattle, pigs, chickens and milk are sourced in rural areas or through outgrower schemes

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 2013, the Group recorded foreign exchange export income of over USD30 million, contributing around 1.5 percent of all of Zambia's non-traditional exports

Skills development
- The Group is fully committed to developing and training its employees at all levels within the organisation
- The Group's continual re-investment into labour and human resources has resulted in many senior positions being occupied by Zambians, as well as four Zambians running the Group's West Africa operation

Corporate governance

Corporate governance

Dr. Jacob Mwanza
Chairman

The Directors of Zambeef recognise the value of good governance and endorse the principles of openness, integrity, transparency, accountability and the application of high ethical standards in the conduct of business

The Board approved the Company's original Code of Corporate Governance in November 2006, which complied with the requirements of the Lusaka Stock Exchange. Between 2006 and 2011, this original Corporate Governance Code has been subject to various updates. In June 2011, the Company was also admitted to the AIM Market of the London Stock Exchange and, whilst not technically required to comply with the UK Corporate Governance Code, the Board agreed to progressively adopt best practices in line with the UK Corporate Governance Code so far as it is practicable for a public company of its size, stage of development and nature quoted on AIM.

The Board recognises that the Group's internal financial control system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Company has adopted a share dealing code for dealings in shares by the Directors and senior employees that is appropriate for an AIM company. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and to take all reasonable steps to ensure compliance by the Company's relevant employees.

Board of Directors

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

The Board meets at least four times during each financial year.

The Board currently consists of eight Directors, of whom five are independent Non-Executive Directors and three are Executive Directors. During the financial year, Sushmit Maitra (Finance Director) resigned from the Board.

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

All Directors have had access to management, including the Company Secretary, and to such information as was needed to carry out their duties and responsibilities fully and effectively.

The Directors have stayed fully abreast of the Group's business through meetings with senior management. Presentations are made to the Board by senior management on the activities and operations of the Group, and Executive Directors undertake regular visits to operations.

Board of Directors

- Determine strategy
- Agree risk appetite and oversee management of risk
- Monitor business and management performance
- Communicate with and respond to shareholders

Executive/Nomination Committee

Chairman
Dr. Jacob Mwanza

Members
Lawrence Sikutwa
Irene Muyenga

Responsibilities
- To keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- To formulate, implement and deliver the strategic plans of the Group and to advise the Executive Directors in relation thereto as necessary.
- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes.
- To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- To give full consideration to succession planning for Directors and other senior executives, and in particular, for the key roles of Chairman and Chief Executive Officer of the Company.
- To consider such other matters as may be requested by the Board and to make such decisions on behalf of the Board on issues which cannot wait for the convening of the formal Board.

Audit Committee

Chairman
Lawrence Sikutwa

Members
Irene Muyenga

Independent Audit Committee Secretary
Hastings Mtine

Responsibilities
- The primary role of the Audit Committee is to ensure the integrity of the financial reporting and audit process, including the review of the interim and annual financial statements before they are submitted to the Board for final approval, and that a sound risk management and internal control system is maintained, as well as reviewing the system for monitoring compliance with applicable laws and regulations.
- At least once a year, the members of the Committee meet the external auditors without the presence of any Executive Director.
- The Committee also considers and makes recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment and/or reappointment of the Company's external auditor.

Remuneration Committee

Chairman
Dr. Jacob Mwanza

Members
John Rabb
Lawrence Sikutwa
Irene Muyenga

Responsibilities
- The main responsibility of the Committee is to review and approve the remuneration and employment terms and conditions of the Executive Directors and selected senior Group employees.
- In determining the remuneration packages of the Executive Directors and senior group employees, the Remuneration Committee aims to provide appropriate packages required to attract, retain and motivate the Executive Directors and senior group employees.
- The committee also considers and submits recommendations to the Board concerning the fees to be paid to each Non-Executive Director.

Corporate governance continued

Directors fees and remuneration

In addition to the gross annual packages detailed in the Report of the Directors on page 42, Remuneration Committee also agreed the following Long Term Incentive Plan 1.

Terms and conditions of LTIP 1

1. Purpose	– To drive optimal behaviour across the team – To motivate & retain key employees – To strengthen link between remuneration and outcomes for shareholders – To manage the Group's salaries and wage bill
2. Participation	Six tiers: 1) Executive Directors plus company secretary (370,000 shares for CEO; 275,000 shares for Executive Directors and Company Secretary) 2) General Managers/Business Unit Heads with at least 3 years' service 3) Senior Managers with at least 3 years' service 4) General Managers/Senior Managers with less than 3 years' service & other selected Middle Managers with more than 3 years' service 5) Other selected Middle Managers with more than 3 years' service 6) Other selected Managers with more than 5 years' service NB – Tier 1 allocations set by Remuneration Committee; Tiers 2–6 allocations to be set by Executive Directors
3. Structure	Performance shares with EPS growth performance condition
4. Performance conditions	Three year compound average Earnings Per Share (EPS) growth tested once at the end of the three year period. 25 per cent. of performance shares vest at annual compound EPS growth of Average Annual Inflation Rate plus 7 per cent. and vest in full (100 per cent.) at Average Annual Inflation Rate plus 17 per cent. compound EPS growth. Straight line vesting between Average Annual Inflation Rate plus 7 per cent. and Average Annual Inflation Rate plus 17 per cent. compound EPS growth
5. Exercise price	Nil or par value
6. Life of plan	10 years
7. Vesting period	Vest after three years. Delivered to participants on vesting or as a nominal priced option exercisable within one year of vesting
8. Overall limits	Company currently has authority to use 7 million shares for incentive schemes (approved at previous AGM's). This represents less than 3 per cent. of current issued share capital. The number of new shares which can be issued under this and any other employee share option plans over a 10 year period may not exceed 10 per cent. of the prevailing issued share capital. UK ABI guideline/standard UK practice
9. Individual limits	The annual award base value (number of performance shares multiplied by the share price on the date of grant plus number of options multiplied by the exercise price) may not exceed three times the individual's base salary
10 Award cycle	Annual awards
11. Award timing	Awards should generally be made within 42 days of the implementation of the plan, the announcement of the full year or interim results other than in circumstances deemed exceptional by the board
12. Change of control/takeover	Awards vest pro-rated for time and only to extent that performance condition is met (where applicable). Remuneration committee has discretion to waive both any pro-rating and performance conditions
13. Good leavers[1]	Subject to meeting of annualised EPS growth condition, one third vest if departure after completion of first year of performance period, two thirds vest if departure after two years but before end of third year. Full vesting subject to meeting performance period after completion of third year. No vesting if departure before completion of one year
14. Bad leavers	All outstanding awards forfeited.
15. Performance Period	FYE performance periods of LTIP 1 as follows: • Year 1: 01/10/2012 – 30/09/2013 • Year 2: 01/10/2013 – 30/09/2014 • Year 3: 01/10/2014 – 30/09/2015

Note 1: good leaver provisions cover departures arising from disability, ill health, redundancy, retirement, mutual separation and other scenarios subject to Remuneration Committee/ Board discretion.

Directors interests in other companies

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

Directors' shareholdings

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

Directors' attendance at Board

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

* Director resigned during the year.

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

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

Board of Directors

Dr. Jacob Mwanza (age 77)
Non-Executive Chairman
Nationality: Zambian

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

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

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

Committee membership
Chairman of the Executive/Nomination Committee and the Remuneration Committee.

Francis Grogan (age 52)
Chief Executive Officer
Nationality: Irish

Qualifications:
BSc Agriculture (Ireland).

Experience:
Over 22 years' experience in agriculture and meat, both in Ireland and Zambia.

Co-founder of Zambeef.

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

Committee membership
None.

Carl Irwin (age 48)
Director of Strategy & Development
Nationality: Zambian

Qualifications:
B. Com
ACA (UK)
FZICA.

Experience:
Over 20 years' accounting and finance experience with a number of companies, including Coopers & Lybrand UK.
Co-founder of Zambeef.

External Appointments
Other directorships include Proflight Commuter Services Ltd, Zambezi Ranching & Cropping Ltd, Kanyanja Development Company Ltd, Leopard Investment Company Ltd, Fraca Meat Company Ltd and Tractorzam Ltd.

Committee membership
None.

Yusuf Koya (age 48)
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

Committee membership
None.

John Rabb (age 71)
Non-Executive Director
Nationality: South African

Qualifications:
BSc (Agriculture)
MBA (RSA).

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

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

Committee membership
Member of the Remuneration Committee.

Irene Muyenga (age 55)
Non-Executive Director
Nationality: Zambian

Qualifications:
BA (ed)
DIS
LIII.
FZIBFS
AIIZ

Experience:
Over 20 years' business management experience. Previously CEO and Group Managing Director of Zambia State Insurance Corporation Limited.

External Appointments
Has served and is currently serving on several boards, including Barclays Bank Zambia PLC, University of Zambia, African Grey Insurance Co. and the National Pension Scheme Authority of Zambia.

Committee membership
Member of the Executive/Nomination Committee, the Audit Committee and the Remuneration Committee.

Lawrence Sikutwa (age 59)
Non-Executive Director
Nationality: Zambian

Qualifications:
MBA
FCII
Post Grad Diploma in Insurance (UK).

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

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

Committee membership
Chairman of the Audit Committee and member of the Executive/Nomination Committee and the Remuneration Committee.

Adam Fleming (age 66)
Non-Executive Director
Nationality: British

Qualifications:

Experience:
Over 30 years' business management and banking experience in London, Hong Kong, Singapore and South Africa. Previously Chairman of Harmony Gold.

External Appointments
Currently Chairman of Witwatersrand Consolidated Gold Resources Ltd; Zambezi Ranching & Cropping Ltd and Fleming Family and Partners.

Committee membership
None.

Report of the Directors

In compliance with Division 8.3 of the Companies Act, the Directors submit their report on the activities of the Group for the year ended 30 September 2013.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agribusinesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, flour and bread. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,350 Ha of row crops under irrigation and 8,650 Ha of rainfed/dryland crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as a palm project within Zambia.

2. The Company

The Company is incorporated and domiciled in Zambia.

Business address	**Postal address**
Plot 4970, Manda Road	Private Bag 17
Industrial Area	Woodlands
Lusaka	Lusaka
ZAMBIA	ZAMBIA

3. Share capital

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

	30 September 2013		30 September 2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Authorised				
400,000,000 ordinary shares of ZMW0.001 each	400	83	400	83
Issued and fully paid				
247,978,195 ordinary shares of ZMW0.001 each	248	61	248	61

In 2012 the Government of the Republic of Zambia passed new legislation in the form of the Re-denomination of Currency Act No. 8 of 2012 (the "**Re-denomination Act**"). In terms of section 4 of the Re-denomination Act, the "existing currency shall be re-denominated by dividing the nominal value of the existing currency by a multiplicand of one thousand so that one thousand Kwacha shall yield a face value of one Kwacha." The re-denomination of the Kwacha was effected on 1 January 2013. This process has commonly become known as rebasing of the Kwacha.

The rebasing of the Kwacha has resulted in an adjustment in the par value of the issued and unissued shares in all Zambian companies by dividing the par value by 1 000 (one thousand). The Patents and Company Registration Agency ("**PACRA**") has issued a directive that the minimum monetary denomination in Zambia is 1 (one) Ngwee and therefore following the currency rebasing, all companies in Zambia are required to make appropriate adjustments to ensure that the par value of their shares is at least 1 (one) Ngwee before 31 December 2013.

The filing requirements have not yet been completed as shareholder approval is required which will only be tabled at the AGM scheduled for 20 December 2013.

4. Results

The Group's results are as follows:

Group	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Revenue	5	1,595,062	300,388	1,296,339	255,059
Profit before taxation		21,829	4,111	15,558	3,060
Taxation charge	9	(5,794)	(1,091)	(2,129)	(419)
Group profit for the year		16,035	3,020	13,429	2,641
Group profit attributable to:					
Equity holders of the parent		13,766	2,593	14,583	2,868
Non-controlling interest		2,269	427	(1,154)	(227)
		16,035	3,020	13,429	2,641

5. Dividends

There has been no dividend proposed for the year ended 30 September 2013.

6. Management

The senior management team currently comprises of the following:

Francis Grogan	– Chief Executive Officer
Carl Irwin	– Director of Strategy and Business Development
Yusuf Koya	– Executive Director
Craig Harris	– Chief Financial Officer
Danny Museteka	– Company Secretary
Felix Lupindula	– Special Assistant to the CEO
Ebrahim Israel	– Managing Director – West Africa
Murray Moore	– General Manager – National Retail
Mike Lovett	– General Manager – Farming
Alastair McLeod	– General Manager – Zam Chick/Zamhatch Limited
David Mynhardt	– General Manager – Sinazongwe Farm
Anthony Wells	– General Manager – Chiawa Farm
Francis Mondomona	– General Manager – Huntley Farm
Richard Franklin	– General Manager – Zamleather Limited
Dharmesh Patel	– General Manager – Zamanita Limited
Walter Roodt	– General Manager – Stock Feed
Harry Hayden-Payne	– General Manager – Zampalm Limited
Justin Pigou	– General Manager – Dairy
Webster Mapulanga	– General Manager – Master Pork Limited
Andries Van Rensburg	– Piggery Manager
Peter Wandira	– Flour Mill Manager
Charles Milupi	– Poultry Manager
Theo de Lange	– Technical Manager
Bartholomew Mbao	– Dairy Processing Manager
Ivor Chilufya	– Group Financial Controller
Justin Rust	– Commercial Manager
Niyaas Dalal	– Finance Manager – Zambeef Products PLC, Zam Chick Limited
Rory Park	– Finance Manager – Master Pork Limited, Zampalm Limited
Rehan Sayed	– Finance Manager – Stock Feed and Zamleather Ltd
Simon Nkhata	– Finance Manager – Zambeef Retailing Limited
Royd Sitoloma	– Finance Manager – Zamanita Limited
James Banda	– Acting Finance Manager – West Africa
Baron Chisola	– Financial Controller – Group Inventory
Eustace Bobo	– Financial Controller – Group Fixed Assets
Shadreck Banda	– Financial Controller – Group Suppliers
Mulendo Siame	– Administration Manager – Huntley Farm
Shiggy Patel	– Administration Manager – Head Office
Anthony Seno	– Head of IT
Juliet Bungoni	– Head of Human Resources
Mathews Mbasela	– Head of Payroll Processing
Ryan Stassen	– Head of Procurement
Edward Tembo	– Chief Security Manager
Pravin Abraham	– Chief Internal Auditor
Jones Kayawe	– Head of Environment, Health and Safety
Field Musongole	– Maintenance Manager
Christabel Malijani	– Compliance Manager
Justo Kopulande	– CSR/PR Manager
Hilary Anderson	– National Retail Manager – Shoprite & Excellent Meats
Ernest Gondwe	– Regional Manager – Shoprite & Excellent Meats
Francis Mulenga	– Regional Manager – Shoprite
Noel Chola	– Regional Manager – Shoprite
Rodgers Chinkuli	– Regional Manager – Zambeef Outlets
Darren Young	– Regional Manager – Zambeef Outlets
Rizaldy Yoro	– Regional Manager – Zambeef Outlets
Perry Siame	– Group Marketing Manager

Report of the Directors continued

6. Management continued

Lufeyo Nkhoma	– Head of Retail – Ghana
John Stephenson	– Head of Retail – Nigeria
Clement Mulenga	– Head of Processing – Nigeria

7. Directors and Secretary

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

Jacob Mwanza (Dr.)	– Chairman
Lawrence S Sikutwa	
John Rabb	
Irene M Muyenga	
Adam Fleming	– (Alternate Brian Dowden)
Francis Grogan	– Chief Executive Officer
Carl Irwin	
Yusuf Koya	
Sushmit Maitra	– Resigned effective 15 June 2013
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 2013		30 September 2012	
	Direct	Indirect	Direct	Indirect
Jacob Mwanza (Dr.)	1,100,000	–	1,100,000	–
Carl Irwin	3,763	4,322,682	3,763	4,322,682
Francis Grogan	–	3,596,631	–	3,596,631
John Rabb	–	7,868,813	–	7,868,813
Lawrence S Sikutwa	–	115,176	–	115,176
Irene M Muyenga	13,129	–	13,129	–
Adam Fleming	–	13,710,355	–	13,710,355
Yusuf Koya	42,762	–	42,762	–
	1,159,654	29,613,657	1,159,654	29,613,657

9. Directors fees and remuneration

In February 2013, the Remuneration Committee agreed the following gross annual packages.

