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Profile

Zambeef Products Plc is one of the largest agri-businesses in Zambia and the region involved in the production, processing, distribution and retailing of beef, chickens, eggs, milk and dairy products throughout Zambia.

The company is also one of the largest cropping operations in Africa with 2,100 hectares under irrigation and a further 1,500 hectares of dry land crops.

The company has a wholly owned subsidiary called Zamleather Limited. This company is involved in the tanning of hides for export to the Far East and Europe as well as the production of finished leather, shoes and industrial footwear, mainly for the domestic and regional markets.

Arial view of Gwembe Valley Farm

Strategy

To continue to expand our business in areas which the company believes it has a comparative advantage, not only within Zambia but within Sub-Saharan Africa, with the aim of being the leading food provider for the region.



Silos and Feed plant at Huntley Farm in Chisamba

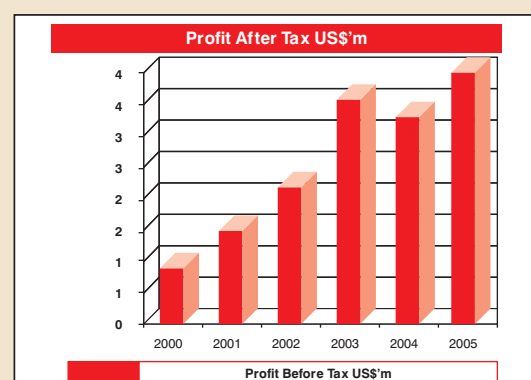
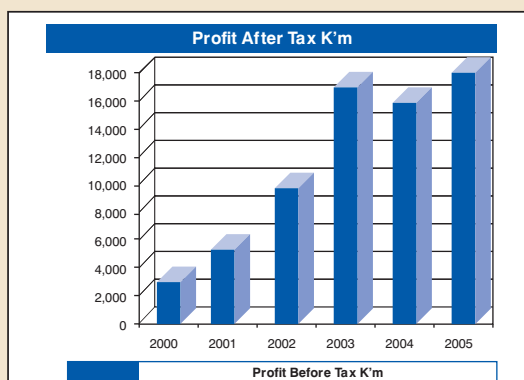
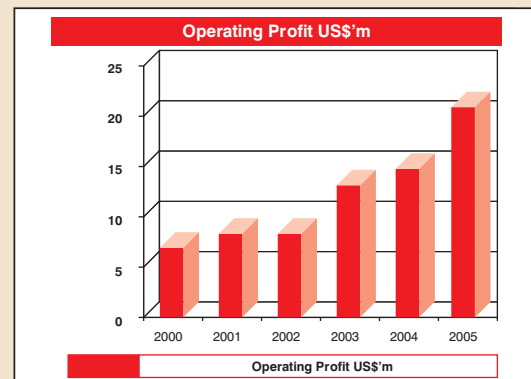
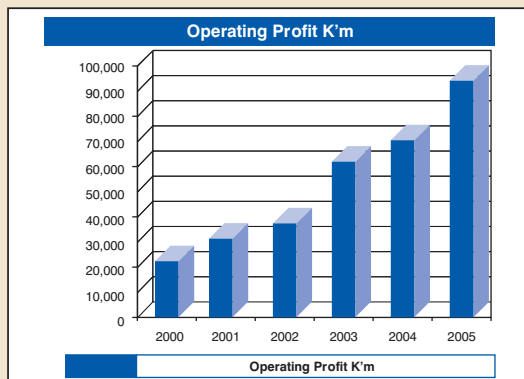
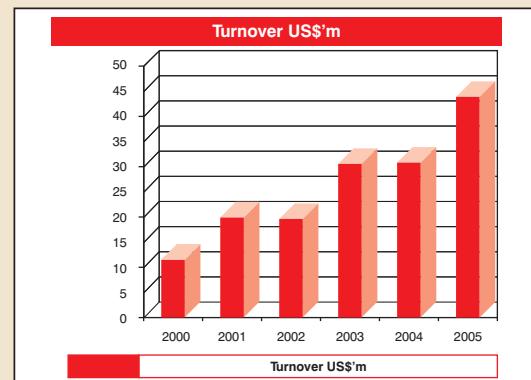
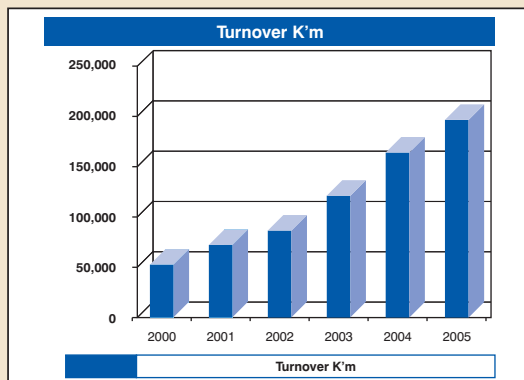
Vision

To be the region's leading food provider.



