

# Our 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, dairy products and bread throughout Zambia.

The company is also one of the largest cropping operations in Africa with 2 700 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.

# Our Products



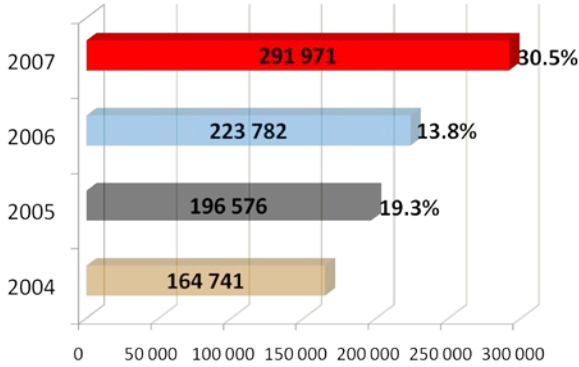
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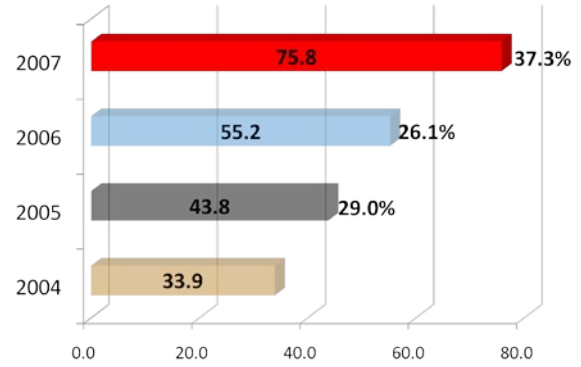


# Highlights

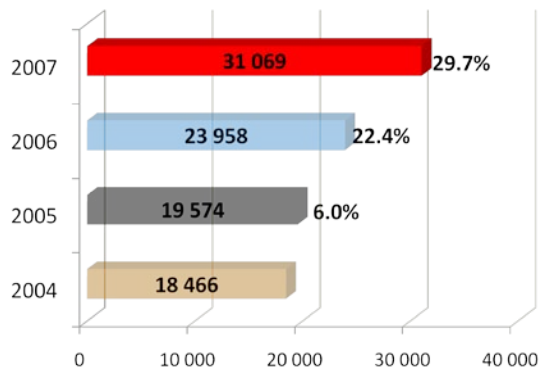
Turnover K Millions



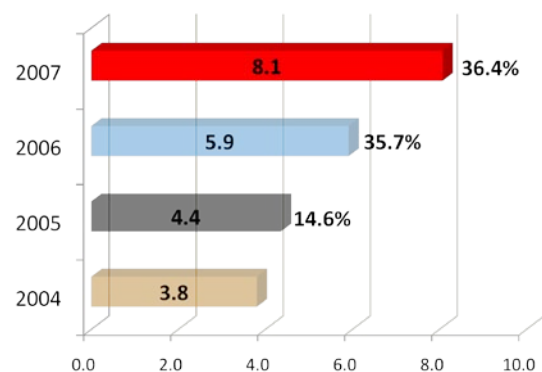
Turnover US\$ Millions



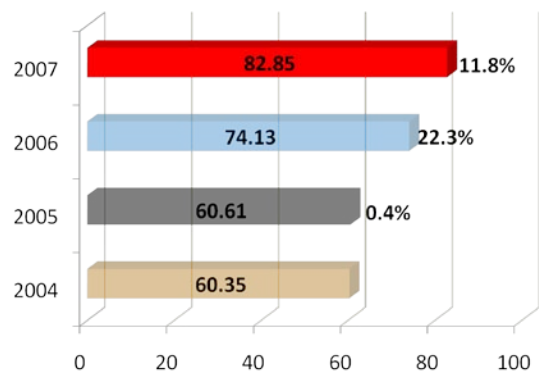
Profit before interest and tax K Millions