ZMW'000	Salary/Fees	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals	Long Term Incentive Plan (Shares)
Non-Executive						
Dr. Jacob Mwanza	646,154	–	–	–	–	–
Lawrence Sikutwa	282,692	–	–	–	–	–
Irene Muyenga	282,692	–	–	–	–	–
Adam Fleming	161,538	–	–	–	–	–
John Rabb	201,923	–	–	–	–	–
Executive						
Francis Grogan	2,418,756	Company House	Company Car	242,304	Yes	370,000
Carl Irwin	964,900		Company Car	242,304	Yes	275,000
Yusuf Koya	1,941,307	242,308	145,385	201,924	Yes	275,000
Danny Museteka	964,900	242,308	96,923	–	Yes	275,000

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

9. Directors fees and remuneration continued

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

The Long Term Incentive Plan 1 ("LTIP 1") has the following key terms/conditions (full details on page 36):
- Performance criteria: three year compound average Earnings Per Share (EPS) growth tested once at the end of the three year period. 25 per cent. of performance shares vest at annual compound EPS growth of Average Annual Inflation Rate plus 7 per cent. and vest in full (100 per cent.) at Average Annual Inflation Rate plus 17 per cent. compound EPS growth;
- Straight line vesting between Average Annual Inflation Rate plus 7 per cent. and Average Annual Inflation Rate plus 17 per cent. compound EPS growth;
- The annual award base value (number of performance shares multiplied by the share price on the date of grant plus number of options multiplied by the exercise price) may not exceed three times the Executive's base salary;
- Vesting period is three years; the three year performance period for LTIP 1 is from FYE 2012 – FYE 2015.

Each Non-Executive Director has entered into a letter of appointment with the Company on 1 April 2011, for an initial term of three years, unless terminated by either party giving three months' notice.

Each Executive Director has entered into a fixed term service agreement on 1 April 2013, for a term of two years, unless terminated by either party giving six months' notice.

There were no loans made to Directors or any outstanding loans from Directors at the year end.

Members of the Board were not entitled to any form of defined pension benefits from the Company, other than the terms set forth above.

10. Significant shareholdings

As at 30 September 2013, the Company has been advised of the following notable interests in its ordinary share capital:

Investor Name	Current Position	% of Shareholding
M & G Recovery Fund	44,113,908	17.7%
Investec Asset Management	27,800,720	11.2%
SG-SSB Emerging Markets Fund	24,631,080	9.9%
SQM Frontier Management	19,764,333	7.9%
Africa Emerging Markets Management	16,754,551	6.7%
Rhodora Limited	10,699,762	4.3%
Artio Global Management	9,363,990	3.8%
Franklin Templeton (UK) Management	9,009,471	3.6%
Red Fort Partnership Ltd	8,400,000	3.4%
National Pension Scheme Authority (Zambia)	8,282,171	3.3%
Shaka Holdings Inc.	7,868,813	3.2%

Apart from these holdings, the Company has not been notified at 21 November 2013 of any interest of 3 per cent. or more in its ordinary share capital.

11. Employees

The Group employed an average of 5,715 (30 September 2012 – 4,999) employees and total salaries and wages were ZMW197.7million (USD37.2 million) for the year ended 30 September 2013 (30 September 2012 – ZMW158.6 million USD31.2 million).

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

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Headcount	5,532	5,801	5,813	5,637	5,875	5,802	5,866	5,753	5,663	5,658	5,654	5,522

Report of the Directors continued

12. Safety, health and environmental issues

As part of some of the Group's term loans, the Group signed up to an Environmental and Social Action Plan ("ESAP"), which requires the Group to meet both local Zambian standards as well as international standards relating to the environment. The most recent independent consultant reports state that Zambeef continues to make positive progress in delivering the approved ESAP.

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, except the outstanding tax liability on Zamanita Limited of ZMW54.6 million (USD10.4 million) which the Group has referred to the Revenue Tribunals Authority as per the announcements to the market on 3 February 2012 and 27 April 2012 respectively.

14. Gifts and donations

The Group made donations of ZMW3 million (USD0.6 million) (30 September 2012: ZMW1.8 million USD0.4 million) to a number of activities.

15. Export sales

The Group made exports of ZMW154.7 million (USD30.3 million) during the period (30 September 2012: ZMW21.3 million USD4.2 million).

16. Property, plant and equipment

Assets totalling ZMW73.8 million (USD13.9 million) were purchased by the Group during the period (30 September 2012: ZMW119.6 million USD23.5 million) and recorded expenditure on the palm plantation development during the period of ZMW12.1 million (USD25 million) (30 September 2012: ZMW13 million USD2.6 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 company's financial position or the results of its operations.

18. Events since the year-end

There have been no significant events affecting the Group since the year-end other than as disclosed in note 33 of the Financial Statements.

19. Currency re-denomination

On 1 January 2013, the Zambian Kwacha was re-denominated. The re-denomination entailed that all balances carried forward after 31 December 2012 were converted into the re-denominated currency by dividing the nominal value of the existing currency by a multiplicand of one thousand. These financial statements have been prepared in the new symbol Kwacha (ZMW). Comparative figures have also been rebased by the division of all figures by 1,000.

20. Annual financial statements

The annual financial statements set out on pages 49 to 106 have been approved by the Directors.

21. Auditor

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

By order of the Board

Danny Shaba Museteka
Company Secretary
21 November 2013

Statement of the Director's responsibilities

Section 164 of the 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 Company 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 Company and enable them to ensure that the financial statements comply with the Companies Act 1994. They are also responsible for safeguarding the assets of the Company 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 subsidiaires as of 30 September 2013, 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 Company 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 21 November 2013

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Financial statements

Grant Thornton

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ZAMBEEF PRODUCTS PLC AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Zambeef Products PLC, which comprise the statement of financial position as at 30 September 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 45 the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as of 30 September 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to note 2(d) (i) to the financial statements which indicates that the company profit for the year ended 30 September 2012 would have been ZMW51.6 million (USD10.9 million) if the Mpongwe operation's functional currency was Zambian Kwacha and an unrealised exchange gain of ZMW10 million had not been recognised in the statement of comprehensive income upon translation in the reporting currency of Zambian Kwacha. Our opinion was not qualified in this respect.

Report on other legal and regulatory requirements

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as of 30 September 2013 have been properly prepared in accordance with the Zambian Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.

Grant Thornton

Grant Thornton
Chartered Accountants

Wesley M Beene
Name of partner signing on behalf of the Firm
Lusaka

21 November 2013

Statement of Comprehensive Income

For the year ended 30 September 2013

Group	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Revenue	5	1,595,062	300,388	1,296,339	255,059
Net gain arising from price changes in fair value of biological assets	15	2,377	448	9,873	1,936
Cost of sales		(1,044,658)	(196,734)	(860,396)	(169,279)
Gross profit		552,781	104,102	445,816	87,716
Administrative expenses		(474,179)	(89,300)	(388,067)	(76,354)
Other income		514	97	3,506	690
Operating profit	6	79,116	14,899	61,255	12,052
Exchange losses on translating foreign currency transactions and balances		(15,689)	(2,955)	(18,887)	(3,717)
Impairment		(714)	(134)	–	–
Finance costs	8	(40,884)	(7,699)	(26,810)	(5,275)
Profit before taxation		21,829	4,111	15,558	3,060
Taxation (charge)/credit	9	(5,794)	(1,091)	(2,129)	(419)
Group profit for the year		16,035	3,020	13,429	2,641
Group profit attributable to:					
Equity holders of the parent		13,766	2,593	14,583	2,868
Non-controlling interest		2,269	427	(1,154)	(227)
		16,035	3,020	13,429	2,641
Other comprehensive income:					
Exchange losses on translating presentational currency		(7,993)	(7,816)	(696)	(9,265)
Total comprehensive income for the year		8,042	(4,796)	12,733	(6,624)
Total comprehensive income for the year attributable to:					
Equity holders of the parent		8,262	(4,755)	13,993	(6,372)
Non-controlling interest		(220)	(41)	(1,260)	(252)
		8,042	(4,796)	12,733	(6,624)
		Kwacha	Cents	Kwacha	Cents
Earnings per share					
Basic and diluted earnings per share	11	0.0555	1.05	0.0588	1.16

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2013

(i) In Zambian Kwacha	Issued share capita ZMW'000s	Share premium ZMW'000s	Foreign exchange reserve ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total attributable to owners of the parent ZMW'000s	Non-controlling interest ZMW'000s	Total equity ZMW'000s
At 1 October 2011	248	506,277	(1,262)	64,768	174,123	744,154	439	744,593
Dividends paid	–	–	–	–	(5,306)	(5,306)	–	(5,306)
Transactions with owners	–	–	–	–	(5,306)	(5,306)	–	(5,306)
Profit for the year	–	–	–	–	14,583	14,583	(1,154)	13,429
Transfer of surplus depreciation	–	–	–	(2,542)	2,542	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(590)	–	–	(590)	(106)	(696)
Total comprehensive income	**–**	**–**	**(590)**	**(2,542)**	**17,125**	**13,993**	**(1,260)**	**12,733**
At 30 September 2012	**248**	**506,277**	**(1,852)**	**62,226**	**185,942**	**752,841**	**(821)**	**752,020**
Gain on disposal of non controlling interest[i]					69,040	69,040		69,040
Transactions with owners	**–**	**–**	**–**	**–**	**69,040**	**69,040**	**–**	**69,040**
Profit for the year	–	–	–	–	13,766	13,766	2,269	16,035
Arising during the period[ii]	–	–	–	503,601	–	503,601	20,427	524,028
Transfer of surplus depreciation	–	–	–	(46,065)	46,065	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(5,504)	–	–	(5,504)	(2,489)	(7,993)
Total comprehensive income	**–**	**–**	**(5,504)**	**457,536**	**128,871**	**580,903**	**20,207**	**601,110**
At 30 September 2013	**248**	**506,277**	**(7,356)**	**519,762**	**314,813**	**1,333,744**	**19,386**	**1,353,130**

(i) During the period, Zambeef Products PLC disposed of 49 per cent. of its shareholding in Zam Chick Limited to Rainbow for a sum of USD14.25 million. At 30 September 2012, the book value of Zam Chick's assets was ZMW14.3 million (USD2.8 million). The assets were revalued in Zam Chick Limited during the period to ZMW39.6 million (USD7.5 million) resulting in a revaluation reserve of ZMW25.3 million (USD4.7 million). The profit on the sale of 49 per cent recognised in the Statement of movements in equity during the period is ZMW69 million (USD13 million).

(ii) An independent valuation of the group's property, plant and equipment situated in Zambia was performed by Messrs. Fairworld Properties Limited, a firm of registered valuation surveyors, to determine their market value. The effective date of the valuation was 31 December 2012 for Zam Chick Limited and 30 September 2013 for the rest of the group. The surplus on valuation totalling ZMW524 million (USD98.7 million) was transferred to a revaluation reserve.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2013

(ii) In US Dollars	Issued share capital USD'000s	Share premium USD'000s	Foreign exchange reserve USD'000s	Revaluation reserve USD'000s	Retained earnings USD'000s	Total attributable to owners of the parent USD'000s	Non-controlling interest USD'000s	Total equity USD'000s
At 1 October 2011	61	123,283	(27,515)	17,155	42,048	155,032	91	155,123
Dividends paid	–	–	–	–	(1,044)	(1,044)	–	(1,044)
Transactions with owners	–	–	–	–	(1,044)	(1,044)	–	(1,044)
Profit for the year	–	–	–	–	2,868	2,868	(227)	2,641
Transfer of surplus depreciation	–	–	–	(498)	498	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(9,240)	–	–	(9,240)	(25)	(9,265)
Total comprehensive income	**–**	**–**	**(9,240)**	**(498)**	**3,366**	**(6,372)**	**(252)**	**(6,624)**
At 30 September 2012	**61**	**123,283**	**(36,755)**	**16,657**	**44,370**	**147,616**	**(161)**	**147,455**
Gain on disposal of non-controlling interest	–	–	–	–	13,002	13,002	–	13,002
Transactions with owners	**–**	**–**	**–**	**–**	**13,002**	**13,002**	**–**	**13,002**
Profit for the year	–	–	–	–	2,593	2,593	427	3,020
Arising during the period	–	–	–	94,840	–	94,840	3,847	98,687
Transfer of surplus depreciation	–	–		(8,675)	8,675	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(7,347)	–	–	(7,347)	(469)	(7,816)
Total comprehensive income	**–**	**–**	**(7,347)**	**86,165**	**24,270**	**103,088**	**3,805**	**106,893**
At 30 September 2013	**61**	**123,283**	**(44,102)**	**102,822**	**68,640**	**250,704**	**3,644**	**254,348**

Company Statement of Changes in Equity

For the year ended 30 September 2013

(i) In Zambian Kwacha	Issued share capital ZMW'000s	Share premium ZMW'000s	Revaluation reserve ZMW'000s	Retained earnings ZMW'000s	Total equity ZMW'000s
At 1 October 2011	248	506,277	44,695	141,663	692,883
Dividends paid	–	–	–	(5,306)	(5,306)
Transactions with owners	**–**	**–**	**–**	**(5,306)**	**(5,306)**
Profit for the year				61,628	61,628
Transfer of surplus depreciation	–	–	(586)	586	–
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**(586)**	**62,214**	**61,628**
At 30 September 2012	**248**	**506,277**	**44,109**	**198,571**	**749,205**
Gain on disposal of non-controlling interest	–	–	–	69,040	69,040
Transactions with owners	**–**	**–**	**–**	**69,040**	**69,040**
Loss for the year				(12,242)	(12,242)
Arising during the period	–	–	309,622	–	309,622
Transfer of surplus depreciation	–	–	(44,109)	44,109	–
Other comprehensive income:					
Exchange losses on translating presentational currency	–	–	–	(6,380)	(6,380)
Total comprehensive income	**–**	**–**	**265,513**	**94,527**	**360,040**
At 30 September 2013	**248**	**506,277**	**309,622**	**293,098**	**1,109,245**