Wheat harvest at Huntley Farm

Zambeef's Six Year Financial Performance



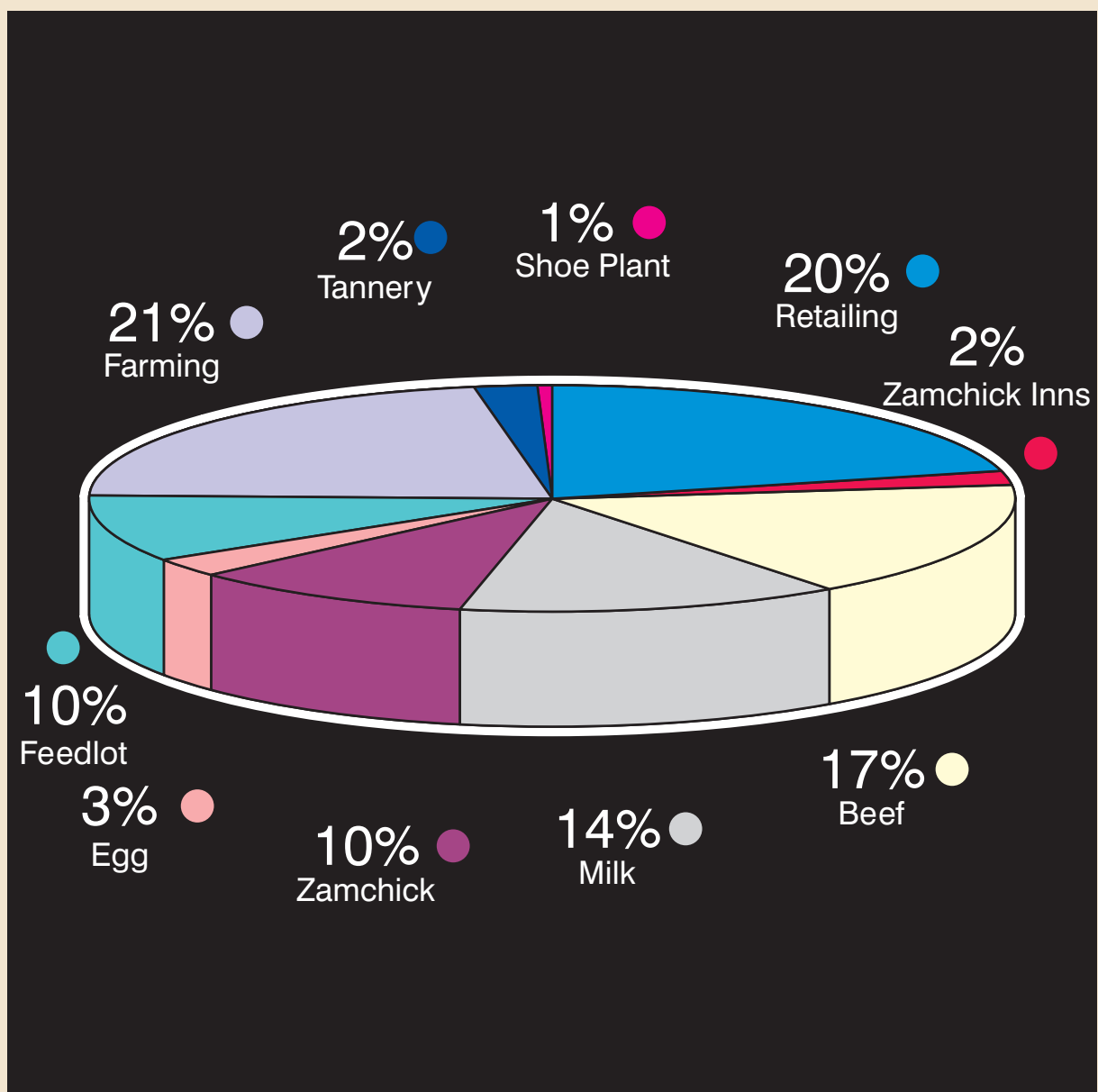
Consistent growth in revenue and profits over the past 6 years

- Kwacha Revenue up by 260 percent.
- US Dollar Revenue up by 165 percent.
- Kwacha Profit after tax up by 550 percent.
- US Dollar Profit after tax up by 350 percent.

