Feeding the Nation
ZAMBEEF
Products PLC

A year of expansion

Zambeef Products PLC
Annual report 2012

Welcome

Welcome to the 2012 edition of Zambeef Products PLC's annual report and financial statements. Following on from last year's achievements, which included the largest acquisition in our history and a dual listing on the AIM Market of the London Stock Exchange, we have undergone a year of expansion and integration. We continue to grow our business and we strive to provide value to all our stakeholders.

We take this opportunity to present you with all the information required to analyse our performance, the milestones we have achieved during this financial year, and the continued strides we take to ensure that we enhance our reputation of ensuring that we are the leading food basket provider in Zambia.

Dr. Jacob Mwanza
Chairman

Francis Grogan
Chief Executive Officer

Who we are

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

The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, 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 rain-fed/dry-land crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as developing a palm project in Zambia.

Where we are going

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

We wish to increase the efficiency and capacity of our primary production facilities and we continue to pursue a vertically integrated business model.

Company overview

Highlights

Revenue

↑ 32% (ZMK)
↑ 23% (USD)
2012: ZMK1,296 billion
2012: USD255 million

Gross profit

↑ 33% (ZMK)
↑ 25% (USD)
2012: ZMK446 billion
2012: USD88 million

Successful integration of Mpongwe farm

Zamanita upgrade and expansion

Master Pork upgrade and expansion

Continued organic growth

Company overview

Zambeef at a glance

Robust business model of vertical integration

Who we are

Farming division

- Huntley farm
- Sinazongwe farm
- Chiawa farm
- Mpongwe farm
- Palm plantation

- One of the largest irrigated row cropping operations in Zambia.
- 8,350 Ha irrigated and 8,650 Ha rain fed, 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.
- Current group storage capacity of over 115,000 MT.
- Farming division provides raw materials input for further value add processing within the Group.

Meat & Dairy division

- Beef feedlots & abattoirs
- Chicken broilers & abattoir
- Chicken layers
- Dairy farm
- Piggery & pig abattoir

- One of the largest suppliers of beef in Zambia.
- 7 beef abattoirs and 3 feedlots located throughout Zambia.
- One of the largest chicken and egg producers in Zambia.
- One of the largest piggeries, pig abattoir and pork processing plants in Zambia.
- Dairy farm with approximately 2,000 dairy cattle, with 700 currently lactating.

Manufacturing / Processing division

- Edible oils plant
- Stock feed plant
- Leather & shoe plant
- Mill & bakery
- Meat & dairy processing plants

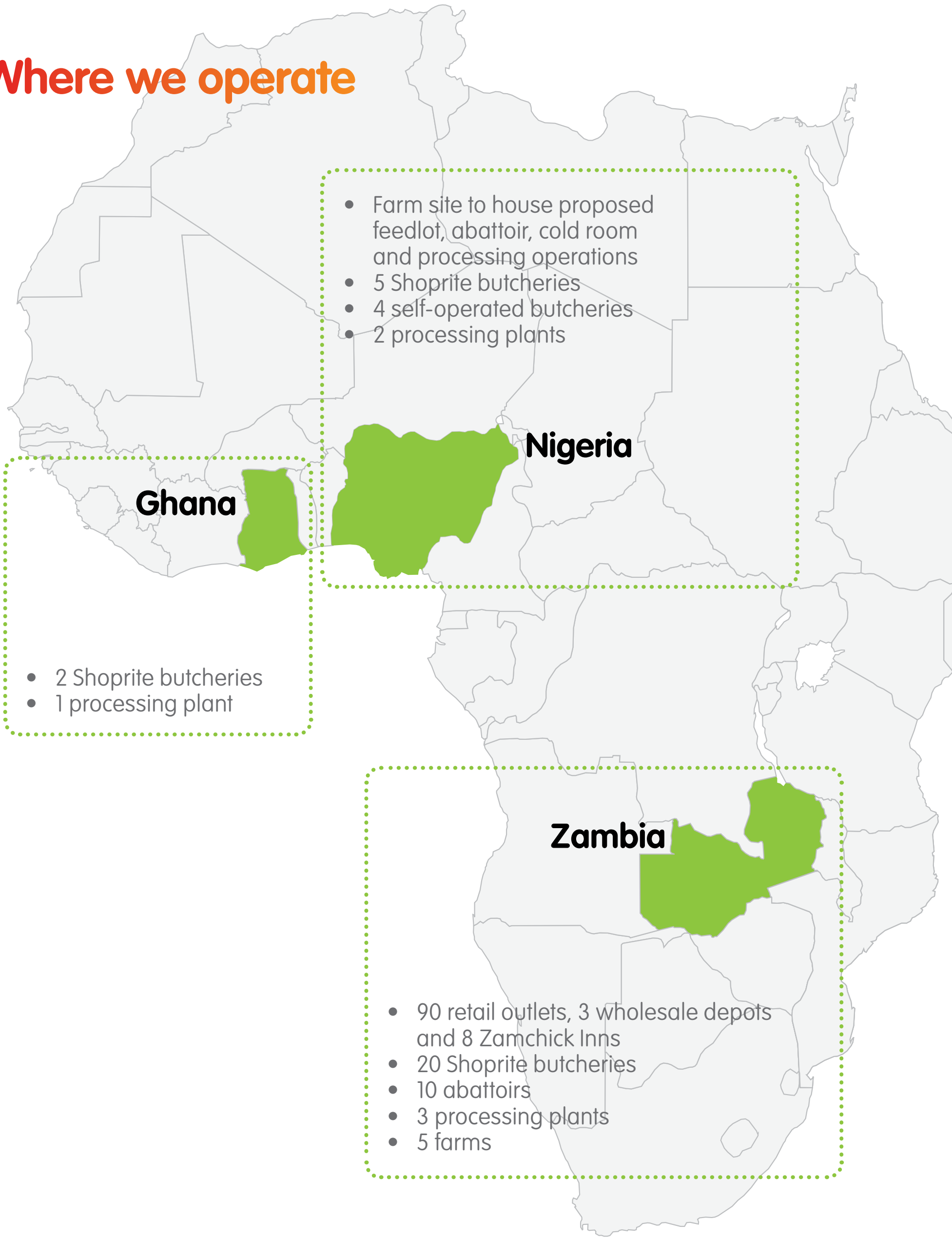
- One of the largest edible oil and soya cake producers in Zambia; adds value to the soya beans from the Zambeef farms; upgrade and expansion of plant completed during 2012, to increase soya crushing capacity to 100,000 MT p.a. and improve production efficiencies.
- Stock feed plant commissioned in 2010; adds value to the protein by-product from the Zamanita crushing plant; operating at close to full capacity (7,000 MT p.m.).
- Meat and dairy processing plants adds 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.
- 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.

Retail outlets

- Zambeef outlets
- Shoprite butcheries
- Zamchick inns
- Wholesale depots
- Third parties

- Vast majority of Zambeef products retailed directly to end consumer through extensive retail and wholesale distribution network.
- Concessionary Agreement with Shoprite dating back to 1995, to manage the 20 Shoprite butcheries throughout Zambia.
- Currently 90 retail outlets, three wholesale centres, eight fast food outlets and 20 Shoprite butcheries in Zambia.
- West Africa provides an exciting opportunity for the Zambeef Group, in partnership with Shoprite.
- 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.

Where we operate



Company overview

Chairman's statement

"The significant increase in the prosperity of Zambia since 2005 has been remarkable and it is this growing prosperity which is the engine of Zambeef's growth."

These results mark the end of the first full financial year since the rights issue and admission of the Company's shares to trading on the AIM Market of the London Stock Exchange. This period has been one of unprecedented capital investment, which I fully expect to be rewarded, both in terms of profitability and cash generation. Zambia's natural and demographic advantages, when coupled with a very strong management team's determination to pursue higher margins throughout Zambeef's diversified business model, provide the foundations for this year's excellent underlying results and for growth in the short and long term.

Zambia fundamentals

Zambia is one of the most successful countries to emerge in Sub-Saharan Africa ("SSA"), with strong, broad-based, economic growth averaging over 6.5 per cent. over the last five years and which is expected to average 7 to 8 per cent. over the next four years. Zambia has been 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: single digit inflation; moderate interest rates; rising foreign currency reserves; and sustainable external debt.

In addition, Zambia has a considerable resource endowment in terms of fertile soils, an abundance of available water, good climate and weather and rainfall patterns. Indeed, it is estimated that up to 40 per cent. of inland freshwater within SSA originates in Zambia.

Politically, Zambia has a level of 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.

This political stability and economic growth has led to Zambia being reclassified by the UN from an "under-developed" to a "developing" country. The significant increase in the prosperity of Zambians since 2005 has been remarkable and it is this growing prosperity which is the engine of Zambeef's growth.

Financial performance:

Over the past financial year, against a global backdrop of economic slowdown, uncertainty and turmoil in many financial markets, the Company has performed creditably. The expanding Zambian economy has led to a significant increase in the spending power of the growing population. This has translated into buoyant demand for the products and services provided by Zambeef.

Demand across most of our product lines continues to outstrip supply. We have been addressing this, on an ongoing basis, via investment in capacity, such as the upgrade and expansion of Zamanita's soya crushing plant, Master Pork's processing plant, additional broiler and layer houses, an additional pig abattoir and new retail outlets, as well as refurbishing existing ones.

During the year, turnover grew by 32 per cent. (ZMK) and 23 per cent. (USD) to ZMK1,296 billion (USD255 million) and margins increased from 34.1 per cent. to 34.4 per cent., resulting in an increase in gross profit of 33 per cent. (ZMK) and 25 per cent. to ZMK446 billion (USD88 million).

However, the profit after tax results have been impacted by a tax liability that the Zambia Revenue Authority ("ZRA") is seeking to impose on Zamanita and exchange losses (mostly unrealised) as a result of a weakening Zambian Kwacha.

Profit after tax was ZMK63 billion (USD12 million) (excluding the Zamanita tax provision) and ZMK13 billion (USD3 million) (including the tax provision). Exchange losses for the year were ZMK19 billion (USD4 million) (mostly unrealised) as a result of the weakening Zambian Kwacha.

The liability arising from the ZRA tax demand has been provided for in full, as announced in the Interim results in June and we have now concluded the hearing at the Revenue Appeals Tribunal and are awaiting judgement. We are hoping this will be before the end of the calendar year and look forward to the Company being able to develop the business without the presence of this distraction for management and investors alike.

Zambeef's integrated business model

Although many facets of the Zambian political, fiscal and regulatory regime are maturing very quickly, it is still a relatively young capitalist society with many of the associated problems and issues. Probably the greatest constraint on the growth of the different Zambeef businesses is the shortage of input materials, including,

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inter alia, milk, soya, day old chicks and cattle. Therefore we need to be able to maintain control over as much of our supply chain as possible and considerable management effort is expended on stimulating and securing supply.

Western capital markets have steered businesses to specialise in one, or a few, core areas – a model that suits developed economies, where diversified conglomerates are now increasingly rare. Given that, as explained above, Zambeef faces challenges in the supply of raw products coupled with burgeoning demand from consumers for processed products, the Group has to source raw produce from across our own business, ensuring supply and guaranteeing quality. It is this model that has elevated Zambeef above its peers, both domestically and in the Sub-Saharan region.

The following case studies are examples of how some of our divisions have emerged:

Poultry:
As the spending power of the population improves, the demand for poultry and poultry products in the Zambeef stores has become increasingly apparent. Local suppliers have been unable to meet the high quality standards and volumes demanded by our customers. Importation, on a large scale, with its logistic costs and challenges, was not a viable solution. Accordingly, it was necessary to enter the poultry industry ourselves. Today, Zambeef is one of the leading Zambian poultry producers. The poultry division now accounts for 8 per cent. of Group turnover and 7 per cent. of gross profits; turnover and gross profit growth over the last three years has been impressive, at 27 per cent. and 24 per cent. respectively.

Stock feed:
The growth of the poultry division has led to increased demand for stock feed to rear the birds. Existing local production was insufficient to meet our needs, in terms of both quantity and quality. We established our own stock feed division and three years after commencing operations, this division is now one of the leading regional producers of stock feed and, importantly, is essential to the success and growth of our fast growing poultry division.

Approximately 35 per cent. of this division's production is for internal consumption, of which over 80 per cent. is for the Group's poultry division. The stock feed division now accounts for 12 per cent. of Group turnover and 10 per cent. of gross profits; turnover and gross profit growth over the last three years has been impressive, at 68 per cent. and 66 per cent. respectively.

Zamanita:
Zambeef acquired Zamanita in January 2008 as part of a process of vertical integration, enabling it to add value to edible oil seeds such as soya beans produced by the Zambeef farms, while obtaining a source of supply of feed meal, which is the primary ingredient in stock feed production. Zamanita is one of the largest edible oil and soya meal producers in Zambia. Its acquisition by Zambeef was a logical diversification, to protect the supply of feed meal and to enter the cooking oil market, which is an important basic commodity, forming part of the essential consumer shopping list in our retail outlets. With its recently completed upgrade and expansion, Zamanita will become one of the largest and most strategic divisions of the Group.

The expansion of capacity at Zamanita represents the successful fulfilment of maximising the benefits of integrating it into the Group. The most significant advantage of which is enabling the Group to move away from expensive imports which attract low margins and towards more productive higher margin crushing and processing activities.

Mpongwe farm:
Soya seed is the prime raw material for the oil seed meal used by the stock feed division in the production of stock feed. It also produces the most desirable cooking oil available on the domestic, consumer market. Soya is therefore the critical input for Zamanita's crushing operation. Historic soya production in Zambia and the surrounding region has been erratic, leading to supply deficiencies, which resulted in Zamanita experiencing major input sourcing problems and created a significant exposure to price fluctuations. Having a large internal production base of soya will provide Zamanita with the majority of its soya requirements from within the Group. In 2011, the total annual soya production of Zambia was c.120,000 metric tons ("MT"), and c.200,000 MT in 2012. At capacity, Zamanita will require 100,000 MT of soya per annum. Of this amount, Mpongwe farm has, during this year, grown 30,766 MT and there is the potential to increase this amount through expansion of the growing area. Total soya production across all the Zambeef group farms this year amounted to 40,137 MT. This, together with the 40,000 MT we have secured from third party commercial farmers, means that the Group now has in excess of 80,000 MT of soya beans in storage, which stabilises Zamanita's business and provides continuity of

Company overview

Chairman's statement continued

oil seed meal supply for the stock feed division, which is then able to supply other Group divisions with their feed requirements.

In each enterprise, we strive to be "best of breed" and we are recognised as such in most of our divisions. This strategy of integration and diversification also de-risks the Company, as it reduces the impact of cyclical fluctuations in performance across the divisions that can result from shifts in the demand patterns of our customers. Most importantly, it allows the Group to capture and retain margins throughout the value chain.

Outlook

Following the successful acquisition of Mpongwe farm in June 2011, the integration has been very smooth and the resulting performance has exceeded Directors' expectations. Crop production is ahead of budget and the additional soya beans produced from Mpongwe farm and the doubling of capacity at Zamanita will provide the raw materials essential for our fast growing stock feed and protein divisions. As a result, Zambeef is in an excellent position to meet the challenge of growing demand for food in the region.

The large capital investments, especially in the cropping division, over the last two years have led to an increase in working capital requirements, resulting in net cash outflows. Furthermore, the Zamanita soya crushing plant was shut for almost ten months in order to carry out the upgrade and expansion, which is now complete. This, together with the fact that we have produced and procured in excess of 80,000 MT of soya beans, means that we can now look forward to returning Zambeef to a cash generating position over the course of the next twelve months, one of the key strategic targets set out at the time of the Group's IPO in June 2011.

It is important to reiterate that Zambeef's integrated business model is part of a well-considered strategy, going back many years, aimed at risk and earnings volatility reduction and value-add and margin capture throughout the value chain. The return to cash generation following the successful acquisition and integration of Mpongwe farm, together with the successful completion of the Zamanita upgrade and expansion, means that we will be able to reinvest in the business to fund organic growth. We will continue to make targeted investments in infrastructure and facilities aimed at satisfying the growing consumer demand within our markets and maintaining strong margins.

Major areas of capex investment over the next 18 months will be to increase production and efficiency levels in the following areas:

a. Expansion of the dairy herd and increase in production per animal.
b. Completion of the new milk processing facility at Huntley farm, which will increase production capacity from 25,000 litres per day to 60,000 litres per day.
c. Expansion of the stock feed capacity with the installation of a third pelleting line and a mixer to produce feed mashes.
d. Planned opening of two new wholesale centres, four new retail outlets and refurbishing three existing outlets.

The Board also believes that the return to cash generation will enable the Company to start paying meaningful dividends from 2014 onwards.

With the progress made during the last year, and the growth opportunity offered by Zambia's developing economy, Zambeef is well placed to achieve its long-term ambition to become one of the largest food producers in the region. Therefore we look forward to the future with confidence.

Dr. Jacob Mwanza
Chairman
November 2012

Company overview

Zambia – an attractive investment destination

> **"25 years ago, the world came together to feed Africa; in 25 years' time, Africa could be feeding the world."**
>
> Hilary Benn,
> former UK Secretary of State for International Development

Global agriculture and food overview

- Global agricultural industry underpinned by constantly expanding population, resulting in increased demand for food.
- Global meat consumption has grown rapidly over the last 20 years.
- Over the last 30 years, global population has grown on average by c.8 million people p.a.; current world population at 7 billion and estimated to reach 9.2 billion by 2050.
- Global GDP has risen by 77 per cent. over the last 10 years.
- Growth potential in revenues generated by African agriculture is estimated to reach USD880 billion revenue by 2030.
- In 2008, household spending in Africa was primarily on food, which accounted for >40 per cent. of overall spending at USD369 billion.
- Many countries in Africa remain undeveloped agriculturally, despite having ideal soil conditions, weather, water supplies, etc.
- Sub-Saharan Africa, and especially Zambia, provides an excellent opportunity to increase the current levels of food production.

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 2012 is 7 per cent. and expected to average 7 to 8 per cent. over the next four 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 low, single digit inflation; low interest rates; rising foreign currency reserves; and sustainable external debt (at less than 15 per cent. of GDP).
- Rated B+ by S&P and Moodys and recently issued a USD750 million bond at a coupon rate of 5.375 per cent., which was heavily over-subscribed.
- Highly attractive demographic profile; with a current population of c.13.6 million, Zambia's population has grown by nearly 10 million since 1960, & is one of the fastest growing populations in the world. The consumer sector grew at an average of 14.6 per cent. over the past decade and urbanisation is expected to grow by 31.2 per cent. between 2010–2020.
- 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).
- Superior stock exchange performance of the Lusaka Stock Exchange ("LuSE"), with almost 100 per cent. growth in market capitalisation between 2005–2010. Even though the LuSE is one of Africa's smaller stock exchanges, its performance has by far surpassed most African and global indices. The LuSE index's remarkable rise of c.80 per cent. between 2007–2010 was recorded despite the global economic downturn of 2008–2009.

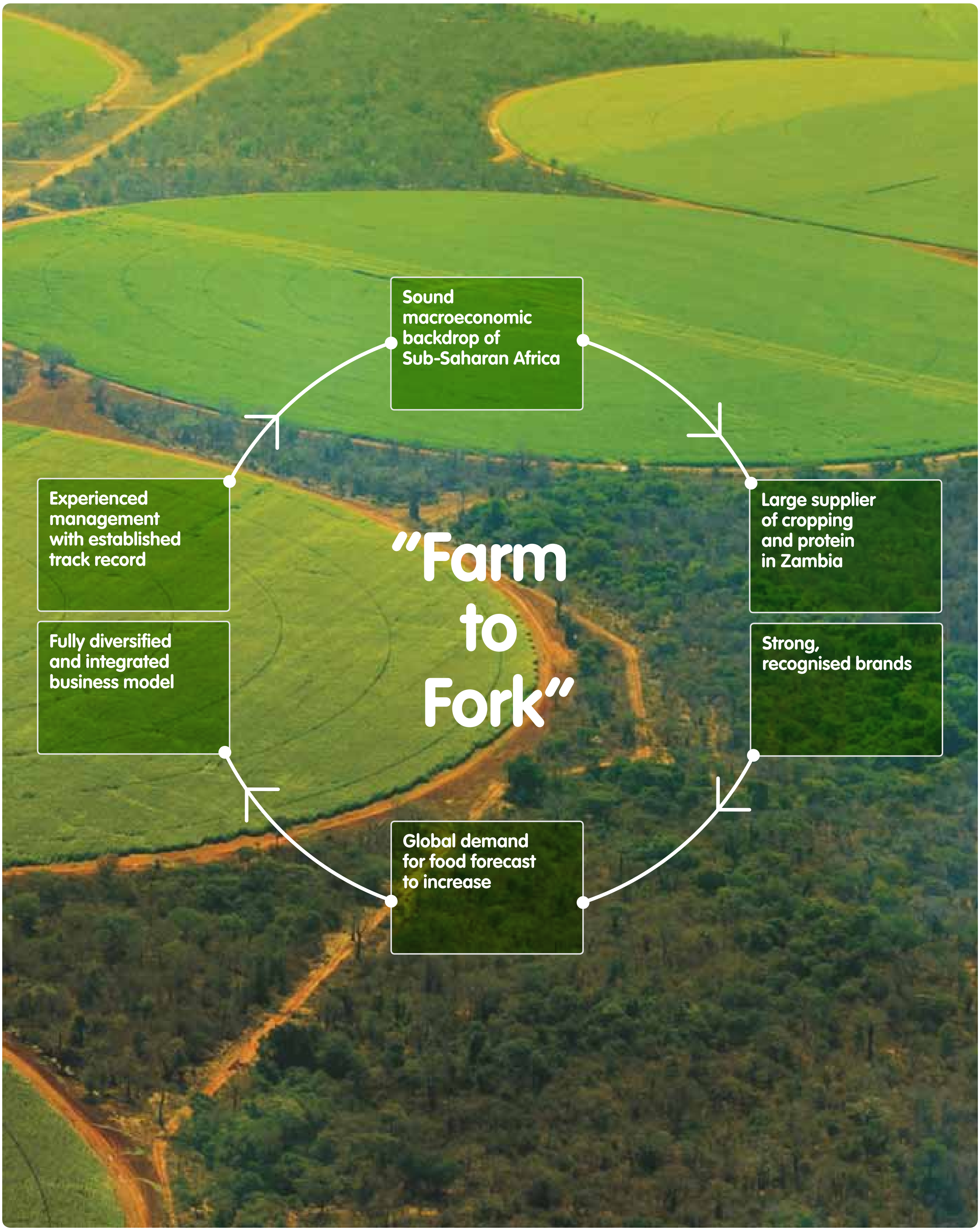
Attractive Zambia agriculture fundamentals

- 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.
- 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



Business review

Business review

Chief Executive's review

"We have invested significantly in our core businesses to generate organic growth and to address supply constraints. This will allow the Group to narrow the gap between supply capacity and consumer demand in the Zambian market."