Company Statement of Changes in Equity
For the year ended 30 September 2013

(ii) In US Dollars	Issued 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 2011	61	123,283	9,474	(18,474)	30,008	144,352
Dividends paid	–	–	–	–	(1,044)	(1,044)
Transactions with owners	**–**	**–**	**–**	**–**	**(1,044)**	**(1,044)**
Profit for the year	–	–	–	–	12,126	12,126
Transfer of surplus depreciation	–	–	(115)	–	115	–
Other comprehensive income:						
Exchange losses on translating presentational currency	–	–	–	(8,531)	–	(8,531)
Total comprehensive income	**–**	**–**	**(115)**	**(8,531)**	**12,241**	**3,595**
At 30 September 2012	**61**	**123,283**	**9,359**	**(27,005)**	**41,205**	**146,903**
Gain on disposal of non-controlling interest	–	–	–	–	13,002	13,002
Transactions with owners	**–**	**–**	**–**	**–**	**13,002**	**13,002**
Profit for the year	–	–	–	–	(2,305)	(2,305)
Arising during the period	–	–	58,309	–	–	58,309
Transfer of surplus depreciation	–	–	(9,359)	–	9,359	–
Other comprehensive income:						
Exchange losses on translating presentational currency	–	–	–	(7,404)	–	(7,404)
Total comprehensive income	**–**	**–**	**48,950**	**(7,404)**	**20,056**	**61,602**
At 30 September 2013	**61**	**123,283**	**58,309**	**(34,409)**	**61,261**	**208,505**

Consolidated Statement of Financial Position

As at 30 September 2013

ASSETS	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Non-current assets					
Goodwill	12	15,699	2,951	15,699	3,078
Property, plant and equipment	13	1,395,815	262,371	862,015	169,023
Plantation development expenditure	13	51,357	9,654	36,459	7,149
Biological assets	15	11,859	2,229	6,528	1,280
Deferred tax asset	9(e)	16,385	3,080	4,960	972
		1,491,115	280,285	925,661	181,502
Current assets					
Biological assets	15	113,827	21,396	119,584	23,448
Inventories	16	473,093	88,927	505,256	99,070
Trade and other receivables	17	61,787	11,614	63,432	12,438
Amounts due from related companies	18	1,810	340	2,337	458
Income tax recoverable	9(c)	1,535	289	220	43
		652,052	122,566	690,829	135,457
Total assets		**2,143,167**	**402,851**	**1,616,490**	**316,959**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20	248	61	248	61
Share premium	21	506,277	123,283	506,277	123,283
Reserves		827,219	127,360	246,316	24,272
		1,333,744	250,704	752,841	147,616
Non-controlling interest		19,386	3,644	(821)	(161)
		1,353,130	254,348	752,020	147,455
Non-current liabilities					
Interest bearing liabilities	22	335,124	62,993	342,120	67,082
Obligations under finance leases	23	8,447	1,588	17,025	3,338
Deferred liability	24	6,793	1,277	7,737	1,518
Deferred tax liability	9(e)	15,257	2,868	7,347	1,440
		365,621	68,726	374,229	73,378
Current liabilities					
Interest bearing liabilities	22	210,364	39,542	190,118	37,278
Obligations under finance leases	23	9,189	1,727	6,839	1,341
Trade and other payables	25	155,398	29,210	192,190	37,685
Amounts due to related companies	26	1,573	296	409	80
Taxation payable	9(c)	3,676	691	2,133	418
Cash and cash equivalents	19	44,216	8,311	98,552	19,324
		424,416	79,777	490,241	96,126
Total equity and liabilities		**2,143,167**	**402,851**	**1,616,490**	**316,959**

The financial statements on pages 49 to 106 were approved by the Board of Directors on 21 November 2013 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Company Statement of Financial Position
As at 30 September 2013

ASSETS	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Non-current assets					
Property, plant and equipment	13	884,249	166,212	573,073	112,367
Investment in subsidiaries	14	154,514	29,044	146,126	28,652
Deferred tax asset	9(e)	7,765	1,460	–	–
		1,046,528	196,716	719,199	141,019
Current assets					
Biological assets	15	109,741	20,628	117,434	23,026
Inventories	16	193,274	36,330	226,234	44,360
Trade and other receivables	17	17,601	3,308	13,068	2,562
Amounts due from related companies	18	269,436	50,646	229,156	44,933
Income tax recoverable	9(c)	731	137	–	–
		590,783	111,049	585,892	114,881
Total assets		**1,637,311**	**307,765**	**1,305,091**	**255,900**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	20	248	61	248	61
Share premium	21	506,277	123,283	506,277	123,283
Reserves		602,720	85,161	242,680	23,559
		1,109,245	208,505	749,205	146,903
Non-current liabilities					
Interest bearing liabilities	22	295,136	55,477	303,348	59,480
Obligations under finance leases	23	3,538	665	8,752	1,716
Deferred liability	24	1,504	283	1,515	297
Deferred tax liability	9(e)	–	–	4,529	888
		300,178	56,425	318,144	62,381
Current liabilities					
Interest bearing liabilities	22	133,563	25,106	111,097	21,784
Obligations under finance leases	23	4,736	890	2,616	513
Trade and other payables	25	47,654	8,957	67,025	13,142
Amounts due to related companies	26	18,222	3,425	4,995	979
Taxation payable	9(c)	–	–	555	109
Cash and cash equivalents	19	23,713	4,457	51,454	10,089
		227,888	42,835	237,742	46,616
Total equity and liabilities		**1,637,311**	**307,765**	**1,305,091**	**255,900**

The financial statements on pages 49 to 106 were approved by the Board of Directors on 21 November 2013 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 2013

	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Cash inflow/(outflow) from/(on) operating activities					
Profit before taxation		21,829	4,111	15,558	3,060
Finance costs	8	40,884	7,699	26,810	5,275
Loss on disposal of property, plant and equipment		(44)	(8)	–	–
Depreciation	13	50,264	9,465	42,125	8,288
Impairment of property, plant and equipment		714	134	–	–
Fair value price adjustment	15	(2,377)	(448)	(9,873)	(1,936)
Net unrealised foreign exchange losses		8,204	1,545	13,934	2,742
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		**119,474**	**22,498**	**88,554**	**17,429**
Decrease in biological assets		426	80	3,094	2,069
Decrease/(increase) in inventory		32,163	6,057	(337,734)	(64,170)
Decrease in trade and other receivables		1,645	310	9,312	2,717
Decrease/(increase) in amounts due from related companies		527	99	(246)	(22)
(Decrease)/increase in trade and other payables		(36,792)	(6,929)	76,073	13,494
Increase in amounts due to related companies		1,164	219	78	11
(Decrease)/increase in deferred liability		(944)	(178)	2,630	454
Income tax paid	9(c)	(8,956)	(1,687)	(1,700)	(334)
Net cash inflow/(outflow) from/(on) operating activities		**108,707**	**20,469**	**(159,939)**	**(28,352)**
Investing activities					
Purchase of property, plant and equipment	13	(61,736)	(11,626)	(119,556)	(23,523)
Expenditure on plantation development	13	(12,095)	(2,278)	(12,997)	(2,557)
Proceeds from disposal of investment		75,668	14,250	–	–
Proceeds from sale of assets		1,295	244	1,188	233
Net cash outflow on investing activities		**3,132**	**590**	**(131,365)**	**(25,847)**
Net cash inflow/(outflow) before financing activities		111,839	21,059	(291,304)	(54,199)
Financing activities					
Long-term loans repaid		(30,500)	(5,744)	(47,892)	(11,823)
Receipt from long-term loans		37,273	7,019	225,131	44,143
Receipt of short-term funding		6,476	1,220	130,970	25,368
Lease finance (repayment)/obtained		(6,227)	(1,173)	13,179	2,453
Finance costs	8	(40,884)	(7,699)	(26,810)	(5,275)
Dividends paid	10	–	–	(5,306)	(1,044)
Net cash inflow from financing activities		**(33,862)**	**(6,377)**	**289,272**	**53,822**
Increase/ (decrease) in cash and cash equivalents		**77,977**	**14,682**	**(2,032)**	**(377)**
Cash and cash equivalents at beginning of year		(98,553)	(19,324)	(71,781)	(14,954)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(23,640)	(3,669)	(24,739)	(3,993)
Cash and cash equivalents at end of year	19	**(44,216)**	**(8,311)**	**(98,552)**	**(19,324)**
Represented by:					
Cash in hand and at bank		106,935	20,101	79,731	15,633
Bank overdrafts		(151,151)	(28,412)	(178,283)	(34,957)
	19	(44,216)	(8,311)	(98,552)	(19,324)

Company Statement of Cash Flows

For the year ended 30 September 2013

	Notes	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Cash inflow/(outflow) from/(on) operating activities					
(Loss)/profit before taxation		(19,379)	(3,650)	65,708	12,928
Finance costs		29,985	5,647	20,452	4,024
Depreciation	13	23,793	4,481	21,485	4,227
Fair value price adjustment	15	(1,011)	(190)	(9,708)	(1,904)
Net unrealised foreign exchange differences		258	48	9,841	1,935
Earnings before interest, tax, depreciation and amortisation		**33,646**	**6,336**	**107,778**	**21,210**
Increase in biological assets		7,693	1,449	6,780	2,733
Decrease/(increase) in inventory		32,960	6,207	(145,336)	(27,506)
(Increase)/decrease in trade and other receivables		(4,533)	(854)	(92)	142
Increase in amounts due from related companies		(40,280)	(7,586)	(132,850)	(23,078)
(Decrease)/increase in trade and other payables		(19,371)	(3,648)	11,952	1,670
Increase in amounts due to related companies		13,227	2,491	4,707	919
(Decrease)/increase in deferred liability		(10)	(2)	992	188
Income tax paid	9(c)	(6,443)	(1,213)	(732)	(144)
Net cash inflow/(outflow) from operating activities		**16,889**	**3,180**	**(146,801)**	**(23,866)**
Investing activities					
Purchase of property, plant and equipment	13	(29,202)	(5,499)	(32,085)	(6,313)
Movements in investments[(i)]	14	(8,388)	(1,580)	–	–
Proceeds from disposal of investment		75,668	14,250	–	–
Proceeds from sale of assets		1,252	236	665	131
Net cash inflow/(outflow) on investing activities		39,330	7,407	(31,420)	(6,182)
Net cash outflow before financing activities		56,219	10,587	(178,221)	(30,048)
Financing activities					
Long-term loans repaid		(24,082)	(4,535)	(48,076)	(11,660)
Receipt from long-term loans		31,860	6,000	198,100	38,843
Receipt of short-term funding		6,476	1,220	75,875	14,800
Lease finance (repayment)/obtained		(3,094)	(583)	3,823	657
Interest paid		(29,985)	(5,647)	(20,452)	(4,024)
Dividends paid	10	–	–	(5,306)	(1,044)
Net cash inflow/(outflow) from financing activities		(18,825)	(3,545)	203,964	37,572
Increase in cash and cash equivalents		37,394	7,042	25,743	7,524
Cash and cash equivalents at beginning of year		(51,454)	(10,089)	(56,625)	(11,796)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(9,653)	(1,410)	(20,572)	(5,817)
Cash and cash equivalents at end of year	19	(23,713)	(4,457)	(51,454)	(10,089)
Represented by:					
Cash in hand and at bank		60,924	11,452	56,917	11,160
Bank overdrafts		(84,637)	(15,909)	(108,371)	(21,249)
	19	(23,713)	(4,457)	(51,454)	(10,089)

(i) The movements in investments during the year arose from an investment in Zam Chick Limited (ZMW8,380) and Zamhatch Limited (ZMW4,900), and additional investments in Zamleather Limited (ZMW1), Zamanita Limited (ZMW1) and Zampalm Limited (ZMW1).

Notes to the Financial Statements
As at 30 September 2013

1. The Group
Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agribusinesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, flour and bread. The Group also has large row cropping operations (principally maize, soya beans and wheat), with approximately 8,350 Ha of row crops under irrigation and 8,650 Ha of rainfed/dryland crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as a palm project within Zambia.

2. Principal accounting policies
The principal accounting policies applied by the Group in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of consolidation
The consolidated financial statements include the financial statements of the parent Company and its subsidiary companies made up to the end of the financial year. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group normally obtains and exercises control through controlling more than half of the voting rights. All subsidiaries have a reporting date of 30 September with exception of Zam Chick Limited which has a year end of 31 March. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date of their acquisition or up to the date of their disposal. Intercompany transactions and profits are eliminated on consolidation and all income and profit figures relate to external transactions only.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Losses incurred are allocated to the non-controlling interest in equity until this value is nil, at which point any subsequent losses may be allocated against the interests of the parent or charged to the non-controlling interest holders where there is a view of future dividends from profits earned being set off against such losses.

(b) Going Concern
At the reporting date loan amounts repayable within twelve months amount to ZMW219.6 million (USD41.3 million) 2012: ZMW197 million (USD38.6 million). After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Group has also increased its term facilities to fund the capital assets being acquired during the current financial year and the next financial year. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out during the financial year.

(c) Basis of presentation
The alphabetic currency code, ZMK, is no longer in use effective 1 January 2013 and hence the financial statements are presented in the new alphabetic currency code for the Zambian Kwacha (ZMW). The comparatives have been rebased by dividing the nominal value of the existing currency by a multiplicand of 1,000 and are also presented in the new alphabetic currency code for the Zambian Kwacha (ZMW).

The 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.

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

2. Principal accounting policies continued

(d) Foreign currencies

(i) Presentational and functional currency

The Company has eleven operating branches of which ten have a historical 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
- 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 ZMW6.38 million (2012: ZMW10 million) upon translating all assets and liabilities, which has been recognised as an unrealised gain in the statement of comprehensive income and an exchange adjustment under property, plant and equipment.

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

(ii) Basis of translating presentational 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:

	Average exchange rate	Closing exchange rate
Year ended 30 September 2012	5.08	5.10
Year ended 30 September 2013	5.31	5.32

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

(iii) Basis of translating transactions and balances

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

Notes to the Financial Statements continued

As at 30 September 2013

2. Principal accounting policies continued

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 2012	32.55	32.90
Year ended 30 September 2013	29.76	30.08

ZMW:Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2012	0.378	0.380
Year ended 30 September 2013	0.412	0.377

(e) New and revised standards that are effective for annual periods beginning on or after 1 January 2013

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

IFRS 10 'Consolidated Financial Statements' (IFRS 10)

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 'Joint Arrangements' (IFRS 11)

IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' (IAS 31) and SIC 13 'Jointly Controlled Entities- Non-Monetary-Contributions by Venturers'. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates). The Group's only joint arrangement within the scope of IFRS 11 is its 51 per cent. investment in Zam Chick limited, which was accounted for using the equity accounting consolidation method under IFRS 11.

The Group has assessed the carrying amount of the investment for impairment as at 30 September 2013 and has concluded that no impairment loss is required.

IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities. Note 14 illustrates the application of IFRS 12 in the current year.

2. Principal accounting policies continued

Consequential amendments to IAS 27 'Separate Financial Statements' (IAS 27) and IAS 28 'Investments in Associates and Joint Ventures' (IAS 28)
IAS 27 now only addresses separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

IFRS 13 'Fair Value Measurement' (IFRS 13)
IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'.

Amendments to IAS 19 'Employee Benefits' (IAS 19)
The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:
- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability;
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

The application of this standard will not affect these financial statements.

(f) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group
At the date of authorization of these financial statements, certain new standards, amendments IAS 8.31 and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

IFRS 9 'Financial Instruments' (IFRS 9)
The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
The Amendments define the term 'investment entity', provide supporting guidance and require investment entities to measure investments in the form of controlling interests in another entity at fair value through profit or loss.

Based on the Group's current business model and accounting policies, management does not expect material impact on its financial statements when the standards or interpretations become effective.