Financial Performance

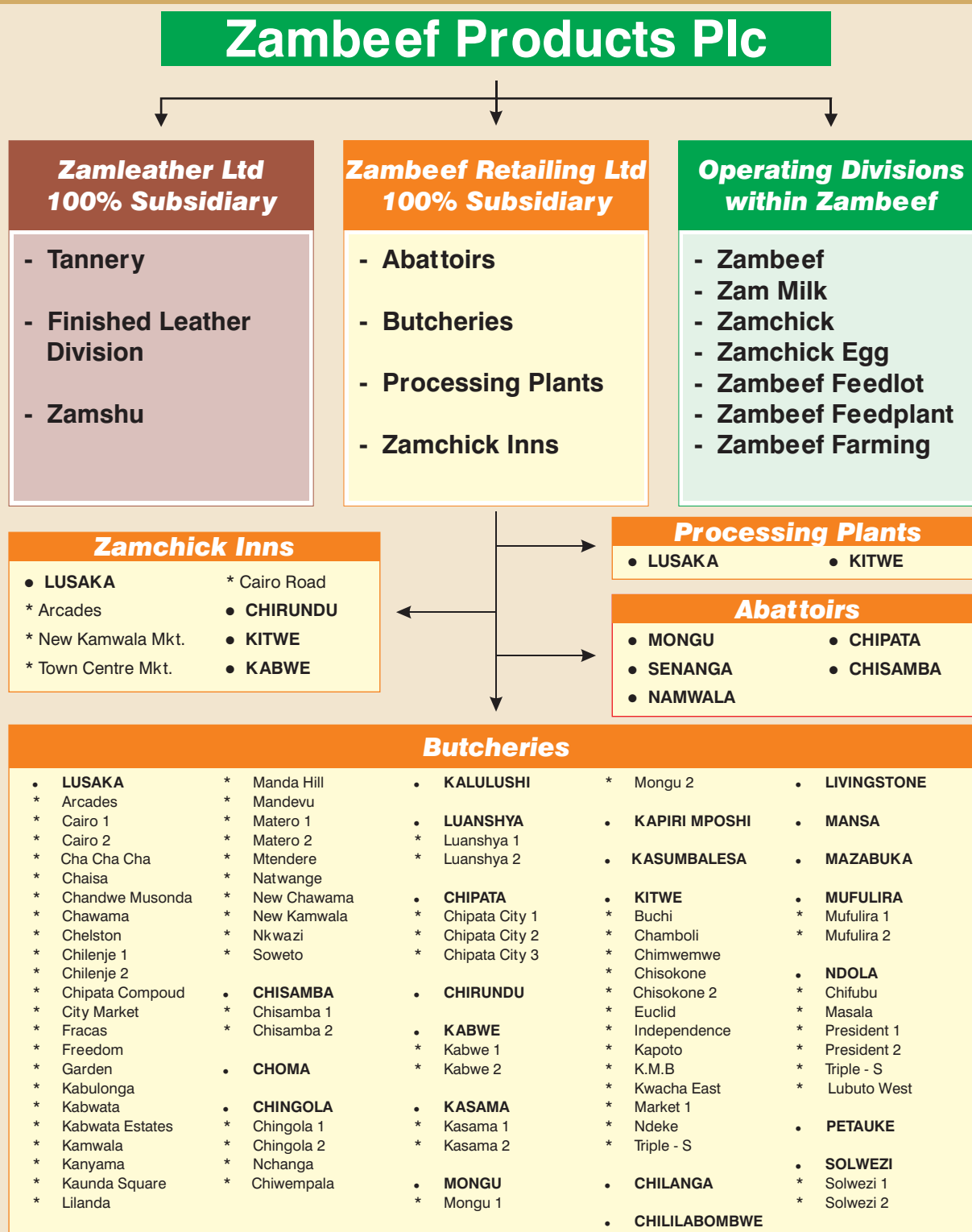
Fully Diversified - Operating Profit

Segmental Analysis of Operating Profit 2005



Diversification has increased quality of earnings.

Group Structure for Zambeef Products Plc








Geographical Representation

Operations strategically located throughout the country

- The largest retailing network in Zambia with 82 retail outlets distributed country wide.
- Processing Plant - Situated in Lusaka, Chisamba and Kitwe.
- Abattoirs - 5 abattoirs situated in different parts of Zambia.
- Fast Food outlets - Zamchick Inns situated in 4 towns country wide.
- 8 Farms in excess of 6,000 hectares of land.



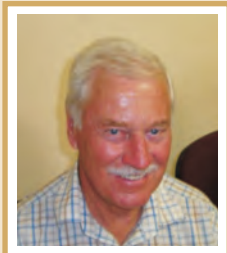
- KEY -	 Abattoir - 5	 Processing - 3	 Retail Outlets - 82
	 Zamchick Inns - 7	 Farms - 8	

Board of Directors - Biography



Dr. Jacob Mumbi Mwanza (68)

- Board Chairman, appointed 21/01/03
- Nationality:- Zambian
- Qualifications:- MA Economics (W. Germany)
- Experience:- Over 30 years Business Management experience, both in the public & private sectors. Previously Governor of the Central Bank; currently Chancellor of the University of Zambia. Has served & is currently on several Boards, including Stanbic Bank, Citi Bank, Intercontinental Hotel.



R R Clyde Anderson (65)

- Non-Executive Director, appointed 02/04/96
- Nationality:- British
- Qualifications:- Diploma in Agriculture (Zimbabwe)
- Experience:- Over 30 years experience in Agribusiness; past Chairman of Herd Book Society of Zambia and Livestock Services Co-operative Society; previously Vice-President of Zambia National Farmers Union. Currently serving on several Boards including Bric Brac Ltd, Zambezi Ranching & Cropping Ltd, Wellspring Ltd and Mazabuka Marketing Company Ltd.



Lawrence S Sikutwa (49)

- Non-Executive Director, appointed 14/11/02
- Nationality:- Zambian
- Qualifications:- FCII; Post Grad Diploma in Insurance (UK)
- Experience:- Over 30 years experience in Business Management. Previously General Manager of Zambia State Insurance Corporation; currently Managing Director of Madison Insurance Company Ltd. Other directorships include Zambezi Ranching Cropping Ltd.



Hilary M Duckworth (50)

- Non-Executive Director, appointed 07/08/02
- Nationality:- British
- Qualifications:- R.M.A Sandhurst; MBA (UK)
- Experience:- Over 20 years experience in Business Management; Merchant Banking experience with various banks in the UK; Director of a number of other companies including Zambezi Ranching & Cropping Ltd, Bric Brac Ltd.



David Phiri (68)

- Non-Executive Director, appointed 14/11/02
- Nationality:- Zambian
- Qualifications:- Rhodes Scholar
- Experience:- Over 30 years Business Management experience, both in the public & private sectors. Previously Governor of the Central Bank & Ambassador to Sweden. Has served & is currently on several Boards, including Stanbic Bank, Citi Bank, Anglo American Corporation, Zambia Venture Capital Fund, Madison Insurance Company Ltd, British American Tobacco, Holiday Inn.



John Rabb (61)

- Non-Executive Director, appointed 07/08/02
- Nationality:- South African
- Qualifications:- BSc (Agriculture); MBA (RSA)
- Experience:- Over 30 years Business Management experience. Former Director of Wooltru Group South Africa. Has served & is currently on several Boards, including Zambezi Ranching & Cropping Ltd, Spur Holdings (listed on JSE), Wellspring Ltd.

Board of Directors - Biography



Irene M Muyenga (44)

- Non-Executive Director, appointed 11/09/03
- Nationality:- Zambian
- Qualifications:- BA (ed); DIS; LIII
- Experience:- Over 20 years Business Management experience. Currently Managing Director of Zambia State Insurance Corporation. Has served & is currently on several Boards, including African Insurance Organisation, Insurance Advisory Council, Organisation for Eastern & Southern Africa Insurers, Zambia Insurance Business College, PTA Re-Insurance Company.



Adam Fleming (57)

- Non-Executive Director, appointed 26/02/04
- Nationality:- British
- Experience:- Over 30 years Business Management & Banking experience. Previously Chairman of Harmony Gold (listed on JSE & one of the largest gold mining companies in the world); currently Chairman of Witwaterstrand Consolidated Gold Resources Ltd. Has served & is currently on several Boards.



Brian Dowden (56)

- Non-Executive Director (Alternate to A Fleming), appointed 26/02/04
- Nationality:- South African
- Qualifications:- Chartered Accountant (RSA)
- Experience:- Over 30 years experience as a practicing accountant.



Carl Irwin (40)

- Executive Director (Joint Managing Director)
- Nationality:- Zambian
- Qualifications:- B.Com; ACA (UK)
- Experience:- Over 15 years Accounting & Finance experience with a number of companies, including Coopers & Lybrand UK. Co-founder of Zambeef Products Plc. Other directorships include Lubungu Wildlife Safari Company Ltd, Proflight Commuter Services Ltd, Zambezi Ranching & Cropping Ltd, Master Pork Ltd.