Revenue

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↑ **23**% (USD)

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Gross profit

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↑ **25**% (USD)

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I am pleased to present results for the year ended 30 September 2012, which show continued growth in the core business year-on-year, supported by the ongoing growth of the Zambian economy and higher disposable income amongst our customers.

During the year, turnover increased by 32 per cent. (ZMK) and 23 per cent. (USD) and margins increased from 34.1 per cent. to 34.4 per cent., resulting in an increase in gross profits of 33 per cent. (ZMK) and 25 per cent. (USD) to ZMK446 billion (USD88 million). Administrative overheads increased by 46 per cent. (ZMK) and 37 per cent. (USD) largely as a result of the introduction of Mpongwe farm operations into the Group.

Profit after tax (excluding the Zamanita tax provision) increased substantially by 41 per cent. (ZMK) and 31 per cent. (USD) to ZMK63 billion (USD12 million). Profit after tax (including the Zamanita tax provision) was ZMK13 billion (USD3 million).

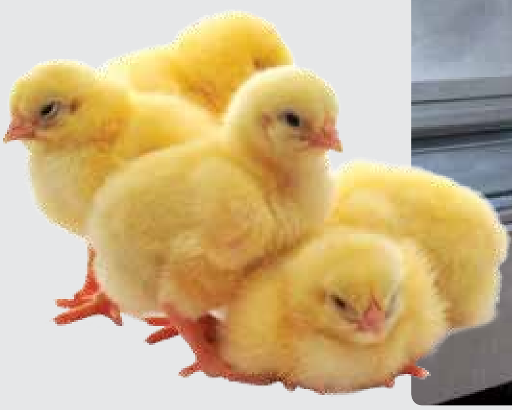
The Zambian Kwacha also weakened during the year by 6.3 per cent. versus the US Dollar, leading to an exchange loss of ZMK19 billion (USD4 million), mostly unrealised, as a result of translating our foreign currency denominated debt into the local currency. In order to mitigate this, we have been converting some existing debt and accessing some new debt in Zambian Kwacha, which has been more attractive due to Kwacha lending rates reducing during the last 12 months. Our debt profile is now 80 per cent. US Dollar and 20 per cent. Zambian Kwacha; in 2011, it was 90:10. More details on our debt profile and structure is contained in the finance report below.

We have also invested significantly in our core businesses, to generate organic growth and to address capacity and supply constraints, allowing the Group to narrow the gap between supply capacity and consumer demand in the Zambian market. Details of the Group's most notable investments during the year include:

1. Master Pork commissioned a new, state-of-the-art Hirsch-Pro 400 automated processing plant, capable of processing 30 MT of meat products per day, an increase of 15 MT per day. Total current processing capacity is now 185 MT per day. Master Pork also built an additional abattoir in Chingola, which should deliver an additional 100 pigs per day.
2. 20 new broiler houses and two new layer houses built during the year, which will increase the number of broilers by 720,000 per annum and the number of eggs by 11,000,000 per annum.
3. Our retail footprint continues to increase with seven new stores opened and two stores refurbished during the year bringing our total retail chain outlets to 101 in Zambia (excluding the 20 Shoprite butcheries).

I believe that Zambeef is well positioned to benefit as one of the leading food providers in Zambia and with opportunities to serve the neighbouring region.

Capacity expansion projects



Business review

Chief Executive's review continued

Operational report

Cropping

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	44	23	89	15
Gross profit	20	9	137	22

The cropping season in Zambia is split into Summer (November – March) and Winter (April – September).

Turnover in the cropping division increased largely due to the Mpongwe farm acquisition, which accounted for 38 per cent. of cropping turnover.

A total of 15,436 hectares ("Ha") of summer cropping was planted this year, of which the majority was soya beans (12,193 Ha). Maize was planted across an aggregate of 2,111 Ha. The Group harvested 40,137 MT of soya beans, at an average of 3.29 MT/Ha, against a budget of 36,065 MT (2.96 MT/Ha). This was largely due to good yields being achieved by Mpongwe farm (4.5 MT/Ha on irrigated fields and 3.6 MT/Ha on rain fed fields). 21,751 MT of maize was harvested, at an average of 10.3 MT/Ha, against a budget of 19,347 MT (9.16 MT/Ha). Again this can be attributed to higher than average yields at Mpongwe farm, which averaged 9.5 MT/Ha.

A total of 8,082 Ha of winter cropping was planted in 2012, mostly wheat (6,663 Ha). We harvested 45,308 MT (averaging 6.61 MT/Ha), although Mpongwe farm produced very good results at 8.9 MT/Ha.

The strategic fit of the cropping division within the Zambeef business model is to provide the raw materials input (soya beans, wheat and maize) for further margin enhancing and value adding processing in Zamanita, stock feed and flour milling divisions. It also provides a natural hedge to the downstream businesses' exposure to rising commodity prices and a strengthening US Dollar.

Beef

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	64	59	9	22
Gross profit	22	17	33	24

Turnover growth in the beef division was largely driven by price.

Demand for beef continued to remain very strong throughout the year – for both choice feedlot beef and traditional beef – and far exceeded supply. In order to address this demand/supply imbalance, the Group has done the following:

1. introduced a minimum guaranteed floor price for traditional cattle, to lessen the seasonal effects of cattle supply and to encourage small scale farmers to supply all year round; and
2. initiated programmes to help and educate small-scale cattle farmers in remote areas, which will result in greater availability of cattle, improved quality and heavier animals reaching the Zambeef satellite abattoirs and, therefore, an improved supply of beef all year round. It is hoped that the programme will also have the effect of rejuvenating the small scale beef sector, which has been declining for many years.

Good supply of choice beef was maintained due to an aggressive procurement policy and both demand and sales were above expectations for the year, partly due to the low availability of traditional beef and its substitution into Zambeef's retail outlets that would normally stock cheaper cuts of lower value meat. This change was very well received, despite the higher price, demonstrating that quality always has a market.

Increased demand for higher priced cuts of beef from hotels and restaurants increased, which we were able to meet from our own stocks. Feedlot numbers are being kept high and extra cattle are being stocked at Mpongwe farm to ensure our supply is able to meet demand for the coming year.

Chicken

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	24	22	6	8
Gross profit	7	5	24	7

Turnover in the chicken division grew due to increases in both prices and volumes.

The demand for chicken has been very similar to that of beef and, again, has outstripped supply for most of the year. 20 extra broiler houses were been built and stocked in 2012, such that our supply is now meeting demand on both whole birds and portions, with healthy stocks in place to carry through the Christmas period.

Pork

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	23	18	30	8
Gross profit	7	5	23	7

Turnover growth in the pork division was both price and volume driven.

The demand for pork continues to grow and, as with beef and chicken, demand outstripped supply for most of the year. Furthermore, the Livingstone abattoir was closed for three months due to a Foot and Mouth Disease outbreak in the province, which restricted capacity.

In order to address this demand/supply imbalance:

1. prices to suppliers were increased to secure supply;
2. a guaranteed minimum floor price was introduced, for small scale producers;
3. a new pig abattoir was built in Chingola; and
4. a new, state-of-the-art Hirsch-Pro 400 automated processing plant was commissioned, capable of processing 30 MT of meat products per day and extending the range of value-added processed meat products.

This strategy of guaranteeing a market and a minimum price has proved to be very popular with supply now beginning to keep pace with the ever increasing demand, which management hopes will continue into the future.

Milk and Dairy

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	10	11	(4)	4
Gross profit	6	7	(14)	6

Sales and profitability have been lower than the previous year, entirely because we were unable to produce or purchase sufficient milk. Demand far outstripped supply throughout the year and management estimates that Zambeef is not fulfilling as much as 50 per cent. of this demand.

This is an area in which we are concentrating focus and resource including:

1. improving the health and productivity of the Zambeef dairy herd through better management practices (and personnel);
2. improving the nutrition available by planting lucerne (also known as alfalfa) at the Chiawa farm, fertilising previously under-irrigated pastures, better quality and increased availability of silage to improve yields;
3. 180 in-calf and young heifers were purchased from South Africa, which will start producing milk towards the end of the next calendar year; and
4. more heifers from the existing herd will also come into production in the longer term and the number of cows in-milk will be built up to 1,000 over the next 18 to 24 months, whilst the yield per animal will increase by approximately 25 per cent. as a result of improved nutrition and management.

Milk powder imports, which are used for the production of the value added products, were the subject of a temporary import moratorium between April and June 2012. As these products have the highest gross profit margins and were produced in very limited quantities, the profitability and sales value of this sector was adversely affected. Milk powder imports have now been reinstated by the Government and supply of the value added products is back to normal.

Edible oils

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	47	59	(20)	16
Gross profit*	10	13	(25)	10

* Excludes ZRA liability of USD7 million.

As previously described, Zamanita has undergone a transitional year, shutting down its soya crushing and Solvent Extraction Plant in December 2011 (having crushed 8,000 MT of beans plus 2,000 MT through a toll crush arrangement this financial year) in order to undergo a major upgrade and expansion, which has doubled the capacity for soya bean crushing to 100,000 MT per annum, which was completed in September 2012. The upgrade improved efficiency and reduced costs of production to a level comparable with the best facilities anywhere in the world and we now have a plant that will support Zambeef's growth strategy well into the future. Additionally, an extra 10,000 MT of silo storage space was added to cope with the doubling of production. An upgrade of the oil refinery was also undertaken, refining capacity has increased by 50 per cent., again, to be able to refine the increased volume of oil produced with the new plant.

Business review

Chief Executive's review continued

The ten month shutdown meant that Zamanita had to import both crude soya oil and palm oil, whilst the stock feed division had to import soya cake for part of the year. This has reduced the profitability of Zamanita, as retailing imported oil is a low margin business.

Cotton crushing has been ongoing throughout the upgrade and enabled Zamanita to maintain more than a breakeven position during the months when the main part of the plant was down.

Zamanita is now producing its own soya oil and soya cake. The demand for cake within Zambia is being satisfied and approximately 3,000 MT per month is being exported to Zimbabwe. Both local and export demand is high, with contracts secured until April 2013. All the cake Zamanita will produce this season has been pre sold.

Zamanita is currently crushing at 250 MT of beans per day and building up to its maximum capacity of 300 MT per day.

Stock feed

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	37	27	37	12
Gross profit	10	6	66	10

Both price and volume increases drove turnover growth in the stock feed division.

The stock feed division has had another very good year. Despite running at capacity, consistently producing 7,000 MT of feed per month, it was still unable to meet the demand from third party customers.

As chicken production increases within the Group, it will require more stock feed. A revamped mixer is being assembled to relieve pressure on the pelleting lines and by late January 2013, this should add a further 3,000 MT of mashes per month. A third pelleting line, which will add a further 30 per cent. capacity, is at an advanced planning stage but will only come into production in nine to twelve months.

With the increased soya secured by the Group, and with the Zamanita upgrade and expansion now completed, we expect the stock feed division to go from strength to strength, and are hopeful that by the end of the next financial year, we should be producing around 12,000 MT of feed per month.

We will also introduce the solvent extracted soya cake produced by Zamanita into our agency outlets, further increasing sales volume and providing small scale farmers with more options to feed their livestock.

The "Novatek" stock feed brand is now recognised as the producer of one of the best quality feeds in Zambia and has now become the market leader. This has been achieved just three years after entering the commercial stock feed business.

Eggs

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	3.6	4.2	(15)	1
Gross profit	1.6	2	(19)	2

Egg sales and profitability were disappointing and considerably below last year, mainly due to a disease outbreak in the early part of the year, from which it took several months to recover. Production was low but demand was very strong. The disease problem has now been eradicated and production is back to normal.

Two extra layer houses are being stocked and an extra 32,000 eggs per day will be available from February 2013, which is a 40 per cent. increase on our current production.

Mill and bakery

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	18	15	21	6
Gross profit	4.5	1.9	135	5

This division has performed well compared to last year. Most of the profitability has come from the milling of wheat, with the demand for flour being high, particularly in the Zambeef shops. At present 70% of our flour is sold through our own retail network and Shoprite, either as flour or bread.

Margins in the Bakery division were under pressure due to intense competition, higher raw material input costs and high transport costs resulting from supplying bread to some of our distant retail outlets. However, Zambeef is currently the only national supplier of bread and therefore in a position of strength, and it is this strength we will try and capitalise on next year to generate higher volumes and margins.

Leather and shoe

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	4	2.5	56	1
Gross profit	2.1	0.7	195	2

This division has had an excellent year. In addition to running the tannery at 100 per cent. capacity, another facility is being rented in order to process all the hides available. An average of 8,000 hides per month are now being processed (65 per cent. being from Zambeef).

Demand for shoes is increasing as are exports to Zimbabwe. Shoe production is now approaching 700 pairs per day (compared with less than 300 last year).

This division is strategic to the overall Zambeef model, as it creates value in the by-product of our beef abattoir division (cattle hides). The export of leather to regional and international markets also provides valuable foreign exchange earnings for the Group.

Retail outlets

Increasing demand across our product range has put pressure on our retail outlets to keep shelves full and avoid stock outs.

Especially pleasing is the success of the two new Zambeef wholesale outlets (Kitwe and Lusaka) which have become our two highest turnover outlets. This is a model that will be rolled out in the future (the next one being in Solwezi).

It is envisaged that a further two new wholesale centres and four new retail outlets will be opened and three existing retail outlets will be refurbished over the next twelve months.

It is not only our own retail outlets that have seen good growth but the Shoprite butcheries and sales to Africa Supermarkets have also grown throughout the year.

West Africa

USD'Ms	Year to 30 Sept 2012	Year to 30 Sept 2011	% change	% of Group (2012)
Revenue	13	8	55	4
Gross profit	2.5	2.4	1	3

We continue to roll out our West Africa expansion plans to gear up on capacity resulting from the expansion of the Shoprite footprint in Nigeria and Ghana. Currently, there are five Shoprite stores in Nigeria (three in Lagos, one in Abuja and one in Enugu), and two Shoprite stores in Ghana (both in Accra). The next Shoprite store to open in Nigeria will be Ilorin (November 2012), Kano (April 2013), Ibadan (December 2013) and Apapa (2014). Additional sites in Lagos and Abuja are also under review. Shoprite is expanding and it is important that Master Meats (Nigeria) is able to expand in line with Shoprite.

We are now in the final stages of constructing our beef and pork abattoir at our Ikene farm, which consists of a modern slaughtering line and refrigeration. We are confident that the chicken houses to be erected on the farm, as well as the extension of the piggery operation and the addition of cattle and camps for the feedlot will be successful. We are also in the process of relocating our pork processing plant from Lekke (Lagos) to our Ikene farm and hence streamlining the operations in Nigeria. This plant has the capacity to produce 5 MT of processed meat products per day.

Francis Grogan
Chief Executive
November 2012

Business review

Finance report

"Excluding the tax provision, we have made progress against all of our financial goals, which consist of rolling annual targets for key elements of both the income statement and the balance sheet."

Revenue

↑ **32**% (ZMK)

↑ **23**% (USD)

2012: ZMK1,296 billion
2012: USD255 million

Operating profit*

↑ **57**% (ZMK)

↑ **47**% (USD)

2012: ZMK110 billion
2012: USD22 million

* Excludes the Zamanita ZRA provision of ZMK49 billion (USD9.7 million).

The financial year has seen Zambeef continue to make significant strides with respect to large growth in turnover of over 31 per cent. in ZMK terms from ZMK983 billion to ZMK1,295 billion and 23 per cent. in US Dollar terms from USD207 million to USD255 million. This exceeds the Board's internal threshold expectations for growth of at least inflation plus GDP.

One of the key challenges we have faced is the ZRA tax liability imposed on Zamanita Limited with respect to importation of palm oil in previous financial years. Details of this were announced to the market in February 2012, with a further update provided in April 2012.

Excluding the ZRA provision, gross margins increased from 34.1 per cent. to 37 per cent. Including the ZRA provision, gross margins have increased from 34.1 per cent. to 34.4 per cent.

One of the key contributors to the increased turnover and margins was the performance of Mpongwe farm which recorded very good yields.

Group overheads increased by 46 per cent. (ZMK) and 37 per cent. (USD) during the year (40 per cent. (ZMK) and 31 per cent. (USD) excluding the ZRA provision). This was a result of the issues highlighted below:

1. The increase in minimum wages by over 60 per cent. brought about as a result of the introduction of statutory instruments and increase in the number of employees as a result of the expansion in the business.
2. Increases in input costs as a direct result of the statutory instrument on minimum wages.
3. Increases in energy costs caused by an increase in prices and tariffs.
4. The depreciation of the Zambian Kwacha, which has led to unrealised exchange differences being reported.

In addition to the above, there has been an increase in costs caused by inflation.

As such, the cost to income ratio has increased to 26 per cent.

In line with increased turnover and improved gross margins, and taking into account negative operating factors as highlighted above, the Group profit for the year, excluding the ZRA provision, has increased by 41 per cent. (ZMK) and 31 per cent. (USD) from ZMK44.5 billion (USD9.4 million) to ZMK62.6 billion (USD12.3 million), leading to net income margins increasing from 4.5 per cent. in FY 2011 to 4.8 per cent. in FY 2012.

The Group incurred a taxation charge of ZMK2.9 billion (USD0.6 million) [2011: ZMK1.5 billion (USD0.3 million). The tax charge comprises corporation and income tax payable in respect of the Group's profitable operating entities after taking into account tax losses and tax incentives.

Exchange losses for the year were ZMK19 billion (USD4 million) (mostly unrealised) as a result of the weakening Zambian Kwacha.

EBITDA*

↑ **56**% (ZMK)
↑ **45**% (USD)
2012: ZMK138 billion
2012: USD27 million

Group profit*

↑ **41**% (ZMK)
↑ **31**% (USD)
2012: ZMK63 billion
2012: USD12 million

* Excludes the Zamanita ZRA provision of ZMK49 billion (USD9.7 million).

EBITDA, excluding the ZRA provision, has increased by 56 per cent. from ZMK88 billion (USD18.6 million) to ZMK138 billion (USD27 million). The Group's working capital has decreased significantly during the year due to the build up of stock to satisfy the increased crushing capacity of Zamanita, an increase in commodity prices and an increase in other stock items, along with an increase in the size of our farming operations during the year through the 10,600 Ha of farm land acquired in FY 2011.

Capital expenditure during the year amounted to ZMK132 billion (USD26 million) [2011: ZMK88.7 billion (USD18.7 million) excl. acquisition of Mpongwe farm assets and ZMK323.5 billion (USD68 million) incl. acquisition of Mpongwe farms assets] which was expended on various projects as highlighted in the CEO's report. The main areas of expenditure were as follows:

a. Expansion of processing facilities at Master Pork at a cost of ZMK17.5 billion (USD3.4 million).
b. Continued expansion of crushing capacity at Zamanita at a cost of ZMK41 billion (USD8 million).
c. Expansion of processing capacity at the dairy plant at a cost of ZMK8 billion (USD1.6 million).
d. Expansion of broiler and layer operations at a cost of ZMK0.5 billion (USD0.1 million).
e. Continued investment into the palm project at a cost of ZMK13 billion (USD2.6 million).
f. Expansion of the retail footprint across Zambia at a cost of ZMK5 billion (USD1 million).
g. Expansion and replacement of the trucking infrastructure at a cost of ZMK7 billion (USD1.4 million).

This is expected to increase the Group's market share in the various segments in future years thereby leading to higher profits and cash generation.

With respect to debt capital, during the year Zambeef drew on a number of debt facilities as detailed below:

1. ZMK46.5 billion from Zanaco Bank which was used to fund the repayment of the Commercial Paper subscribed for in FY2011 and fund the dairy processing expansion.
2. Continued drawdown of the term funding for Zamanita Limited (total facility limit of USD8 million) used for the expansion of the oil seed crushing capacity.
3. USD30 million from the International Finance Corporation ("IFC") to finance capital expansion.
4. ZMK13.5 million in hire purchase from Freddy Hirsch to finance the capital expansion at Master Pork.

Zambeef increased its structured working capital funding with Standard Chartered Bank Zambia PLC to assist in growing and storage of cereal commodities.

As explained in the Chairman's statement, major areas of capex investment over the next 18 months will be to increase production and efficiency levels in the dairy, milk processing plant, stock feed division and roll-out of new retail/wholesale outlets as well as refurbishing existing retail outlets.