Notes to the Financial Statements continued

As at 30 September 2013

2. Principal accounting policies continued

(g) Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net asset acquired is credited to the statement of comprehensive income in the period of acquisition. Changes in the Group's ownership interest that do not result in a loss of control are accounted for as equity transactions. Purchase of noncontrolling 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. Prior to 1 October 2009 business combinations were accounted for under the provisions of the previous version of IFRS 3 such that acquisition costs were not expensed. All acquisition expenses post implementation of IFRS 3 have been recognised in the statement of comprehensive income.

(h) Discontinued operations

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

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

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

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

(i) Goodwill

Goodwill represents the future economic benefits arising from a business combination that is not individually identified and separately recognized. See note 12 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Refer to note 12 for a description of impairment testing procedures.

(j) Revenue recognition

Revenue comprises the sale of goods and revenue from major products 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 or services are contracted. There are no discounts or other arrangements that create uncertainty over the level of revenue recognised.

Revenue from retail sales

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

(k) Property, plant and equipment

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

2. Principal accounting policies continued

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

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

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

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

Land and buildings	2%
Motor vehicles	20%
Furniture & equipment	10%
Plant & machinery	5–10%

Capital work in progress is not depreciated.

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

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

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

(l) Plantation development expenditure

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

All costs relating directly to plantation development are capitalized until such time as the oil palms reach maturity and meet the criteria for commercial production, at which point capitalized items are reclassified as mature plantations in property, plant and equipment, and all further costs expensed and depreciation commences. Such capitalized costs include:
- construction of roads and bridges attached to the plantation
- installation of drainage
- land preparation
- construction of an office block and workshops
- borrowing costs

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

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

Bridges and 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 the management.

Notes to the Financial Statements continued

As at 30 September 2013

2. Principal accounting policies continued

(m) Leased assets

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

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

(n) Financial assets

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

(o) Loans and receivables

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

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

(p) Impairment of assets

(i) Financial assets carried at amortised cost

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

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individual assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

2. Principal accounting policies continued

(ii) Impairment of goodwill

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

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

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

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

(q) Financial liabilities

The Group's financial liabilities include bank overdrafts, interest bearing liabilities, obligations under finance leases and trade and other payables. Financial liabilities are recognised when the Group becomes party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in 'Finance costs' in the consolidated statement of comprehensive income. Financial liabilities are recognised initially at their fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(r) Biological assets

(i) Current assets

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

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

(ii) Non-current assets

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

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

Notes to the Financial Statements continued

As at 30 September 2013

2. Principal accounting policies continued

(s) Inventory

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

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

(t) Cash and cash equivalents

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

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

(u) Borrowing costs

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

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

(v) Interest bearing liabilities

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

(w) Other operating income

Other operating 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 agribusiness. Other income comprises the fair value of the consideration received or receivable.

(x) Taxation

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

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

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

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

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

2. Principal accounting policies continued

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.

(z) Dividend distributions

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

(aa) Equity and reserves

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

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

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

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

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

(bb) Segmental reporting

IFRS 8 requires segments to be identified on the basis of the internal reports about operating units of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) to allocate resources and to assess their performance. The Group operates 14 main reportable divisions which match the main external revenues earned by the Group:

- Beef
- Chicken
- Pork
- Crops
- Stock feed
- Eggs
- Fish
- Milk and dairy
- Zamchick Inn
- Edible oils
- Mill and bakery
- Leather and shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

Notes to the Financial Statements continued

As at 30 September 2013

2. Principal accounting policies continued

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

- Zambeef
- Retailing
- Zam Chick
- Zamanita
- Master Pork
- Zampalm
- Other

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

(cc) Provisions (Restructuring costs and legal claims)

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

3. Critical accounting estimates and judgements

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

Significant accounting judgements

During 2010, the ZRA undertook an audit of Zamanita and advised of an incorrect tariff code being used for importation of palm oil and further advised of the correct tariff code to be applied, which attracted a higher rate of duty. Following subsequent discussions with the ZRA, an assessment of ZMW56.5 million (approximately USD11.8 million) was issued by the ZRA in October 2010, which included duties, taxes and penalties, and VAT for importations for prior years. In light of this assessment, Zamanita made an appeal to the ZRA, which resulted in the above assessment being set aside as incorrect and the Commissioner General of the ZRA in December 2010 issued a full and final demand of ZMW8.7 million (approximately USD1.9 million), which has been paid by Zamanita and provided for in the financial statements of the year ended 30 September 2010, and at which point the matter was considered closed.

However, in January 2012, the ZRA issued a notice overturning the full and final settlement decision of the Commissioner General and issued in its place an assessment of ZMW54.6 million (approximately USD10.7 million) which is the original assessment plus accrued interest and VAT less the settlement paid to the ZRA. Zambeef has been in on-going discussions with the ZRA in order to reach an appropriate settlement, which, in the view of the Company's Directors would take account of the previous agreement between the ZRA and Zambeef set out in December 2010. Unfortunately, despite the best endeavours of the Directors, no such settlement has yet been reached and Zambeef has proceeded with legal action at the Revenue Appeals Tribunal. The Group has not accrued any interest on this demand as the matter is under dispute and before the Revenue Appeals Tribunal.

(i) Plantation development expenditure

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

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

(ii) Deferred tax

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

3. Critical accounting estimates and judgements continued

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 27).

(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.

(iii) Valuation of biological assets and inventory

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

The most significant estimate relates to management's assessment of anticipated yield per hectare for establishing the fair value of standing crops. This assessment takes into account historic yields, climate conditions and certain other key factors. Realisation of the carrying amounts of biological assets of ZMW2.4 million (USD0.4 million) (2012: ZMW9.7 million USD1.9 million) is affected by price changes in different market segments, and ZMW134.7 million (USD66.8 million) (2012: ZMW42.1 million USD8.2 million) is affected by physical changes in different segments.

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. Future realization of the carrying amounts of inventory assets of ZMW473 million (USD88.9 million) (2012: ZMW501 million USD123.3 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 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.

Notes to the Financial Statements continued
As at 30 September 2013

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

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

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

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

4.4 Capital management
The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Group has complied with all capital requirements of its funders.

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	2013 ZMW'000s	2012 ZMW'000s
Cash and cash equivalents	(44,216)	(98,552)
Interest bearing liabilities	(563,124)	(556,102)
Equity	1,333,744	752,841
	726,404	98,187

(ii) In United States Dollars	2013 USD'000s	2012 USD'000s
Cash and cash equivalents	(8,311)	(19,324)
Interest bearing liabilities	(105,850)	(109,039)
Equity	250,704	147,616
	136,543	19,253

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. Management of financial risk continued

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 cropraiding; 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 on biological stock (crop and livestock) and grain in 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 ('CODM'), which is the Chief Executive Officer, to make decisions about the allocation of resources and assessment of performance about which discrete financial information is available. Gross margin information is sufficient for the CODM to use for such purposes. The CODM reviews information regarding the operating divisions which match the main external revenues earned by the Group, and management information regarding the operating assets and liabilities of the main business divisions within the Group.

Year ended 30 September 2013

(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Beef	323,897	104,254
Chicken	135,070	26,973
Pork	115,485	13,050
Crops	415,101	154,655
Stock feed	264,208	59,049
Eggs	24,630	8,957
Fish	23,512	8,878
Milk and dairy	61,402	26,346
Zamchick Inn	12,018	5,745
Edible oils	370,445	101,965
Mill and bakery	78,798	15,939
Leather and shoe	22,085	6,892
Master Meats (Nigeria)	69,277	15,511
Master Meats (Ghana)	16,141	4,567
Total	**1,932,069**	**552,781**
Less: Intra/Inter Group Sales	(337,007)	
Group total	**1,595,062**	**552,781**
Central operating costs		(474,379)
Operating profit		78,402
Foreign exchange losses		(15,689)
Finance costs		(40,884)
Profit before tax		21,829

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Zamanita ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	884,249	143,020	202,218	41,034	101,464	75,187	1,447,172
Biological assets and inventories	303,014	47,717	210,059	9,944	11,859	16,186	598,779
Cash, cash equivalents and bank overdrafts	(23,713)	984	(37,735)	135	348	15,765	(44,216)

Notes to the Financial Statements continued
As at 30 September 2013

5. Segmental reporting continued
(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD'000s
Beef	60,998	19,633
Chicken	25,437	5,080
Pork	21,749	2,458
Crops	78,173	29,125
Stock feed	49,757	11,120
Eggs	4,638	1,687
Fish	4,428	1,672
Milk and dairy	11,563	4,962
Zamchick Inn	2,263	1,082
Edible oils	69,764	19,202
Mill and bakery	14,840	3,002
Leather and shoe	4,159	1,298
Master Meats (Nigeria)	13,047	2,921
Master Meats (Ghana)	3,040	860
Total	**363,856**	**104,102**
Less: intra/inter Group sales	(63,468)	
Total	**300,388**	**104,102**
Central operating costs		(89,337)
Operating profit		14,765
Foreign exchange gains		(2,955)
Finance costs		(7,699)
Profit before tax		4,111

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Zamanita USD'000s	Master Pork USD'000s	Zampalm USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	166,212	26,884	38,011	7,713	19,072	14,133	272,025
Biological assets and inventories	56,958	8,969	39,485	1,869	2,229	3,042	112,552
Cash, cash equivalents and bank overdrafts	(4,457)	185	(7,093)	25	65	2,962	(8,311)

5. Segmental reporting continued
Year ended 30 September 2012
(i) In Zambian Kwacha

Segment	Revenue ZMW'000s	Gross Profit ZMW'000s
Beef	327,160	113,342
Chicken	120,265	35,210
Pork	116,534	33,977
Crops	223,489	104,039
Stock feed	187,370	48,850
Eggs	18,235	8,122
Fish	25,518	5,552
Milk and dairy	53,531	30,215
Zamchick Inn	10,185	4,544
Edible oils	237,882	15,814
Mill and bakery	90,563	22,858
Leather and shoe	20,134	10,859
Master Meats (Nigeria)	50,404	8,411
Master Meats (Ghana)	13,800	4,023
Total	**1,495,070**	**445,816**
Less: Intra/Inter Group Sales	(198,731)	
Group Total	**1,296,339**	**445,816**
Central operating costs		(384,561)
Operating profit		61,255
Foreign exchange losses		(18,887)
Finance costs		(26,810)
Profit before tax		15,558

Operating assets/(liabilities)	Zambeef ZMW'000s	Retailing ZMW'000s	Zamanita ZMW'000s	Master Pork ZMW'000s	Zampalm ZMW'000s	Other ZMW'000s	Total ZMW'000s
Property plant and equipment	573,073	100,076	112,727	34,344	55,976	22,278	898,474
Biological assets and inventories	343,669	52,842	188,569	31,520	6,528	8,240	631,368
Cash, cash equivalents and bank overdrafts	(51,454)	(17,125)	(34,855)	407	37	4,438	(98,552)

Notes to the Financial Statements continued

As at 30 September 2013

5. Segmental reporting continued

(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD'000s
Beef	64,370	22,300
Chicken	23,663	6,928
Pork	22,928	6,686
Crops	43,972	20,470
Stock feed	36,866	9,611
Eggs	3,588	1,598
Fish	5,021	1,092
Milk and dairy	10,532	5,945
Zamchick Inn	2,004	894
Edible oils	46,804	3,111
Mill and bakery	17,819	4,497
Leather and shoe	3,961	2,137
Master Meats (Nigeria)	9,917	1,655
Master Meats (Ghana)	2,715	792
Total	**294,160**	**87,716**
Less: intra/inter Group sales	(39,101)	
Total	**255,059**	**87,716**
Central operating costs		(75,664)
Operating profit		12,052
Foreign exchange gains		(3,717)
Finance costs		(5,275)
Profit before tax		3,060

Operating assets/(liabilities)	Zambeef USD'000s	Retailing USD'000s	Zamanita USD'000s	Master Pork USD'000s	Zampalm USD'000s	Other USD'000s	Total USD'000s
Property plant and equipment	112,367	19,623	22,103	6,734	10,976	4,368	176,171
Biological assets and inventories	67,386	10,361	36,974	6,180	1,280	1,616	123,797
Cash, cash equivalents and bank overdrafts	(10,089)	(3,358)	(6,834)	80	7	870	(19,324)

	2013				2012			
Geographical	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMW'000s Revenues	ZMW'000s Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	1,354,906	1,469,621	255,163	276,245	1,210,787	909,052	238,227	178,245
West Africa	85,418	21,494	16,086	4,040	64,204	16,609	12,632	3,257
Rest of world	154,738	–	29,139	–	21,348	–	4,200	–
	1,595,062	1,491,115	300,388	280,285	1,296,339	925,661	255,059	181,502

The Group only has one customer that accounts for more than 10 per cent. of its turnover. The Group has had a trading relationship with this customer for over 15 years.

6. Operating profit

	2013		2012	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	46,224	21,578	39,116	19,273
– Leased assets	4,040	2,215	3,009	2,212
Staff costs	197,695	65,810	158,636	39,878
Legal and other professional fees	2,592	2,216	10,500	7,573
Directors' remuneration				
– Executive	5,486	5,486	7,750	7,750
– Non-Executive	1,481	1,460	1,331	1,331
	6,967	6,946	9,081	9,081
Auditors remuneration				
– Audit services	1,349	440	622	383
– Non audit services	–	–	–	–
	1,349	440	622	383
Impairment of trade receivables	9,611	9,148	2,029	2
Profit on disposal of property, plant and equipment	(215)	(229)	(81)	–
Rentals under operating leases	10,652	–	10,374	–

	2013		2012	
Operating profit	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Operating profit before taxation is stated after charging/(crediting):				
Depreciation				
– Owned assets	8,486	4,064	7,696	3,792
– Leased assets	761	417	592	435
Staff costs	37,231	12,394	31,212	7,846
Legal and other professional fees	488	417	2,066	1,490
Directors' remuneration				
– Executive	1,032	1,032	1,527	1,527
– Non-Executive	279	275	262	262
	1,311	1,307	1,789	1,789
Auditors remuneration				
– Audit services	254	86	122	75
Impairment of trade receivable	1,810	1,723	399	–
Profit on disposal of property, plant and equipment	(40)	(43)	–	–
Rentals under operating leases	2,006	–	2,041	–

Notes to the Financial Statements continued

As at 30 September 2013

7. Staff costs

The Group employed an average of 5,714 employees during the year ended 30 September 2013 (2012: 4,999).