Francis Grogan (42)

- Executive Director (Joint Managing Director)
- Nationality:- Irish
- Qualifications:- BSc (Agriculture) Ireland
- Experience:- Over 20 years experience in agriculture and meat, including with United Meat Packers (Ireland), one of Europe's largest meat companies. Co-founder of Zambeef Products Plc. Other directorships include Zambezi Ranching & Cropping Ltd, Master Pork Ltd.

Fact Sheet

ZAMBEEF PRODUCTS Plc is one of the most successful agri-businesses in Zambia and is a major player in the Zambian economy helping to feed the nation, create jobs and generate local wealth. The company has an annual turnover in excess of US\$43 million.

- The largest meat company in Zambia slaughtering 60,000 head of cattle per year.
- Largest feedlotter of quality cattle in Zambia producing 12,000 top quality grain fed animals per year giving out high quality beef which has earned the company and the country at large an enviable reputation in the region for quality beef.
- Largest chicken producer in Zambia processing 3.5 million chickens per annum.
- Largest milk producer milking over 900 cows per day producing 8.0 million litres of milk per annum.
- Processes 60,000 hides per annum through its tannery mainly for export to Europe, China and the Far East and generates US\$1.2 million in foreign exchange per annum.
- Major industrial shoe producer producing industrial footwear for the local and regional market.
- A major egg producer currently producing in excess of 20 million eggs per annum.
- Grows wheat, maize, lucerne and soya beans with a total of 2,100 hectares of irrigated crops (34 centre pivots) and a further 1,500 hectares of dry land crops making Zambeef one of the largest cropping operations in Africa.
- Sells high quality meat and processed meat products in a hygienic and customer-friendly environment through its 82 outlets throughout Zambia.
- Sells chicken and chips in its 7 fast food restaurants called Zamchick Inns.
- Produces 120 tonnes of stock feed per day in its own stock feed plant for the dairy, chicken and beef operations making the company self sufficient in stock feed.
- Employs 1,438 full time workers throughout Zambia with a larger concentration in the rural areas. In addition, a large number of seasonal workers are employed.
- The company's payroll is in excess of K14 billion per annum.
- Has one of the largest trucking and vehicle fleets in Zambia to ensure that its products are delivered fresh to its customers throughout Zambia and for hauling cattle and feed.
- Reinvestment of K17 billion in capital expenditure in 2004.

The company prides itself in the high level of reinvestment in the Zambian economy every year resulting in large real growth and thereby helping develop the Zambian economy and create employment.

Chairman's Statement

I have pleasure in presenting my report for 2005, which has again reflected strong growth and performance in all sectors. It has indeed been a privilege to head such a prestigious and successful organization. The Annual Report sets out full details of the group's achievements and financial results so it is not for me to quote facts and figures. As Chairman, I will confine my report to matters of principle, policy and procedure.

BOARD OF DIRECTORS

Firstly, I wish to place on record my gratitude to the nine other members on the Zambeef board and thank them for their diligence and attentiveness throughout the year, not only in growing the business of Zambeef and its shareholder value, but also in growing exemplary Corporate Governance.

The foundation of Zambeef is based squarely on our two executive directors, Carl Irwin and Francis Grogan. It is their tireless energy, their foresight and acumen, enthusiasm and leadership, that has spearheaded Zambeef into becoming one of the most successful listed public companies in the region. In compliance with the company's Code of Corporate Governance, the members have also appointed eight non-executive directors to enable the board to benefit from their mix of technical, entrepreneurial, financial and business skills and which ensures impartial and objective viewpoints in all decision-making.

In particular I wish to commend Lawrence Sikutwa who has chaired our important and very active audit committee. As is stated in the King Report, an effective Audit Committee depends on a good chairman and that we certainly have had. I also commend David Phiri who has ably chaired our Remuneration Committee. We attach a premium to competence, initiative and drive. We want employees who develop, are stimulated in their work and who take responsibility, such as our hard pressed secretary, Danny Museteka.

REPORTING PROCEDURES

As is clearly evident in our Annual Report, Zambeef supports the concept of triple bottom-line reporting, which embraces economical, social, environmental and ethical considerations of the company's activities. This reporting concept is in line with greater transparency and accountability and I am able to state that our Annual Report is a benchmark that other public companies only struggle to emulate.

ETHICS

All stakeholders and more specifically directors and employees are required to observe the principles of the code of ethics as required by the Zambeef Code of Corporate Governance to ensure that business practices are conducted in a manner which is beyond reproach.

HUMAN CAPITAL

The organization's human capital focus supports Zambeef's strategy of being an innovative and responsive organization by addressing the development of human capital. The function's objectives are based on a dual focus:

- Attract, retain and develop the best people we can, who are passionate about personal and corporate growth and thrive on challenge and change.



Dr. Jacob Mwanza - Chairman

Chairman's Statement

Continued

- Build employment equity by aligning the demographics of our staff with that of our ultimate customers.

STAFF

The board wishes to thank our many hundreds of employees in every corner of Zambia for the enthusiasm with which they have embraced and lived our vision and strategies during the year, for their dedication in striving for our goals and for their spirit and devotion in our process of branding Zambeef as the employer of choice. We know we are also envied for the quality of our staff who are proud to say “**I work for Zambeef**” and “**We are feeding the nation**”

CORPORATE GOVERNANCE

We have reviewed and re-issued our Code of Corporate Governance in 2005. Reference is made elsewhere in this report where governance issues are dealt with more formally. However I would like to add that my board views Corporate Governance not merely as a list of requirements that must be adhered to in letter, but also as a code that must be followed in spirit.

DOING WHAT'S RIGHT

While our operating strategies focus on profitability, our philosophy has never strayed from a commitment to doing what's right. We have implemented plans and programmes to improve our production methods, strengthen our safety performance and reduce our environmental footprint and thereby create sustained value for our shareholders. This is dealt with in detail in the report of the executive directors.