Business review

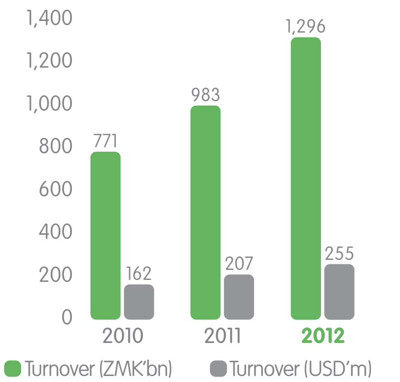
Ratios & statistics

		2012**	2011	2010	2009*	2008*
Statement of comprehensive income summary						
Revenue	ZMK Bn	1,296	983.1	770.5	683.1	476.1
Gross profit	ZMK Bn	445.8	334.9	242.1	199.6	178.9
Group profit attributable to equity holders of Zambeef Products PLC	ZMK Bn	14.6	44.4	19.8	9.6	37.2
Earnings before interest, tax, depreciation & amortisation (EBITDA)	ZMK Bn	88.6	88.4	61.3	29.3	58.6
Revenue	USD Mn	255.1	206.8	161.9	137.7	131.7
Gross profit	USD Mn	87.7	70.5	50.9	40.2	49.5
Group profit attributable to equity holders of Zambeef Products PLC	USD Mn	2.9	9.3	4.2	1.9	10.3
Earnings before interest, tax, depreciation & amortisation (EBITDA)	USD Mn	17.4	18.6	12.9	5.9	16.2
Statement of financial position summary						
Total assets	ZMK Bn	1,616.5	1,177.1	779.3	711.6	718.9
Shareholders' funds	ZMK Bn	752.8	744.2	456	444.8	435.4
Total liabilities	ZMK Bn	864.4	432.5	322.8	266.3	279.5
Total assets	USD Mn	317	245.2	162.3	150.8	200.8
Shareholders' funds	USD Mn	147.6	155.0	95.0	94.2	121.6
Total liabilities	USD Mn	169.5	90.1	67.3	56.4	78.1
Profitability & return ratios						
Gross profit margin	%	34.4	34.1	31.4	29.2	37.6
Net income margin	%	1.1	4.5	2.6	1.4	7.8
Return on equity	%	1.9	6.0	4.3	2.2	8.6
Asset turnover	times	1.2	0.8	1.0	1.0	0.7
Liquidity ratios						
Current ratio	times	1.4	1.5	1.4	1.1	1.3
Interest cover (using EBITDA)	times	3.3	4.8	6.0	2.4	8.5
Capital structure ratios						
Long-term debt/equity ratio	%	47.7	24.2	30.3	10.1	10.9
Total debt/equity ratio	%	87	41.2	48.3	40.8	35.4
Shareholders' ratios						
Earnings per share	ZMK	58.81	242.6	124.7	60.6	270.8
Dividend per share	ZMK	–	31.1	49.9	–	85.7
Earnings per share	cents	1.16	5.1	2.6	1.2	7.5
Dividend per share	cents	–	0.8	1.0	–	2.4
Dividend cover	times	–	7.8	2.5	–	3.2
Dividend payout ratio	%	–	12.8	40.0	–	31.7
Dividend yield	%	–	1.0	1.3	–	1.4
Price earnings ratio	times	44.2	12.8	30.2	66.0	23.3
Net asset value per share	ZMK	3,035.9	3,000.9	2,873.5	2,802.5	2,743.1
Net asset value per share	cents	59.5	62.5	59.9	59.4	76.6
Lusaka Stock Exchange statistics						
Market value per share						
– At year end	ZMK	2,600	3,100	3,770	4,000	6,300
– Highest	ZMK	2,800	4,200	4,100	7,000	7,000
– Lowest	ZMK	2,400	2,500	3,500	3,000	5,500
Number of shares issued		126,205,341	166,231,234	158,706,045	158,706,045	158,706,045
Closing market capitalisation	ZMK Bn	328	515	598	635	1,000
Closing market capitalisation	USD Mn	64	107	125	135	279
AIM statistics						
Market value per share						
– At year end pence		36	42	–	–	–
– Highest pence		56.50	67	–	–	–
– Lowest pence		27.75	38	–	–	–
Number of shares issued		121,772,854	81,746,961	–	–	–
Closing market capitalisation	GBP Mn	44	34	–	–	–
Closing market capitalisation	ZMK Bn	363	257	–	–	–
Closing market capitalisation	USD Mn	71	54	–	–	–

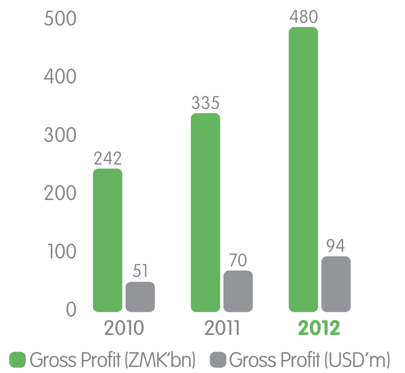
* Discontinued operations, namely Nanga Farms PLC
** The results for FY2012 includes the Zamanita ZRA provision of ZMK49 billion (USD9.7 million) charge to the statement of comprehensive income.

Key performance indicators

Turnover

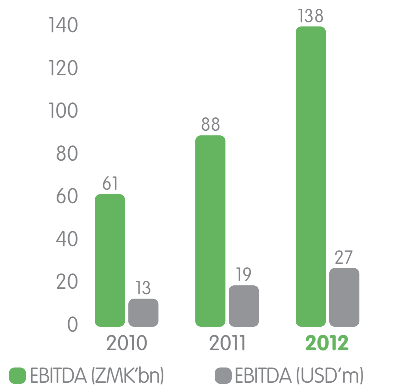


Gross Profit



2012 figures exclude the Zamanita ZRA provision.

EBITDA



Since 2010:

Turnover (USD)

↑23%

Gross Profit (USD)

↑34%

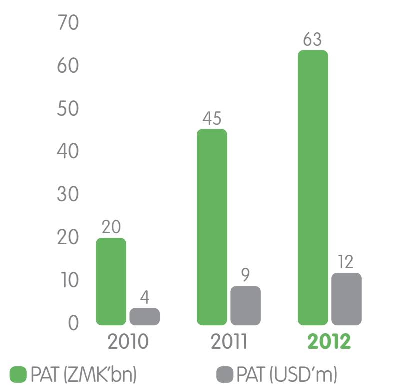
EBITDA (USD)

↑45%

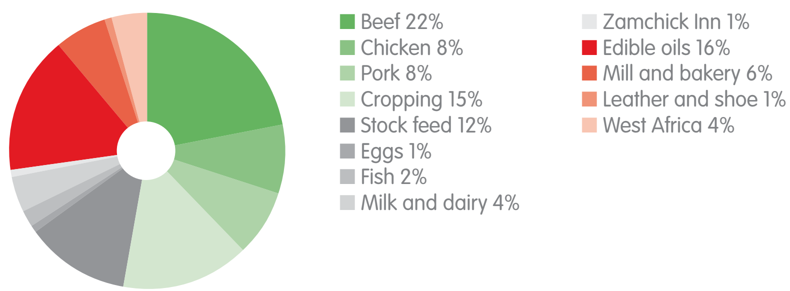
Profit After Tax (USD)

↑31%

Profit After Tax



Turnover



Business review

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 work place, 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 & 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 & 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 require the Group to meet both local Zambian standards as well as international standards relating to the environment.

Zambeef must also annually report to some of the Group's lenders certain qualitative and quantitative project performance data according to 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 agreed with some of the Group's lenders.
7. General Information and Feedback.

Furthermore, some of our term lenders have kindly assisted Zambeef with Technical Assistance funding which has been utilised to employ local and international consultants to assist Zambeef in successfully delivering the ESAP.

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, Environmental Project Briefs ("EPBs") for the Novatek stock feed expansion, Zamanita's solvent extraction plant replacement and silos expansion, the dairy/milk plant expansion and Chingola abattoir projects were reviewed and approved by the Zambia Environmental Management Agency ("ZEMA"). Last year, the Mumbwa abattoir, Lusaka wholesale project, Master Pork abattoir and processing plant, Kalundu dairy and Zamleather project briefs were approved by ZEMA.


HOME OF THE IRWIN RANGERS MICHEAL MODERN STARS


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

Business review

Environment and social responsibility continued

This year, Effluent Treatment Plants ("ETPs") were constructed at the Mumbwa and Master Pork abattoirs, in addition to the two new ETPs and stabilisation ponds constructed at Huntley farm, Chisamba last year. The Company intends to follow this model and to fully equip all of its production centres where effluent is generated with ETPs.

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

The Group continued its rehabilitation programme for all its operations, in order to meet both local and international standards and, at the same time, to win consumer confidence. So far 28 retail outlets have been rehabilitated and the programme is still ongoing.

Microbiological testing and monitoring of the quality and safety of food and water, including disease surveillance in livestock, continues to be routinely carried out, as well as independent quarterly Salmonella tests for all the Company's poultry houses, which have all yielded negative results, further attesting to the Company's quest to produce safe and quality food products. The establishment of the microbiological laboratory will greatly enhance the frequency of monitoring of products along the production line in order to ensure food safety.

The Company is in the process of embarking on the establishment of a Food Safety Management System, in line with Hazard Analysis of Critical Control Point ("HACCP") and ISO 22 000, supported by technical assistance funding and consultancy services from one of our term funders. This project is expected to undergo certification within a period of three years.

Occupational Health and Safety has been enhanced and continues to be monitored for each Company site. Improved awareness by our staff has resulted in a reduction in occupational safety incidents.

Occupational related disease surveillance for those exposed to chemicals and particulate materials (e.g. coal at Zamanita and chromium at Zamleather) continued to be carried out and continue to register good results within acceptable levels. All staff who come in contact with the Group's food products continue to undergo six-monthly food handlers medical examinations as required by the Zambian Public Health Act. Medical examination for food handlers in all retail outlets was conducted in compliance with the Food Legislation.

The most recent independent consultant reports state 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.
- Financial support to teachers and health workers.
- 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 and various ministries for development process of Food Safety Policy.

Zambeef continues to support the UK based charity (Alive & Kicking), which aims to use the power of football to deliver health education, in particular, to raise HIV/AIDS awareness and malaria prevention.

Zampalm commissioned a baseline study on the socio-economic impact of the palm plantation on the local community. The main purpose of this baseline study was to support sustainability of commercial projects and to mitigate social and economic impacts on the local communities involved. The report, published in December 2011, concluded that:

"Prior to Zampalm, the area was remote and very poor. There was no proper road network, the area was hardly accessible by vehicles or any other means of transport. As a result trading activities were limited and financial resources were scarce. Additionally, food shortages were common and housing was generally poor. The community was blocked from the outside world, there were no means of communication or infrastructures put in place. Education and healthcare were at a very low level and most people relied on exchanging food crops for fish and vice versa. There were no job opportunities to improve daily lives.

Since Zampalm started its operations, livelihoods have improved significantly. New sources of income appeared as a direct result of the improved road network and the presence of Zampalm workers. Job opportunities led to more financial resources and to higher living standards for many households in the area.

Food security has improved and a lot of houses have been upgraded and modernised. Communication, infrastructure and transport facilities have opened up the area. Traditional leaders consider the presence of Zampalm as a great development for the community as a whole. Further investment and development of the palm project will change the area into a more open, developed and attractive place to live.

Zampalm also signed a Social Responsibility Contribution Agreement with the Kopa Community Development Trust in October 2009. Under this agreement, Zampalm pays USD1 per hectare per year to the Trust. This fee shall be paid from the effective date until the trigger date, when the oil production starts. Thereafter, Zampalm will pay "Oil Royalty Fees" to the Trust, at a rate of USD1 per MT of RBD Palm Oil produced from the Kopa allocation. The money paid to the Kopa Community Development Trust is meant to facilitate local community and social responsibility projects in various sectors like agriculture, health and education.

In 2008, Zampalm also donated a community ambulance to provide extra healthcare and to reach the remote areas of the chiefdom.

Recently Zampalm put a clubhouse and a football field in place for recreation purposes of all Zampalm workers and their families.

Zampalm is planning to establish a local police post and a health clinic in collaboration with the local government. The construction of the health clinic is already established. Once achieved, this would be a huge benefit to employees and the villages close to the plantation, as the current health facilities are 17km away and the closest police post is in Mpika, which is about 85km from the Company."

Corporate governance

Corporate governance

Board of Directors

Dr. Jacob Mwanza (age 76)
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. Has served and is currently serving on several boards, including the Lusaka Stock Exchange, and Konkola Resources Ltd.

Francis Grogan (age 51)
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. Other directorships include Zambezi Ranching & Cropping Ltd, and Tractorzam Ltd.

Carl Irwin (age 47)
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. Other directorships include Proflight Commuter Services Ltd, Zambezi Ranching & Cropping Ltd, Kanyanja Development Company Ltd, Leopard Investment Company Ltd and Tractorzam Ltd.

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.

Sushmit Maitra (age 35)
Finance Director
Nationality: Indian

Qualifications: BA (Hons) in Accounting & Finance (London South Bank University, UK); MSc in International Accounting & Finance (London School of Economics & Political Science, UK); ACCA.

Experience: Over 10 years' experience in auditing, corporate finance, and management consultancy with a number of companies in Zambia including Barclays Bank Zambia PLC and Grant Thornton (Zambia).

John Rabb (age 70)
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. Has served on, and is currently serving on, several boards, including Wellspring Ltd and Foresythe Estates Ltd.

Irene Muyenga (age 54)
Non-Executive Director
Nationality: Zambian

Qualifications: BA (ed); DIS; LIII.

Experience: Over 20 years' business management experience. Currently CEO and Group Managing Director of Zambia State Insurance Corporation Limited. Has served and is currently serving on several boards, including Barclays Bank Zambia PLC. Organisation of Eastern & Southern Africa Insurers and the National Pension Scheme Authority of Zambia.

Lawrence Sikutwa (age 58)
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; currently Chairman of Lawrence Sikutwa Associates Ltd Group of Companies.

Adam Fleming (age 65)
Non-Executive Director
Nationality: British

Experience: Over 30 years' business management and banking experience. Previously Chairman of Harmony Gold (listed on Johannesburg Stock Exchange and one of the largest gold mining companies in the world); currently Chairman of Witwatersrand Consolidated Gold Resources Ltd. Has served and is currently serving on several boards, including Zambezi Ranching & Cropping Ltd.

Stanley Phiri (age 53)
Non-Executive Director
Nationality: Zambian

Qualifications: BAcc; FCCA; FZICA.

Experience: Over 22 years' business management and finance experience; Currently Director General of National Pension Scheme Authority of Zambia. Previously Director of Finance and Investment for Zambia State Insurance Corporation Ltd.

Resigned from the Board during the year.

Corporate governance

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 2012.

1. Principal activities

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, 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 rain-fed/dry-land crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as a palm project within Zambia.

2. The Company

The Company is incorporated and domiciled in Zambia.

Business address
Plot 4970, Manda Road
Industrial Area
Lusaka
ZAMBIA

Postal address
Private Bag 17
Woodlands
Lusaka
ZAMBIA

3. Share capital

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

	30 September 2012		30 September 2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Authorised				
400,000,000 ordinary shares of ZMK 1 each	**400**	**83**	**400**	**83**
Issued and fully paid				
247,978,195 ordinary shares of ZMK 1 each	**248**	**61**	**248**	**61**

4. Results

The Group's results are as follows:

Group	Notes	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Revenue	5	1,296,339	255,059	983,138	206,802
Profit before taxation		15,558	3,060	50,356	10,592
Taxation charge	9	(2,129)	(419)	(5,816)	(1,223)
Group profit for the year		**13,429**	**2,641**	**44,540**	**9,369**
Group profit attributable to:					
Equity holders of the parent		14,583	2,868	44,436	9,347
Non-controlling interest		(1,154)	(227)	104	22
		13,429	**2,641**	**44,540**	**9,369**

The profit for the year to 30 September 2012 includes a provision of ZMK33.96 billion (c. USD6.7 million) under cost of sales and ZMK15.19 billion (c. USD3.0 million) under administrative expenses with respect to a tax liability assessment from Zambia Revenue Authority ("ZRA") issued to Zamanita Limited (for importation of palm oil in prior periods) in January 2012 as announced on 3 February 2012. This matter has been formally referred by Zambeef to the Zambian Revenue Appeals Tribunal as announced on 27 April 2012. The performance of the Group excluding this provision is profit for the year of ZMK62.6 billion (USD12.3 million).

5. Dividends

A final dividend of ZMK21.40 (0.45 cents) for the year ended 30 September 2011 was approved by the shareholders at the Annual General Meeting held on 25 January 2012, and paid to shareholders on 29 February 2012. There has been no dividend paid or proposed for the year ended 30 September 2012.

6. Management

The senior management team comprise the following:

Francis Grogan	– Chief Executive Officer
Carl Irwin	– Director of Strategy and Developments
Yusuf Koya	– Executive Director
Sushmit Maitra	– Finance Director
Michael Ledwith	– Chief Operating Officer
Colin Huddy	– General Manager - Farming
Danny Museteka	– Company Secretary
Francis Mondomona	– Special Assistant to the CEO
Felix Lupindula	– Special Assistant to the CEO
Ebrahim Israel	– Managing Director – West Africa
Murray Moore	– General Manager – National Retail
Mike Lovett	– General Manager – Mpongwe Farm
Alastair McLeod	– General Manager – Huntley Farm
David Mynhardt	– General Manager – Sinazongwe Farm
Anthony Wells	– General Manager – Chiawa Farm
Richard Franklin	– General Manager – Leather and Shoe
Dharmesh Patel	– General Manager – Zamanita Limited
Walter Roodt	– General Manager – Stock Feed
Mark Winwood	– General Manager – Zampalm Limited
Justin Pigou	– General Manager – Dairy
Rory Park	– General Manager – Master Pork Limited
Webster Mapulanga	– Factory Manager – Master Pork Limited
Andries Van Rensburg	– Piggery Manager
Peter Wandira	– Mill and Bakery Manager
Charles Milupi	– Poultry Manager
Theo de Lange	– Technical Manager
Bartholomew Mbao	– Dairy Processing Manager
Ivor Chilufya	– Group Financial Controller
Victor Mundia	– Group Finance Manager
Irfan Sayed	– Finance Manager – Zambeef Products PLC, Master Pork and Zampalm Limited
Rehan Sayed	– Finance Manager – Stock Feed and Leather
Simon Nkhata	– Finance Manager – Zambeef Retailing Limited
James Banda	– Acting Finance Manager – West Africa
Baron Chisola	– Finance Manager – Zamanita Limited
Mulendo Siame	– Administration Manager – Huntley Farm
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
Cyprian Musonda	– Workshop Manager
Christabel Malijani	– Compliance 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
Lufeyo Nkhoma	– Head of Retail – Ghana
John Stephenson	– Head of Retail – Nigeria
Clement Mulenga	– Head of Processing – Nigeria

Corporate governance

Report of the Directors continued

7. Directors and Secretary

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

Dr. Jacob Mwanza	– Chairman
Lawrence Sikutwa	
John Rabb	
Irene Muyenga	
Stanley Phiri	– Resigned on 10th May 2012
Adam Fleming	– (Alternate Brian Dowden)
Francis Grogan	– Chief Executive Officer
Carl Irwin	
Yusuf Koya	
Sushmit Maitra	
Danny Museteka	– Company Secretary

8. Directors' interests

The directors held the following interests in the Company's ordinary shares at the balance sheet date:

	30 September 2012		30 September 2011	
	Direct	Indirect	Direct	Indirect
Dr. Jacob Mwanza	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 Sikutwa	–	115,176	–	115,176
Irene Muyenga	13,129	–	13,129	–
Adam Fleming	–	13,710,355	–	13,656,917
Yusuf Koya	42,762	–	42,762	–
Sushmit Maitra	–	–	–	–
	1,159,654	**29,613,657**	**1,159,654**	**29,560,219**

9. Directors and Management Committee Members' fees and remuneration

Details of Director's fees, remuneration and contract terms are included in the remuneration section of the Corporate Governance Report.

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 2012, the Company has been advised of the following notifiable interests in its ordinary share capital:

Investor Name	Current position	% of shareholding
M & G Recovery Fund	34,623,908	14%
SSB Emerging Markets Fund	24,631,080	10%
SQM Frontier Africa Master Fund	14,794,333	6%
The African Emerging Markets	9,805,062	4%
Artio International Equity Fund	9,363,990	4%

Apart from these holdings, the Company has not been notified at 22 November 2012 of any interest of 5 per cent. or more in its ordinary share capital

11. Employees

The Group employed an average of 4,999 (30 September 2011: 4,367) employees and total salaries and wages were ZMK158.6 billion (USD31.2 million) for the year ended 30 September 2012 (30 September 2011: ZMK108.9 billion [USD22.9 million]).

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

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Headcount	4,835	4,854	5,116	5,049	5,163	5,073	5,035	5,097	5,156	5,078	4,843	4,681

12. Safety, Health and Environmental issues

Details of the Group's environment, health & safety, and social responsibility have been included in the Environment, Health & Safety and Social Responsibility Report.

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 ZMK54.6 billion (USD10.4 million), inclusive of VAT, 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 ZMK1.8 billion (USD0.4 million) (30 September 2011: ZMK0.5 billion [USD0.11 million]) to a number of activities.

15. Export sales

The Group made exports of ZMK21.3 billion (USD4.2 million) during the period (30 September 2011: ZMK25.7 billion [USD5.4 million]).

16. Property, plant and equipment

Assets totalling ZMK119.6 billion (USD23.5 million) were purchased by the Group during the period (30 September 2011: ZMK311.1 billion [USD65.4 million]) and recorded expenditure on the palm plantation development during the period of ZMK13 billion (USD2.6 million) (30 September 2011: ZMK12.3 billion [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, except as disclosed in the financial statements.

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 32 of the Financial Statements.

19. Annual financial statements

The annual financial statements set out on pages 46 to 102 have been approved by the directors.

20. Auditor

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

By order of the Board

Danny Museteka
Company Secretary
22 November 2012

Corporate governance statement

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. Over the last five years, 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 nine Directors, of whom five are independent Non-Executive Directors and four are Executive Directors. During the financial year, Stanley Phiri (Non-Executive Director) resigned from the Board and was not replaced.

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.

Furthermore, all Directors are entitled to seek independent professional advice concerning the affairs of the Group at its expense.

One third of the Non-Executive Directors are subject to the "retirement by rotation" provisions contained in the Companies Act of Zambia.

Board Committees

The Board governs through clearly mandated Board Committees, accompanied by monitoring and reporting systems. Each committee operates within defined terms of reference and authority granted to it by the Board.

The Board has the following sub-committees to assist it with its duties:
- Executive/Nomination Committee
- Audit Committee
- Remuneration committee

Executive/Nomination Committee

The Executive/Nomination Committee is chaired by the Board Chairman, Dr. Jacob Mwanza, and its current membership consists of two Non-Executive Directors; Lawrence Sikutwa and Irene Muyenga.

The Executive/Nomination Committee's key roles and responsibilities are:

- 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

The Audit Committee is chaired by Mr. Lawrence Sikutwa, Non-Executive Director, and its current membership consists of two Non-Executive Directors; Lawrence Sikutwa and Irene Muyenga. There is also an independent Audit Committee Secretary (Hastings Mtine), who is a retired chartered accountant, previously with KPMG.

The Audit Committee meets at least four times during each financial year.

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 regulation.

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

The Remuneration Committee is chaired by the Board Chairman, Dr. Jacob Mwanza and its current membership consists of three further Non-Executive Directors; John Rabb, Lawrence Sikutwa and Irene Muyenga.

The Committee meets at least once a year.

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

Corporate governance statement continued

The Remuneration Committee has agreed the following gross annual packages (USD):

	Salary	Housing Allowance	Car Allowance	Air Fares Allowance	Medicals
Non-Executive					
Dr. Jacob Mwanza	123,000	–	–	–	–
Lawrence Sikutwa	54,000	–	–	–	–
Irene Muyenga	54,000	–	–	–	–
Stanley Phiri	46,000	–	–	–	–
Adam Fleming	31,000	–	–	–	–
John Rabb	38,500	–	–	–	–
Executive					
Francis Grogan	459,000	Company House	Company Car	46,000	Yes
Carl Irwin	166,000	–	–	46,000	Yes
Yusuf Koya	367,000	46,000	Company Car	38,000	Yes
Sushmit Maitra	284,000	46,000	28,000	9,000	Yes

In addition to the above, all Executive Directors are also entitled to the following:

1. Gratuity – 10 per cent. of gross basic salary paid over the two year contract term, less statutory deductions for tax;
2. Annual Cash Bonus – 25 per cent. of the Group's net profit above the annual budgeted figure will be made available as a bonus pot, to be shared between the Executive Directors/MANCO members, subject to Remuneration Committee discretion and subject to a maximum pay-out of 50 per cent. of an Executive Director/MANCO member's annual basic salary.