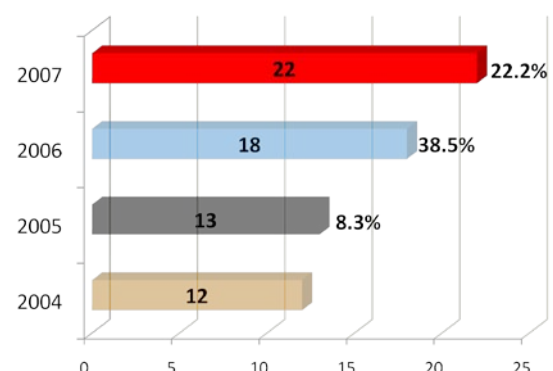
Profit before interest and tax US\$ Millions



Dividend per share Kwacha



Dividend per share US cent



# ZAMBEEF, flying higher!

## Highlights (continued)

### Financial highlights

- Zambef has continued to show strong growth in all divisions
- Turnover of K292bn for the group has increased in Kwacha terms by 30% and in US Dollars by 37%
- Profit before interest and tax has increased in Kwacha terms by 29% and in US Dollars by 36.4%
- The financial results have been helped by the expansion of the cropping operations during the year. The cropping division has increased from 13% to 20% of the group's operating profits
- Zambef is now enjoying the rewards of the massive investment in primary agricultural production which it has made over the last six years, making Zambef the largest row cropping operation in Africa









Dear Shareholder

I am pleased to report that the financial year ended September 2007 has once again been another excellent year for the Zambeef group.

Turnover increased by over 30% to K292bn and profit before tax increased by over 31% to K28.2bn. The interim and final dividend pay out of K9.5bn for 2007 is 11.8% higher than last years dividend pay out of K8.5bn.

All divisions showed good growth, with notable performances being recorded in the beef & cropping divisions.

One of our key strengths and reasons for our continued success lies in our diversification strategy and our significant reinvestment policy, which has reduced earnings volatility and improved the quality of earnings. We continue to expand our business in areas where we believe we have a competitive advantage.

During the financial year under review, we invested in excess of K33bn in developing, expanding and diversifying the business, the most notable capital expenditure projects being the wheat mill, bakery and three abattoirs.

We are also in the process of concluding a number of significant acquisitions, including the acquisition of the Amanita Premier Oils Ltd business, the acquisition of the assets of Amanita Milling Ltd and the acquisition of four farms in the Zambezi Valley.

The acquisition of the Amanita Premier Oils Ltd business has strong synergies with Zambeef, as it will compliment our current product line of basic food products sold in our extensive retailing network by adding cooking oil to this product range. Furthermore, the soya cake, sunflower cake and cotton cake, which is the main by product from the production of edible oils, is the protein source for Zambeef's stock feed. The opportunity exists in the future to further expand our stockfeed operations, of which there is a huge demand both within Zambia and the region.

The Zambezi Valley farms total approximately 8 357 hectares, of which only 960 hectares have been developed. We propose to invest significant amounts of capital to raise the developed/irrigated hectareage by an additional 1 500 hectares. This will mean that Zambeef will consolidate its position as the largest irrigated row cropping operation in Africa, with over 5 000 hectares under irrigation and an additional 1 500 dry land crops.

With the continued growth of the Zambian economy, Zambeef is well placed to benefit significantly from this growth and we can look forward to more success in future years.

As Chairman of the company, I would like to express my gratitude for the support I have received from my colleagues on the Board as well as members of Zambeef's senior management.

On behalf of the Board, I would like to pay tribute to all our employees for their loyalty, enthusiasm and team spirit, which has ensured another very successful year for Zambeef.

A handwritten signature in black ink, appearing to read 'Jacob Mwanza'. The signature is fluid and cursive.

Dr. Jacob Mwanza  
Chairman



# ZAMBEEF PRODUCTS PLC

## OPERATING DIVISIONS

### OPERATING DIVISIONS WITHIN ZAMBEEF PRODUCTS PLC

- Beef
- Chicken
- Egg
- Milk
- Feed Plant
- Cropping

## SUBSIDIARIES

### Master Meats (Ghana) Ltd

- Franchise on Shoprite Checkers Butcheries
- Commenced operations 1st November 2007

90%

### Master Meats & Agro Production Co. of Nigeria Ltd

- Franchise on Shoprite Checkers Butcheries
- Commenced operations 15th December 2005