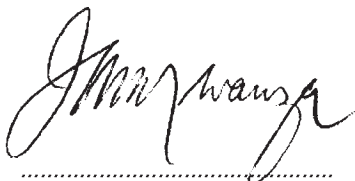
LEADERSHIP THROUGHOUT OUR COMPANY

Zambeef has worked hard to be the leader in our industry in terms of company expansion, shareholder return, responsible stewardship and community involvement. We set high standards for our company, employees and suppliers and encourage each group to rise to the challenge of being a best practices company.

It is worth mentioning that the Zambia Institute of Marketing awarded Zambeef Products Plc “**Best Performing Company of the Year - Domestic**” for 2005, based on the Lusaka Stock Exchange performance records of all Publicity Listed Companies.

APPRECIATION

We have set ambitious goals and are doing all we can to attain them. As Chairman of the company I express and record my gratitude for the support and loyalty I have received from my colleagues on the board and especially the executive directors, Carl Irwin and Francis Grogan. I also record my board's appreciation for the proactive and positive support Zambeef has received from our bankers, Citibank, Barclays Bank and Zambia National Commercial Bank, who have not simply processed our transactions but have been partners in our development to become a leading listed public company in the Region. I also thank the media for their constructive reporting on our business and our many thousands of customers in every part of Zambia who continue to support Zambeef because they know we are the best.



Chairman



Soya beans crop at Gwembe Valley Farm

Joint Managing Directors Report



Overview

Zambeef Products Plc Group has had a very successful year with turnover increasing by 19%, profits after tax increasing by 15% and net cash inflow from operating activities increasing by 96%.

The company can be proud of these results particularly in light of the difficulties faced by the beef and feedlot divisions during the year as a result of the Foot and Mouth disease outbreak in certain parts of Zambia.

During the year, the company continued to aggressively expand its non-beef operations which have now created a very well diversified and vertically inter-grated agri-business involved from primary production through to the retailing of finished products direct to the end consumer.

In particular the development of the 2,000 hectare irrigation project on the shores of Lake Kariba has established Zambeef as one of the largest row cropping operations in Africa, which for the next season will have 2,700 hectares under irrigation.

In addition, the large investments in Zambeef milk processing facilities in order to produce a large range of value added products have been extremely successful. These investments have seen the farming and dairy divisions becoming two of Zambeef's most profitable divisions.

With the beef division now returning to normal trading conditions as well as the full benefits of the large investments in the Dairy and Cropping divisions coming through, Zambeef can look forward to the next financial year with a great deal of confidence.

Beef Division

The beef division has had a second difficult year in a row. Although operating profits were 15% up on the previous year, this division has operated at well below its usual profitability for the last two years.

During the first 5 months of the year, Zambeef suffered from a serious shortage of manufacturing beef due to the total ban on the movement of cattle from Southern Province following an outbreak of Foot and Mouth disease in the Province. A large part of the company's manufacturing beef is sourced from the large traditional cattle herds in the province.

This shortage impacted severely on our wholesaling and processing departments with volumes being severely reduced. Due to the severe shortage of beef, beef prices increased to record levels and these prices could not be passed onto the consumer resulting in margins being squeezed.

At the end of February 2005 the ban was lifted resulting in a flood of traditional beef to the urban areas. This flood of beef to the informal sector



Joint Managing Directors Report

Continued

resulted in beef prices crashing and demand being very sluggish. By the year end the situation had begun to normalize and our beef division has started to operate at capacity again with margins improving. In addition, during the year Zambeef completed a modern abattoir in Namwala in Southern Province. This has been a resounding success and is currently Zambeef's busiest abattoir. As a result Zambeef's beef division should return to being the flagship division during the current year which will have a dramatic impact on the company's results.

Feedlot Division

This division has had a difficult year as well. After the lifting of the ban on the movement of cattle from Southern Province, the large influx of cattle both traditional and commercial resulted in beef prices crashing. This also resulted in demand for prime feedlot beef being very sluggish. During the year efficiencies have been improved in the division and by the year end demand is returning to normality. The quality of our feedlot beef continues to be of the highest standard which has earned our beef an enviable reputation in the region. This division should as a result show good growth in the coming year.

Chicken Broiler Division (Zamchick)

This division had an outstanding year with operating profits up by 32%. The difficulties in the beef industry resulted in increased demand for chickens. The large investment in the stock feed plant has resulted in our broilers achieving world class feed conversion ratios. In addition our modern fully automated chicken abattoir ensures our Zamchick products meet the highest international standards. This division can expect to continue growing in the coming year and is now a significant part of Zambeef's business having increased from 33% to 50% of beef sales during the year.

Layer Division (Zamchick Egg)

This layer operation has increased operating profits by 83% during the year with turnover up by 58%. Zambeef has firmly established itself as Zambia's only national egg supplier. This exceptional performance has been helped by the top quality feed from Zambeef's stock feed plant and the opening of new outlying butcheries where the demand for eggs has been enormous.

Dairy Operations (Zammilk)

During the year under review, Zambeef invested around \$400,000 in upgrading and automating the milk plant making the Zammilk milk plant a world class facility. As part of this investment Zambeef added a cream, butter, yoghurt and juice lines. In addition the cheese plant has been commissioned. In particular the drinking yoghurt under the brand name Zamsip has been a resounding success on the market resulting in Zambeef having to order a second bottling line. The first cheese, butter and cream is now being sold.

Apart from investing in our milk processing operations, Zambeef has continued to expand the dairy herd and improve yields. Milk production has increased by around 10%. Zambeef is now running one of the largest dairy herds in Sub Saharan Africa. This division has been one of the most profitable divisions with operating profits up by 67% for the year. With the full effect of the value added products coming on line during the next financial year, this division together with the cropping division are expected to be company's most exciting divisions next year.



Joint Managing Directors Report

Continued

Farming Division

This has been best performing division during the year with profits up by 108%. During the year, Zambeef acquired and developed a well laid out farm at Sinazongwe on the shores of Lake Kariba. The farm has a potential to irrigate 2,000 hectares but only had 240 hectares operational when acquired. Zambeef has invested around US\$6.8m into this project and now has 1,550 hectares under irrigation. In the coming year the last phase of developing this farm will be completed taking the total area under irrigation up to 2,000 hectares.