	2013 Number	2012 Number
Zambeef Products PLC, Zambeef Retailing Limited, Zam Chick Limited & Zamleather Limited	4,564	3,851
Zamanita Limited	445	420
Zampalm Limited	279	325
Master Pork Limited	203	204
Foreign Subsidiaries	224	199
Total	5,715	4,999

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

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wages and salaries	187,637	35,337	150,252	29,563
Social security costs	4,115	775	3,437	676
Pension costs	5,943	1,119	4,947	973
	197,695	37,231	158,636	31,212

2013	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Sushmit N Maitra ZMW'000s	Total ZMW'000s
Salary and fees	675	1,215	1,214	474	3,578
Bonus					
Pension contributions	8	8	8	6	30
Benefits in kind					
Employment taxes	350	642	641	245	1,878
Total	1,033	1,865	1,863	725	5,486

2012	Carl Irwin ZMW'000s	Francis Grogan ZMW'000s	Yusuf Koya ZMW'000s	Sushmit N Maitra ZMW'000s	Total ZMW'000s
Salary and fees	523	1,522	1,198	939	4,182
Bonus	150	102	–	102	354
Pension contributions	8	30	19	20	77
Benefits in kind	40	–	168	244	452
Employment taxes	375	879	740	691	2,685
Total	1,096	2,533	2,125	1,996	7,750

2013	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Sushmit N Maitra USD'000s	Total USD'000s
Salary and fees	127	229	229	89	674
Bonus					
Pension contributions	1	1	1	1	4
Benefits in kind					
Employment taxes	66	121	121	46	354
Total	194	351	351	136	1,032

7. Staff costs continued

2012	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Sushmit N Maitra USD'000s	Total USD'000s
Salary and fees	103	300	236	185	824
Bonus	30	20	–	20	70
Pension contributions	2	6	4	3	15
Benefits in kind	8	–	33	48	89
Employment taxes	74	173	146	136	529
Total	217	499	419	392	1,527

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

8. Finance costs

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Interest on bank loans and overdrafts	40,203	7,571	26,066	5,129
Finance lease cost	681	128	744	146
Total	40,884	7,699	26,810	5,275

9. Taxation

The Group has various tax rates applicable on the basis of individual entities being defined as agricultural entities or divisions (income tax rate of 10 per cent.) or manufacturing entities or divisions (income tax rate of 35 per cent.). The Group has further obtained tax holidays through investment incentives offered by the Zambian Government. As such, the average tax rate prevailing is 26.5 per cent.

(i) In Zambian Kwacha

	2013		2012	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(a) Tax charge				
Current tax:				
Tax charge	9,308	5,157	2,895	1,312
	9,308	5,157	2,895	1,312
Deferred tax:				
Deferred taxation (note 9(e))	(3,514)	(12,294)	(766)	2,768
Tax charge/(credit) for the year	5,794	(7,137)	2,129	4,080
(b) Reconciliation of tax charge/(credit)				
Profit/(loss) before taxation	21,829	(19,379)	15,558	65,708
Taxation on accounting profit/(loss)	1,874	(3,777)	693	4,260

Notes to the Financial Statements continued

As at 30 September 2013

9. Taxation continued

	2013		2012	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Effects of:				
Permanent differences:				
Disallowable expenses	3,920	709	4,928	3,429
Timing differences:				
Capital allowances and depreciation	(4,488)	1,376	(16,703)	(12,577)
Livestock and crop valuations adjustment	(1,560)	(1,509)	(841)	(850)
Other income	(101)	–	(46)	(36)
Unrealised exchange (gains)/losses	(1,857)	(1,159)	1,817	1,284
Unrealised tax losses	11,520	9,517	13,047	5,802
Tax charge for the year	9,308	5,157	2,895	1,312
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	1,913	555	716	(26)
Charge for the year	9,184	5,157	2,895	1,312
Under provision in the prior year	–	–	–	1
Arising on consolidation	–	–	2	–
Taxation paid	(8,956)	(6,443)	(1,700)	(732)
Taxation payable/(recoverable) as at 30 September	2,141	(731)	1,913	555
Taxation payable	3,676	–	2,133	555
Taxation recoverable	(1,535)	(731)	(220)	–
Taxation payable/(recoverable)	2,141	(731)	1,913	555

(d) Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 30 September 2006. Income tax returns have been filed with the ZRA for the subsequent years up to ended 30 September 2012. Quarterly tax returns for the year ended 30 September 2013 were made on the due dates during the year.

	2013		2012	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	6,137	5,914	239	114
Accelerated tax allowances	51,257	18,164	2,953	1,983
Provisions	(4,237)	(493)	–	–
Tax (loss)/gain	(54,285)	(31,350)	(805)	2,432
	(1,128)	(7,765)	2,387	4,529
Analysis of movement:				
Deferred tax liability as at 1 October	2,386	4,529	3,153	1,761
(Income)/charge to profit and loss account (note 9(a))	(3,514)	(12,294)	(766)	2,768
Deferred tax (asset)/liability as at 30 September	(1,128)	(7,765)	2,387	4,529
Deferred tax asset	(16,385)	(7,765)	(4,960)	–
Deferred tax liability	15,257	–	7,347	4,529
	(1,128)	(7,765)	2,387	4,529

9. Taxation continued

(ii) In US Dollars

	2013		2012	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	1,753	971	570	258
	1,753	971	570	258
Deferred tax:				
Deferred taxation (note 9(e))	(662)	(2,315)	(151)	545
Tax charge/(credit) for the year	1,091	(1,344)	419	803
(b) Reconciliation of tax charge				
Profit/(loss) before taxation	4,111	(3,649)	3,060	12,928
Taxation on accounting profit/(loss)	355	(710)	136	835
Effects of:				
Permanent differences:				
Disallowable expenses	737	133	964	672
Timing differences:				
Capital allowances and depreciation	(843)	259	(3,275)	(2,466)
Livestock and crop	(293)	(283)	(165)	(167)
Other income	(19)	–	(9)	(6)
Unrealised exchange (gains)/losses	(348)	(218)	355	252
Unrealised tax loss	2,166	1,790	2,565	1,138
Tax charge for the year	1,753	971	571	258
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	375	109	149	(5)
Charge for the year	1,730	971	571	258
Taxation paid	(1,687)	(1,213)	(334)	(144)
Foreign exchange differences	(16)	(4)	(11)	–
Taxation payable/(recoverable) as at 30 September	402	(137)	375	109
Taxation payable	691	–	418	109
Taxation recoverable	(289)	(137)	(43)	–
Taxation payable/(recoverable)	402	(137)	375	109

(d) Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 30 September 2006. Income tax returns have been filed with the ZRA for the subsequent years up to 30 September 2012. Quarterly tax returns for the year ended 30 September 2013 were made on the due dates during the year.

Notes to the Financial Statements continued

As at 30 September 2013

9. Taxation continued

	2013		2012	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(e) Deferred taxation				
Represented by:				
Biological valuation	1,154	1,112	47	22
Accelerated tax allowances	9,635	3,414	579	389
Provisions	(797)	(93)		
Tax (loss)/gain	(10,204)	(5,893)	(158)	477
	(212)	(1,460)	468	888
Analysis of movement:				
Deferred tax liability as at 1 October	468	888	656	366
(Income)/charge to profit and loss account (note 9(a))	(662)	(2,315)	(151)	545
Foreign exchange	(18)	(33)	(37)	(23)
Deferred tax (asset)/liability as at 30 September	(212)	(1,460)	468	888
Deferred tax asset	(3,080)	1,460	(972)	–
Deferred tax liability	2,868	–	1,440	888
	(212)	1,460	468	888

10. Equity dividends

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Final dividend for 2011 (ZMW21.40 per share, 0.45 cents per share)	–	–	5,306	1,044

There has been no dividend paid or proposed for 2013.

11. Earnings per share

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

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

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

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Basic earnings per share				
Profit for the year	13,766	2,592	14,583	2,868
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	247,978	247,978	247,978	247,978
	ZMW	US cents	ZMW	US cents
Basic earnings per share (ZMW and US cents)	0.0555	1.05	0.0588	1.16

12. Goodwill

	ZMW'000s	USD'000s
Cost and Net Book Value		
At 1 October 2011	15,699	3,270
Foreign exchange difference	–	(192)
At 30 September 2012	**15,699**	**3,078**
Foreign exchange difference	–	(127)
At 30 September 2013	**15,699**	**2,951**

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

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Master Pork Limited	15,699	2,951	15,699	3,078

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.

For the year ended 30 September 2013 Master Pork Limited reported a loss for the year of ZMW3 million (USD564 thousand).

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

Notes to the Financial Statements continued
As at 30 September 2013

13. Property, plant and equipment
(i) In Zambian Kwacha

(a) Group	Plantation development expenditure ZMW'000s	Leasehold land and buildings ZMW'000s	Plant and machinery ZMW'000s	Motor vehicles ZMW'000s	Furniture and equipment ZMW'000s	Capital work in progress ZMW'000s	Total ZMW'000s
Cost or valuation							
As at 1 October 2011	43,126	384,692	349,734	63,472	26,893	32,788	900,705
Exchange differences	–	5,500	4,354	229	106	(50)	10,139
Additions	7,963	3,453	34,570	8,962	1,958	74,921	131,827
Transfers	(15,357)	11,219	6,514	2,170	89	(4,635)	–
Disposals	–	(5)	–	(1,998)	(1)	–	(2,004)
As at 30 September 2012	**35,732**	**404,859**	**395,172**	**72,835**	**29,045**	**103,024**	**1,040,667**
Exchange differences	–	5,536	3,811	436	40	20	9,843
Additions	12,095	146	16,133	3,894	1,794	39,769	73,831
Transfers	1,431	25,046	80,468	3,947	1,198	(112,268)	(178)
Disposals	–	–	(1,326)	(440)	(89)	–	(1,855)
Reclassification	–	1,807	(2,620)	(4,670)	14	(1,556)	(7,025)
Revaluation (a)	–	357,621	(3,725)	(10,108)	(5,680)	–	338,108
As at 30 September 2013	**49,258**	**795,015**	**487,913**	**65,894**	**26,322**	**28,989**	**1,453,391**
Cost	49,258	28,603	28,401	3,030	979	28,989	139,260
Valuation (2013)	–	766,412	459,512	62,864	25,343	–	1,314,131
	49,258	795,015	487,913	65,894	26,322	28,989	1,453,391
Depreciation							
As at 1 October 2011	–	15,452	56,917	23,734	5,463	–	101,566
Charge for the year	–	4,157	22,935	11,954	3,079	–	42,125
Depreciation on Palm Plantation	(727)	173	245	288	21	–	–
Disposals	–	–	–	(1,498)	–	–	(1,498)
As at 30 September 2012	**(727)**	**19,782**	**80,097**	**34,478**	**8,563**	**–**	**142,193**
Exchange difference	–	38	107	(9)	10	–	146
Charge for the year	–	5,047	30,242	11,636	3,339	–	50,264
Depreciation on Palm Plantation	(1,372)	–	–	–	–	–	(1,372)
Disposals	–	–	(181)	(434)	(52)	–	(667)
Transfers	–	(539)	(1,069)	–	–	–	(1,608)
Reclassification	–	(14)	797	(1,263)	–	–	(480)
Revaluation (a)	–	(22,964)	(104,669)	(43,290)	(11,334)	–	(182,257)
As at 30 September 2013	**(2,099)**	**1,350**	**5,324**	**1,118**	**526**	**–**	**6,219**
Net book value							
At 30 September 2013	**51,357**	**793,665**	**482,589**	**64,776**	**25,796**	**28,989**	**1,447,172**
At 30 September 2012	**36,459**	**385,077**	**315,075**	**38,357**	**20,482**	**103,024**	**898,474**

13. Property, plant and equipment continued

(ii) In US Dollars

(a) Group	Plantation development expenditure USD'000s	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation							
As at 1 October 2011	8,985	80,144	72,862	13,223	5,603	6,830	187,647
Foreign translation	(524)	(3,645)	(3,462)	(738)	(311)	(457)	(9,137)
Additions	1,567	679	6,802	1,763	385	14,741	25,937
Transfers	(3,022)	2,207	1,282	427	18	(912)	–
Disposals	–	(1)	–	(393)	–	–	(394)
As at 30 September 2012	**7,006**	**79,384**	**77,484**	**14,282**	**5,695**	**20,202**	**204,053**
Foreign translation	(294)	(2,378)	(2,519)	(507)	(227)	(807)	(6,732)
Additions	2,278	27	3,038	733	338	7,489	13,903
Transfers	269	4,717	15,154	743	226	(21,143)	(34)
Disposals	–	–	(250)	(83)	(17)	–	(350)
Reclassification	–	340	(493)	(879)	3	(293)	(1,322)
Revaluation (a)	–	67,349	(702)	(1,904)	(1,070)	–	63,673
As at 30 September 2013	**9,259**	**149,439**	**91,712**	**12,385**	**4,948**	**5,448**	**273,191**
Cost	9,259	5,105	5,176	547	175	5,448	25,710
Valuation (2007)	–	144,334	86,536	11,838	4,773	–	247,481
	9,259	149,439	91,712	12,385	4,948	5,448	273,191
Depreciation							
As at 1 October 2011	–	3,219	11,858	4,943	1,139	–	21,159
Charge for the year	–	818	4,513	2,352	605	–	8,288
Depreciation on Palm Plantation	(143)	34	48	57	4	–	–
Disposals	–	–	–	(295)	–	–	(295)
Foreign Translation	–	(192)	(714)	(296)	(69)	–	(1,271)
As at 30 September 2012	**(143)**	**3,879**	**15,705**	**6,761**	**1,679**	**–**	**27,881**
Charge for the year	–	950	5,695	2,191	629	–	9,465
Depreciation on Palm Plantation	(258)	–	–	–	–	–	(258)
Disposals	–	–	(34)	(82)	(10)	–	(126)
Transfers	–	(102)	(201)	–	–	–	(303)
Reclassification	–	(3)	150	(238)	–	–	(91)
Revaluation (a)	–	(4,325)	(19,712)	(8,153)	(2,134)	–	(34,324)
Foreign Translation	6	(147)	(603)	(270)	(65)	–	(1,078)
As at 30 September 2013	**(395)**	**252**	**1,000**	**209**	**99**	**–**	**1,166**
Net book value							
At 30 September 2013	**9,654**	**149,187**	**90,712**	**12,176**	**4,849**	**5,448**	**272,025**
At 30 September 2012	**7,149**	**75,505**	**61,779**	**7,521**	**4,016**	**20,202**	**176,172**

(a) The Group's property, plant and equipment situated in Zambia were revalued during the year by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMW524 million (USD94.7 million) was transferred to a revaluation reserve.

(b) The depreciation charge for the year includes ZMW2.5 million (USD0.5 million) (2012: ZMW2.5 million USD0.5 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) Included in land, buildings and equipment are borrowing costs amounting to ZMW8.8 million (USD1.7 Million) (2012: ZMW5.2 million USD1 million). These have been capitalised in accordance with IAS 23 "Borrowing costs – (revised)".

(d) The carrying value of the Group's property, plant and equipment includes an amount of ZMW31.2 million (USD5.9 million) (2012: ZMW23.9 million USD4.7 million) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW4 million (USD0.76 million) (2012: ZMW3 million USD0.6 million).

(e) The capital work in progress depicts all capital expenditure items on projects that are yet to be completed.