90%

### Zamleather Ltd

- Tannery
- Finished Leather Division
- Shoe Division

100%

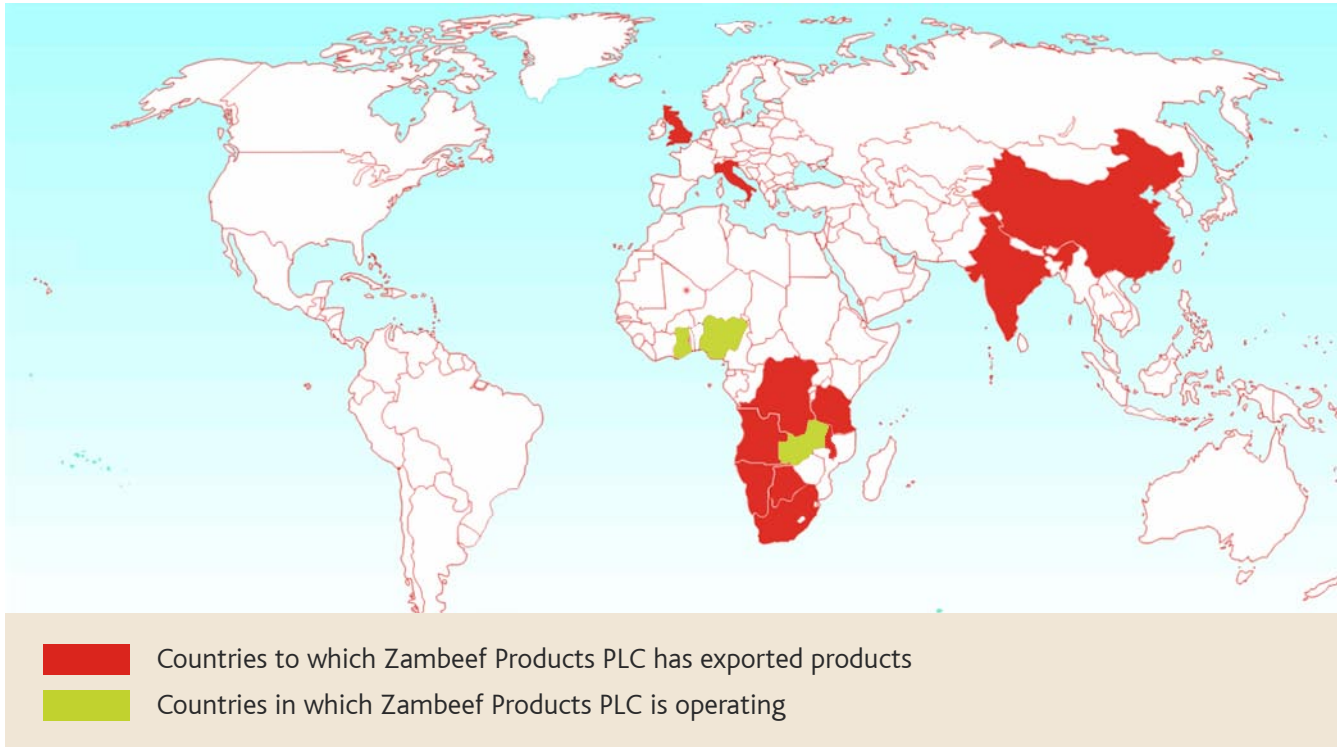
### Zambeef Retailing Ltd

- 8 Abattoirs
- 90 Butcheries
- 3 Processing Plants
- 7 Zamchick Inns
- Mill & Bakery

100%



## GLOBAL EXPORT AND OPERATION



- Angola
- Botswana
- Democratic Republic of Congo
- Malawi
- Ghana
- Nigeria
- Namibia
- Tanzania
- South Africa
- China
- Hong Kong
- India
- Italy
- United Kingdom
- Vietnam

# Geographical Representation (continued)

## OVERVIEW OF ZAMBEEF'S RETAIL OPERATIONS:

### ZAMBIA

#### ABATTOIRS

SINAZONGWE  
MAZABUKA  
LIVINGSTONE  
CHISAMBA  
NAMWALA  
CHIPATA  
MONGU  
SENANGA

#### BUTCHERIES

CHAMBESHI  
CHILABOMBWE  
CHILANGA  
CHIPATA  
• Chipata City Market  
• Chipata City  
• Chipata City Town Centre