When combined with the 700 hectares under irrigation at Chisamba farming operations, Zambeef will have 2,700 hectares under irrigation making the company one of the largest row cropping operations in Africa. In order to reduce weather uncertainties, all cropping expansion has been restricted to irrigated lands.

This massive expansion of farming operations will make Zambeef almost self sufficient in maize and soya beans for its stock feed production. With the large reduction in agricultural output in Zimbabwe, there is a regional shortage of maize, soya beans and wheat. This has resulted in record maize and wheat prices which have had a beneficial effect on margins.

As a result this division will continue to see large growth in the coming year.

Zamchick Inns

During the last financial year, Zambeef continued its expansion of the fast food chain under the brand name Zamchick Inn with the aim of providing good value for money chicken and chips to the public.

These fast food outlets have proved to be a resounding success with operating profits up by 325%. The first seven Zamchick Inns are now fully operational and an eighth is due to open in the next six weeks.

The monthly turnover has increased from K70 million a year ago to K620 million. The turnover continues to grow on a monthly basis and as a result we will continue to open more Zamchick Inns. This is not only a high margin business in its own right but complements our broiler operations well. We now have Zamchick Inns in four towns and hope to expand into more towns the coming year and establish a truly national fast food chain.

Retailing Division

This division continues to be the engine room that drives Zambeef's primary production. Zambeef sells its meat, chickens, dairy products, eggs and processed meat products in a hygienic and customer friendly environment through its 82 outlets throughout Zambia.

During the year under review, Zambeef opened butcheries in four new towns namely Livingstone, Choma, Petauke and Kasumbalesa. These outlying outlets have proved to be a resounding success and the company plans to continue opening outlets in outlying areas.

The retailing division was affected by the beef shortages and non-availability of processed meat products for the first 5 months of the year. Despite these setbacks turnover increased due to the expansion of the non-beef divisions.



Joint Managing Directors Report

Continued

In order to better utilize this retailing network, Zambeef has signed an arrangement with the cell phone companies to sell their scratch cards in the outlets and is considering adding more ranges.

This division will continue to be the foundation of Zambeef's operations and the marketing tool used to market the company's products direct to the end consumer.

Zamleather

Zambeef's wholly owned subsidiary, Zamleather Ltd, has had a disappointing year with operating profits down by 7% for the combined operations. Zamleather operates both a tannery and a shoe plant in Lusaka. The tannery had a difficult year while the shoe operations have grown significantly during the year.

a) Tannery

The tannery sells leather on the international market in the semi-processed form called wet blues. The main exports of wet blues are to China, Hong Kong, Vietnam and Italy. In addition, finished leather is sold both within Zambia and the region. This year has seen the international leather prices reduce significantly resulting in lower margins. The tannery has managed to partially offset the lower international prices by producing more finished leather for the local and regional markets. Exports totalled US\$1.2m during the year.

b) Zamshu

The shoe plant trades under the brand name **Zamshu** and is a major producer of industrial footwear for the local and regional markets. The shoe plant has steadily expanded its operations and is now exporting its boots on a regular basis into the region. Zamshu is looking to produce low cost shoes to sell through the Zambeef retailing network which should significantly boost this division in the current year.

As a result the shoe division is expected to show good growth in the coming year.

Future Developments

The South African supermarket giant, Shoprite Checkers, are setting up a supermarket network in Nigeria and have invited Zambeef to run the butcheries in their stores. As a result Zambeef has incorporated a 90% subsidiary in Nigeria called **Master Meats Production and Agriculture Company of Nigeria Ltd**. The first Shoprite store is expected to open on 15th December, 2005.

Appreciation

The very successful year would not have been possible without the huge contribution and support of our staff. As Joint Managing Directors we would like to extend our sincere appreciation to all members of staff for their contribution to the success of the company in the last year.

We would also like to extend our sincere thanks to our customers who have supported our products during the year. Our commitment is to continue to develop new quality products and continually improve our existing product range. We will continue to strive to provide top quality products at affordable prices throughout Zambia.



Joint Managing Directors Report

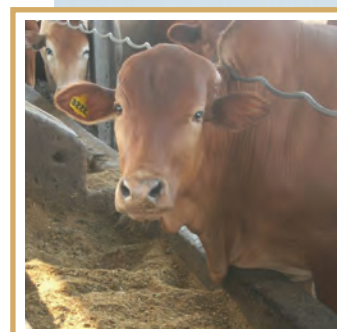
Continued

We would also like to thank the government institutions, our bankers and our suppliers who have supported our operations during the year.

Finally I would like to thank our entire Board of Directors and our Chairman, Dr Jacob Mwanza, for their valued support and advice during the years.

Conclusion

Zambeef can look back with a great deal of pride on its achievements during the year. The Group is now a very well diversified and vertically integrated agri-business. The company believes that it is well positioned to enjoy sustainable real growth as a result of the well-focused capital expenditure in the current year. In particular, with the beef division returning to normal trading conditions and the exciting expansion of the farming and dairy divisions coming through, the company can look forward with a great deal of confidence to the future.



Irrigation pumps in Lake Kariba for Gwembe Valley Farm

Corporate Governance Report

For the year ended 30 September 2005

CORE POLICY

The directors of Zambeef Products PLC are fully committed to the principles of effective corporate governance and the application of high ethical standards in the conduct of business.

The group endorses the principles of openness, integrity and accountability as advocated in its Code of Corporate Governance and as set out in the King Report on Corporate Governance SA 2002 (King II).

CODE OF CORPORATE GOVERNANCE

The key principles underpinning the governance of the group are set out in its code of corporate governance which was updated by the Audit Committee in June 2005 and which complies with all the requirements of the Lusaka Stock Exchange. The group believes that a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good corporate governance. As such, compliance is one of the most important areas covered by Zambeef's system of internal control.

The code spells out the company's commitment towards shareholders and stakeholders, as well as policies and guidelines regarding the personal conduct of management and other employees.

The key sections of the Code relate to Boards and Directors, Board Committees, Legal and Compliance, Internal Audit, Risk, Integrated Sustainability Reporting, Disclosure & Stakeholder Communication and Organization Integrity.