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

Notes to the Financial Statements continued
As at 30 September 2013

13. 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
Cost or valuation						
At 1 October 2011	304,161	240,533	23,469	5,619	29,562	603,344
Exchange differences	5,326	4,422	201	100	–	10,049
Additions	–	10,004	2,033	277	19,771	32,085
At 30 September 2012	**309,487**	**254,959**	**25,703**	**5,996**	**49,333**	**645,478**
Exchange differences	5,622	3,802	377	37	(3)	9,835
Additions	78	10,864	564	344	17,352	29,202
Transfers	16,367	20,879	328	560	(51,603)	(13,469)
Disposals	–	(1,252)	–	–	–	(1,252)
Revaluation	256,058	(39,777)	308	(2,134)	–	214,455
As at 30 September 2013	**587,612**	**249,475**	**27,280**	**4,803**	**15,079**	**884,249**
Depreciation						
As at 1 October 2011	9,511	33,942	6,278	1,189	–	50,920
Charge for the year	2,310	13,987	4,490	698	–	21,485
As at 30 September 2012	**11,821**	**47,929**	**10,768**	**1,887**	**–**	**72,405**
Transfers	(409)	(823)	–	–	–	(1,232)
Disposals	–	(173)	–	–	–	(173)
Revaluation	(14,025)	(63,370)	(14,684)	(2,714)	–	(94,793)
Reclassification	–	294	(294)	–	–	–
Charge for the year	2,613	16,143	4,210	827	–	23,793
As at 30 September 2013	**–**	**–**	**–**	**–**	**–**	**–**
Net book value						
At 30 September 2013	**587,612**	**249,475**	**27,280**	**4,803**	**15,079**	**884,249**
At 30 September 2012	**297,666**	**207,030**	**14,935**	**4,109**	**49,333**	**573,073**

13. Property, plant and equipment continued

(ii) In US Dollars

(b) Company	Leasehold land and buildings USD'000s	Plant and machinery USD'000s	Motor vehicles USD'000s	Furniture and equipment USD'000s	Capital work in progress USD'000s	Total USD'000s
Cost or valuation						
As at 1 October 2011	63,366	50,111	4,888	1,171	6,159	125,695
Foreign translation	(2,682)	(2,088)	(250)	(49)	(376)	(5,445)
Additions	–	1,969	400	55	3,890	6,314
As at 30 September 2012	**60,684**	**49,992**	**5,038**	**1,177**	**9,673**	**126,564**
Translation Mpongwe	1,059	716	71	7	(1)	1,852
Additions	15	2,046	106	65	3,268	5,499
Transfers	4,069	5,482	62	105	(9,718)	–
Zam Chick transfer	(1,207)	(1,720)	–	–	–	(2,927)
Retailing asset transfer to Products	220	170	–	–	–	390
Disposals	–	(236)	–	–	–	(236)
Revaluation surplus/(deficit)	48,222	(7,491)	58	(402)	–	40,387
Foreign translation	(2,609)	(2,065)	(207)	(49)	(388)	(5,318)
As at 30 September 2013	**110,453**	**46,894**	**5,128**	**903**	**2,834**	**166,212**
Depreciation						
As at 1 October 2011	1,981	7,071	1,307	248	–	10,607
Foreign translation	(118)	(426)	(80)	(14)	–	(638)
Charge for the period	455	2,752	884	137	–	4,228
As at 30 September 2012	**2,318**	**9,397**	**2,111**	**371**	**–**	**14,197**
Charge for the year	492	3,040	793	156	–	4,481
Disposals	–	(33)	–	–	–	–
Zam Chick asset transfers	(77)	(155)	–	–	–	(232)
Adjustment on valuation	(2,641)	(11,933)	(2,766)	(511)	–	(17,851)
Reclassification	–	55	(55)	–	–	–
Foreign translation	**(92)**	**(371)**	**(83)**	**(16)**	**–**	**(562)**
As at 30 September 2013	**–**	**–**	**–**	**–**	**–**	**–**
Net book value						
At 30 September 2013	**110,453**	**46,894**	**5,128**	**903**	**2,834**	**166,212**
At 30 September 2012	**58,366**	**40,595**	**2,927**	**806**	**9,673**	**112,367**

(a) During the current year the Company's property, plant and equipment were revalued by Messrs Fairworld Properties Limited, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation and depreciation no longer required totalling ZMW310 million (USD58.3 million) was transferred to a revaluation reserve. The Directors expect no material variances to the carrying value of the property, plant and equipment.

(b) The carrying value of the Company's property, plant and equipment includes an amount of ZMW11.1 million (USD2.1 million) (2012: ZMW11.4 million USD2.2 million) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMW2.2 million (USD0.4 million) (2012: ZMW2.2 million USD0.4 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.

Notes to the Financial Statements continued

As at 30 September 2013

14. Investments in subsidiaries

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

(a) Directly owned:	Country of incorporation	Proportion of all classes of issued share capital owned by the Company 2013	Proportion of all classes of issued share capital owned by the Company 2012	Principal activity
Zambeef Retailing Limited	Zambia	100	100	Retailing of Zambeef products
Zamleather Limited	Zambia	100	100	Processing of leather and shoes
Master Meat and Agro Production Co of Nigeria Limited	Nigeria	77	72	Processing and sale of meat products
Master Meat (Ghana) Limited	Ghana	90	90	Processing and sale of meat products
Master Pork Limited	Zambia	100	100	Processing and sale of pork and processed products
Zamanita Limited	Zambia	100	100	Processing and sale of edible oils and feed cake
Zampalm Limited	Zambia	100	100	Palm tree plantation
Zam Chick Limited	Zambia	51	–	Processing and sale of poultry products
Zamhatch Limited	Zambia	49	–	Developing hatchery operation

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

	2013		2012	
(b) Movement at cost:	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At beginning of the year	146,126	28,652	94,112	19,607
Reclassification during the year (note (i))			52,068	10,245
Arising during the year	8,388	1,580		
Disposal during the year (note (ii))			(54)	(11)
Foreign translation	–	(1,188)	–	(1,189)
At end of the year	**154,514**	**29,044**	**146,126**	**28,652**

(i) During the previous year, the Company converted short-term inter-company borrowings to Zampalm Limited to a permanent investment in the subsidiary taking into account the Long-term developmental approach of the palm plantation.

(ii) During the previous year, the Group awarded the share options due to its employees in Nigeria by transferring 18 per cent. of its investment in Master Meat and Agro Production Co of Nigeria Limited to the employees. This has been treated as a share based payment.

14. Investments in subsidiaries continued

(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	238,186	195,632	870,737	(1,362)
Zamleather Limited	Zambia	31,853	17,144	22,442	1,905
West Africa Operations	Nigeria & Ghana	37,910	43,754	85,419	(4,406)
Master Pork Limited	Zambia	71,348	21,949	119,955	(2,973)
Zamanita Limited	Zambia	428,879	279,985	461,871	23,618
Zampalm Limited	Zambia	113,871	31,377	–	–
Zam Chick Limited	Zambia	61,722	11,239	132,343	8,771
Zamhatch Limited	Zambia	10	–	–	–
Total at the end of 30 September 2013		**983,779**	**601,080**	**1,692,767**	**25,553**
Zambeef Retailing Limited	Zambia	179,602	184,888	855,586	(17,304)
Zamleather Limited	Zambia	16,820	11,209	20,126	604
West Africa Operations	Nigeria & Ghana	26,154	25,964	64,204	(3,496)
Master Pork Limited	Zambia	67,646	23,950	105,902	9,360
Zamanita Limited	Zambia	323,665	285,132	280,630	(37,363)
Zampalm Limited	Zambia	62,558	12,068	–	–
Novatek Limited	Zambia	10	–	–	–
Total at the end of 30 September 2012		**676,455**	**543,211**	**1,326,448**	**(48,199)**

Name of company	Country of Incorporation	Assets USD'000s	Liabilities USD'000s	Revenues USD'000s	Profit/(loss) USD'000s
Zambeef Retailing Limited	Zambia	44,772	36,773	163,672	(256)
Zamleather Limited	Zambia	5,987	3,223	4,218	358
West Africa Operations	Nigeria & Ghana	7,126	8,224	16,056	(828)
Master Pork Limited	Zambia	13,411	4,126	22,548	(559)
Zamanita Limited	Zambia	80,616	52,629	86,818	4,439
Zampalm Limited	Zambia	21,404	5,898	–	–
Zam Chick Limited	Zambia	11,604	2,113	24,877	1,649
Zamhatch Limited	Zambia	2	–	–	–
Total at the end of 30 September 2013		**184,922**	**112,986**	**318,189**	**4,803**
Zambeef Retailing Limited	Zambia	35,216	36,253	168,340	(3,405)
Zamleather Limited	Zambia	3,298	2,198	3,960	119
West Africa Operations	Nigeria & Ghana	5,128	5,091	12,632	(688)
Master Pork Limited	Zambia	13,264	4,696	20,837	1,841
Zamanita Limited	Zambia	63,464	55,908	55,215	(7,352)
Zampalm Limited	Zambia	12,266	2,366	–	–
Novatek Limited	Zambia	2	–	–	–
Total at the end of 30 September 2012		**132,638**	**106,512**	**260,984**	**(9,485)**

Notes to the Financial Statements continued
As at 30 September 2013

14. Investments in subsidiaries continued

Name of company	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Zambeef Retailing Limited	30	6	30	6
Zamleather Limited	1,477	278	1,477	290
Master Meat and Agro Production Co of Nigeria Limited	216	41	216	42
Master Meat (Ghana) Limited	1,310	246	1,310	257
Master Pork Limited	26,600	5,000	26,600	5,215
Zamanita Limited	62,721	11,790	62,720	12,298
Zampalm Limited	53,764	10,106	53,763	10,542
Zam Chick Limited	8,391	1,576	–	–
Zamhatch Limited	5	1	–	–
Novatek Limited	–	–	10	2
	154,514	29,044	146,126	28,652

(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.

15. (a) Biological assets – Group

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

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/(losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	53,271	128,315	82,173	68	(232,170)	31,657
Feedlot Cattle	38,963	101,318	20,252	943	(110,579)	50,897
Dairy Cattle	18,843	16,978	5,648	–	(20,562)	20,907
Pigs	2,150	4,143	211	2,693	(6,899)	2,298
Chickens	6,357	103,771	26,370	(1,327)	(127,103)	8,068
Palm oil plantation	6,528	5,331	–	–	–	11,859
Total	**126,112**	**359,856**	**134,654**	**2,377**	**(497,313)**	**125,686**
Less: Non-current biological assets	(6,528)	(5,331)	–	–	–	(11,859)
Total	**119,584**	**354,525**	**134,654**	**2,377**	**(497,313)**	**113,827**

15. (a) Biological assets – Group continued

(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	10,445	(424)	24,165	15,475	13	(43,723)	5,951
Feedlot Cattle	7,640	(320)	19,081	3,814	178	(20,825)	9,567
Dairy Cattle	3,695	(154)	3,197	1,064	–	(3,872)	3,930
Pigs	422	(18)	780	40	507	(1,299)	432
Chickens	1,246	(52)	19,543	4,966	(250)	(23,937)	1,517
Palm oil plantation	1,280	(55)	1,004	–	–	–	2,229
Total	**24,728**	**(1,023)**	**67,770**	**25,539**	**448**	**(93,656)**	**23,625**
Less: Non-current biological assets	(1,280)	55	(1,004)	–	–	–	(2,229)
Total	**23,448**	**(968)**	**66,766**	**25,359**	**448**	**(93,656)**	**21,396**

15. (b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2013 there were 12,398 cattle (8,348 feedlot cattle, 1,897 standing cattle and 2,153 dairy cattle), and 181,323 chickens (181,323 layers). A total of 14,510 feedlot cattle, 829 dairy cattle and 242,496 chickens were culled during the year.

(i) Zambian Kwacha	As at 1 October ZMW'000s	Increase due to purchases ZMW'000s	Gains/(losses) arising from fair value attributable to physical changes ZMW'000s	Gains arising from fair value attributable to price changes ZMW'000s	Decrease due to harvest/ transferred to inventory ZMW'000s	As at 30 September ZMW'000s
Standing Crops	53,271	128,315	82,172	68	(232,170)	31,656
Feedlot Cattle	38,963	101,318	20,252	943	(110,579)	50,897
Dairy Cattle	18,843	16,978	5,648	–	(20,562)	20,907
Chickens	6,357	15,445	6,128	–	(21,649)	6,281
Total	**117,434**	**262,056**	**114,201**	**1,011**	**(384,960)**	**109,741**

(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	10,445	(395)	24,165	15,445	13	(43,723)	5,951
Feedlot Cattle	7,640	(313)	19,081	3,807	177	(20,825)	9,567
Dairy Cattle	3,695	(152)	3,197	1,062	–	(3,872)	3,930
Chickens	1,246	(49)	2,909	1,152	–	(4,077)	1,181
Total	**23,026**	**(909)**	**49,352**	**21,466**	**190**	**(72,497)**	**20,628**

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As at 30 September 2013

16. Inventories

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Trading stocks	177,510	102,744	227,474	177,731
Abattoir stocks	642	–	792	–
Raw materials	172,292	–	200,298	–
Stock feed	42,012	41,837	25,870	25,684
Consumables	78,356	48,693	49,048	22,819
Raw hides and chemicals	2,281	–	1,774	–
	473,093	**193,274**	**505,256**	**226,234**

(ii) In US Dollars	2013 Group USD'000s	2013 Company USD'000s	2012 Group USD'000s	2012 Company USD'000s
Trading stocks	33,367	19,313	44,603	34,849
Abattoir stocks	121	–	155	–
Raw materials	32,386	–	39,275	–
Stock feed	7,895	7,864	5,073	5,036
Consumables	14,729	9,153	9,617	4,475
Raw hides and chemicals	429	–	347	–
	88,927	**36,330**	**99,070**	**44,360**

A total of ZMW1,034 million (USD194.7 million) (2012: ZMW850.5 million (USD167.3 million) was included in profit and loss as an expense within cost of sales. Inventory was turned every 134 days (2012: 176 days).

Biological assets totalling ZMW497.3 million (USD93.7 million) (2012: ZMW449.1 million USD88.4 million) were transferred to inventories during the year.

17. Trade and other receivables

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Gross trade receivables	66,303	27,723	57,717	11,449
Less: provision for impairment of trade receivables	(11,931)	(10,142)	(5,567)	(994)
Trade receivables	54,372	17,581	52,150	10,455
Prepayments	6,510	–	6,605	2,613
Other receivables	905	20	4,677	–
	61,787	**17,601**	**63,432**	**13,068**

(ii) In US Dollars	2013 Group USD'000	2013 Company USD'000	2012 Group USD'000	2012 Company USD'000
Gross trade receivables	12,463	5,210	11,317	2,245
Less: provision for impairment of trade receivables	(2,243)	(1,906)	(1,092)	(195)
Trade receivables	10,220	3,304	10,225	2,050
Prepayments	1,224	–	1,296	512
Other receivables	170	4	917	–
	11,614	**3,308**	**12,438**	**2,562**

17. Trade and other receivables continued

(b) 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:

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
At 1 October	5,567	994	3,707	992
Utilised	–	–	(169)	–
Charge for the year	6,364	9,148	2,029	2
At 30 September	11,931	10,142	5,567	994

	2013		2012	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
At 1 October	1,092	195	772	207
Foreign exchange	(47)	(12)	(46)	(12)
Utilised	–	–	(33)	–
Charge for the year	1,198	1,723	399	–
At 30 September	2,243	1,906	1,092	195

Trade receivables have a 15 or 30 day credit period.

Some of the unimpaired trade receivables are past due as at reporting date. Financial assets past due but not impaired are shown below:

	2013		2012	
(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	2,816	2,816	2,867	424
More than 6 months but not more than a year	3,277	3,036	1,131	–
More than one year	1,853	–	1,853	–
Total	**7,946**	**5,852**	**5,851**	**424**

	2013		2012	
(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	529	529	562	83
More than 6 months but not more than a year	616	571	222	–
More than one year	348	–	363	–
Total	**1,493**	**1,100**	**1,147**	**83**

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

The average credit period given in 2013 was 14 days (2012: 18 days).