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 2011, for an initial term of two years, unless terminated by either party giving six months' notice (provided that any such notice given from the executive to the Company shall not take effect on a date which is earlier than the first anniversary of the Company's admission to trading on AIM).

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

*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.

Management Committee

During the year, the Company took the initiative to create a new Management Committee ("MANCO") formed of existing senior management. The terms of reference of the MANCO were approved by the Board of Directors on 5 June 2012 and announced to the market on 20 June 2012; a summary is available on the Company's website www.zambeefplc.com.

The MANCO has been tasked to consider strategic, operational, business and industry issues as they arise and make recommendations to the Board and to ensure that strategic goals and objectives shaped by the Board are translated into tactical delivery. Mechanisms for measuring key performance indicators are in place to monitor progress.

Chairman Dr. Jacob Mwanza said: "I am pleased to endorse the formation of this new Management Committee. We are expanding at a rapid pace and need to ensure we have a strong, flexible and responsive management structure in place to maximise the benefit from the growing demand for our products."

Corporate governance

Statement of the Director's responsibilities

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

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

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

The Board of Directors confirm that in their opinion:

a. the financial statements give a true and fair view of the financial position of Zambeef Products Plc and its subsidiaries as of 30 September 2012, 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 and the Group will be able to pay its debts as and when these fall due; and
c. the financial statements are drawn up in accordance with the provisions of the second schedule to section 164 of the Zambian Companies Act 1994 and International Financial Reporting Standards.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

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

Dr. Jacob Mwanza
Chairman

Sushmit Maitra
Finance Director

22 November 2012

Approval of annual financial statement

The annual financial statements that appear on pages 46 to 102 were approved by the Board of Directors on 22 November 2012 and signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Sushmit Maitra
Finance Director

Signed in Lusaka on 22 November 2012

Annual compliance certificate

Pursuant to the requirements of schedule 18 to the rules of the Lusaka Stock Exchange, I the undersigned Danny Museteka being the duly appointed and registered Secretary certify to the Lusaka Stock Exchange that Zambeef Products Plc has during the twelve months ended 30 September 2012, complied with every disclosure requirement for continued listing on the Lusaka Stock Exchange imposed by the Board of the Exchange during that period.

In addition, I hereby confirm that for the year ended 30 September 2012, the Company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Zambian Companies Act 1994 and that all such returns are true and correct.

Danny Museteka
Company Secretary
22 November 2012

Financial statements


Freddy Hirsch
HirschPro 400

Financial statements

Report of the Independent Auditors

Grant Thornton
An instinct for growth™

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Zambeef Products PLC and its subsidiaries, which comprise the consolidated statement of financial position as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 40 the Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 2012, 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 Group profit for the year would have been ZMK3.4 billion (USD0.6 million) if the Mpongwe operations's functional currency was Zambian Kwacha and an unrealised exchange gain of ZMK10 billion had not been recognised in the statement of comprehensive income upon translation in the reporting currency of Zambian Kwacha. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements
In our opinion, the financial statements of Zambeef Products Plc and its subsidiaries as of 30 September 2012 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

Chartered Accountants

Wesley M Beene
Partner
Lusaka: 23 November 2012

Financial statements

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2012

Group	Notes	2012 ZMK'Ms Pre-tax liab	2012 ZMK'Ms Tax liab	2012 ZMK'Ms Total	2012 USD'000s Pre-tax liab	2012 USD'000s Tax liab	2012 USD'000s Total	2011 ZMK'Ms	2011 USD'000s
Revenue	5	1,296,339	–	1,296,339	255,059	–	255,059	983,138	206,802
Net gain arising from price changes in fair value of biological assets	15	9,873	–	9,873	1,936	–	1,936	17,057	3,587
Cost of sales		(826,434)	(33,962)	(860,396)	(162,597)	(6,682)	(169,279)	(665,248)	(139,934)
Gross profit		479,778	(33,962)	445,816	94,398	(6,682)	87,716	334,947	70,455
Administrative expenses		(372,879)	(15,188)	(388,067)	(73,366)	(2,988)	(76,354)	(265,857)	(55,922)
Other income		3,506	–	3,506	690	–	690	1,147	241
Operating profit	6	110,405	(49,150)	61,255	21,722	(9,670)	12,052	70,237	14,774
Exchange losses on translating foreign currency transactions and balances		(18,887)	–	(18,887)	(3,717)	–	(3,717)	(1,562)	(328)
Finance costs	8	(26,810)	–	(26,810)	(5,275)	–	(5,275)	(18,319)	(3,854)
Profit before taxation		64,708	(49,150)	15,558	12,730	(9,670)	3,060	50,356	10,592
Taxation charge	9	(2,129)	–	(2,129)	(419)	–	(419)	(5,816)	(1,223)
Group profit/(loss) for the year		62,579	(49,150)	13,429	12,311	(9,670)	2,641	44,540	9,369
Group profit/(loss) attributable to:									
Equity holders of the parent		63,733	(49,150)	14,583	12,538	(9,670)	2,868	44,436	9,347
Non-controlling interest		(1,154)	–	(1,154)	(227)	–	(227)	104	22
		62,579	(49,150)	13,429	12,311	(9,670)	2,641	44,540	9,369
Other comprehensive income:									
Exchange losses on translating presentational currency		(696)	–	(696)	(9,265)	–	(9,265)	(390)	(275)
Total comprehensive income for the year		61,883	(49,150)	12,733	3,046	(9,670)	(6,624)	44,150	9,094
Total comprehensive income for the year attributable to:									
Equity holders of the parent		63,143	(49,150)	13,993	3,298	(9,670)	(6,372)	44,089	9,082
Non-controlling interest		(1,260)	–	(1,260)	(252)	–	(252)	61	12
		61,883	(49,150)	12,733	3,046	(9,670)	(6,624)	44,150	9,094
		Kwacha	Kwacha	Kwacha	Cents	Cents	Cents	Kwacha	Cents
Earnings per share									
Basic and diluted earnings per share	11	257.01	(198.20)	58.81	5.06	(3.90)	1.16	242.60	5.10

The accompanying notes form part of the financial statements.

Consolidated Statement of Movements in Equity

For the year ended 30 September 2012

(i) In Zambian Kwacha	Issued share capital ZMK'Ms	Share premium ZMK'Ms	Foreign exchange reserve ZMK'Ms	Revaluation reserve ZMK'Ms	Retained earnings ZMK'Ms	Total attributable to owners of the parent ZMK'Ms	Non-controlling interest ZMK'Ms	Total equity ZMK'Ms
At 1 October 2010	159	259,967	(915)	67,310	129,526	456,047	378	456,425
Issue of shares	89	262,519	–	–	–	262,608	–	262,608
Cost of issue of shares written off	–	(16,209)	–	–	–	(16,209)	–	(16,209)
Dividends paid	–	–	–	–	(2,381)	(2,381)	–	(2,381)
Transactions with owners	**89**	**246,310**	**–**	**–**	**(2,381)**	**244,018**	**–**	**244,018**
Profit for the year	–	–	–	–	44,436	44,436	104	44,540
Transfer of surplus depreciation	–	–	–	(2,542)	2,542	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(347)	–	–	(347)	(43)	(390)
Total comprehensive income	**–**	**–**	**(347)**	**(2,542)**	**46,978**	**44,089**	**61**	**44,150**
At 30 September 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**

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Consolidated Statement of Movements in Equity

For the year ended 30 September 2012

(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 2010	42	71,861	(27,250)	17,685	32,672	95,010	79	95,089
Issue of shares	19	54,806	–	–	–	54,825	–	54,825
Cost of issue of shares written off	–	(3,384)	–	–	–	(3,384)	–	(3,384)
Dividends paid	–	–	–	–	(501)	(501)	–	(501)
Transactions with owners	**19**	**51,422**	**–**	**–**	**(501)**	**50,940**	**–**	**50,940**
Profit for the year	–	–	–	–	9,347	9,347	22	9,369
Transfer of surplus depreciation	–	–	–	(530)	530	–	–	–
Other comprehensive income:								
Exchange losses on translating presentational currency	–	–	(265)	–	–	(265)	(10)	(275)
Total comprehensive income	**–**	**–**	**(265)**	**(530)**	**9,877**	**9,082**	**12**	**9,094**
At 30 September 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)**	**(6,157)**
At 30 September 2012	**61**	**123,283**	**(36,755)**	**16,657**	**44,370**	**147,616**	**(161)**	**147,455**

Company Statement of Movements in Equity

For the year ended 30 September 2012

(i) In Zambian Kwacha	Issued share capital ZMK'Ms	Share premium ZMK'Ms	Revaluation reserve ZMK'Ms	Retained earnings ZMK'Ms	Total equity ZMK'Ms
At 1 October 2010	159	259,967	45,281	134,143	439,550
Issue of shares	89	262,519	–	–	262,608
Cost of issue of shares written off	–	(16,209)	–	–	(16,209)
Dividends paid	–	–	–	(2,381)	(2,381)
Transactions with owners	**89**	**246,310**	**–**	**(2,381)**	**244,018**
Profit for the year	–	–	–	9,315	9,315
Transfer of surplus depreciation	–	–	(586)	586	–
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**–**	**–**	**(586)**	**9,901**	**9,315**
At 30 September 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**

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Company Statement of Movements in Equity

For the year ended 30 September 2012

(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 2010	42	71,861	9,596	(18,354)	28,428	91,573
Issue of shares	19	54,806	–	–	–	54,825
Cost of issue of shares written off	–	(3,384)	–	–	–	(3,384)
Dividends paid	–	–	–	–	(501)	(501)
Transactions with owners	**19**	**51,422**	**–**	**–**	**(501)**	**50,940**
Profit for the year	–	–	–	–	1,959	1,959
Transfer of surplus depreciation	–	–	(122)	–	122	–
Other comprehensive income:						
Exchange losses on translating presentational currency	–	–	–	(120)	–	(120)
Total comprehensive income	**–**	**–**	**(122)**	**(120)**	**2,081**	**1,839**
At 30 September 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**

Consolidated Statement of Financial Position

As at 30 September 2012

ASSETS	Notes	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Non-current assets					
Goodwill	12	15,699	3,078	15,699	3,270
Property, plant and equipment	13	862,015	169,023	756,013	157,503
Plantation development expenditure	13	36,459	7,149	43,126	8,985
Biological assets	15	6,528	1,280	2,573	536
Deferred tax asset	9(e)	4,960	972	291	61
		925,661	181,502	817,702	170,355
Current assets					
Biological assets	15	119,584	23,448	116,760	24,325
Inventories	16	505,256	99,070	167,522	34,900
Trade and other receivables	17	63,432	12,438	72,746	15,155
Amounts due from related companies	18	2,337	458	2,091	436
Income tax recoverable	9(c)	220	43	246	51
		690,829	135,457	359,365	74,867
Total assets		**1,616,490**	**316,959**	**1,177,067**	**245,222**
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		246,316	24,272	237,629	31,688
		752,841	147,616	744,154	155,032
Non-controlling interest		(821)	(161)	439	91
		752,020	147,455	744,593	155,123
Non-current liabilities					
Interest bearing liabilities	22	342,120	67,082	172,627	35,964
Obligations under finance leases	23	17,025	3,338	7,316	1,524
Deferred liability	24	7,737	1,518	5,107	1,064
Deferred tax liability	9(e)	7,347	1,440	3,444	718
		374,229	73,378	188,494	39,270
Current liabilities					
Interest bearing liabilities	22	190,118	37,278	51,402	10,709
Obligations under finance leases	23	6,839	1,341	3,369	702
Trade and other payables	25	192,190	37,685	116,117	24,191
Amounts due to related companies	26	409	80	331	69
Taxation payable	9(c)	2,133	418	962	200
Dividends payable	–	–	–	18	4
Cash and cash equivalents	19	98,552	19,324	71,781	14,954
		490,241	96,126	243,980	50,829
Total equity and liabilities		**1,616,490**	**316,959**	**1,177,067**	**245,222**

The accompanying notes form part of the financial statements. The financial statements on pages 46 to 102 were approved by the Board of Directors on 22 November 2012 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Sushmit Maitra
Finance Director

Financial statements

Company Statement of Financial Position

As at 30 September 2012

ASSETS	Notes	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Non-current assets					
Property, plant and equipment	13	573,073	112,367	552,424	115,088
Investment in subsidiaries	14	146,126	28,652	94,112	19,607
		719,199	141,019	646,536	134,695
Current assets					
Biological assets	15	117,434	23,026	114,506	23,855
Inventories	16	226,234	44,360	80,898	16,854
Trade and other receivables	17	13,068	2,562	12,976	2,704
Amounts due from related companies	18	229,156	44,933	148,320	30,900
Income tax recoverable	9(c)	–	–	26	5
		585,892	114,881	356,726	74,318
Total assets		**1,305,091**	**255,900**	**1,003,262**	**209,013**
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		242,680	23,559	186,358	21,008
		749,205	146,903	692,883	144,352
Non-current liabilities					
Interest bearing liabilities	22	303,348	59,480	158,081	32,934
Obligations under finance leases	23	8,752	1,716	5,811	1,211
Deferred liability	24	1,515	297	523	109
Deferred tax liability	9(e)	4,529	888	1,761	367
		318,144	62,381	166,176	34,621
Current liabilities					
Interest bearing liabilities	22	111,097	21,784	30,465	6,347
Obligations under finance leases	23	2,616	513	1,734	361
Trade and other payables	25	67,025	13,142	55,073	11,472
Amounts due to related companies	26	4,995	979	288	60
Taxation payable	9(c)	555	109	–	–
Dividends payable	–	–	–	18	4
Cash and cash equivalents	19	51,454	10,089	56,625	11,796
		237,742	46,616	144,203	30,040
Total equity and liabilities		**1,305,091**	**255,900**	**1,003,262**	**209,013**

The accompanying notes form part of the financial statements. The financial statements on pages 46 to 102 were approved by the Board of Directors on 22 November 2012 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Sushmit Maitra
Finance Director

Consolidated Cash Flow Statement

For the year ended 30 September 2012

	Notes	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Cash (outflow)/inflow from operating activities					
Profit before taxation		15,558	3,060	50,356	10,592
Finance costs	8	26,810	5,275	18,319	3,854
Depreciation	13	42,125	8,288	31,296	6,583
Impairment of biological assets		–	–	1,452	302
Fair value price adjustment	15	(9,873)	(1,936)	(17,057)	(3,587)
Net unrealised foreign exchange losses		13,934	2,742	4,054	887
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		88,554	17,429	88,420	18,631
Decrease/(increase) in biological assets		3,094	2,069	(40,265)	(8,389)
Decrease/(increase) in inventory		(337,734)	(64,170)	(34,832)	(7,256)
Decrease/(increase) in trade and other receivables		9,312	2,717	(17,551)	(3,656)
Increase in amounts due from related companies		(246)	(22)	(1,107)	(231)
Increase in trade and other payables		76,073	13,494	29,568	6,161
Increase/(decrease) in amounts due to related companies		78	11	(432)	(90)
Increase/(decrease) in deferred liability		2,630	454	(61)	(13)
Income tax paid		(1,700)	(334)	(1,160)	(244)
Net cash (outflow)/inflow from operating activities		(159,939)	(28,352)	22,580	4,913
Investing activities					
Purchase of property, plant and equipment	13	(119,556)	(23,523)	(76,370)	(16,064)
Purchase of Mpongwe Farm assets	13	–	–	(234,774)	(49,384)
Expenditure on plantation development	13	(12,997)	(2,557)	(12,318)	(2,591)
Proceeds from sale of assets		1,188	233	1,559	328
Net cash outflow on investing activities		(131,365)	(25,847)	(321,903)	(67,711)
Net cash outflow before financing activities		(291,304)	(54,199)	(299,323)	(62,798)
Financing activities					
Proceeds from issue of shares		–	–	246,399	51,441
Long-term loans repaid		(47,892)	(11,823)	(49,290)	(10,269)
Receipt from long-term loans		225,131	44,143	81,672	17,015
Receipt of short-term funding		130,970	25,368	4,230	882
Lease finance		13,179	2,453	8,308	1,731
Finance costs	8	(26,810)	(5,275)	(18,319)	(3,854)
Dividends paid	10	(5,306)	(1,044)	(9,965)	(2,096)
Net cash inflow from financing activities		289,272	53,822	263,035	54,850
Decrease in cash and cash equivalents		(2,032)	(377)	(36,288)	(7,948)
Cash and cash equivalents at beginning of year		(71,781)	(14,954)	(30,627)	(6,381)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(24,739)	(3,993)	(4,866)	(625)
Cash and cash equivalents at end of year	19	(98,552)	(19,324)	(71,781)	(14,954)
Represented by:					
Cash in hand and at bank		79,731	15,633	30,844	6,426
Bank overdrafts		(178,283)	(34,957)	(102,625)	(21,380)
	19	(98,552)	(19,324)	(71,781)	(14,954)

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Company Cash Flow Statement

For the year ended 30 September 2012

	Notes	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Cash (outflow)/inflow from operating activities					
Profit before taxation		65,708	12,928	10,810	2,274
Finance costs		20,452	4,024	13,053	2,746
Depreciation	13	21,485	4,227	14,679	3,088
Fair value price adjustment	15	(9,708)	(1,904)	(16,966)	(3,569)
Net unrealised foreign exchange differences		9,841	1,935	(13)	31
Earnings before interest, tax, depreciation and amortisation, fair value adjustments and net unrealised foreign exchange losses		107,778	21,210	21,563	4,570
Decrease/(increase) in biological assets		6,780	2,733	(39,728)	(8,277)
Increase in inventory		(145,336)	(27,506)	(29,605)	(6,168)
(Increase)/decrease in trade and other receivables		(92)	142	(3,614)	(752)
(Increase)/decrease in amounts due from related companies		(132,850)	(23,078)	11,494	2,394
Increase in trade and other payables		11,952	1,670	34,402	7,167
Increase/(decrease) in amounts due to related companies		4,707	919	(463)	(96)
Increase/(decrease) in deferred liability		992	188	(111)	(23)
Income tax paid		(732)	(144)	(22)	(5)
Net cash outflow from operating activities		(146,801)	(23,866)	(6,084)	(1,190)
Investing activities					
Purchase of property, plant and equipment	13	(32,085)	(6,313)	(32,764)	(6,892)
Purchase of Mpongwe Farm assets	13	–	–	(234,774)	(49,384)
Proceeds from sale of assets		665	131	–	–
Net cash outflow from investing activities		(31,420)	(6,182)	(267,538)	(56,276)
Net cash outflow before financing activities		(178,221)	(30,048)	(273,622)	(57,466)
Financing activities					
Proceeds from issue of shares		–	–	246,399	51,440
Long-term loans repaid		(48,076)	(11,660)	(49,290)	(10,269)
Receipt from long-term loans		198,100	38,843	65,385	13,622
Receipt of short-term funding		75,875	14,800	1,143	239
Lease finance		3,823	657	6,597	1,376
Interest paid		(20,452)	(4,024)	(13,053)	(2,746)
Dividends paid	10	(5,306)	(1,044)	(9,965)	(2,096)
Net cash inflow from financing activities		203,964	37,572	247,216	51,566
Increase/(decrease) in cash and cash equivalents		25,743	7,524	(26,406)	(5,900)
Cash and cash equivalents at beginning of year		(56,625)	(11,796)	(29,916)	(6,234)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(20,572)	(5,817)	(303)	338
Cash and cash equivalents at end of year	19	**(51,454)**	**(10,089)**	**(56,625)**	**(11,796)**
Represented by:					
Cash in hand and at bank		56,917	11,160	8,904	1,856
Bank overdrafts		(108,371)	(21,249)	(65,529)	(13,652)
	19	**(51,454)**	**(10,089)**	**(56,625)**	**(11,796)**

Notes to the Financial Statements

As at 30 September 2012

1. The Group

Zambeef Products Plc and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia. The Group is principally involved in the production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, eggs, edible oils, stock feed, 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 rain-fed/dry-land crops available for planting each year. The Group is also in the process of rolling out its West Africa expansion in Nigeria and Ghana, as well as a palm project within Zambia.

2. Principal accounting policies

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

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the parent Company and its subsidiary companies made up to the end of the financial year. 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. 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 balance sheet date loan amounts repayable within twelve months amount to ZMK197 billion (USD38.6 million) [2011: ZMK55 billion (USD11.4 million)]. After reviewing the available information including the Group's strategic plans and continuing support from the Group's working capital funders, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Group's debt has increased due to increased working capital utilisation from additional stock holding resulting from significant increases in farming operations during the year along with increase in Zamanita's crushing capacity. The Group has also increased its term facilities to fund the capital assets being acquired during the current financial year and the next financial year. All current liabilities will be settled from the continued liquidation of stock and expected increase in income from the capital expenditure carried out during the financial year.

(c) Basis of presentation

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

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

The consolidated statement of comprehensive income has been presented with the performance of the Group excluding the ZRA tax liability imposed on Zamanita Limited and including the tax liability. This is to distinguish the liability as an exceptional circumstance occurring during the financial year.

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

(d) Foreign currencies

(i) Presentational and functional currency

The Company has ten operating branches of which nine have a historical functional currency of Zambian Kwacha (ZMK) and one (the Mpongwe Farms Branch) has a functional currency of United States Dollars (USD) being an operational branch set up during the current financial year. 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 ZMK exchange rate due to origin prices being USD;

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As at 30 September 2012

2. Principal accounting policies continued

- 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 ZMK 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 ZMK 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 arises an exchange difference of ZMK10 billion 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.

If Mpongwe's functional currency was the Zambian Kwacha, this exchange difference would not have arisen, and the adjusted Group profit for the year would have been ZMK3.4 billion (USD0.6 million) as compared to the reported Group profit of ZMK13.4 billion (USD2.6 million).

The Group's reporting currency in Zambia is ZMK 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:

ZMK:USD	Average exchange rate	Closing exchange rate
Year ended 30 September 2011	4,754	4,800
Year ended 30 September 2012	5,082	5,100

All historical financial information, except where specifically stated, is presented in Zambian Kwacha rounded to the nearest ZMK'millions 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 recognised in statement of comprehensive income.