CHIRUNDU  
CHISAMBA  
CHOMA  
CHINGOLA  
• Chingola Industrial  
• Chingola Town Centre  
• Chiwempala  
• Nchanga

GWEMBE  
• Sinazeze  
• Sinazongwe

KABWE  
• Kabwe Old  
• Kabwe New  
• Kabwe Town Centre

KALULUSHI  
KAPIRI MPOSHI  
KASAMA  
• Kasama  
• Kasama Town Centre

KITWE  
• Buchi  
• Chamboli  
• Chimwemwe  
• Chisokone  
• Chisokone Market  
• Euclid  
• Independence  
• Kapoto  
• K.M.B  
• Market 1  
• Ndeke  
• Triple - S  
• Luangwa  
• New Age

LIVINGSTONE  
• Livingstone 1  
• Livingstone 2

LUANSHYA  
• Luanshya Market  
• Luanshya Town Centre

LUSAKA  
• Arcades  
• Cairo Road Town Centre  
• Cairo Road Town Centre  
• Cha Cha Cha Road  
• Chaisa  
• Chandwe Musonda  
• Chawame  
• Chelston  
• Chilenje  
• Chilenje 2  
• Chipata Compound  
• City mkt.  
• Fracas  
• Freedom  
• Garden  
• Kabulonga  
• Kabwata  
• Kabwata Estates  
• Kamala

• Kanyama  
• Kaunda Square  
• Lilanda  
• Manda Hill  
• Mandevu  
• Matero 1  
• Matero 2  
• Matendere  
• Natwange  
• New Chawama  
• New Kamwala  
• Nkwazi  
• Soweto

MANSA  
MAZABUKA  
MONGU  
• Mongu 1  
• Mongu 2

MONZE  
MUFULIRA  
• Mufulira  
• Mufulira Town Centre  
• Kamuchanga

MUMBWA  
NDOLA  
• Chifubu  
• Masala  
• President 1  
• President 2  
• Triple - S  
• Lubuto West