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.

The board consists of ten directors, of whom eight are non-executive directors. The board considers the non-executive directors to be independent as described in the King II Report. The non-executive directors, drawing on their skills, experience and business acumen, have ensured impartial and objective viewpoints in decision-making processes and standards of conduct. The mix of technical, entrepreneurial, financial and business skills of the directors is considered to be in balance and to enhance the effectiveness of the board.

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. Directors have stayed fully abreast of the group's business through meetings with senior management and site visits, which have included Chisamba and Sinazongwe.

One third of the non-executive directors are subject to the rotation provisions contained in the groups Code of Corporate Governance and the Companies Act and retire at the Annual General Meeting.

Subject to specific fundamental, strategic and formal matters reserved for its decision, the board has delegated certain responsibilities to standing sub-committees, which operate within defined terms of reference laid down by the board, as referred to below.

The board has the following sub-committees to assist it with its duties:

- Executive committee
- Audit committee
- Remuneration committee

Corporate Governance Report

For the year ended 30 September 2005 (continued)

EXECUTIVE COMMITTEE

The committee is chaired by Dr Jacob Mwanza and its membership consists of two executive directors and three non-executive directors.

The committee is responsible for advising the chief executives in implementing the strategies and policies determined by the board and making quick decisions on issues which cannot wait for the convening of formal board meetings. The committee is also responsible for monitoring the performance of the company.

AUDIT COMMITTEE

The audit committee comprises four members, three of whom are non-executive directors, and an independent secretary under the chairmanship of Mr Lawrence Sikutwa, non-executive director. The committee operates within defined terms of reference and authority granted to it by the board.

It has met five times during the financial year to advise the board on a range of matters, including corporate governance practices, effectiveness of internal control policies and procedures, assessing management of risks facing the business. The committee is also responsible for ensuring compliance with laws and other regulatory requirements.

The primary role of the audit committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management and internal control system is maintained. The Audit Committee provides an independent oversight of the group's system of internal control and financial reporting processes, including the review of the interim and annual financial statements before they are submitted to the board for final approval.

The Audit Committee is required to ensure that all appropriate controls and processes are in place to identify all significant business, strategic, statutory and financial risks and that these risks are being effectively monitored and managed.

In pursuing these objectives, the audit committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function. The Group General Manager, Finance Manager and the Chief Internal Auditor now attend, report and participate at all meetings of the committee which ensures cohesion with senior management.

The Audit Committee is not aware of any cases of non-compliance with the group's Code of Corporate Governance during the year under review, nor is it aware of any ascertainable risk from any litigation pending, in progress or threatened, which could be regarded as material to the group's financial position.

The audit committee's assessment of the external auditors performance and independence underpins its recommendation to the board to propose to shareholders the re-appointment of the present auditors Grant Thornton for the year 2005/2006.

REMUNERATION COMMITTEE

The remuneration committee comprises three senior non-executive directors and the two chief executive officers, Carl Irwin and Francis Grogan.

The main responsibility of the committee is to review and approve the remuneration and employment terms and conditions of executive directors and senior group employees. Executives attending these meetings may not take part in any decisions regarding their own remuneration.

Corporate Governance Report

For the year ended 30 September 2005 (continued)

The committee has a clearly defined mandate from the board aimed at:

- Ensuring that the company's chairman, executive and non-executive directors and senior executives are appropriately rewarded for their individual contributions to the company's overall performance.
- Ensuring that the company's remuneration strategies, packages and schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the company.
- In discharging its responsibilities, the committee draws extensively on external surveys and independent advice and information.

The committee has considered and submitted recommendations to the Zambeef board concerning the fees to be paid to each non-executive director. Any changes to the fees will be approved by the board and submitted to the shareholders in a general meeting for approval prior to implementation and payment.

In determining the remuneration of the executive directors, the remuneration committee has aimed to provide the appropriate packages required to attract, retain and motivate executive directors.

	Board Meetings				Executive Committee	Audit Committee			Remuneration Committee	
	26.11.04	04.02.05	09.06.05	16.09.05	16.02.05	12.04.05	06.07.05	01.09.05	08.11.04	07.12.04
Director										
Jacob Mwanza	*	*	*	*	*				*	*
Carl Irwin	*	*	*	*	*					
Francis Grogan	*	*	*	*	*					
Lawrence Sikutwa	*	*	*	*		*	*	*		
Hillary Duckworth	*	-	*	-						
Adam Fleming	*	*	*	*						
John Rabb	*	*	-	-		A	A	A		
Irene Muyenga	*	*	*	*	*	*	*	-		
David Phiri	*	*	*	*	*				*	*
Rodney Clyde Anderson	*	*	*	*					*	*
NOTES										
* - Present										
- - Apologies										
A - Absent										

Corporate Governance Report

For the year ended 30 September 2005 (continued)

INTERNAL CONTROL, RISK MANAGEMENT AND INTERNAL AUDIT

The board is responsible for the group's system of internal control and risk management and for reviewing its effectiveness. To discharge that responsibility, senior management has appointed a chief internal auditor, Mr Ohimai Mukanda, who has established the procedures necessary to implement clear operating procedures, lines of responsibility and delegated authority.

The system of internal control, which is embedded in all key operations, aims to provide assurance that the company's business objectives are achieved within the risk tolerance levels defined by the board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. The company's internal audit function now has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls and to eliminate duplication of effort. The key features of the internal control system that operated throughout the year covered by the financial statements are described under the following headings:

Control environment

The board has put in place a documented organizational structure with clearly defined and understood lines of responsibility and delegation of authority from the board through the CEO (Admin) to operating units.

Identification and evaluation of business risks and control objectives

The board has the primary responsibility for identifying the major business risks facing the group and for developing appropriate policies to manage those risks and relies on the reports of the audit committee supported by the Group General Manager, Finance Manager and Chief Internal Auditor.

Information systems

The group operates a comprehensive annual planning and budgeting system with an annual budget approved by the board. Reports include cash flow statements, which is used in determining that the group has adequate funding for its future needs.