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

(iv) Basis of translating foreign operations

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

2. Principal accounting policies continued

ZMK:Nigeria Naira	Average exchange rate	Closing exchange rate
Year ended 30 September 2011	31.48	31.58
Year ended 30 September 2012	32.55	32.90

ZMK:Ghana Cedi	Average exchange rate	Closing exchange rate
Year ended 30 September 2011	3,128	2,981
Year ended 30 September 2012	2,823	2,642

(e) New standards and interpretations

Interpretations to published standards that are not yet effective and have not been early adopted by the Company:

Standard	Description	Effective date
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.	1 January 2015
IFRS 10	A package of new consolidation standards is effective for annual periods beginning or after 1 January 2013. 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 change the scope of consolidation.	1 January 2013
IFRS 11	Joint Arrangements – the Standard aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.	1 January 2013
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.	1 January 2013
IFRS 13	This standard will replace the guidance on fair value measurement in existing IFRS accounting literature with a single standard.	1 January 2013
IAS 19	The IAS 19 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. This would entail: • eliminating the "corridor method", requiring entities to recognise all actuarial gains and losses arising in the reporting period. • changing the measurement and presentation of certain components of defined benefit cost. • enhancing the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them. The IAS 19 Amendments are effective for annual periods beginning on or after 1 January 2013 and will apply retrospectively.	1 January 2013
IAS 27 (Revised)	The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain Group reorganisations and includes a number of disclosure requirements.	1 January 2013

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2. Principal accounting policies continued

Standard	Description	Effective date
IAS 28 (Revised)	This Standard supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines "significant influence" and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.	1 January 2013
Amendments to IAS 1	The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate statements. However, items of other comprehensive income are now required to be Grouped into those that will and will not subsequently be reclassified to profit or loss.	1 July 2012
Amendments to IFRS 7	New disclosures are required for all financial instruments that are set off in accordance with IAS 32.42 and for financial assets that are subject to an enforceable master netting arrangement or similar arrangement regardless whether they are set off.	1 January 2013
Amendments to IAS 32	IAS 32.42, which is unchanged, requires that an entity offsets financial assets and financial liabilities when it has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. However, new guidance in IAS 32.AG38B clarifies that the right of set-off: a) must not be contingent on a future event; and b) must be legally enforceable in all of the following circumstances: i) the normal course of business; ii) the event of default; and iii) the event of insolvency or bankruptcy of the entity and all of the counterparties.	1 January 2014
Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7	On 16 December 2011, the IASB issued "Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)", which amended the effective date of IFRS 9 to annual periods beginning on or after 1 January 2015, and modified the relief from restating comparative periods and the associated disclosures in IFRS 7.	1 January 2014
Annual Improvements 2009–2011 Cycle	The IASB's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. The IASB considered the finalisation of a number of amendments discussing and finalising: (1) Repeated application of IFRS 1 (2) IFRS 1 — Exemption for borrowing costs (3) IAS 1 — Comparative information (4) IAS 16 — Classification of servicing equipment (5) IAS 32 — Tax effect of distribution to holders of equity instruments (6) IAS 34 — Interim financial reporting and segment information.	1 January 2013

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.

(f) 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 recognised 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 recognised 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.

2. Principal accounting policies continued

(g) 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.

(h) Goodwill

Goodwill represents the future economic benefits arising from a business combination that is not individually identified and separately recognised. 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.

(i) Revenue recognition

Revenue comprises the sale of goods and revenue from major products as shown in note 5. Revenue is recognised 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.

(j) Property, plant and equipment

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

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

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

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

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

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As at 30 September 2012

2. Principal accounting policies continued

Land and buildings	2%
Motor vehicles	20%
Furniture & equipment	10%
Plant & machinery	5 to 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 profit or loss in other income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(k) 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 capitalised until such time as the oil palms reach maturity and meet the criteria for commercial production, at which point capitalised items are reclassified as mature plantations in property, plant and equipment, and all further costs expensed and depreciation commences. Such capitalised 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.

(l) 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.

(m) 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.

(i) 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.

2. Principal accounting policies continued

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.

(n) 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 reorganisation; 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.

(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.

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Notes to the Financial Statements continued

As at 30 September 2012

2. Principal accounting policies continued

(o) 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.

(p) 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.

(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 the statement of comprehensive income is appropriate, with no depreciation being provided on such assets.

(q) Inventory

Inventory is stated at the lower of cost and net realisable 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 realisable 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.

(r) 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.

(s) 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 recognised within "finance costs" in the statement of comprehensive income in the period in which they are incurred.

(t) 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.

(u) 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 agri-business. Other income comprises the fair value of the consideration received or receivable.

2. Principal accounting policies continued

(v) 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 realisation, 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 recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

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

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

(w) 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.

(x) 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.

(y) 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.

(z) 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

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Notes to the Financial Statements continued

As at 30 September 2012

2. Principal accounting policies continued

- Crops
- Stock feed
- Eggs
- Fish
- Milk
- Zamchick Inn
- Edible oils
- Mill and Bakery
- Leather/shoe
- Master Meats (Nigeria)
- Master Meats (Ghana)

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

- Zambeef
- Retailing
- 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.

(aa) 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 ZMK56.5 billion (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 ZMK8.7 billion (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 ZMK54.6 billion (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 ongoing 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.

3. Critical accounting estimates and judgements continued

(i) Plantation development expenditure

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

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

(ii) Deferred tax

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

Significant accounting estimates

(i) Translating to the presentational currency

Management have applied the average exchange rate as an approximation to the actual exchange rate for the purposes of translating the Group's consolidated financial statements into USD. The Directors have conducted an exercise to evaluate the impact of these fluctuations on the presentation of the Group's results and has concluded that the application of the average exchange rate is a reasonable approximation to the actual rate. The Group has long-term borrowings denominated in USD and management has conducted sensitivity analysis on the Group's reported profits and equity for the periods reported (see note 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 ZMK9.7 billion (USD1.9 million) (2011: ZMK17.1 billion [USD3.6 million]) is affected by price changes in different market segments, and ZMK42.1 billion (USD8.2 million) (2011: ZMK46 billion [USD9.9 million]) is affected by physical changes in different segments.

Inventories are measured at the lower of cost and net realisable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. Future realisation of the carrying amounts of inventory assets of ZMK501 billion (USD123.3 million) (2011: ZMK167.5 billion [USD34.9 million]) is affected by price changes in different market segments.

4. Management of financial risk

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

(a) Growth in the Zambian economy leading to higher disposable incomes.
(b) Rise in copper prices leading to higher inflow of foreign export income and trickle-down effect to end consumers.
(c) Increase in the retail foot print of the Group.
(d) Increase in production facilities of the Group leading to higher volumes available for retail.
(e) 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.

However, the Group has recognised a provision of ZMK33.96 billion (c. USD6.7 million) through cost of sales and ZMK15.19 billion (c. USD3.0 million) through administrative expenses with respect to a tax liability assessment from Zambia Review Authority ("ZRA") issued to Zamanita Limited (for importation of palm oil in prior periods). The performance of the Group excluding this provision is a profit for the year of ZMK70.1 billion (USD13.8 million). The liability has been included on the balance sheet under trade and other payables.

The Board of Directors of the Group are taking necessary measures to obtain a satisfactory resolution to the matter, which is currently at the stage of appeal with the Revenue Appeals Tribunal.

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4. Management of financial risk continued

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.

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	2012 ZMK'Ms	2011 ZMK'Ms
Cash and cash equivalents	(98,552)	(71,781)
Interest bearing liabilities	(556,102)	(234,714)
Equity	752,841	744,154
	98,187	437,659

(II) In United States Dollars	2012 USD'000s	2011 USD'000s
Cash and cash equivalents	(19,324)	(14,954)
Interest bearing liabilities	(109,039)	(48,899)
Equity	147,455	155,032
	19,092	91,179

The Directors define capital as equity plus cash less borrowings and its financial strategy in the short-term is to minimise 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 minimised by matching the foreign currency receipts to the foreign currency payments as well as holding foreign currency bank accounts and export sales.

4.6 Agricultural risk

Agricultural production by its nature contains elements of significant risks and uncertainties which may adversely affect the business and operations of the Group, including but not limited to the following: (i) any future climate change with a potential shift in weather patterns leading to floods or droughts and associated crop losses; (ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields; (iii) wild and domestic animal conflicts and 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 2012
(i) In Zambian Kwacha

Segment	Revenue ZMK'Ms	Gross Profit ZMK'Ms
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	53,531	30,215
Zamchick Inn	10,185	4,544
Edible oils	237,882	15,814
Mill and Bakery	90,563	22,858
Leather	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 ZMK'Ms	Retailing ZMK'Ms	Zamanita ZMK'Ms	Master Pork ZMK'Ms	Zampalm ZMK'Ms	Other ZMK'Ms	Total ZMK'Ms
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)

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As at 30 September 2012

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	10,532	5,945
Zamchick Inn	2,004	894
Edible oils	46,804	3,111
Mill and Bakery	17,819	4,497
Leather/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	36,975	6,180	1,280	1,616	123,798
Cash, cash equivalents and bank overdrafts	(10,089)	(3,358)	(6,834)	80	7	870	(19,324)

5. Segmental reporting continued
Year ended 30 September 2011
(i) In Zambian Kwacha

Segment	Revenue ZMK'Ms	Gross Profit ZMK'Ms
Beef	279,898	79,796
Chicken	106,108	26,571
Pork	84,169	25,848
Crops – row crops	110,400	41,008
Crops – palm	–	(1,452)
Stock feed	127,808	27,493
Eggs	19,973	9,355
Fish	15,113	3,345
Milk	51,892	33,011
Zamchick Inn	8,327	3,600
Edible oils	279,643	62,317
Mill and Bakery	69,987	9,104
Leather	12,047	3,443
Master Meats (Nigeria)	24,741	6,969
Master Meats (Ghana)	14,109	4,539
Total	**1,204,215**	**334,947**
Less: Intra/Inter Group Sales	(221,077)	
Group Total	**983,138**	**334,947**
Central operating costs		(264,710)
Operating profit		70,237
Foreign exchange losses		(1,562)
Finance costs		(18,319)
Profit before tax		50,356

Operating assets/(liabilities)	Zambeef ZMK'Ms	Retailing ZMK'Ms	Zamanita ZMK'Ms	Master Pork ZMK'Ms	Zampalm ZMK'Ms	Other ZMK'Ms	Total ZMK'Ms
Property, plant and equipment	552,424	89,513	74,265	19,206	43,705	20,026	799,139
Biological assets and inventories	195,404	24,598	49,372	5,779	2,573	9,129	286,855
Cash, cash equivalents and bank overdrafts	(56,625)	(1,486)	(20,406)	(150)	119	6,767	(71,781)

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As at 30 September 2012

5. Segmental reporting continued

(ii) In US Dollars

Segment	Revenue USD'000s	Gross Profit USD'000s
Beef	58,876	16,785
Chicken	22,320	5,589
Pork	17,705	5,437
Crops – row crops	23,222	8,626
Crops – palm	–	(305)
Stock feed	26,884	5,783
Eggs	4,201	1,968
Fish	3,179	704
Milk	10,915	6,944
Zamchick Inn	1,752	757
Edible oils	58,823	13,108
Mill and Bakery	14,722	1,914
Leather/shoe	2,534	724
Master Meats (Nigeria)	5,204	1,466
Master Meats (Ghana)	2,968	955
Total	**253,305**	**70,455**
Less: intra/inter Group sales	(46,503)	–
Total	**206,802**	**70,455**
Central operating costs		(55,681)
Operating profit		14,774
Foreign exchange gains		(328)
Finance costs		(3,854)
Profit before tax		10,592

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	115,088	18,648	15,472	4,001	9,105	4,174	166,488
Biological assets and inventories	40,709	5,125	10,286	1,204	536	1,901	59,761
Cash, cash equivalents and bank overdrafts	(11,796)	(309)	(4,251)	(31)	25	1,408	(14,954)

	2012				2011			
Geographical	ZMK'Ms Revenues	ZMK'Ms Non-current assets	USD'000s Revenues	USD'000s Non-current assets	ZMK'Ms Revenues	ZMK'Ms Non-current assets	USD'000s Revenues	USD'000s Non-current assets
Zambia	1,210,787	909,052	238,227	178,245	918,578	803,541	193,222	167,405
West Africa	64,204	16,609	12,632	3,257	38,850	14,161	8,172	2,950
Rest of world	21,348	–	4,200	–	25,710	–	5,408	–
	1,296,339	925,661	255,059	181,502	983,138	817,702	206,802	170,355

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

	2012		2011	
	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
Operating profit is stated after charging/(crediting):				
Depreciation				
– Owned assets	39,116	19,273	29,796	13,405
– Leased assets	3,009	2,212	1,500	1,274
Staff costs	158,636	39,878	108,904	23,913
Legal and other professional fees	10,500	7,573	2,979	2,977
Directors' remuneration				
– Executive	7,750	7,750	7,193	5,689
– Non-Executive	1,331	1,331	1,427	1,427
	9,081	9,081	8,620	7,116
Auditors remuneration				
– Audit services	622	383	671	313
– Non audit services	–	–	26	–
	622	383	697	313
Impairment of trade receivable	2,029	2	1,593	239
Impairment of biological assets	–	–	1,452	–
Profit on disposal of property, plant and equipment	(81)	–	2	–
Rentals under operating leases	10,374	–	6,321	–

	2012		2011	
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	7,696	3,792	6,268	2,820
– Leased assets	592	435	315	268
Staff costs	31,212	7,846	22,908	5,030
Legal and other professional fees	2,066	1,490	627	626
Directors' remuneration				
– Executive	1,527	1,527	1,508	1,197
– Non-Executive	262	262	300	300
	1,789	1,789	1,808	1,497
Auditors remuneration				
– Audit services	122	75	141	66
– Non audit services	–	–	5	–
	122	75	146	66
Impairment of trade receivable	399	–	335	50
Impairment of biological assets	–	–	305	–
Profit on disposal of property, plant and equipment	–	–	–	–
Rentals under operating leases	2,041	–	1,330	–

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7. Staff costs

The Group employed an average of 4,999 employees during the year ended 30 September 2012 (2011: 4,367).

	2012 Number	2011 Number
Zambeef Products PLC, Retailing Limited, & Leather Limited	3,851	3,393
Zamanita Limited	420	363
Zampalm Limited	325	275
Master Pork Limited	204	206
Foreign Subsidiaries	199	130
	4,999	4,367

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

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Wages and salaries	150,252	29,563	104,621	22,007
Social security costs	3,437	676	1,308	275
Pension costs	4,947	973	2,975	626
	158,636	31,212	108,904	22,908

2012	Carl Irwin ZMK'Ms	Francis Grogan ZMK'Ms	Yusuf Koya ZMK'Ms	Sushmit N Maitra ZMK'Ms	Total ZMK'Ms
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

2011	Carl Irwin ZMK'Ms	Francis Grogan ZMK'Ms	Yusuf Koya ZMK'Ms	Sushmit N Maitra ZMK'Ms	Total ZMK'Ms
Salary and fees	285	1,246	1,002	622	3,155
Bonus	252	347	381	264	1,244
Pension contributions	8	20	16	2	46
Benefits in kind	–	–	124	122	246
Employment taxes	284	859	815	544	2,502
Total	829	2,472	2,338	1,554	7,193

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

2011	Carl Irwin USD'000s	Francis Grogan USD'000s	Yusuf Koya USD'000s	Sushmit N Maitra USD'000s	Total USD'000s
Salary and fees	60	262	210	130	662
Bonus	52	72	79	55	258
Pension contributions	2	4	3	–	9
Benefits in kind	–	–	26	28	54
Employment taxes	60	180	171	114	525
Total	174	518	489	327	1,508

Details of Directors' contracts may be found in the corporate governance statement.

8. Finance costs

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Interest on bank loans and overdrafts	26,066	5,129	17,981	3,784
Finance lease cost	744	146	338	70
Total	26,810	5,275	18,319	3,854

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9. Taxation

The Group has various tax rates applicable on the basis of individual entities being defined as agricultural entities or divisions (income tax rate of 10%) or manufacturing entities or divisions (income tax rate of 35%). The Group has further obtained tax holidays through investment incentives offered by the Zambian Government. As such, the average tax rate prevailing is 20%.

(i) In Zambian Kwacha

	2012		2011	
	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
(a) Tax charge				
Current tax:				
Tax charge	2,895	1,312	1,503	22
Underprovision in prior period	–	–	11	–
	2,895	1,312	1,514	22
Deferred tax:				
Deferred taxation (note 9(e))	(766)	2,768	4,302	1,473
Tax charge/(credit) for the year	2,129	4,080	5,816	1,495
(b) Reconciliation of tax charge/(credit)				
Profit before taxation	15,558	65,708	50,356	10,810
Taxation on accounting profit	693	4,260	12,456	959
Effects of:				
Permanent differences:				
Disallowable expenses	4,298	3,429	1,887	922
Loss on sale of assets	–	–	(54)	–
Timing differences:				
Capital allowances and depreciation	(16,703)	(12,577)	(11,725)	(9,232)
Livestock and crop valuations adjustment	(841)	(850)	(2,366)	(2,364)
Underprovision in prior years	–	–	11	–
Other income	(46)	(36)	(21)	(36)
Unrealised exchange gains	1,817	1,284	(129)	(29)
Unrealised tax loss	13,047	5,802	1,455	9,802
Tax charge for the year	2,895	1,312	1,514	22
(c) Movement in taxation account				
Taxation payable/(recoverable) at 1 October	716	(26)	362	(26)
Charge for the year	2,895	1,312	1,503	22
Underprovision in the prior year	–	1	11	–
Arising on consolidation	2	–	–	–
Taxation paid	(1,700)	(732)	(1,160)	(22)
Taxation payable/(recoverable) as at 30 September	1,913	555	716	(26)
Taxation payable	2,133	555	962	–
Taxation recoverable	(220)	–	(246)	(26)
Taxation payable/(recoverable)	1,913	555	716	(26)

9. Taxation continued

(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 2011. Quarterly tax returns for the year ended 30 September 2012 were made on the due dates during the year.

	2012		2011	
	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
(e) Deferred taxation				
Represented by:				
Biological valuation	239	114	1,653	1,576
Accelerated tax allowances	2,953	1,983	19,735	7,127
Tax (loss)/gain	(805)	2,432	(18,235)	(6,942)
	2,387	4,529	3,153	1,761
Analysis of movement:				
Deferred liability/(asset) as at 1 October	3,153	1,761	(1,147)	288
(Income)/charge to profit and loss account (note 9(a))	(766)	2,768	4,302	1,473
Arising on consolidation	–	–	(2)	–
Liability as at 30 September	2,387	4,529	3,153	1,761
Deferred tax asset	(4,960)	–	(291)	–
Deferred tax liability	7,347	4,529	3,444	1,761
	2,387	4,529	3,153	1,761

(ii) In US Dollars

	2012		2011	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
(a) Tax charge				
Current tax:				
Tax charge	570	258	316	5
Underprovision in prior period	–	–	2	–
	570	258	318	5
Deferred tax:				
Deferred taxation (note 9(e))	(151)	545	905	310
Tax charge for the year	419	803	1,223	315

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9. Taxation continued

(b) Reconciliation of tax charge

	2012		2011	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Profit before taxation	3,060	12,928	10,592	2,274
Taxation on accounting profit	136	835	2,595	200
Effects of:				
Permanent differences:				
Disallowable expenses	964	672	393	190
Loss on sale of assets	–	–	(11)	–
Timing differences:				
Capital allowances and depreciation	(3,275)	(2,466)	(2,443)	(1,920)
Livestock and crop	(165)	(167)	(493)	(493)
Provision in prior years	–	–	2	–
Other income	(9)	(6)	(4)	(8)
Unrealised exchange gains	355	252	(27)	(6)
Unrealised tax loss	2,565	1,138	306	2,042
Tax charge for the year	571	258	318	5

(c) Movement in taxation account

	2012		2011	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Taxation payable/(recoverable) at 1 October	149	(5)	76	(5)
Charge for the year	571	258	316	5
Underprovision in the prior year	–	–	2	–
Arising on consolidation	–	–	–	–
Taxation paid	(334)	(144)	(244)	(5)
Foreign exchange	(11)	–	(1)	–
Taxation payable/(recoverable) as at 30 September	375	109	149	(5)
Taxation payable	418	109	200	–
Taxation recoverable	(43)	–	(51)	(5)
Taxation payable/(recoverable)	375	109	149	(5)

9. Taxation continued

(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 2011. Quarterly tax returns for the year ended 30 September 2012 were made on the due dates during the year.

(e) Deferred taxation

	2012		2011	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Represented by:				
Biological valuation	47	22	345	328
Accelerated tax allowances	579	389	4,111	1,485
Tax (loss)/gain	(158)	477	(3,799)	(1,446)
	468	888	657	367
Analysis of movement:				
Deferred liability/(asset) as at 1 October	656	366	(239)	60
(Income)/charge to profit and loss account (note 9(a))	(151)	545	905	310
Arising on consolidation	–	–	–	–
Foreign exchange	(37)	(23)	(9)	(3)
Liability as at 30 September	468	888	657	367
Deferred tax asset	(972)	–	(61)	–
Deferred tax liability	1,440	888	718	367
	468	888	657	367

10. Equity dividends

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Declared and paid during the year				
Final dividend for 2011 ZMK21.40 per share, 0.45 cents per share	5,306	1,044		
Interim dividend for 2011 ZMK15 per share, 0.32 cents per share			2,381	501

There has been no dividend paid or proposed for 2012.

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As at 30 September 2012

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:

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Basic earnings per share				
Profit for the year	14,583	2,868	44,436	9,347
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	247,978,155	247,978,155	183,164,168	183,164,168
Basic earnings per share (ZMK and US cents)	58.81	1.16	242.60	5.10

12. Goodwill

	ZMK'Ms	USD'000s
Cost and Net Book Value		
At 1 October 2010	15,699	3,270
Foreign exchange	–	–
At 30 September 2011	**15,699**	**3,270**
Foreign exchange	–	(192)
At 30 September 2012	**15,699**	**3,078**

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:

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Master Pork Limited	**15,699**	**3,078**	15,699	3,270

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 units ("CGUs") are 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 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 2012 Master Pork reported a profit for the year of ZMK9.4 billion (USD1.8 million).