PETAUKE  
SOLWEZI  
• Solwezi 1  
• Solwezi 2

#### ZAMCHICK INNS

LUSAKA  
• Arcades

• New Kamwala mkt.  
• Town centre mkt.  
• Cairo Road  
• Down town

#### PROCESSING PLANTS

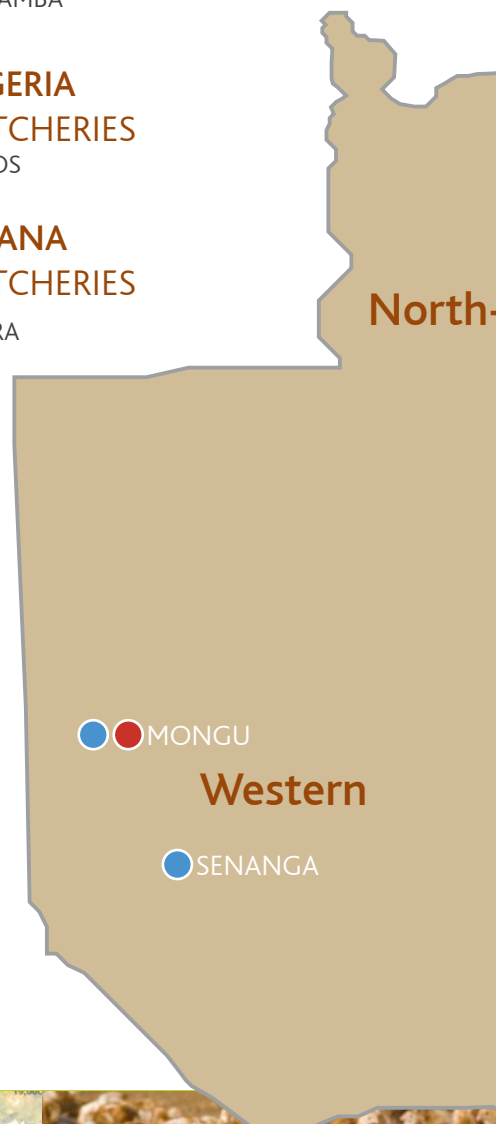
LUSAKA  
KITWE  
CHISAMBA

#### NIGERIA BUTCHERIES

LAGOS




#### GHANA BUTCHERIES

ACCRA



# Geographical Representation (continued)



OUR PRODUCT	DESCRIPTION	
Beef & Feedlot		<ul style="list-style-type: none"> <li>• Largest meat company in Zambia slaughtering 60 000 cattle per annum</li> <li>• Largest feedlotter of quality beef in Zambia feedlotting 12 000 grain-fed cattle per annum</li> <li>• 8 abattoirs strategically located around Zambia</li> </ul>
Milk & Milk Processing		<ul style="list-style-type: none"> <li>• State of the art dairy milking 850 cows per day producing an average of 20 thousand litres of milk per day</li> <li>• Milk pasteurised and homogenised in modern milk processing plant</li> <li>• Further value added in producing drinking yoghurt, eating yoghurt, cheese, butter and cream</li> <li>• Cultured dairy product line commissioned during 2007; capacity to process 16 000 litres of value added products per day</li> </ul>
Chicken & Egg		<ul style="list-style-type: none"> <li>• Largest chicken producer processing 3.5 million chickens per annum</li> <li>• Major egg producer currently producing 20 million eggs per annum</li> <li>• Zambia's only national egg supplier</li> </ul>
Farming		<ul style="list-style-type: none"> <li>• One of the largest cropping operations in Africa</li> <li>• Producing maize, soya, wheat and lucerne</li> <li>• 2 700 hectares under irrigation</li> <li>• 1 500 hectares of dry land crops</li> <li>• Harvested 40 000 tons of grain during 2007</li> <li>• Silo storage capacity of 25 000 tons</li> </ul>
Mill & Bakery		<ul style="list-style-type: none"> <li>• State of the art wheat mill due to be commissioned in November 2007</li> <li>• Capacity to mill 3 000 tons of wheat per month</li> <li>• State of the art bakery commissioned during May 2007</li> <li>• Capacity to bake 30 000 loaves per day</li> </ul>





# Fact Sheet (continued)

OUR PRODUCT	DESCRIPTION	
Leather & Shoes	 	<ul style="list-style-type: none"> <li>• Currently processes 80 000 hides per annum through tannery</li> <li>• Exports to South Africa, Europe, and the Far East, valued at US\$1.4 million per annum</li> <li>• Tannery capacity recently increased from 70 000 to 120 000 hides per annum</li> <li>• Major producer of industrial footwear for the local and regional markets</li> </ul>
Stock Feed		<ul style="list-style-type: none"> <li>• Produces 120 tons of stock feed per day in own stock feed plant</li> <li>• Self sufficient in stock feed requirements</li> <li>• Due to commission new stock feed plant to increase capacity during 2008</li> </ul>
Transport & Distribution		<ul style="list-style-type: none"> <li>• One of the largest trucking and transport fleets in Zambia in excess of 200 units</li> <li>• Own modern workshop to service and maintain fleet</li> </ul>
Butchery Outlets		<ul style="list-style-type: none"> <li>• Sells high quality beef, chicken, milk, eggs, processed meat and bread in 92 outlets throughout Zambia and West Africa</li> <li>• In store butcheries in Shoprite supermarkets in Zambia, Nigeria and Ghana</li> </ul>
Fast Food Outlets		<ul style="list-style-type: none"> <li>• Fast growing popular fast food chain selling fried chicken and chips</li> <li>• 7 Zamchick Inns with more planned for next year</li> </ul>







## Overview

We are pleased to report the completion of another very successful year for the Zambef Products PLC Group of Companies with all divisions within the group showing strong growth and the continued expansion of the West African operations.

During 2006 the Zambian economy grew by 6% in real terms and is expected to grow by 7% in 2007. The large continued growth in real incomes for a third consecutive year has had a positive effect on the demand for the basic food products produced by Zambef namely beef, chicken, milk, eggs and bread. As the main basic food provider in Zambia, the challenge remains to continue to expand all divisions within the group in order to keep up with the natural increase in demand. This challenge will provide strong real growth for all Zambef divisions for the foreseeable future.

Zambef has continued to grow its international operations with the US\$ turnover of its Nigerian operations doubling in the last year and the very successful opening of its first outlet in Accra, Ghana on 1<sup>st</sup> November 2007. With the enormous spending power which exists in West Africa, Zambef looks forward to strong growth in this part of Africa for the foreseeable future.