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As at 30 September 2013

18. Amounts due from related companies

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Leopard Investments Company Limited	–	254	–	–
Tractorzam Limited	253	253	–	–
Zambezi Ranching and Cropping Limited	1,469	–	1,679	1,679
RCL Foods Limited	5	–	–	–
Wellspring Limited	83	83	–	–
Bric Back Limited	–	–	658	659
Zambeef Retailing Limited	–	139,969	–	–
Zamleather Limited	–	16,311	–	3,911
Master Pork Limited	–	–	–	41,977
Zampalm Limited	–	30,865	–	10,712
Zamanita Limited	–	62,738	–	159,839
Master Meat & Agro Production Co. of Nigeria Limited	–	16,103	–	10,379
Zam Chick Limited	–	2,468	–	–
Master Meat (Ghana) Limited	–	392	–	–
	1,810	**269,436**	**2,337**	**229,156**

(i) In US Dollars	2013 Group USD'000s	2013 Company USD'000s	2012 Group USD'000s	2012 Company USD'000s
Leopard Investments Company Limited	–	47	–	–
Tractorzam Limited	47	47	–	–
Zambezi Ranching and Cropping	276	–	329	329
RCL Foods Limited	1	–	–	–
Wellspring Limited	16	16	–	–
Bric Back Limited	–	–	129	129
Zambeef Retailing Limited	–	26,310	–	–
Zamleather Limited	–	3,066	–	767
Master Pork Limited	–	–	–	8,231
Zampalm Limited	–	5,802	–	2,100
Zamanita Limited	–	11,793	–	31,342
Zam Chick Limited	–	464	–	–
Master Meat & Agro Production Co. of Nigeria Limited	–	3,027	–	2,035
Master Meat (Ghana) Limited	–	74	–	–
	340	**50,646**	**458**	**44,933**

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

19. Cash and cash equivalents

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Cash in hand and at bank	106,935	60,924	79,731	56,917
Bank overdrafts (Note (b))	(151,151)	(84,637)	(178,283)	(108,371)
	(44,216)	**(23,713)**	**(98,552)**	**(51,454)**

(ii) In US Dollars	2013 Group USD'000s	2013 Company USD'000s	2012 Group USD'000s	2012 Company USD'000s
Cash in hand and at bank	20,101	11,452	15,633	11,160
Bank overdrafts (note (b))	(28,412)	(15,909)	(34,957)	(21,249)
	(8,311)	**(4,457)**	**(19,324)**	**(10,089)**

(a) Banking facilities

The Group has overdraft facilities totalling ZMW35.137 million (2012: ZMW8.137 million) and USD5.1 million (2012: USD10.1 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 2.25 per cent. for the Kwacha facility and 12 month USD LIBOR rate plus 4 per cent. for the USD facility.

The Group has overdraft facilities totalling ZMW24.5 million (2012: ZMW4.5 million) and USD7 million (2012: USD10.5 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest rates of Bank of Zambia Policy rate plus 2.5 per cent. (ZMW20 million for Zamanita Limited) and Bank of Zambia Policy rate plus 2.25 per cent. (ZMW4.5 million for Zambeef Products PLC) on the Kwacha facilities and 3 month USD LIBOR rate plus 4.5 per cent. (USD4 million for Zamanita Limited) and 3 month USD LIBOR rate plus 4.25 per cent. (USD3 million for Zambeef Products PLC) on the USD facilities.

The Group has overdraft facilities totalling ZMW22.5 million (2012: ZMW22 million) and USD4 million (2012: USD4 million) with Zanaco Bank Plc. The Zanaco Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 3 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 4.25 per cent. on the USD facility.

The Group has overdraft facilities totalling ZMW42 million (2012: ZMW42 million) and USD1 million (2012: USD1 million) with Stanbic Bank Zambia Limited. The Stanbic Bank overdrafts bear interest rate of Bank of Zambia Policy rate plus 2.25 per cent. on the Kwacha facility and 3 month USD LIBOR rate plus 3.75 per cent. on the USD facility.

(b) Bank overdrafts

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Bank overdrafts represented by:				
Zanaco Bank Plc	(28,328)	(11,353)	(34,868)	(20,260)
Citibank Zambia Limited	(37,631)	(27,418)	(55,471)	(38,349)
Stanbic Bank Zambia Limited	(39,013)	(39,013)	(45,350)	(45,350)
Standard Chartered Bank Zambia Plc	(46,179)	(6,853)	(42,594)	(4,412)
	(151,151)	**(84,637)**	**(178,283)**	**(108,371)**

Notes to the Financial Statements continued

As at 30 September 2013

19. Cash and cash equivalents continued

(ii) In US Dollars	2013 Group USD'000	2013 Company USD'000	2012 Group USD'000	2012 Company USD'000
Bank overdrafts represented by:				
Zanaco Bank Plc	(5,325)	(2,134)	(6,837)	(3,973)
Citibank Zambia Limited	(7,074)	(5,154)	(10,877)	(7,519)
Stanbic Bank Zambia Limited	(7,333)	(7,333)	(8,892)	(8,892)
Standard Chartered Bank Zambia Plc	(8,680)	(1,288)	(8,351)	(865)
	(28,412)	**(15,909)**	**(34,957)**	**(21,249)**

(i) The Zambeef Products Plc Company bank overdrafts are secured by a first floating charge/debenture over all the assets of the Company. The floating charge/debenture ranks pari passu between Standard Chartered Bank Zambia Plc (USD5.2 million), Citibank Zambia Limited (USD12.5 million), Zanaco Bank Plc (USD4 million and ZMW22.5 million) and DEG (USD5 million).

(ii) The Zamanita facility is secured by a first ranking legal mortgage over stand 5960 and 5001 Mumbwa Road, Lusaka and a floating charge/debenture over all other Zamanita assets.

All overdrafts are annual revolving facilities.

20. Share capital

	2013 ZMW'000s	2013 USD'000s	2012 ZMW'000s	2012 USD'000s
Authorised				
400,000,000 ordinary shares of ZMW0.001 each	**400**	**83**	**400**	**83**
(2012: 400,000,000 ordinary shares of ZMW0.001 each)				
Issued and fully paid				
At 1 October	248	61	248	61
Issued during the year	–	–	–	–
At 30 September				
247,978,195 ordinary shares of ZMW0.001 each	**248**	**61**	**248**	**61**
(2012: 247,978,195 ordinary shares of ZMW0.001 each)				

As fully explained in Note 3 of the Directors Report, the Government passed Act 8 of 2012 called the Re-denomination Act commonly known as Rebasing of the kwacha. PACRA, meanwhile issued instruction on the implementation of rebasing which are required to be complied with before 31 December 2013. The filing requirements are yet to be completed as shareholders' approval is required; a matter to be tabled at the AGM.

21. Share premium

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
At 1 October	506,277	123,283	506,277	123,283
Arising during the year	–	–	–	–
At 30 September	**506,277**	**123,283**	**506,277**	**123,283**

22. Interest bearing liabilities

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH (note (a))	114,624	114,624	101,735	101,735
Zanaco Bank Plc (note (b))	46,500	46,500	46,500	46,500
Standard Chartered Bank Zambia Plc (note (c))	187,546	84,491	191,603	82,155
IFC – International Finance Corporation (note (d))	196,818	183,084	192,400	184,055
	545,488	**428,699**	**532,238**	**414,445**
Less: Short-term portion (repayable within next 12 months)	(210,364)	(133,563)	(190,118)	(111,097)
Long-term portion (repayable after 12 months)	**335,124**	**295,136**	**342,120**	**303,348**

	2013		2012	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH (note (a))	21,546	21,546	19,948	19,948
Zanaco Bank Plc (note (b))	8,741	8,741	9,118	9,118
Standard Chartered Bank Zambia Plc (note (c))	35,252	15,882	37,569	16,109
IFC – International Finance Corporation (note (d))	36,996	34,414	37,725	36,089
	102,535	**80,583**	**104,360**	**81,264**
Less: Short-term portion (repayable within next 12 months)	(39,542)	(25,106)	(37,278)	(21,784)
Long-term portion (repayable after 12 months)	**62,993**	**55,477**	**67,082**	**59,480**

(a) (i) DEG Term Loan 1
The Group has a loan facility of USD1.256 million (2012: USD2.088 million and original amount USD5 million) from DEG. Interest on the loan is 2.75 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 12 bi-annual instalments of USD416,000 commencing April 2009 and expiring in October 2014.

The DEG loan is secured by a floating charge/debenture of USD5 million ranking pari passu with Citibank Zambia Limited (USD12.5 million), Standard Chartered Bank Zambia Plc (USD5.2 million) and Zanaco Bank Plc (USD4 million and ZMW22.5 million).

(ii) DEG Term Loan 2
The Group has a loan facility of USD14.29 million (2012: USD17.86 million and original amount of USD25 million) from DEG. Interest on the loan is 4.55 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 14 bi-annual instalments of USD1,785,000 commencing November 2010 and expiring in May 2017.

The USD25 million DEG term loan is secured by:
- First ranking legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- First ranking legal mortgage over Farm No. 10097, Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

Notes to the Financial Statements continued
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22. Interest bearing liabilities continued

(iii) DEG Term Loan 3

During the year the group obtained a loan facility of USD10 million for the palm project from DEG. USD6 million was drawn down during September 2013. Interest on the loan is 4.25 per cent. above the 6 month USD LIBOR rate per annum payable 6 monthly in arrears. The capital is repayable in 14 biannual instalments of USD710,000 commencing May 2016 and expiring in November 2022.

The USD10 million DEG term loan is secured by:
- Second ranking legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe farm); and
- Second ranking legal mortgage over Farm No. 10097, Farm No. 5063 and Lot No. 8409/M (Chiawa farm).

(b) Zanaco Bank Plc

The Group has a loan facility of ZMW46.5 million (2012: ZMW46.5 million) with Zanaco Bank Plc. Interest on the loan is 4 per cent. above the Bank of Zambia policy rate per annum payable monthly in arrears. The principal is repayable in 7 annual instalments of ZMW6,642,857,143 commencing December 2013 and expiring in December 2019.

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

(c) Standard Chartered Bank Zambia Plc

The Group has a loan facility of USD6.7 million (2012: USD6.8 million and original amount of USD8 million) from Standard Chartered Bank Zambia Plc. Interest on the loan is 5 per cent. above the 3 month USD LIBOR rate per annum payable monthly in arrears. The principal is repayable in amounts of USD300,000 on a quarterly basis commencing April 2013 to December 2013 and thereafter 11 quarterly payments of USD566,667 commencing March 2014 and expiring in September 2016.

The loan is secured by a first ranking legal mortgage relating to stands 5960 and 5001 Mumbwa Road, Lusaka, (Zamanita premises) and floating debenture over all other assets of Zamanita.

The Group has structured agricultural facilities with an annual revolving limit totalling USD59 million (2012: USD59 million) with Standard Chartered Bank Zambia Plc. The purpose of the facilities is the financing of wheat, soya beans, maize and barley under collateral management agreements/facilities against warehouse receipts and is for 365 days. The balance on the facilities at year end was USD22.55 million (2012: USD30.7 million). Interest on the facilities is 3 month USD LIBOR rate plus 3.5 per cent. per annum (for the USD34 million Zambeef CMA) and 3 month USD LIBOR rate plus 4 per cent. (for the USD24 million Zamanita CMA) calculated on the daily overdrawn balances.

(d) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD7.36 million (USD5.091 million in Zambia and USD2.269 million in Nigeria) 2012: USD3.364 million in Zambia and USD1.636 million in Nigeria and original amount of USD10 million from IFC. Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 11 equal bi-annual instalments of USD636,364 (Zambeef) and USD283,634 (Nigeria) commencing June 2012 and expiring in June 2017.

The portion of the loan attributable to Zambia is secured through a first ranking legal mortgage over Plot 9070, 9071 and 9074, off Mumbwa Road, Lusaka, (Novatek stock feed premises) and the portion of the loan attributable to the Nigerian operations is secured by a floating charge over all assets of Master Meat and Agro Production Co of Nigeria Limited and a parental guarantee from Zambeef Products PLC.

(d) (ii) International Finance Corporation Loan 2

The Company has a loan facility of USD30 million (USD20 million in USD and USD10 million in ZMW). Interest on the loan is 4.75 per cent. above the 6 month USD LIBOR rate per annum for the USD facility and 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin for the Kwacha facility payable quarterly in arrears. The principal is repayable in 29 equal quarterly instalments of USD689,655 and ZMW1,710,344,828 commencing June 2015 and expiring in June 2022.

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

23. Obligations under finance leases

In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Freddy Hirsh Zambia Limited (note (a))	9,362	–	12,496	–
Stanbic Zambia Limited (note (b))	8,274	8,274	11,368	11,368
	17,636	**8,274**	**23,864**	**11,368**
Less: Payable within 12 months	(9,189)	(4,736)	(6,839)	(2,616)
Repayable after 12 months	**8,447**	**3,538**	**17,025**	**8,752**

(ii) In US Dollar	2013 Group USD'000s	2013 Company USD'000s	2012 Group USD'000s	2012 Company USD'000s
Freddy Hirsh Zambia Limited (note (a))	1,760	–	2,450	–
Stanbic Zambia Limited (note (b))	1,555	1,555	2,229	2,229
	3,315	**1,555**	**4,679**	**2,229**
Less: Payable within twelve months	(1,727)	(890)	(1,341)	(513)
Repayable after 12 months	**1,588**	**665**	**3,338**	**1,716**

The ageing for the finance leases is as detailed below:

	Within 1 year ZMW'000s	1 to 5 years ZMW'000s	After 5 years ZMW'000s	Total ZMW'000s
2013				
Lease payments	9,571	8,569	–	18,140
Finance charges	(382)	(122)	–	(504)
Net present values	**9,189**	**8,447**	**–**	**17,636**
2012				
Lease payments	7,452	17,814	–	25,266
Finance charges	(613)	(789)	–	(1,402)
Net present values	**6,839**	**17,025**	**–**	**23,864**

	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013				
Lease payments	1,799	1,611	–	3,410
Finance charges	(72)	(23)	–	(95)
Net present values	**1,727**	**1,588**	**–**	**3,315**
2012				
Lease payments	1,461	3,493	–	4,954
Finance charges	(120)	(155)	–	(275)
Net present values	**1,341**	**3,338**	**–**	**4,679**

(a) Master Pork Limited, a subsidiary of the Group, has hire purchase facilities of ZMW12.496 million (2012: ZMW12.496 million) with Freddy Hirsh Zambia Ltd. The interest on the hire purchase is 6 per cent. fixed per annum with respect to the Cozzini Grinder machine (totalling ZMW913 thousand) and Nil with respect to the other machine facilities (Cozzini Silo Hopper, HirschPro400, Ulma, Cozzini Blender, Smokehouses, and Polyclipper. The principle on the Kwacha hire purchase facilities, excluding the Smokehouse machines, is repayable in 48 equal monthly instalments totalling ZMW0.28 million (USD0.05 million). The Smokehouse machines are repayable over 24 equal monthly instalments totalling ZMW0.08 million (USD0.02 million).

(b) The Stanbic Bank Zambia Limited finance lease relates to the purchase of motor vehicles and agricultural machinery with terms of 48 months. The interest on the finance lease is charged at 3 month USD LIBOR rate plus 4.75 per cent. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the bank's interest noted as first loss payee.

Notes to the Financial Statements continued
As at 30 September 2013

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

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
At 1 October	7,737	1,515	5,107	523
Provision made during the year	847	–	4,117	992
Payments made during the year	(1,791)	(11)	(1,487)	–
At 30 September	**6,793**	**1,504**	**7,737**	**1,515**

	2013		2012	
(ii) In US Dollar	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
At 1 October	1,518	297	1,064	109
Provision made during the year	160	–	810	195
Payments made during the year	(338)	(2)	(293)	–
Foreign translation	(63)	(12)	(63)	(7)
At 30 September	**1,277**	**283**	**1,518**	**297**

25. Trade and other payables

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Trade payables	65,288	29,623	108,938	50,467
Provisions and accruals	90,110	18,031	83,252	16,558
	155,398	**47,654**	**192,190**	**67,025**

	2013		2012	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Trade payables	12,272	5,568	21,360	9,895
Provisions and accruals	16,938	3,389	16,325	3,247
	29,210	**8,957**	**37,685**	**13,142**

The average credit period taken in 2013 was 54 days (2012: 82 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.