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

13. Property, plant and equipment

(i) In Zambian Kwacha

(a) Group	Plantation development expenditure ZMK'Ms	Leasehold land and buildings ZMK'Ms	Plant and machinery ZMK'Ms	Motor vehicles ZMK'Ms	Furniture and equipment ZMK'Ms	Capital work in progress ZMK'Ms	Total ZMK'Ms
Cost or valuation							
As at 1 October 2010	30,808	256,084	227,829	32,236	19,377	12,904	579,238
Additions	12,318	560	13,602	23,967	5,665	32,576	88,688
Additions – Mpongwe farm	–	124,295	102,942	7,274	263	–	234,774
Transfers	–	3,753	6,958	390	1,591	(12,692)	–
Disposals	–	–	(1,597)	(395)	(3)	–	(1,995)
As at 30 September 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 (note (iv))	(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**
Cost	35,732	303,415	344,249	61,998	26,050	103,024	874,468
Valuation (2007)	–	101,444	50,923	10,837	2,995	–	166,199
	35,732	404,859	395,172	72,835	29,045	103,024	1,040,667
Depreciation							
As at 1 October 2010	–	11,910	41,872	14,076	2,950	–	70,808
Charge for the year	–	3,542	15,336	9,903	2,515	–	31,296
Disposals	–	–	(291)	(245)	(2)	–	(538)
As at 30 September 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**
Net book value							
At 30 September 2012	**36,459**	**385,077**	**315,075**	**38,357**	**20,482**	**103,024**	**898,474**
At 30 September 2011	**43,126**	**369,240**	**292,817**	**39,738**	**21,430**	**32,788**	**799,139**

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As at 30 September 2012

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 2010	6,418	53,351	47,464	6,716	4,036	2,689	120,674
Foreign translation	(24)	(259)	(245)	(63)	(14)	(41)	(646)
Additions	2,591	118	2,861	5,041	1,192	6,852	18,656
Additions – Mpongwe farm	–	26,145	21,654	1,530	55	–	49,384
Transfers	–	789	1,464	82	335	(2,670)	–
Disposals	–	–	(336)	(83)	(1)	–	(420)
As at 30 September 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 (note (iv))	(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**
Cost	7,006	53,035	64,257	11,467	4,917	20,202	160,884
Valuation (2007)	–	26,349	13,227	2,815	778	–	43,169
	7,006	79,384	77,484	14,282	5,695	20,202	204,053
Depreciation							
As at 1 October 2010	–	2,481	8,723	2,932	614	–	14,750
Charge for the year	–	745	3,226	2,083	529	–	6,583
Disposals	–	–	(61)	(52)	–	–	(113)
Foreign Translation	–	(7)	(30)	(20)	(4)	–	(61)
As at 30 September 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**
Net book value							
At 30 September 2012	**7,149**	**75,505**	**61,779**	**7,521**	**4,016**	**20,202**	**176,172**
At 30 September 2011	**8,985**	**76,925**	**61,004**	**8,280**	**4,464**	**6,830**	**166,488**

(i) The Group's property, plant and equipment situated in Zambia were last revalued in 2007 by Messrs Knight Frank, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation totalling ZMK49.4 billion (USD10.3 million) was transferred to a revaluation reserve. The Group had engaged an independent valuator to carry out an assessment and valuation of all property, plant and equipment of the Group during the financial year just ended. This exercise is expected to be completed in the following financial year due to the expansive geographical spread of the Group's assets. The Directors expect no material variances to the carrying value of the property, plant and equipment.

(ii) The depreciation charge for the year includes ZMK2.5 billion (USD0.5 million) (2011: ZMK2.5 billion [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.

(iii) Included in land, buildings and equipment are borrowing costs amounting to ZMK5.2 billion (USD1 million) (2011: ZMK2.8 billion [USD0.6 million]). These have been capitalised in accordance with IAS 23 "Borrowing costs – (revised)".

(iv) The plantation development expenditure relates to costs incurred in developing the palm plantation at Zampalm Limited. During the year, the Group transferred ZMK15.4 billion (USD3 million) from the plantation development expenditure to classification under property, plant and equipment in line with its policy of reclassification upon completion of any phased development.

13. Property, plant and equipment continued

(v) The carrying value of the Group's property, plant and equipment includes an amount of ZMK23.9 billion (USD4.7 million) (2011: ZMK10.7 billion (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 ZMK3 billion (USD0.6 million) (2011: ZMK1.5 billion (USD0.3 million)).

(vi) The capital work in progress depicts all capital expenditure items on projects that are yet to be completed. Such projects include but are not limited to the expansion of crushing at Zamanita, the completion of the expansion of the broilers and layers, and the expansion of the dairy processing plant.

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

(b) Company	Leasehold land and buildings ZMK'Ms	Plant and machinery ZMK'Ms	Motor vehicles ZMK'Ms	Furniture and equipment ZMK'Ms	Capital work in progress ZMK'Ms	Total ZMK'Ms
Cost or valuation						
At 1 October 2010	179,743	134,789	7,364	4,816	9,094	335,806
Additions	123	2,802	8,831	540	20,468	32,764
Additions – Mpongwe Farms	124,295	102,942	7,274	263	–	234,774
At 30 September 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
As at 30 September 2012	**309,487**	**254,959**	**25,703**	**5,996**	**49,333**	**645,478**
Depreciation						
As at 1 October 2010	7,718	24,485	3,450	588	–	36,241
Charge for the year	1,793	9,457	2,828	601	–	14,679
As at 30 September 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**
Net book value						
At 30 September 2012	**297,666**	**207,030**	**14,935**	**4,109**	**49,333**	**573,073**
At 30 September 2011	**294,650**	**206,591**	**17,191**	**4,430**	**29,562**	**552,424**

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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 2010	37,446	28,081	1,533	1,003	1,895	69,958
Foreign translation	(251)	(213)	(33)	(1)	(41)	(539)
Additions	26	589	1,858	114	4,305	6,892
Additions – Mpongwe farm	26,145	21,654	1,530	55	–	49,384
As at 30 September 2011	**63,366**	**50,111**	**4,888**	**1,171**	**6,159**	**125,695**
Foreign translation	(2,682)	(2,087)	(248)	(50)	(376)	(5,443)
Additions	–	1,968	400	55	3,890	6,313
As at 30 September 2012	**60,684**	**49,992**	**5,040**	**1,176**	**9,673**	**126,565**
Depreciation						
As at 1 October 2010	1,608	5,101	718	122	–	7,549
Charge for the period	377	1,989	595	127	–	3,088
Foreign translation	(4)	(19)	(6)	(1)	–	(30)
As at 30 September 2011	**1,981**	**7,071**	**1,307**	**248**	**–**	**10,607**
Charge for the period	455	2,752	883	137	–	4,227
Foreign Translation	(118)	(425)	(79)	(14)	–	(636)
As at 30 September 2012	**2,318**	**9,398**	**2,111**	**371**	**–**	**14,198**
Net book value						
At 30 September 2012	**58,366**	**40,594**	**2,929**	**805**	**9,673**	**112,367**
At 30 September 2011	**61,385**	**43,040**	**3,581**	**923**	**6,159**	**115,088**

(i) During the year to 30 September 2007 the Company's property, plant and equipment were revalued by Messrs. Knight Frank, Registered Valuation Surveyors, on the basis of market value. The surplus on valuation and depreciation no longer required totalling ZMK27,772 million (USD5.8 million) was transferred to a revaluation reserve. The Group had engaged an independent valuator to carry out an assessment and valuation of all property, plant and equipment of the Group during the financial year just ended. This exercise is expected to be completed in the following financial year due to the expansive geographical spread of the Group's assets. The Directors expect no material variances to the carrying value of the property, plant and equipment.

(ii) The depreciation charge for the period includes ZMK586 million (USD0.1 million) (2011: ZMK586 million (USD0.1 million)) which relates to the surplus over the original cost of property, plant and equipment shown at a valuation. As this amount should not be taken to reduce the Company's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

(iii) The carrying value of the Company's property, plant and equipment includes an amount of ZMK11.4 billion (USD2.2 million) (2011: ZMK7.5 billion (USD1.6 million)) in respect of assets held under finance leases. The depreciation charged to the income statement in respect of such assets amounted to ZMK2.2 billion (USD0.4 million) (2011: ZMK1.3 billion (USD0.3 million)).

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

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 2012	Proportion of all classes of issued share capital owned by the Company 2011	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	72	90	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
Novatek Limited (**)	Zambia	100	100	Dormant

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

(*) There have been issue of shares of 18% to employees of the Company. There has been no change in control of the subsidiary by Zambeef Products PLC, with parent and management control retained.
(**) Novatek Feeds Limited is a dormant company whose operations were merged into Zambeef's stock feed Division.

	2012		2011	
(b) Movement at cost:	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
At beginning of the year	94,112	19,607	94,112	19,607
Reclassification during the year (note (i))	52,068	10,245	–	–
Disposal during the year (note (ii))	(54)	(11)	–	–
Foreign translation	–	(1,189)	–	–
At end of the year	**146,126**	**28,652**	**94,112**	**19,607**

(i) During the 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 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.

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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 ZMK'Ms	Liabilities ZMK'Ms	Revenues ZMK'Ms	Profit/(loss) ZMK'Ms
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)**
Zambeef Retailing Limited	Zambia	151,438	139,421	633,144	1,340
Zamleather Limited	Zambia	15,492	10,485	12,047	(78)
West Africa Operations	Nigeria & Ghana	30,745	26,313	38,850	1,041
Master Pork Limited	Zambia	72,365	38,028	79,967	10,011
Zamanita Limited	Zambia	258,290	182,395	299,290	24,363
Zampalm Limited	Zambia	46,398	47,976	–	(1,452)
Novatek Limited	Zambia	10	–	–	–
Total at the end of 30 September 2011		**574,738**	**444,618**	**1,063,298**	**35,225**

Name of company	Country of Incorporation	Assets USD'000	Liabilities USD'000	Revenues USD'000	Profit/(loss) USD'000
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	55,214	(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**	**260,983**	**(9,485)**
Zambeef Retailing Limited	Zambia	31,550	29,046	133,181	282
Zamleather Limited	Zambia	3,228	2,184	2,534	(16)
West Africa Operations	Nigeria & Ghana	6,402	5,482	8,172	219
Master Pork Limited	Zambia	15,076	7,929	16,821	2,104
Zamanita Limited	Zambia	53,810	37,800	62,955	5,126
Zampalm Limited	Zambia	9,666	9,995	–	(305)
Novatek Limited	Zambia	2	–	–	–
Total at the end of 30 September 2011		**119,734**	**92,436**	**223,663**	**7,410**

14. Investments in subsidiaries continued

Name of company	2012 ZMK'Ms	2012 USD'000s	2011 ZMK'Ms	2011 USD'000s
Zambeef Retailing Limited	30	6	30	6
Zamleather Limited	1,477	290	1,477	308
Master Meat and Agro Production Co of Nigeria Limited	216	42	270	56
Master Meat (Ghana) Limited	1,310	257	1,310	273
Master Pork Limited	26,600	5,215	26,600	5,542
Zamanita Limited	62,720	12,298	62,720	13,067
Zampalm Limited	53,763	10,542	1,695	353
Novatek Limited	10	2	10	2
	146,126	28,652	94,112	19,607

(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 2012 there were 9,979 cattle (6,653 feedlot cattle, 1,415 standing cattle and 1,911 dairy cattle) and 322,698 chickens (156,014 layers and 166,684 broilers), and 3,628 pigs. A total of 19,290 feedlot cattle, 829 dairy cattle, 6,873 pigs and 1,676,520 chickens were culled during the year. The palm plantation is in developmental stage with current plantation size of 1,840 hectares.

(i) Zambian Kwacha	As at 1 October ZMK'Ms	Increase due to purchases ZMK'Ms	Gains/(losses) arising from fair value attributable to physical changes ZMK'Ms	Gains arising from fair value attributable to price changes ZMK'Ms	Decrease due to harvest/ transferred to inventory ZMK'Ms	As at 30 September ZMK'Ms
Standing Crops	58,917	161,726	46,980	4,081	(218,433)	53,271
Feedlot Cattle	33,699	98,955	(4,882)	2,795	(91,604)	38,963
Dairy Cattle	15,065	20,810	(6,266)	2,742	(13,508)	18,843
Pigs	2,254	9,169	3,307	165	(12,745)	2,150
Chickens	6,825	106,038	6,226	90	(112,822)	6,357
Palm oil plantation	2,573	3,955	–	–	–	6,528
Total	**119,333**	**400,653**	**45,365**	**9,873**	**(449,112)**	**126,112**
Less: Non-current biological assets	(2,573)	(3,955)	–	–	–	(6,528)
Total	**116,760**	**396,698**	**45,365**	**9,873**	**(449,112)**	**119,584**

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As at 30 September 2012

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	12,275	(685)	31,820	9,212	800	(42,977)	10,445
Feedlot Cattle	7,021	(419)	19,470	(957)	548	(18,023)	7,640
Dairy Cattle	3,138	(189)	4,094	(1,228)	538	(2,658)	3,695
Pigs	469	(23)	1,804	648	32	(2,508)	422
Chickens	1,422	(80)	20,863	1,221	18	(22,198)	1,246
Palm oil plantation	536	(34)	778	–	–	–	1,280
Total	**24,861**	**(1,430)**	**78,829**	**8,896**	**1,936**	**(88,364)**	**24,728**
Less: Non-current biological assets	(536)	34	(778)	–	–	–	(1,280)
Total	**24,325**	**(1,396)**	**78,051**	**8,896**	**1,936**	**(88,364)**	**23,448**

(b) Biological assets – Company

Biological assets comprise standing crops, feedlot and standing cattle, dairy cattle, and chickens. At 30 September 2012 there were 9,979 cattle (6,653 feedlot cattle, 1,415 standing cattle and 1,911 dairy cattle), and 322,698 chickens (156,014 layers and 166,684 broilers). A total of 19,290 feedlot cattle, 829 dairy cattle and 1,676,520 chickens were culled during the year.

(i) Zambian Kwacha	As at 1 October ZMK'Ms	Increase due to purchases ZMK'Ms	Gains/(losses) arising from fair value attributable to physical changes ZMK'Ms	Gains arising from fair value attributable to price changes ZMK'Ms	Decrease due to harvest/ transferred to inventory ZMK'Ms	As at 30 September ZMK'Ms
Standing Crops	58,917	161,726	46,980	4,081	(218,433)	53,271
Feedlot Cattle	33,699	98,955	(4,882)	2,795	(91,604)	38,963
Dairy Cattle	15,065	20,810	(6,266)	2,742	(13,508)	18,843
Chickens	6,825	106,038	6,226	90	(112,822)	6,357
Total	**114,506**	**387,529**	**42,058**	**9,708**	**(436,367)**	**117,434**

(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	12,275	(685)	31,820	9,212	800	(42,977)	10,445
Feedlot Cattle	7,021	(419)	19,470	(957)	548	(18,023)	7,640
Dairy Cattle	3,138	(189)	4,094	(1,228)	538	(2,658)	3,695
Chickens	1,421	(79)	20,863	1,221	18	(22,198)	1,246
Total	**23,855**	**(1,372)**	**76,247**	**8,248**	**1,904**	**(85,856)**	**23,026**

16. Inventories

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Trading stocks	227,474	177,731	66,299	38,765
Abattoir stocks	792	–	579	–
Raw materials	200,298	–	41,790	–
Stock feeds	25,870	25,684	15,310	12,801
Consumables	49,048	22,819	42,318	29,332
Raw hides and chemicals	1,774	–	1,226	–
	505,256	**226,234**	**167,522**	**80,898**

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Trading stocks	44,603	34,849	13,812	8,076
Abattoir stocks	155	–	121	–
Raw materials	39,275	–	8,706	–
Stock feeds	5,073	5,036	3,190	2,667
Consumables	9,617	4,475	8,816	6,111
Raw hides and chemicals	347	–	255	–
	99,070	**44,360**	**34,900**	**16,854**

A total of ZMK850.5 billion (USD167.3 million) (2011: ZMK648.2 billion (USD136.4 million)) was included in profit and loss as an expense within cost of sales.

Biological assets totalling ZMK449.1 billion (USD88.4 million) (2011: ZMK275.3 billion [USD57.9 million]) were transferred to inventories during the year.

17. Trade and other receivables

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Gross trade receivables	57,717	11,449	68,944	12,769
Less: provision for impairment of trade receivables	(5,567)	(994)	(3,707)	(992)
Trade receivables	52,150	10,455	65,237	11,777
Prepayments	6,605	2,613	5,369	1,126
Other receivables	4,677	–	2,140	73
	63,432	**13,068**	**72,746**	**12,976**

(ii) In US Dollars	2012 Group USD'000	2012 Company USD'000	2011 Group USD'000	2011 Company USD'000
Gross trade receivables	11,317	2,245	14,363	2,660
Less: provision for impairment of trade receivables	(1,092)	(195)	(772)	(207)
Trade receivables	10,225	2,050	13,591	2,453
Prepayments	1,296	512	1,118	235
Other receivables	917	–	446	16
	12,438	**2,562**	**15,155**	**2,704**

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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:

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
At 1 October	3,707	992	2,624	753
Utilised	(169)	–	(510)	–
Charge for the year	2,029	2	1,593	239
At 30 September	5,567	994	3,707	992

(ii) In US Dollars	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
At 1 October	772	207	547	157
Foreign exchange	(46)	(12)	(3)	–
Utilised	(33)	–	(107)	–
Charge for the year	399	–	335	50
At 30 September	**1,092**	**195**	**772**	**207**

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:

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Not more than 3 months	–	–	–	–
More than 3 months but not more than 6 months	2,867	424	639	308
More than 6 months but not more than a year	1,131	–	477	–
More than one year	1,853	–	–	–
Total	**5,851**	**424**	**1,116**	**308**

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Not more than 3 months	–	–	–	–
More than 3 months but not more than 6 months	562	83	133	64
More than 6 months but not more than a year	222	–	99	–
More than one year	363	–	–	–
Total	**1,147**	**83**	**232**	**64**

Management review recoverability of trade receivables on a continuous basis and where necessary make provision for impairments on long outstanding receivables.

The average credit period given in 2012 was 18 days (2011: 33 days).

18. Amounts due from related companies

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Leopard Investments Limited	–	–	–	29
Tractorzam Limited	–	–	–	–
Kanyanja Development Company Limited	–	–	–	–
Zambezi Ranching and Cropping	1,679	1,679	1,077	1,023
Wellspring Limited	–	–	52	52
Brick Back Limited	658	659	962	962
Zambeef Retailing Limited	–	–	–	6,002
Zamleather Limited	–	3,911	–	3,521
Master Pork Limited	–	41,977	–	27,226
Zampalm Limited	–	10,712	–	43,306
Zamanita Limited	–	159,839	–	55,820
Mastermeat & Agro Production Co. of Nigeria Limited	–	10,379	–	10,379
	2,337	**229,156**	**2,091**	**148,320**

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Leopard Investments Limited	–	–	–	6
Tractorzam Limited	–	–	–	–
Kanyanja Development Company Limited	–	–	–	–
Zambezi Ranching and Cropping	329	329	225	213
Wellspring Limited	–	–	11	11
Brick Back Limited	129	129	200	200
Zambeef Retailing Limited	–	–	–	1,250
Zamleather Limited	–	767	–	733
Master Pork Limited	–	8,231	–	5,672
Zampalm Limited	–	2,100	–	9,022
Zamanita Limited	–	31,342	–	11,629
Mastermeat & Agro Production Co. of Nigeria Limited	–	2,035	–	2,164
	458	**44,933**	**436**	**30,900**

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 Directors of the Group.

19. Cash and cash equivalents

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Cash in hand and at bank	79,731	56,917	30,844	8,904
Bank overdrafts (note (b))	(178,283)	(108,371)	(102,625)	(65,529)
	(98,552)	**(51,454)**	**(71,781)**	**(56,625)**

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19. Cash and cash equivalents continued

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Cash in hand and at bank	15,633	11,160	6,426	1,856
Bank overdrafts (note (b))	(34,957)	(21,249)	(21,380)	(13,652)
	(19,324)	**(10,089)**	**(14,954)**	**(11,796)**

(a) Banking facilities

The Group has overdraft facilities totalling ZMK8.137 billion (2011: ZMK8.137 billion) and USD10.1 million (2011: USD7.1 million) with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of Bank of Zambia Policy rate plus 5.75 per cent. for the Kwacha facility and 12 month LIBOR plus 4 per cent. for the United States Dollar facility.

The Group has overdraft facilities totalling ZMK4.5 billion (2011: ZMK4.5 billion) and USD10.5 million (2011: USD8 million) with Standard Chartered Bank Zambia Plc. The Standard Chartered Bank overdrafts bear interest of Bank of Zambia Policy rate plus 5 per cent. on the Kwacha facility and 1 month LIBOR plus 4.25 per cent. (USD3 million for Zambeef Products Plc) and 3 month LIBOR plus 4.5 per cent. (USD7.5 million for Zamanita Limited) on the USD facilities.

The Group has overdraft facilities totalling ZMK22 billion (2011: ZMK6 billion) and USD4 million (2011: USD1.3 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 LIBOR plus 4.25 per cent. on the USD facility.

The Group has overdraft facilities totalling ZMK42 billion (2011: ZMK5 billion) and USD1 million (2011: USD8 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 LIBOR plus 4 per cent. on the USD facility.

(b) Bank overdrafts

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Bank overdrafts represented by:				
Zanaco Bank PLC	(34,868)	(20,260)	(7,762)	(6,162)
Citibank Zambia Limited	(55,471)	(38,349)	(37,930)	(24,831)
Stanbic Bank Zambia Limited	(45,350)	(45,350)	(18,573)	(18,573)
Standard Chartered Bank Zambia Plc	(42,594)	(4,412)	(38,360)	(15,963)
	(178,283)	**(108,371)**	**(102,625)**	**(65,529)**

(ii) In US Dollars	2012 Group USD'000	2012 Company USD'000	2011 Group USD'000	2011 Company USD'000
Bank overdrafts represented by:				
Zanaco Bank PLC	(6,837)	(3,973)	(1,617)	(1,284)
Citibank Zambia Limited	(10,877)	(7,519)	(7,902)	(5,173)
Stanbic Bank Zambia Limited	(8,892)	(8,892)	(3,869)	(3,869)
Standard Chartered Bank Zambia Plc	(8,351)	(865)	(7,992)	(3,326)
	(34,957)	**(21,249)**	**(21,380)**	**(13,652)**

(i) The Zambeef Products Plc Company bank overdrafts are secured by a first floating charge over all the assets of the Company. The floating charge ranks pari passu between Standard Chartered Bank Zambia Plc (USD5 million), Citibank Zambia Limited (USD12.5 million), Zanaco Bank Plc (USD4 million and ZMK22 billion) and DEG (USD5 million).

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

All overdrafts are annual revolving facilities.

20. Share capital

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Authorised				
400,000,000 ordinary shares of ZMK 1 each	**400**	**83**	**400**	**83**
(2011: 400,000,000 ordinary shares of ZMK 1 each)				
Issued and fully paid				
At 1 October	248	61	159	42
Issued during the year	–	–	89	19
At 30 September				
247,978,195 ordinary shares of ZMK 1 each	**248**	**61**	**248**	**61**
(2011: 247,978,195 ordinary shares of ZMK 1 each)				

(a) During the year ended 30 September 2011, the Company's issued share capital was increased by the issue of 35,558,580 ordinary shares of ZMK1 each at the premium price of ZMK2,975 per share.