The Zambef Board of Directors has, after the year end, approved the acquisition of the assets of the largest edible oil producer in Zambia, called Amanita Premium Oils Ltd, together with a large irrigation farming operation on the Zambezi River. These strategic acquisitions are dealt with in more detail further in this report. However these acquisitions are part of Zambef's strategic vision of being the leading food provider in the region.

## Financial Review

Zambef has continued to show strong growth in all divisions. Turnover for the group has increased in Kwacha term by 30% and in US Dollars by 37%. Profit before tax has increased by 31% in Kwachas and 38% in US Dollars while profit after tax has increased by 20% in Kwacha terms and 26% in US Dollars.

Zambef is now enjoying the rewards of the significant investment in primary



agricultural production which it has made over the last six years making Zambef the largest row cropping operation in Africa. The cropping division has increased from 13% to 20% of the group's operating profits.

As a result of these excellent results the Zambef Board of Directors has proposed the increase of the year end dividend from K7bn in 2006 to K8bn in 2007. This together with the interim dividend of K1.5bn will result in a total dividend payout of K9.5bn for the year ended 30<sup>th</sup> September 2007. This is 12% higher than the previous years dividend payout of K8.5bn.

## Operational Review

The Zambef Group has continued to reinvest in all its divisions in order to continue to grow and expand its operations. The two major new capital projects completed during 2007 were the bakery which started production of bread under the brand name Zamloaf in May 2007 and the wheat mill which will start producing flour in November 2007 under the brand name Zamflour. Both of these have been large projects

which will contribute to Zambef's growth for many years. This is part of Zambef's policy of adding maximum value to all its primary production by further processing before branding these products and retailing them direct to the end consumer through Zambef's 92 retailing outlets throughout Zambia and West Africa.

The performance of each division is dealt with in more detail below:

### BEEF DIVISION (ZAMBEEF)

The beef division remains Zambef's largest division accounting for 38% of the Group's operating profit.

## Joint Managing Directors' Report (continued)

During the year Zambeef opened three new beef abattoirs in strategic locations throughout Zambia, namely Livingstone, Sinazongwe and Mazabuka. This has helped to ensure the continued growth of this division with operating profits up by 16% in Kwacha terms and 22% in US Dollar terms.

Margins in this division have reduced during the year from 37% to 33% as a result of cattle prices having reached record levels during the year and delays in passing these price increases onto the consumer. In addition, stock feed prices have increased during the year. Despite this, demand remains strong with turnover up 30% in Kwacha terms and 37% in US Dollar terms. With per capita income continuing to increase, this division is expected to continue to grow.

### CHICKEN DIVISION (ZAMCHICK)

The chicken division is Zambeef's second largest division in terms of turnover and the fourth largest in terms of operating profits, contributing 14% of the Groups operating profits. The chicken division has shown large growth in both volumes and operating profits. Turnover increased by 22% in Kwachas and 28% in US Dollars while operating profits increased by 29% in Kwachas and 36% in US Dollars.

The increase in real incomes appears to have resulted in strong growth in the demand for chicken. The effect of the negative publicity regarding the risk of Avian Flu has abated and the consumer has once again embraced chicken as a cheap protein source.

Avian Flu (HSN1-virus) has to date never crossed the equator. However Zambeef has implemented strict bio-security controls to ensure the risk of disease, including Avian Flu, is minimized.



With demand for chicken continuing to grow, Zambeef will continue to expand its chicken operations and looks forward to continued strong growth in its chicken division.

### DAIRY DIVISION (ZAMMILK)

The dairy division remains Zambeef's highest gross profit margin division, operating on a gross profit percentage of 74%. This division is the third largest contributor to the Groups operating profits accounting for 17% of total operating profits. Unfortunately, volumes did not increase from our dairy herd as we had hoped this year. This was largely due to the very heavy rains during the last rainy season, which put the cows under stress resulting in a reduction in the milk yield per cow as well as an increase in cases of mastitis. As a result of these setbacks the division had modest growth with operating profits up 2% in Kwachas and 7% in US Dollars.