26. Amounts due to related companies

(i) In Zambian Kwacha	2013 Group ZMW'000s	2013 Company ZMW'000s	2012 Group ZMW'000s	2012 Company ZMW'000s
Wellspring Limited	–	–	289	289
Proflight Commuter Services Limited	–	–	32	–
Leopard Investments Company Limited	239	–	88	–
Zambezi Ranching and Cropping Limited	–	251	–	–
RCL Farms Limited	1,334	–	–	–
Zambeef Retailing Limited	–	–		4,696
Master Pork Limited	–	17,966	–	–
Zamhatch Limited	–	5	–	–
Novatek Limited	–	–	–	10
	1,573	**18,222**	**409**	**4,995**

(ii) In US Dollars	2013 Group USD'000s	2013 Company USD'000s	2012 Group USD'000s	2012 Company USD'000s
Wellspring Limited	–	–	57	57
Proflight Commuter Services Limited	–	–	6	–
Leopard Investments Company Limited	45	–	17	–
Zambezi Ranching and Cropping Limited	–	47	–	–
RCL Farms Limited	251	–	–	–
Zambeef Retailing Limited	–	–	–	920
Master Pork Limited	–	3,377	–	–
Zamhatch Limited	–	1	–	–
Novatek Limited	–	–	–	2
	296	**3,425**	**80**	**979**

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

Notes to the Financial Statements continued

As at 30 September 2013

27. Financial instruments

Financial assets

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

Financial liabilities

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

Monetary assets and liabilities in foreign currencies

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

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Financial assets				
– Cash at bank	43,228	33,052	41,588	36,688
– Trade receivables	18,701	3,248	10,090	–
– Other receivables	9,285	440	9,285	440
Financial liabilities				
– Bank overdrafts	(54,946)	(25,061)	(121,738)	(65,999)
– Trade and other payables	(11,286)	(2,201)	(79,240)	(37,686)
– Bank loans	(449,362)	(332,598)	(479,062)	(367,945)
– Finance leases	(8,274)	(8,274)	(11,368)	(11,368)
Net exposure	**(452,654)**	**(331,394)**	**(630,445)**	**(445,870)**

	2013		2012	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Financial assets				
– Cash at bank	8,126	6,213	8,155	7,194
– Trade receivables	3,515	611	1,978	–
– Other receivables	–	–	1,821	86
Financial liabilities				
– Bank overdrafts	(10,328)	(4,711)	(23,870)	(12,941)
– Trade and other payables	(2,121)	(414)	(15,537)	(7,389)
– Bank loans	(84,467)	(62,518)	(93,934)	(72,146)
– Finance leases	(1,555)	(1,555)	(2,229)	(2,229)
Net exposure	**(86,830)**	**(62,374)**	**(123,616)**	**(87,425)**

27. Financial instruments continued

(i) In Zambian Kwacha	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
2013				
Financial Assets				
– Cash at bank	39,004	–	2,584	41,588
– Trade receivables	6,712	–	3,378	10,090
– Other receivables	8,845	440	–	9,285
Financial Liabilities				
– Bank overdrafts	(121,027)	(711)	–	(121,738)
– Trade and other payables	(67,982)	(4,589)	(6,669)	(79,240)
– Bank loans	(479,062)	–	–	(479,062)
– Finance leases	(11,368)	–	–	(11,368)
Net exposure	**(624,878)**	**(4,860)**	**(707)**	**(630,445)**

	US Dollar ZMW'000s	SA Rand ZMW'000s	Other ZMW'000s	Total ZMW'000s
2013				
Financial Assets				
– Cash at bank	40,957	582	1,688	43,228
– Trade receivables	13,304	–	5,397	18,701
Financial Liabilities				
– Bank overdrafts	(54,946)	–	–	(54,946)
– Trade and other payables	(2,731)	(27)	(8,528)	(11,286)
– Bank loans	(449,362)	–	–	(449,362)
– Finance leases	(8,274)	–	–	(8,274)
Net exposure	**(461,052)**	**555**	**(1,443)**	**(461,939)**

Notes to the Financial Statements continued

As at 30 September 2013

27. Financial instruments continued

(ii) In US Dollars	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
2012				
Financial Assets				
– Cash at bank	7,648	–	507	8,155
– Trade receivables	1,316	–	662	1,978
– Other receivables	1,734	87	–	1,821
Financial Liabilities				
– Bank overdrafts	(23,731)	(139)	–	(23,870)
– Trade and other payables	(13,330)	(900)	(1,307)	(15,537)
– Bank loans	(93,934)	–	–	(93,934)
– Finance leases	(2,229)	–	–	(2,229)
Net exposure	**(122,526)**	**(952)**	**(138)**	**(123,616)**
2013				
Financial Assets				
– Cash at bank	7,699	109	317	8,126
– Trade receivables	2,501	–	1,014	3,515
Financial Liabilities				
– Bank overdrafts	(10,328)	–	–	(10,328)
– Trade and other payables	(513)	(5)	(1,603)	(2,122)
– Bank loans	(84,467)	–	–	(84,467)
– Finance leases	(1,555)	–	–	(1,555)
Net exposure	**(86,663)**	**104**	**(272)**	**(86,831)**

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.

(a) Price risk

(i) Currency risk

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 local currency:

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
DEG – Deutsche Investitions-und Entwicklungsgesellschaft mbH	114,625	21,546	101,735	19,948
Standard Chartered Bank Zambia PLC	35,474	6,668	35,156	6,893
International Finance Corporation	145,555	27,360	142,800	28,000
	295,654	**55,574**	**279,691**	**54,841**

27. Financial instruments continued

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. It assumes a +/-10 per cent. and 5 per cent., movement in the United States Dollar/Zambian Kwacha exchange rate for the two years ended 30 September 2013.

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If the Zambian Kwacha had weakened against the United States dollar by (2013: 10 per cent.) (2012: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2013		2012	
Weakening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit	(13,530)	(2,316)	(12,105)	(2,165)
Equity	1,301,065	222,328	727,253	129,635

If Zambian Kwacha had strengthened against the United States Dollar by (2013: 5 per cent) (2012: 5 per cent) then this would have resulted in the following impact on net profit and equity:

	2013		2012	
Strengthening of the Kwacha	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Net profit	30,818	6,109	29,849	6,182
Equity	1,345,413	266,208	769,206	158,763

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 19, 22 and 23. The risk of interest rate movements is managed through on-going monitoring of the Group's overdrafts and long-term borrowings, the spreading of debt between a number of financial institutions and the denomination of debt in Zambian Kwacha and USD.

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

(iii) Market risk

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

(b) Credit risk

(i) Trade receivables

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

(c) Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations associated with its financial liabilities. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on any undrawn borrowing facilities so that the Group does not breach limits or covenants (where applicable) on any of its borrowing facilities. The maturity of the Group's financial liabilities with respect to borrowings is set out in notes 19, 22 and 23.

Notes to the Financial Statements continued

As at 30 September 2013

27. Financial instruments continued

The ageing for the interest bearing facilities is as detailed below:

	Within 1 year ZMW'000s	1 to 5 years ZMW'000s	After 5 years ZMW'000s	Total ZMW'000s
2013				
Capital payments	49,311	276,794	92,632	418,737
Finance charges	26,379	78,602	4,935	109,916
Net present values	75,690	355,396	97,567	528,653
2012				
Capital payments	33,670	250,421	91,700	375,791
Finance charges	26,398	83,404	13,453	123,255
Net present values	60,068	333,825	105,153	449,046

	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2013				
Capital payments	9,269	52,029	17,412	78,710
Finance charges	4,958	14,775	928	20,661
Net present values	14,227	66,804	18,340	99,371
2012				
Capital payments	6,602	49,102	7,365	63,069
Finance charges	5,176	16,354	1,562	23,092
Net present values	11,778	65,456	8,927	86,161

28. Contingent liability

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

29. Capital commitments

	2013		2012	
	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Capital commitments entered into at the reporting date	67,468	12,682	25,500	5,000
Not contracted for at the reporting date	84,152	15,818	51,000	10,000

30. Operating leases

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

	2013		2012	
(i) In Zambian Kwacha	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Within one year	8,209	–	1,074	–
One to five years	12,405	–	8,651	–

	2013		2012	
(i) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Within one year	1,543	–	211	–
One to five years	2,332	–	1,696	–

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.

31. 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 2013 are as follows:

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

		2013		2012	
	Sale of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Wellspring Limited	Animal feeds/bran	808	152	436	86
Bric Back Limited	Animal feeds/bran	–	–	658	129
Foresythe Limited	Animal feeds/bran	9	2	–	–
Zambezi Ranching and Cropping Limited	Animal feeds/bran	18,372	3,460	18,659	3,671
Leopard Investments Company Limited	Animal feeds/bran	3,279	618	2,795	550
Proflight Commuter Services Limited	Retail products	–	–	4	1
		22,468	**4,231**	**22,552**	**4,437**

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

		2013		2012	
	Purchase of	ZMW'000s	USD'000s	ZMW'000s	USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	36,838	6,937	43,184	8,497
Wellspring Limited	Cattle beef	4,420	832	4,712	927
Bric Back Limited	Cattle beef	–	–	8,978	1,766
Foresythe Limited	Cattle beef	391	74	–	–
Leopard Investments Company Limited	Cattle beef, chickens, pigs, rental of property	7,405	1,395	7,556	1,487
Proflight Commuter Services Limited	Air travel tickets	81	15	260	51
Tractorzam Limited	Tractors/spares	5,246	988	1,538	303
Claudia Burton	Rental of property, Lamb	27	5	28	6
Fraca Meat Company Limited	Rental of property	6	1	13	3
Madison General Insurance Company Limited	Insurance	6,720	1,266	5,937	1,168
		61,134	**11,513**	**72,206**	**14,208**

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

Notes to the Financial Statements continued
As at 30 September 2013

31. Related party transactions continued
The remuneration of Directors and other members of key management during the year were as follows:

	2013		2012	
	Group ZMW'000s	Company ZMW'000s	Group ZMW'000s	Company ZMW'000s
Short-term benefits	49,725	22,437	58,487	18,219
Post-employment benefits	–	–	–	–
Other long-term benefits	–	–	–	–
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Short-term benefits	9,364	4,225	11,508	3,572
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.

32. Currency re-denomination
On 1 January 2013, the Zambian Kwacha was re-denominated. The re-denomination entailed that all balances carried forward after 31 December 2012 were converted into the re-denominated currency by dividing the nominal value of the existing currency by a multiplicand of one thousand. These financial statements have been prepared in the new symbol Kwacha (ZMW). Comparative figures have also been rebased by the division of all figures by 1,000.

33. Events subsequent to reporting date
No item, transaction or event of a material and unusual nature has arisen since 30 September 2013, 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 except that the company has announced that the Group has entered into an agreement with Rainbow Farms Investments (Pty) Ltd to establish a broiler parent stock rearing, laying and hatching operation for the supply of day old chicks, called Zamhatch Limited, which is expected to be operational in two to three years hereof.


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Layer 115

Notice of AGM and Agenda

Notice is hereby given that the 19th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Friday, December 20, 2013 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 18th Annual General Meeting held on December 21, 2012.

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, 2013. (Resolution 1).

5. To re-appoint Grant Thornton (Zambia) as Auditors for 2013/14 and to authorise the Directors to fix their remuneration. (Resolution 2).

6. In terms of the Companies Act, Dr. Jacob Mwanza and Ms. Irene Muyenga retire but are eligible to offer themselves for re-election. (Resolution 3).

7. To approve by special resolution the allocation of 2,500,000 new ordinary shares to be applied and allocated to employees in accordance with the Zambeef Long Term Incentive Plan. (Special Resolution 1).

8. To authorise the Board of Directors to issue new shares up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval. (Special Resolution 2).

9. To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and to have these new issued ordinary shares listed on the Lusaka Stock Exchange ranking pari passu with existing issued ordinary shares. (Resolution 4).

10. Members will consider the proposal to address the requirements to regularise the Company's nominal share capital to conform with the changes necessitated by the rebasing of the Zambian currency on 01 january 2013, pass the proposed special and ordinary resolutions below and authorise any Director to do or cause to be done, all such things, and to issue and execute any documents as may be necessary or requisite so as to give effect to and implement the resolutions below relating to the alteration of share capital and capitalisation of retained earnings, on behalf of the Company:

a. Special Resolution 3: Conversion of Share Capital to Stock
Pass a special resolution that the entire issued and fully-paid up share capital of the Company of ZMW247,978.20. comprising 247,978,195 shares of par value ZMW0.001 each be converted into stock of ZMW247,978.20 comprising one (1) stock with a nominal value of ZMW247,978.20, held jointly both legally and beneficially by the shareholders of the company with issued and paid up shares in proportion to the holding of ordinary shares in the Company.

b. Special Resolution 4: Reconversion of Stock into Shares
Pass a special resolution that the one (1) stock of ZMW247,978.20 be re-converted into 247,978,195 shares of par value ZMW0.01. By this re-conversion, the par value of the shares will increase to ZMW0.01 from 0.001. As a consequence, the issued and paid up share capital shall also increase from ZMW247,978.2 to ZMW2,479,781.95

c. Ordinary Resolution 5: Capitalisation of retained earnings (Issued share capital)
Pass an ordinary resolution authorising the board of directors of the Company to effect a capitalisation of retained earnings in order to capitalise the amount of ZMW2,231,803.75 so that it is used in paying up the amount of ZMW0.009 standing unpaid on each issued and paid up share after an increase of the par value from ZMW0.001 to ZMW0.01.

11. To consider any competent business of which due notice has been given.

By order of the Board, Danny Museteka, Company Secretary

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

Proxy Form

I/We, ...

of ....

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

Zambeef shares hereby appoint ....

of ....

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

As my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on Friday 20 December 2013 and at any adjournment of that meeting.

In Favour of/against (please tick)	**In Favour**	**Against**
Resolution 1 – To receive, approve and adopt annual financial statements for the year ended 30 September 2013.	☐	☐
Resolution 2 – Re-appointment of Grant Thornton as Auditors for 2013/14.	☐	☐
Resolution 3 – Confirm appointment of the following as Directors:		
• Dr. Jacob Mwanza	☐	☐
• Ms. Irene Muyenga	☐	☐
Special Resolution 1 – To approve by special resolution the allocation of 2,500,000 new ordinary shares to be applied and allocated to employees in accordance with the Zambeef Long Term Incentive Plan.	☐	☐
Special Resolution 2 – To authorise the Board of Directors to issue new shares up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval.	☐	☐
Special Resolution 3 – to approve the conversion of share capital to Stock	☐	☐
Resolution 4 – To approve the registration of all new ordinary shares issued with the Securities and Exchange Commission and to have these new issued ordinary shares listed on the Lusaka Stock Exchange ranking pari passu with existing issued ordinary shares.	☐	☐
Special Resolution 4 – Approve the conversion of stock into shares	☐	☐
Resolution 5 – To approve the capitalisation of retained earnings for issued share capital	☐	☐
Resolution 6 – To approve the capitalisation of retained earnings for unissued share capital	☐	☐

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 Wednesday, 18 December, 2013.

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 initiailed 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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Dairy

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