(b) During the year ended 30 September 2011, the Company's issued share capital was increased by the issue of 53,713,570 ordinary shares of 38.06 pence each through a dual listing on the London AIM and placing of shares.

(c) The Company has 753 shareholders holding 247,978,195 ordinary shares. Of these shares, 121,772,854 are held by shareholders on AIM London and 126,205,341 shares are held by shareholders on the Lusaka Stock Exchange.

21. Share premium

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
At 1 October	506,277	123,283	259,967	71,861
Arising during the year	–	–	262,519	54,806
Cost of issue of shares written off	–	–	(16,209)	(3,384)
At 30 September	**506,277**	**123,283**	**506,277**	**123,283**

22. Interest bearing liabilities

	2012		2011	
(i) In Zambian Kwacha	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH	101,735	101,735	116,880	116,880
Zanaco Bank Plc (note (b))	46,500	46,500	–	–
Standard Chartered Bank Zambia Plc (note (c))	191,603	82,155	33,124	6,281
Commercial paper (note (d))	-	-	31,785	31,785
IFC – International Finance Corporation (note (e))	192,400	184,055	42,240	33,600
	532,238	**414,445**	**224,029**	**188,546**
Less: Short-term portion (repayable within next 12 months)	(190,118)	(111,097)	(51,402)	(30,465)
Long-term portion (repayable after 12 months)	**342,120**	**303,348**	**172,627**	**158,081**

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22. Interest bearing liabilities continued

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (note (a))	19,948	19,948	24,350	24,350
Zanaco Bank Plc (note (b))	9,118	9,118	–	–
Standard Chartered Bank Zambia Plc (note (c))	37,569	16,109	6,901	1,309
Commercial paper (note (d))	-	-	6,622	6,622
IFC – International Finance Corporation (note (e))	37,725	36,089	8,800	7,000
	104,360	**81,264**	**46,673**	**39,281**
Less: Short-term portion (repayable within next 12 months)	(37,278)	(21,784)	(10,709)	(6,347)
Long-term portion (repayable after 12 months)	**67,082**	**59,480**	**35,964**	**32,934**

(a) (i) DEG Term Loan 1
The Group has a loan facility of USD2.088 million (2011: USD2.92 million and original amount USD5 million) from DEG. Interest on the loan is 2.75 per cent. above the six-month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 12 equal biannual instalments 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 million) and Zanaco Bank Plc (USD4 million and ZMK22 billion).

(ii) DEG Term Loan 2
The Group has a loan facility of USD17.86 million (2011: USD21.43 million and original amount of USD25 million) from DEG. Interest on the loan is 4.55 per cent. above the six-month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 14 biannual instalments commencing November 2010 and expiring in May 2017.

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

(b) Zanaco Bank Plc
The Group received a loan facility of ZMK46.5 billion with Zanaco Bank Plc in December 2011. Interest on the medium term loan is 5 per cent. above the Bank of Zambia policy rate. The loan was utilised to repay the commercial paper and provide funding for capital projects. The principal is repayable on a monthly basis commencing January 2014 and expiring in December 2017.

The loan is secured by a first ranking mortgage over stand No. 4970, Industrial Area, Lusaka.

(c) Standard Chartered Bank Zambia Plc
Zamanita Limited, a subsidiary of the Group, has a loan facility of USD6.893 million (2011: USD1.593 million) with Standard Chartered Bank Zambia Plc. Interest on the loan is 5 per cent. above 12 month LIBOR rate per annum, payable monthly in arrears and is secured by a first legal mortgage relating to stands 5960 and 5001 Mumbwa Road, Lusaka, and floating debenture over all assets of Zamanita. The original limit of the loan was USD3.5 million which was increased to USD8 million during the year in order to fund the expansion of production capacity and facilities at Zamanita.

The principal is repayable in amounts of USD0.3 million on a quarterly basis commencing April 2013 to January 2014 and thereafter 12 quarterly payments of USD0.57 million commencing April 2014 and expiring in January 2017.

The Group has structured agricultural facilities with an annual revolving limit totalling USD59 million (2011: USD25 million) with Standard Chartered Bank Zambia Plc. The purpose of the facilities is the financing of wheat, soya beans, and maize under collateral management agreements and is for 270 days. The balance on the facilities at year end was USD30.7 million (2011: USD5.3 million). Interest on the facilities is 3 month LIBOR plus 4 per cent. per annum calculated on the daily overdrawn balances.

(d) Commercial Paper
The Group issued a commercial paper ("CP") amounting to ZMK31.8 billion during the year ended 30 September 2011 at an interest rate of 12 per cent. fixed per annum which was to be restructured into a five year bond upon expiry of the CP. The CP was due to expire on 23 December 2011. The Group did not take up the option to restructure into the five year bond and the CP was repaid on 22 December 2011.

22. Interest bearing liabilities continued

(e) (i) International Finance Corporation Loan 1

The Group has a loan facility of USD8 million (USD6.364 million in Zambia and USD1.636 million in Nigeria) [USD8.8 million drawn in 2011 (USD7 million for Zambia and USD1.8 million for Nigeria) with total limit of USD10 million] from IFC. Interest on the loan is 4.75 per cent. above the six-month USD LIBOR rate per annum payable six-monthly in arrears. The principal is repayable in 11 equal biannual instalments commencing June 2012 and expiring in June 2017.

The portion of the loan attributable to Zambia is secured through a first legal mortgage over Plot 9070, 9071 and 9074, off Mumbwa Road, Lusaka, 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.

(e) (ii) International Finance Corporation Loan 2

In June 2012, the Group formally accepted funding, subject to meeting funding condition precedents, for its upgrade, rehabilitation, and expansion of capital assets through a facility of USD30 million from the IFC. This loan was drawn down in August 2012 as USD20 million in USD and USD10 million in ZMK.

Interest on the USD portion of the loan is 4.75 per cent. above the three-month USD LIBOR rate per annum payable quarterly in arrears. Interest on the ZMK portion of the loan is 4.45 per cent. above the 91 day Treasury Bill rate plus a variable swap margin.

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

(f) Standard Bank South Africa Limited

The Group obtained during the period funding for capital expenditure through a facility of USD7 million from Standard Bank South Africa Limited. Interest on the facility was 4 per cent. above 3 month LIBOR and the facility was secured through a first legal mortgage over assets at Mpongwe farm. This facility was provided as a bridging finance to fund capital projects with the aim to be restructured into long-term developmental finance provided by IFC. The facility was repaid in July 2012.

23. Obligations under finance leases

	2012		2011	
In Zambian Kwacha	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
Freddy Hirsch Zambia Limited (note (a))	12,496	–	3,140	–
Stanbic Zambia Limited (note (b))	11,368	11,368	7,545	7,545
	23,864	**11,368**	10,685	7,545
Less: Payable within 12 months	(6,839)	(2,616)	(3,369)	(1,734)
Repayable after 12 months	**17,025**	**8,752**	**7,316**	**5,811**

	2012		2011	
(ii) In US Dollars	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Freddy Hirsch Zambia Limited (note (a))	2,450	–	654	–
Stanbic Zambia Limited (note (b))	2,229	2,229	1,572	1,572
	4,679	**2,229**	2,226	1,572
Less: Payable within 12 months	(1,341)	(513)	(702)	(361)
Repayable after 12 months	**3,338**	**1,716**	**1,524**	**1,211**

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23. Obligations under finance leases continued

The ageing for the finance leases is as detailed below:

	Within 1 year ZMK'Ms	1 to 5 years ZMK'Ms	After 5 years ZMK'Ms	Total ZMK'Ms
2012				
Lease payments	7,452	17,814	–	25,266
Finance charges	(613)	(789)	–	(1,402)
Net present values	**6,839**	**17,025**	**–**	**23,864**
2011				
Lease payments	3,839	7,934	–	11,773
Finance charges	(470)	(618)	–	(1,088)
Net present values	**3,369**	**7,316**	**–**	**10,685**

	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
2012				
Lease payments	1,461	3,493	–	4,954
Finance charges	(120)	(155)	–	(275)
Net present values	**1,341**	**3,338**	**–**	**4,679**
2011				
Lease payments	800	1,653		2,453
Finance charges	(98)	(129)	–	(227)
Net present values	**702**	**1,524**	**–**	**2,226**

(a) Master Pork Limited, a subsidiary of the Group, has hire purchase facilities of ZMK12.496 billion (2011: ZAR0.4 million and ZMK2.858 billion) with Freddy Hirsch Zambia Ltd. The interest on the hire purchase is 6 per cent. fixed per annum with respect to the Cozzini Grinder machine (totalling ZMK 1.243 billion) 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 ZMK0.28 billion (USD0.05 million). The Smokehouse machines are repayable over 24 equal monthly instalments totalling ZMK0.08 billion (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 LIBOR plus 5 per cent. The obligations under finance leases are secured by the lessor's absolute ownership over the leased assets comprehensively insured with the bank's interest noted as first loss payee.

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.

	2012		2011	
(i) In Zambian Kwacha	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
At 1 October	5,107	523	5,168	634
Provision made during the year	4,117	992	843	(40)
Payments made during the year	(1,487)	–	(904)	(71)
At 30 September	**7,737**	**1,515**	**5,107**	**523**

24. Deferred Liability continued

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
At 1 October	1,064	109	1,077	132
Provision made during the year	810	195	175	(8)
Payments made during the year	(293)	–	(190)	(15)
Foreign translation	(63)	(7)	2	–
At 30 September	**1,518**	**297**	**1,064**	**109**

25. Trade and other payables

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Trade payables	108,938	50,467	76,967	35,439
Provisions and accruals	83,252	16,558	39,150	19,634
	192,190	**67,025**	**116,117**	**55,073**

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Trade payables	21,360	9,895	16,035	7,382
Provisions and accruals	16,325	3,247	8,156	4,090
	37,685	**13,142**	**24,191**	**11,472**

The average credit period taken in 2012 was 46 days (2011: 43 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

(ii) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Wellspring Limited	289	289	54	54
Foresythe Estates Limited	–	–	89	89
Squares Ranch	–	–	135	135
Proflight Commuter Services Limited	32	–	25	–
Leopard Investments Limited	88	–	28	–
Zambeef Retailing Limited	–	4,696	–	–
Novatek Limited	–	10	–	10
	409	**4,995**	**331**	**288**

Financial statements

Notes to the Financial Statements continued

As at 30 September 2012

26. Amounts due to related companies continued

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Wellspring Limited	57	57	11	11
Foresythe Estates Limited	–	–	19	19
Squares Ranch	–	–	28	28
Proflight Commuter Services Limited	6	–	5	–
Leopard Investments Limited	17	–	6	–
Zambeef Retailing Limited	–	920	–	–
Novatek Limited	–	2	–	2
	80	**979**	**69**	**60**

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 Directors of the Group.

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

(i) In Zambian Kwacha	2012 Group ZMK'Ms	2012 Company ZMK'Ms	2011 Group ZMK'Ms	2011 Company ZMK'Ms
Financial assets				
– Cash at bank	41,588	36,688	8,113	2,665
– Trade receivables	10,090	–	7,757	–
– Other receivables	9,285	440	19,107	2,661
Financial liabilities				
– Bank overdrafts	(121,738)	(65,999)	(81,196)	(46,711)
– Trade and other payables	(79,240)	(37,686)	(35,253)	(976)
– Bank loans	(479,062)	(367,945)	(185,963)	(150,480)
– Finance leases	(11,368)	(11,368)	(9,899)	(7,545)
Net exposure	**(630,445)**	**(445,870)**	**(277,334)**	**(200,386)**

27. Financial instruments continued

(ii) In US Dollars	2012 Group USD'000s	2012 Company USD'000s	2011 Group USD'000s	2011 Company USD'000s
Financial assets				
– Cash at bank	8,155	7,194	1,690	555
– Trade receivables	1,978	–	1,616	–
– Other receivables	1,821	86	3,981	555
Financial liabilities				
– Bank overdrafts	(23,870)	(12,941)	(16,916)	(9,731)
– Trade and other payables	(15,537)	(7,389)	(7,344)	(203)
– Bank loans	(93,934)	(72,146)	(38,742)	(31,350)
– Finance leases	(2,229)	(2,229)	(2,063)	(1,573)
Net exposure	**(123,616)**	**(87,425)**	**(57,778)**	**(41,747)**

(i) In Zambian Kwacha	US Dollar ZMK'Ms	SA Rand ZMK'Ms	Other ZMK'Ms	Total ZMK'Ms
2011				
Financial Assets				
– Cash at bank	2,545	–	5,568	8,113
– Trade receivables	3,528	–	4,229	7,757
– Other receivables	19,030	77	–	19,107
Financial Liabilities				
– Bank overdrafts	(81,196)	–	–	(81,196)
– Trade and other payables	(29,788)	(27)	(5,438)	(35,253)
– Bank loans	(185,963)	–	–	(185,963)
– Finance leases	(7,545)	(2,354)	–	(9,899)
Net exposure	**(279,389)**	**(2,304)**	**4,359**	**(277,334)**
2012				
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)**

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Notes to the Financial Statements continued

As at 30 September 2012

27. Financial instruments continued

(ii) In US Dollars	US Dollar USD'000s	SA Rand USD'000s	Other USD'000s	Total USD'000s
2011				
Financial Assets				
– Cash at bank	530	–	1,160	1,690
– Trade receivables	735	–	881	1,616
– Other receivables	3,965	16	–	3,981
Financial Liabilities				
– Bank overdrafts	(16,916)	–	–	(16,916)
– Trade and other payables	(6,206)	(6)	(1,132)	(7,344)
– Bank loans	(38,742)	–	–	(38,742)
– Finance leases	(1,573)	(490)	–	(2,063)
Net exposure	**(58,207)**	**(480)**	**909**	**(57,778)**
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)**

Exposure to currency exchange rates arise from the Group's sales and purchases which are primarily denominated in US Dollars 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:

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH	101,735	19,948	116,880	24,350
Standard Chartered Bank Zambia Plc	35,156	6,893	7,647	1,593
International Finance Corporation	142,800	28,000	42,240	8,800
	279,691	**54,841**	**166,767**	**34,743**

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 2012.

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 (2012: 10 per cent.) (2011: 10 per cent.) then this would have resulted in the following impact on net profit and equity:

	2012		2011	
Weakening of the Kwacha	**ZMK'Ms**	**USD'000s**	**ZMK'Ms**	**USD'000s**
Net profit	(12,105)	(2,165)	27,863	5,323
Equity	727,253	129,635	727,475	137,779

If Zambian Kwacha had strengthened against the United States Dollar by (2012: 5 per cent.) (2011: 5 per cent.) then this would have resulted in the following impact on net profit and equity:

	2012		2011	
Strengthening of the Kwacha	**ZMK'Ms**	**USD'000s**	**ZMK'Ms**	**USD'000s**
Net profit	29,849	6,182	52,878	11,696
Equity	769,206	158,763	752,490	165,020

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

The Group's interest rate risk arises from overdraft facilities and long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. The interest rates to which the Group is exposed are set out in notes 20, 23 and 24. the risk of interest rate movements is managed through ongoing 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 is set out in notes 19, 22 and 23.

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Notes to the Financial Statements continued

As at 30 September 2012

27. Financial instruments continued

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

	Within 1 year ZMK'Ms	1 to 5 years ZMK'Ms	After 5 years ZMK'Ms	Total ZMK'Ms
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
2011				
Capital payments	25,925	172,627	–	198,552
Finance charges	13,686	43,051	–	56,737
Net present values	39,611	215,678	–	255,289

	Within 1 year USD'000s	1 to 5 years USD'000s	After 5 years USD'000s	Total USD'000s
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
2011				
Capital payments	5,401	35,964	–	41,365
Finance charges	2,851	8,969	–	11,820
Net present values	8,252	44,933	–	53,185

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

	2012		2011	
	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Capital commitments entered into at the reporting date	25,500	5,000	68,496	14,270
Not contracted for at the reporting date	51,000	10,000	20,093	4,186

30. Operating leases

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

	2012		2011	
(i) In Zambian Kwacha	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
Within one year	1,074	–	3,288	–
One to five years	8,651	–	2,438	–

	2012		2011	
(i) In US Dollars	Group USD'000s	Company ZMK'Ms	Group USD'000s	Company ZMK'Ms
Within one year	211	–	685	–
One to five years	1,696	–	508	–

The Company's subsidiary, Zambeef Retailing Limited, has operating leases for its butcheries that are for a minimum period of twelve months and a maximum period of five 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 2012 are as follows:

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

		2012		2011	
	Sale of	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Wellspring Limited	Animal feeds/bran	436	86	624	131
Bric Brac Limited	Animal feeds/bran	658	129	650	137
Zambezi Ranching and Cropping Limited	Animal feeds/bran	18,659	3,671	11,839	2,490
Kanyanja Development Company Limited	Animal feeds/bran	–	–	244	51
Leopard Investments Limited	Animal feeds/bran	2,795	550	1,483	312
Proflight Commuter Services Limited	Retail products	4	1	–	–
		22,552	**4,437**	**14,840**	**3,121**

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

		2012		2011	
	Purchase of	ZMK'Ms	USD'000s	ZMK'Ms	USD'000s
Zambezi Ranching and Cropping Limited	Cattle beef, wheat, soya beans	43,184	8,497	24,578	5,170
Wellspring Limited	Cattle beef	4,712	927	3,986	838
Brick Brac Limited	Cattle beef	8,978	1,766	6,091	1,281
Kanyanja Development Company Limited	Chickens	–	–	618	130
Leopard Investments Limited	Cattle beef, chickens, pigs, rental of property	7,556	1,487	4,775	1,004
Proflight Commuter Services Limited	Air travel tickets	260	51	273	57
Tractorzam Limited	Tractors/spares	1,538	303	2,034	428
Claudia Burton	Rental of property, Lamb	28	6	38	8
Fraca Meat Company Limited	Rental of property	13	3	13	3
Madison General Insurance Company Limited	Insurance	5,937	1,168	2,398	505
		72,206	**14,208**	**44,804**	**9,424**

(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.

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Notes to the Financial Statements continued

As at 30 September 2012

31. Related party transactions continued

(i) Key management compensation:

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

	2012		2011	
	Group ZMK'Ms	Company ZMK'Ms	Group ZMK'Ms	Company ZMK'Ms
Short-term benefits	58,487	18,219	46,192	18,126
Post-employment benefits	–	–	–	–
Other long-term benefits	–	–	–	–

	2012		2011	
	Group USD'000s	Company USD'000s	Group USD'000s	Company USD'000s
Short-term benefits	11,508	3,572	9,716	3,813
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. Events subsequent to reporting date

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

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Notice of AGM and Agenda

Notice is hereby given that the 18th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Friday, 21 December 2012 at 09:00 hours.

1. To read the Notice of the Meeting and confirm that a quorum is present.
2. To read and confirm the minutes of the 17th Annual General Meeting held on 22 December 2011.
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 30 September 2012. (Resolution 1).
5. To appoint external Auditors for 2012/13 and to authorise the Directors to fix their remuneration. (Resolution 2).
6. In terms of the Companies Act, Lawrence Sikutwa and Adam Fleming retire but are eligible to offer themselves for re-election. (Resolution 3).
7. To approve by special resolution the creation of the Zambeef Long Term Incentive Plan (the "Plan") which is detailed at Appendix 1 (and forms part of this special resolution) and the application to that Plan of the 5,000,000 ordinary shares that have already been previously authorised by the shareholders for allotment to the employees at the Company's annual general meetings on 23 December 2008, 25 January 2011 and 22 December 2011. (Special Resolution 1).
8. To approve by special resolution the allocation of 2,000,000 new ordinary shares to be applied and allocated to employees in accordance with the Zambeef Long Term Incentive Plan. (Special Resolution 2).
9. To authorise the Board of Directors to issue new shares for any acquisition or transaction up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval. (Special Resolution 3).
10. 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).
11. To consider any competent business of which due notice has been given.

By order of the Board, Danny Museteka, Company Secretary

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

Proxy Form

I/We, ...

of ....

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

Zambeef shares hereby appoint..

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

As my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the 21st day of December 2012 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 2012.	☐	☐
Resolution 2 – To appoint external Auditors for 2012/13 and authorise the Directors to fix their remuneration.	☐	☐
Resolution 3 – Confirm appointment of the following as Directors:		
• Lawrence Sikutwa	☐	☐
• Adam Fleming	☐	☐
Special Resolution 1 – To approve by special resolution the creation of the Zambeef Long Term Incentive Plan (the "Plan") which is detailed at Appendix 1 (and forms part of this special resolution) and the application to that Plan of the 5,000,000 ordinary shares that have already been previously authorised by the shareholders for allotment to the employees at the Company's annual general meetings on 23 December 2008, 25 January 2011 and 22 December 2011.	☐	☐
Special Resolution 2 – To approve by special resolution the allocation of 2,000,000 new ordinary shares to be applied and allocated to employees in accordance with the Zambeef Long Term Incentive Plan.	☐	☐
Special Resolution 3 – To authorise the Board of Directors to issue new shares for any acquisition up to a maximum of 10 per cent. of the issued share capital of the Company without shareholder approval.	☐	☐
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.	☐	☐

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

Signed:..

Name:..

Date: ....

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

Name:..

Address: ....

....

....

....

Financial statements

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 hours on Wednesday, 19 December 2012.

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 initialled 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.