Risk management

The board identifies and monitors risk through the planning process, the close involvement of the executive directors in the group's operations and the periodic monitoring of key issues to ensure that the significant risks faced by the group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

Monitoring

The audit committee considers that there have been no weaknesses in the system of internal control that resulted in any material losses or contingencies during the last year or the period from the balance sheet date to the date of this report.

INSIDER TRADING

The company's Code of Corporate Governance provides that no member of senior management can acquire shares in the company without board approval. Furthermore the company secretary is required to table a current list of shareholders at every board meeting.

INTEREST IN CONTRACTS

During the year under review, none of the directors had a significant interest in any material contract or arrangement entered into by the company or its subsidiaries.

Corporate Governance Report

For the year ended 30 September 2005 (continued)

ETHICAL RESPONSIBILITIES AND THE ENVIRONMENT

The group maintains an ethical trading policy covering safety, quality, legal, environmental and social matters. The group complies with all relevant legal obligations and regulations concerning employee safety and environmental protection.

CORPORATE SOCIAL RESPONSIBILITY

Zambeef's CSR policy is to be a responsible and committed corporate citizen and to be a useful and effective member of the communities within which it operates.

In this regard, the group has established strong partnerships with local communities and supported many community initiatives, especially in the healthcare and education areas, that deliver sustainable results and real benefits to the communities within which it operates.

During the recent visit to our Sinazongwe farm by the Republican President, Levy Patrick Mwanawasa S.C., The President commented and commended Zambeef for taking an active and positive role in the community development and initiatives, and encouraged other companies to follow Zambeef's lead.

Administration



Yusuf Koya (40)

- Group General Manager
- Nationality:- British
- Qualifications:- BSc (Geology & Economics); MSc (Economics); ACIB - UK
- Experience:- Over 15 years banking experience in Corporate Finance & Credit Risk Management, both in the UK and Zambia. Previously Head of Corporate Finance, Assistant Corporate Director & Country Credit Director with Barclays Bank Zambia Plc.



Nancy Hart (40)

- Group Finance Manager
- Nationality:- American
- Qualifications:- BSc (Accounting); CPA - USA
- Experience:- Over 15 years Accounting, Finance & Audit experience, including 3 years as an officer in the Enforcement Division of the US SEC & 4 years as Senior Auditor with Ernst & Young, USA.



Danny Museteka (40)

- Company Secretary
- Nationality:- Zambian
- Qualifications:- ACCA (Zambia)
- Experience:- Over 15 years Accounting & Finance experience with a number of public & private companies in Zambia.



David Ng'ambi (59)

- Human Resource Manager
- Nationality:- Zambian
- Qualifications:- Diploma in Management - Zambia
- Experience:- Over 30 years work experience with a number of companies in Zambia; last 10 years as Human Resource Manager with Zambeef Products Plc.



Justo Kopulande (42)

- Public Relations Manager
- Nationality:- Zambian
- Qualifications:- Diploma in Journalism; Certificate in Public Relations
- Experience:- 15 years Journalism & Public Relations experience with a number of companies in Zambia.

Company Registration Number: 31824

TPIN 1000003182403

VAT Number: 10030893-13

Registered Office

Plot 1164 House Number 1
Nkanchibaya Road
Off Addis Ababa Drive, Rhodes Park

Postal Address

P/B 17, Woodlands
Lusaka - Zambia

Auditors

Grant Thornton
Mukuba Pension House
Dedan Kimathi Road
P O Box 30885
Lusaka Zambia

Principle Bankers

Citibank (Z) Limited
Barclays Bank (Z) Limited
Zambia National Commercial Bank Plc

Sponsoring Broker

Pangaea/EMI Securities Limited
Farmers House - Central Park
Third Floor, North Wing
Cairo Road
P O Box 30163
Lusaka - Zambia

Tax Advisers

Kaulungu Limited
Room 9 Muyuni Hse
Lusaka



Beef Cow in the Feedlot at Huntley Farm

Ratios and Statistics

For y/e 30 September (K 000s)	2005	2004	2003	2002	2001
Current Ratio (current assets/current liabilities)	1.68	1.93	2.35	2.26	1.96
Total Liabilities/Total Assets	0.51	0.42	0.32	0.46	0.50
Current Assets/Total Assets	0.43	0.46	0.41	0.60	0.59
Current Liabilities/ Total Liabilities	0.50	0.56	0.56	0.58	0.60
Long Term Liabilities/Total liabilities	0.50	0.44	0.44	0.42	0.40
Total Long Term Debt/Shareholders' Funds	0.51	0.32	0.21	0.41	0.39
Gross Profit Margin % (Gross Profit/Turnover)	43.66%	39.80%	46.60%	39.22%	38.68%
Net Profit Margin % (Profit Before Tax/Turnover)	9.00%	10.39%	15.93%	11.87%	8.86%
* Number of Shares	114,666,450	114,669,450	114,669,450	114,669,450	114,669,450
Market Share Price	1,350	800.00	671	N/a	N/a
Earnings per Share	145.49	126.71	135.68	78.42	43.49
Dividends per Share	60.61	60.35	54.38	74.13	-
Dividend Payout Ratio % (DPS/EPS)	41.66%	47.63%	40.08%	94.53%	0.00%
Dividend Yield % (DPS/Share Price)	4.49%	7.54%	8.10%	N/a	N/a
Price Earnings Ratio (Share Price/EPS)	9.28	6.31	4.95	N/a	N/a
Cash Flow from Operations per Share	203.83	104.10	59.01	76.90	43.83
Net Profit (before tax) plus Depreciation per Share	225.62	196.86	201.72	102.58	67.14
> Net Asset Value per Share	700.10	615.22	548.85	147.93	173.81

* At an Extraordinary General Meeting of the Company on 23 May 2002 the Company's authorised and issued share capital was split from 10,000,000 ordinary shares of K1 each into 114,669,450 ordinary shares of 8.72 ngwee. The shares in issue for 2000, 2001, 2002 have been adjusted for comparison purposes.

> During 2003 fixed assets were revalued.



Dairy Cow at Zambeef's Kalundu Dairy in Chisamba