In order to mitigate the effects of any future heavy rains, all roads at our Kalundu Dairy, which are used by the dairy cows, have been tarred. This





investment of around US\$300 000 will ensure that our dairy herd continues to increase and that the negative impact of heavy rains on milk production is reduced.

Zambeef has continued to invest in expanding and upgrading its milk plant. In August 2007 new equipment at a cost of around US\$500 000 was commissioned, which has significantly increased the Group's drinking and eating yoghurt production capacity. This has also allowed Zambeef to launch its new milk based juice line under the brand name Zamjuice. This has positioned this division for growth in the next year.

## EGG DIVISION (ZAMCHICK EGG)

Zambeef remains Zambia's only national egg supplier producing 20 million eggs per annum and marketing these through its own retailing



network countrywide. The division has shown modest growth during the year with turnover up by 10% in Kwachas and 16% in US Dollars while operating profits were up by 7% in Kwachas and 13% in US Dollars. Modest growth is expected from this division in the next year.

## CROPPING DIVISION (ZAMBEEF FARMING)

The cropping division remains one of Zambeef's most exciting and fastest growing divisions. Zambeef is now one of the largest row cropping operations in Africa producing around 40 000 tons of crops per annum. Zambia is blessed with around 40% of Sub Saharan Africa's water. With fertile soils and an excellent climate Zambia is well placed to be the bread basket of Africa. Zambeef has continued to invest heavily in expanding its cropping operations and now has 2700 hectares under irrigation and a further 1 500 hectares of dry land crops. This division now accounts for 20% of the group's operating profits, making this the second largest division in the Zambeef group.

During the year, turnover increased by 100% in Kwachas and 110% in US Dollars while operating profits increased by 101% in Kwachas and 111% in US Dollars. This division remains a high priority area for further investment due to Zambia's huge advantage in the region from its abundant water resources.

The Zambeef Board is pleased to confirm that in October 2007 it has concluded the acquisition of a new farm



in the Zambezi Valley which currently has 960 hectares under irrigation but with the land and water to develop a further 1 500 hectares of irrigation. This will almost double Zambeef's cropping operations over the next two years and make Zambeef by far the largest row cropping operation on the African continent. This will ensure very strong growth from this division for the next few years.

## MILLING DIVISION (ZAMFLOUR)

Zambeef commenced milling its own wheat on 1<sup>st</sup> November 2006, through a toll milling agreement with Amanita Milling Ltd, using the brand name Zamflour. Zambeef expects to commission its own new wheat mill during November 2007. This is a modern automated 3 000 tons per month mill and will be one of the most efficient mills in the region. During the last financial year the milling operations had a turnover of K10.6bn (US\$2.8m) and an operating profit

of K438m. This has been an excellent performance for the first year of wheat milling particularly with the difficulties of milling in a third party mill.

The total capital expenditure on the mill project is around US\$1.9m. With the regional shortage of flour and world wheat prices souring the Zambeef mill can look forward to strong demand both from within Zambia and the region. As a result Zambeef can look forward to good growth in this division with its new mill operational.



## BAKERY DIVISION (ZAMLOAF)

Zambeef commenced baking bread, under the brand name Zamloaf, in May 2007. The bakery is a modern 30 000 loaves per day travel oven bakery which is situated on Zambeef's Huntley Farm next to the new mill referred to above. Both the mill and the bakery are part of Zambeef's strategy of adding maximum value to all its primary production. Zambeef

can now sell its wheat as flour or bread. The bread sales are going well and are up to around 20,000 loaves per day. Zambeef is in the unique position where it grows wheat, mills the wheat and finally bakes the bread all on one farm.

This exciting project has started well and in its first 5 months of operations had a turnover of K3.0bn (US\$0.8m) and an operating profit of K758m (US\$0.2m). The capital expenditure to set the bakery up was US\$1.6m. This division should show strong growth for the foreseeable future and we are confident of developing Zambia's first national bread brand.

## TANNERY (ZAMLEATHER)

Zambeef's leather operation has been one of the top performing divisions in the last year with turnover up by 38% in Kwachas and 45% in US Dollars while operating profit increased by 48% in Kwachas and 55% in US Dollars. These outstanding results are largely due to Zamleather being approved at the start of the year, to supply leather to two of the world's major motor vehicle upholstery leather manufacturers. Zamleather is the only tannery in Africa, outside of South Africa, to be approved by either of these companies. Motor vehicle upholstery leather is one of the highest





value leathers and hence it has been an exciting development breaking into this market.