Appendix 1

ZAMBEEF PRODUCTS PLC

Rules of the Zambeef Products PLC 2012 Long Term Incentive Plan

Adopted by the Company by Shareholders' Resolution dated [••] 2012

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1 Definitions

In these rules:

"Acquiring Company" means a person who has or obtains control (within the meaning of section 2 of the Securities (Takeovers and Mergers) Rules of the Securities Act of the Company;

"Award" means a Conditional Award or an Option;

"Award Date" means the date on which an Award is granted by deed under rule 2.3;

"Change of control" means:
(i) when a general offer to acquire Shares made by a person (or a group of persons acting in concert) becomes wholly unconditional; or
(ii) when, under Part XI of the Companies Act a court sanctions a compromise or arrangement in connection with the acquisition of Shares; or
(iii) a person (or a group of persons acting in concert) obtaining control (within the meaning section 2 of the Securities (Takeovers and Mergers) Rules of the Securities Act of the Company in any other way;

"Committee" means, subject to rule 7.4, the remuneration committee of the Board of Directors of the Company or any person or person to whom they have delegated some or all of their functions under the Plan;

"Company" means Zambeef Products PLC a company incorporated and registered in Zambia under the Companies Act 1994 with registered number 31824; or any Member of the Group;

"Companies Act" means the Companies Act, chapter 388 of the laws of Zambia;

"Conditional Award" means a conditional right to acquire Shares granted under the Plan;

"Dealing Restrictions" means restrictions imposed by statute, order, regulation or Government directive, or by the rules of the Lusaka Stock Exchange or the AIM Rules of the London Stock Exchange (and AIM Rule 21 in particular), as varied from time to time;

"Exercise Price" means the amount payable to exercise an Option which will be set by the Committee under rule 2.3;

"Final Lapse Date" means the latest date on which an Option will lapse which:
(i) in the case of an Option with an Exercise Price equal to the nominal value of a Share or less, will be 12 months after the date on which it Vests; and
(ii) in any other case, will be ten years after the date on which it is granted,

unless, in either case, another date is set by the Committee under rule 2.3;

"Good Leaver" means a Participant who leaves the Group under clause 6.1;

"Grantor" means the entity determined by the Committee under rule 2.3;

"Group" any Member of the Group;

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Appendix 1 continued

"London Stock Exchange" means London Stock Exchange plc;

"Lusaka Stock Exchange" means Lusaka Stock Exchange;

"Market value" means in respect of a Share the mid-market closing price of a Share on the Lusaka Stock Exchange. Where applicable, it is the mid market closing price on the Lusaka Stock Exchange on the trading date immediately before the Award Date. It may also be the average mid market closing price over a period of up to four weeks;

"Member of the Group" means:
(i) the Company;
(ii) its Subsidiaries from time to time; or
(iii) any other company which is associated with the Company and is so designated by the Committee for some or all purposes;

"Normal Vesting Date" means the date or dates for vesting set by the Committee in respect of an Award under rule 2.3;

"Option" means a right to acquire Shares following Vesting on payment of the Exercise Price (if any);

"Participant" means a person holding an Award or his personal representatives who have produced a Zambian grant of representation;

"Performance Condition" means any performance condition imposed under rule 2.3;

"Performance Period" means the period in respect of which a Performance Condition is to be satisfied;

"Plan" means these rules known as "The Zambeef Products PLC 2012 Long Term Incentive Plan", as changed from time to time;

"Securities Act" means the Securities Act, chapter 354 of the laws of Zambia;

"Shares" means fully paid ordinary shares in the capital of the Company;

"Subsidiary" means a company which is a subsidiary of the Company within the meaning of Section 43(3) of the Companies Act;

"**Termination for Cause"** means where the Participant's employment is terminated with immediate effect where the Participant:
(i) has not performed his duties under his employment contract or service agreement to the standard required by the Company; or
(iii) commits any serious or persistent breach of his obligations under his employment contract or service agreement; or
(iii) does not comply with any term of his employment contract or service agreement; or
(iv) does not comply with any lawful order or direction given to him by the Company; or
(v) is guilty of any gross misconduct or conducts himself (whether in connection with his employment or not) in a way which is harmful to any Member of the Group; or
(vi) is guilty of dishonesty or is convicted of an offence (other than a motoring offence which does not result in imprisonment) whether in connection with his employment or not; or
(vii) commits (or is reasonably believed by the Company to have committed) a breach of any legislation in force which may affect or relate to the business of any Member of the Group;

"Vesting" in relation to a Option, means the Option becoming exercisable and in relation to a Conditional Award, means a Participant becoming entitled to have the Shares transferred to him subject to the Plan, each as described in rule 5.

2 Granting Awards

2.1 Eligibility

The Committee may grant an Award to anyone who is an employee of a Member of the Group (including an executive director) on the Award Date in accordance with any selection criteria that the Committee in its discretion may set.

However, unless the Committee considers that special circumstances exist, an Award may not be granted to an employee who on the Award Date has given or received notice of termination of employment, whether or not such termination is lawful.

2.2 Timing of Award

Awards may not be granted at any time after termination of the Plan (see rule 8.3). Awards should normally be granted within 42 days starting on any of the following:

2.2.1 the day after either the approval by Shareholders of the Plan or the announcement of the Company's results for any period; or
2.2.2 any day on which the Committee resolves that unusual or special circumstances exist which justify the grant of Awards at that point; or
2.2.3 any day on which changes to the legislation or regulations affecting share plans are announced, effected or made; or
2.2.4 the lifting of Dealing Restrictions which prevented the granting of Awards during any period specified above.

2.3 Terms of Awards to be set on grant

Awards are subject to the rules of the Plan and any Performance Condition and must be granted by deed. The Committee will set the following terms which must be set out in the deed:

2.3.1 whether the Award is:
 (i) a Conditional Award; or
 (ii) an Option;
 or a combination of these;
2.3.2 the number of Shares subject to the Award or the basis on which the number of Shares subject to the Award will be calculated;
2.3.3 any Performance Condition;
2.3.4 any other condition specified under rule 2.5;
2.3.5 the Normal Vesting Date(s) which will be three years from date of grant of the Award unless the Committee decides otherwise;
2.3.6 the Award Date;
2.3.7 in the case of an Option:
 (i) the Exercise Price (which may be nil or the nominal value of a Share or any other amount); and
 (ii) the Final Lapse Date;
2.3.8 the Grantor of the Award (if not the Company).

2.4 Performance Conditions

Except in exceptional circumstances (e.g. a new hire), when granting a Conditional Award or an Option with an Exercise Price which is less than the Market Value of the Share, the Committee shall make its Vesting conditional on the satisfaction of one or more conditions linked to the performance of the Company. A Performance Condition must be objective and specified at the Award Date and may provide that the Award will lapse to the extent it is not satisfied.

The Committee may waive or change a Performance Condition in accordance with its terms or if anything happens which causes it reasonably to consider it appropriate to do so.

A Performance Condition shall not be attached to the Vesting of an Option which has an Exercise price which is equal to or greater than the Market Value of a Share at the time of award unless the Committee determines otherwise.

2.5 Other conditions

The Committee may impose other conditions when granting an Award. Any condition must be specified at the Award Date and may provide that the Award will lapse to the extent it is not satisfied. The Committee may waive or change a condition imposed under this rule 2.5.

2.6 Award certificates

Each Participant will receive a certificate setting out the terms of the Award as soon as practicable after the Award Date. The certificate may be the deed referred to in rule 2.3 or any other document. If any certificate is lost or damaged the Company may replace it on such terms as it decides. The Performance Condition will be set out in the deed or certificate.

2.7 No payment

A Participant is not required to pay for the grant of any Award.

2.8 Individual limit for Awards

Except as set out in Schedule 2, an Award must not be granted to an employee if it would at the proposed Award Date, cause the market value of Shares subject to Awards that he has been granted in that financial year under the Plan to exceed 300% of his annual basic salary from Members of the Group. For these purposes, market value may be determined by reference to share price averaged over a period as specified by the Committee.

Basic salary payable in a currency other than that in which Shares are traded will be converted into that currency at the average of the spot buying and selling rates with the relevant currency in comparable amounts by any clearing bank chosen by the Committee on a date chosen by the Committee.

Appendix 1 continued

2.9 Plan limits – 10 per cent
A Grantor must not grant an Award if the number of Shares committed to be issued under that Award exceeds 10 per cent. of the ordinary share capital of the Company in issue immediately before that day, when added to the number of Shares which have been issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other employee share plan operated by the Company, granted in the previous ten years.

2.10 Scope of Plan limits
The following Shares are not counted for the purposes of these limits:

2.10.1 where the right to acquire Shares is released or lapses;

2.10.2 Shares issued, or committed to be issued, to satisfy Awards under the Plan, or options or awards under any other employee share plan operated by the Company, granted before IPO.

3 Before Vesting

3.1 Dividends, voting etc
A Participant is not entitled to vote, to receive dividends or to have any other rights of a shareholder in respect of Shares subject to an Award until the Shares are issued or transferred to the Participant.

3.2 No transfer of an Award
A Participant may not transfer, assign or otherwise dispose of an Award or any rights in respect of it. If he does so voluntarily then it will immediately lapse. This rule 3.2 does not apply:

3.2.1 to the transmission of an Award on the death of a Participant to his personal representative; or

3.2.2 to the assignment of an Award, with the prior consent of the Committee, subject to any terms and conditions the Committee imposes.

3.3 Rights issues, demergers, variations of capital etc
If there is:

3.3.1 a variation in the equity share capital of the Company, including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital; or

3.3.2 a demerger (in whatever form) or exempt distribution by virtue of any relevant current of future Zambian law; or

3.3.3 a special dividend or distribution, or

3.3.4 any other corporate event which might affect the current or future value of any Award,

the Committee may adjust the number or class of Shares or securities subject to the Award and/or the Exercise Price of an Option in such manner as they see fit.

4 Timing and extent of Vesting
An Award will Vest on the Normal Vesting Date or, if later:

(a) the date on which the Committee determines the extent to which any Performance Condition has been satisfied and the number of Shares in respect of which it Vests (which they shall do as soon as is reasonably practicable); or

(b) the first date on which the Vesting of the Award (or the issue or transfer of Shares in the case of a Conditional Award) is no longer prevented by any Dealing Restriction.

It will Vest only to the extent that any Performance Condition is satisfied or waived and, unless otherwise specified in the Performance Condition, will lapse on the determination mentioned above.

If an Award lapses under the Plan it cannot Vest and a Participant has no rights in respect of it.

5 Consequences of Vesting

5.1 Conditional Award
The Grantor will arrange (subject to rules 5.3, 6.1, 6.3 and 9.8) for the number of Shares in respect of which the Award has Vested to be issued or transferred to the Participant within 30 days of a Conditional Award Vesting or, if the issue or transfer is then prevented by a Dealing Restriction, as soon as practicable after it is no longer so prevented.

5.2 Options

5.2.1 A Participant may exercise an Option to the extent it has Vested by giving notice in the prescribed form to the Grantor or any person nominated by the Grantor and paying to or to the order of the Grantor the Exercise Price or making arrangements satisfactory to the Grantor for its payment.

5.2.2 The Option will lapse, if it has not lapsed earlier under another rule, on the Final Lapse Date.

5.2.3 The Grantor will arrange (subject to rules 5.3, 6.1, 6.3 and 9.8) for the number of Shares in respect of which the Option has been exercised to be issued or transferred (including a transfer out of treasury) to the Participant within 30 days of exercise of an Option or, if the issue or transfer is then prevented by a Dealing Restriction, as soon as practicable after it is no longer so prevented.

5.3 Withholding
The Company, the Grantor, any employing company or trustee of any employee benefit trust may withhold such amount and make such arrangements as it considers necessary to meet any liability to taxation or social security contributions in respect of an Award. These arrangements may include selling sufficient Shares on the Participant's behalf and retaining the proceeds or reducing number of any Shares in respect of which the Award Vests or is exercised.

The Committee may make it a condition of Vesting or exercise that the Participant enter into an election under the relevant legislation that the Participant shall bear the cost of any tax liability which arises for the Company on the Vesting or exercise of the Award.

6 Leaving employment
6.1 General rule
6.1.1 An Award which has not Vested will lapse on the date the Participant leaves employment unless he leaves by reason of:
- (i) ill-health, injury or disability, as established to the satisfaction of the Participant's employer;
- (ii) death;
- (iii) the Participant's employing company ceasing to be a Member of the Group or a transfer of the undertaking, or the part of the undertaking, in which the Participant works to a person which is neither a Member of the Group;
- (iv) redundancy;
- (v) his leaving employment following the end of the period of the contract as set out in the contract and in the ordinary course; and
- (vi) any other reason, if the Committee so decides in any particular case.

The Committee must exercise the discretion provided for in rule (vi) no later than 14 days after the date the Participant leaves employment.

Where he leaves for one of the reasons mentioned above, the Award will Vest to the extent determined under rule 6.4.

6.1.2 Subject to rule 6.1.3, an Award which Vested before the Participant leaves employment will not lapse on the date the Participant leaves employment, and in the case of Options will remain exercisable until the Final Lapse Date.

6.1.3 Unless the Committee decides otherwise, if a Participant leaves by reason of Termination for Cause then any Awards which have Vested will lapse if at the date the Participant leaves employment, the Shares in respect of which the Award has Vested have not yet been issued or transferred to the Participant pursuant to rule 5.

6.2 Early Vesting
Where a Participant leaves employment for one of the reasons mentioned in rules 6.1.1(i) to 6.1.1(vi), the Committee may decide that the Award will Vest on the date of leaving employment, to the extent described in rule 6.3.

6.3 Extent of Vesting
Where a Participant has died or left employment and his Award has not lapsed, the number of Shares in respect of which it Vests will be determined as follows:

6.3.1 Where rule 6.2 (early Vesting) applies, the Committee will determine the extent to which any Performance Condition is satisfied as at the date of leaving in such manner as is specified in the Performance Condition or, if not so specified, in such manner as they consider reasonable. The number of Shares in respect of which the Award would Vest will be determined accordingly.

6.3.2 The number of Shares in respect of which the Award would otherwise Vest will, unless the Committee decide otherwise, be reduced on a pro-rata basis to reflect the portion of the period between the Award Date and the Normal Vesting Date after the Participant left employment. Normally the Committee shall apply the following reductions to the number of Shares which would have Vested (in addition to any reduction arising under paragraph 6.3.1): no Shares will Vest if the Participant has died or left employment within one year of the grant date of Award; one third of the Shares will Vest if the Participant has died or left employment after one year and before two years following the grant date of the award; two thirds of the Shares will Vest if the Participant has died or left employment after two years and before three years from the grant date of the Award. Unless the Committee deems that there are exceptional circumstances, this principle shall be applied in the event of a Participant leaving under 6.1.1 (v) above.

6.4 Effect on Options
Where an Option Vests on or after the Participant's leaving employment for one of the reasons mentioned in rules 6.1.1(i) to 6.1.1(vi), it will lapse, at the latest, six months after the date it Vests;

6.5 Meaning of "leaving employment"
For the purposes of this rule 6, a Participant will be treated as leaving employment when he is no longer an employee of any Member of the Group and not before.

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Appendix 1 continued

7 Corporate events

7.1 Time of Vesting

7.1.1 In the event of a Change of control an Award will Vest. The Award will Vest to the extent specified in rule 7.2 and will lapse as to the balance unless exchanged under rule 7.3.

7.1.2 If the Company is or may be affected by:

(i) any demerger, delisting, distribution (other than an ordinary dividend) or other transaction, which, in the opinion of the Committee, might affect the current or future value of any Award; or

(ii) any reverse takeover, merger by way of a dual listed company or other significant corporate event (as determined by the Committee, and not within rule 7.1.1 above),

the Committee may allow an Award to Vest. The Award will Vest to the extent specified in rule 7.2 and will lapse as to the balance unless exchanged under rule 7.3. The Committee may impose other conditions on Vesting.

7.1.3 An Option will lapse, at the latest, three months after it Vests in accordance with this rule.

7.2 Extent of Vesting

Where an Award vests under rule 7.1 the number of Shares in respect of which it Vests will be determined as follows:

7.2.1 If the Award is subject to a Performance Condition, the Committee will determine the extent to which any Performance Condition is satisfied as at the date of the relevant event in such manner as is specified in the Performance Condition or, if not so specified, in such manner as they consider reasonable and the number of Shares will, if appropriate, be reduced.

7.2.2 The number of Shares will, unless the Committee decides otherwise, be further reduced on a pro-rata basis to reflect the fact that the Award is Vesting early. The general principle which the Committee will normally apply is as follows: One thirty-sixth (1/36) of the maximum number of Shares will vest in respect of each completed month since the date of grant. The Committee has the discretion to vary this vesting schedule if it deems it appropriate to do so.

7.3 Exchange

An Award will not Vest under rule 7.1 but will be exchanged under this rule 7.3 to the extent that:

7.3.1 an offer to exchange the Award is made and accepted by a Participant; or

7.3.2 the Committee, with the consent of the Acquiring Company and the Participant, decides before Change of control that the Award will be automatically exchanged.

Where an Award is exchanged, the Participant will be granted a new award in exchange for the existing Award. The new Award:

7.3.3 must confer a right to acquire shares in the Acquiring Company or another body corporate determined by the Acquiring Company;

7.3.4 must be equivalent to the existing Award, subject to rule 7.3.6;

7.3.5 is treated as having been acquired at the same time as the existing Award and, subject to rule 7.3.6, Vests in the same manner and at the same time;

7.3.6 must:

(i) be subject to a Performance Condition which is, so far as possible, equivalent to any Performance Condition applying to the existing Award; or

(ii) not be subject to any Performance Condition but be in respect of the number of shares which is equivalent to the number of Shares comprised in the existing Award which would have Vested under rule 7.2 and Vest at the end of the original Performance Period (if applicable) or on the date of Vesting set by the Committee on the grant of the Award; and/or

(iii) be subject to such other terms as the Committee consider appropriate in all the circumstances.

7.3.7 is governed by the Plan, excluding rule 8.2, as if references to Shares were references to the shares over which the new award is granted and references to the Company were references to the Acquiring Company or the body corporate determined under rule 7.3.3 above.

7.4 Composition of Committee

In this rule 7, "Committee" means those people who were members of the remuneration committee of the Company immediately before the Change of control.

8 Alterations and termination

8.1

Subject to the consent of the Lusaka Stock Exchange and Clause 8.2, the Company shall not be permitted to make any amendment to these Rules without an ordinary resolution of the shareholders unless such amendment is an administrative or procedural change only or made to correct a manifest error in the Rules.

Subject to rule 8.1 the Remuneration Committee shall have the discretion to impose additional conditions or requirements on the Options or on the terms on which Shares are acquired.

8.2
No amendment or addition shall be made to these rules which would abrogate or adversely affect the subsisting rights of a Participant, unless it is made with the written consent of that Participant.

8.3
The Plan will terminate on the 10th anniversary of the date of its adoption but the Committee may terminate the Plan at any time before that date. The termination of the Plan will not affect existing Awards.

9 General

9.1 Terms of employment

9.1.1 This rule 9.1 applies during an employee's employment and after the termination of an employee's employment, whether or not the termination is lawful.

9.1.2 Nothing in the rules or the operation of the Plan forms part of the contract of employment of an employee. The rights and obligations arising from the employment relationship between the employee and his employer are separate from, and are not affected by, the Plan. Participation in the Plan does not create any right to, or expectation of, continued employment.

9.1.3 No employee has a right to participate in the Plan. Participation in the Plan or the grant of Awards on a particular basis in any year does not create any right to or expectation of participation in the Plan or the grant of Awards on the same basis, or at all, in any future year.

9.1.4 The terms of the Plan do not entitle the employee to the exercise of any discretion in his favour.

9.1.5 The employee will have no claim or right of action in respect of any decision, omission or discretion, which may operate to the disadvantage of the employee even if it is unreasonable, irrational or might otherwise be regarded as being in breach of the duty of trust and confidence (and/or any other implied duty) between the employee and his employer.

9.1.6 No employee has any right to compensation for any loss in relation to the Plan, including any loss in relation to:
- (i) any loss or reduction of rights or expectations under the Plan in any circumstances (including lawful or unlawful termination of employment); or
- (ii) any exercise of a discretion or a decision taken in relation to an Award or to the Plan, or any failure to exercise a discretion or take a decision; or
- (iii) the operation, suspension, termination or amendment of the Plan.

9.2 Committee's decisions final and binding
The decision of the Committee on the interpretation of the Plan or in any dispute relating to an Award or matter relating to the Plan will be final and conclusive.

9.3 Third party rights
Nothing in this Plan confers any benefit, right or expectation on a person who is not a Participant. This does not affect any other right or remedy of a third party.

9.4 Documents sent to shareholders
The Company is not required to send to Participants copies of any documents or notices normally sent to the holders of its Shares.

9.5 Costs
The Company will pay the costs of introducing and administering the Plan. The Company may ask a Participant's employer to bear the costs in respect of an Award to that Participant.

9.6 Employee trust
The Company and any Subsidiary may provide money to the trustee of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by section 82 (5)(b) of the Companies Act.

9.7 Data protection
By participating in the Plan the Participant consents to the holding and processing of personal information provided by the Participant to any Member of the Group, trustee or third party service provider, for all purposes relating to the operation of the Plan. These include, but are not limited to:

9.7.1 administering and maintaining Participant records;

9.7.2 providing information to Members of the Group, trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;

9.7.3 providing information to future purchasers or merger partners of the Company, the Participant's employing company, or the business in which the Participant works; and

9.7.4 transferring information about the Participant to a country or territory that may not provide the same statutory protection for the information as the Participant's home country.

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The Participant is entitled, on payment of a fee, to a copy of the personal information held about him or her. If anything is inaccurate the participant had the right to have it corrected.

9.8 Consents
All allotments, issues and transfers of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in Zambia or elsewhere. The Participant is responsible for complying with any requirements he needs to fulfil in order to obtain or avoid the necessity for any such consent.

9.9 Share rights
Shares issued to satisfy Awards under the Plan will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

Where Shares are transferred to a Participant, including a transfer out of treasury, the Participant will be entitled to all rights attaching to the Shares by reference to a record date on or after the transfer date. The Participant will not be entitled to rights before that date.

9.10 Listing
If and so long as the Shares are listed and traded on a public market, the Company will apply for listing of any Shares issued under the Plan as soon as practicable.

9.11 Notices

9.11.1 Any information or notice to a person who is or will be eligible to be a Participant under or in connection with the Plan may be posted, or sent by electronic means, in such manner to such address as the Company considers appropriate, including publication on any intranet.

9.11.2 Any information or notice to the Company or other duly appointed agent under or in connection with the Plan may be sent by post or transmitted to it at its registered office or such other place, and by such other means, as the Committee or duly appointed agent may decide and notify Participants.

9.11.3 Notices sent by post will be deemed to have been given on the second day after the date of posting. However, notices sent by or to a Participant who is working overseas will be deemed to have been given on the seventh day after the date of posting. Notices sent by electronic means, in the absence of evidence to the contrary, will be deemed to have been received on the day after sending.

9.12 Availability for Inspection
The Rules shall be available for inspection in the office of the Company Secretary at all time.

9.13 Governing law and jurisdiction
Zambian law governs the Plan and all Awards and their construction. The Zambian courts have non-exclusive jurisdiction in respect of disputes arising under or in connection with the Plan or any Award.

Designed and produced by **Emperor Design Consultants Ltd**
Telephone **+44 (0)20 7729 9090 www.emperordesign.co.uk**

Private Bag 17, Woodlands
Plot 4970, Manda Road
Industrial Area, Lusaka
Zambia

Tel: +260 211 369 000
Fax: +260 211 369 050

www.zambeefplc.com