The tannery has been further helped by worldwide leather prices increasing during the year and Zamleather increasing its finished leather sales both within Zambia and in the region. Finished leather sales into Tanzania have continued to grow during the year. With margins having improved, Zambeef has invested in expanding its capacity at the tannery from processing 70 000 hides per annum to 120 000 hides. Instead of only processing Zambeef's own hides, the tannery is now actively buying hides in the open market and hopes to continue to expand and grow this division.

## SHOE PLANT (ZAMSHU)



This division has had an outstanding year with sales up 75% in Kwachas

and 84% in US Dollars while operating profits increased by 89% in Kwachas and 99% in US Dollars. The largest product line is industrial footwear with good orders both from within Zambia and in the region. Exports to both Congo and Malawi have continued to grow. In addition the plant has now expanded into school shoes and fashion shoes.

Zamshu is another example of Zambeef's strategy of adding maximum value to its raw materials through further processing and branding. This division is expected to continue to grow strongly as the Zamshu brand name grows within Zambia and the region.

## FISH

Zambeef has increased its fish sales through its retailing network by 60% in Kwachas and 68% in US Dollars during the year. Fish remains one of the cheapest forms of protein and Zambeef is considering the viability of fish farming.

## Retailing Network

Zambeef has continued to expand and upgrade its retailing network throughout Zambia and now has 94 retail outlets strategically located

throughout Zambia. This is the largest distribution and retailing network in Zambia and provides the market for Zambeef to retail its products direct to the end consumer. With real incomes increasing resulting in strong growth in the retailing sector, Zambeef expects its retail network to drive strong growth in all its divisions.



## MASTER MEATS - NIGERIA

Zambeef's Nigerian subsidiary has had another very successful year with operating profits up 39% in Kwachas and 46% in Dollars. Nigeria is the second largest economy in Africa and as a result Zambeef is very proud to have been invited by the South African supermarket giant, Shoprite Checkers, to partner them in West Africa and take the franchise on their butcheries.

Zambeef's operations in Nigeria are run through a 90% subsidiary called



## Joint Managing Directors' Report (continued)

Master Meats and Agro Production Company of Nigeria Ltd. This company is currently in the process of setting up a meat processing plant in Lagos in order to produce high value processed products. This processing plant will focus on supplying the Shoprite Stores quality processed products. The next store in Nigeria is scheduled to open in Kalabah in February 2008. Shoprite has a further ambitious rollout plan in Nigeria. As a result Zambeef can look forward to continued strong growth in Nigeria for a long time to come.

### Future Developments

#### AMANITA PREMIUM OILS LTD

After the year end, the Zambeef Board of Directors approved, subject to shareholder ratification, the acquisition of the fixed assets and certain current assets and liabilities of the largest edible oil producer in Zambia, namely Amanita Premium Oils Ltd. The rationale behind this acquisition is that

edible oils compliments Zambeef's range of basic food products retailed through its retailing network. Of equal importance is that the by product from the edible oils crushing plant is the main form of protein in the livestock sector and hence is an important component of Zambeef's strategic vision of being the leading food provider in the region.

The edible oils operation will be branded Zamanita and will provide enormous growth for the Zambeef Group. Zambeef will be investing in upgrading the oil crushing plant and refinery in order to increase volumes and improve efficiencies in this plant. Currently, a large part of Zambia's oil seeds are exported to South Africa for processing. With edible oil prices, like other oils, having increased dramatically in the last year, the ability to crush all the oil seeds produced in Zambia in the country is extremely exciting and the knock on effect to the livestock sector through the availability of additional protein is

equally exciting.

#### CHIAWA ESTATES

The Zambeef Board of Directors has approved, after the year end, the acquisition of a large farming block of 8 357 hectares bordering on two of Zambia's largest rivers, namely the Zambezi River and the Kafue River. Currently, 960 hectares of this land is developed under irrigation. Zambeef is budgeting to develop another 1 500 hectare under irrigation over the next two years. The real attraction of this farming block is the abundant availability of water which ties in with Zambeef's strategy of expanding its cropping operations only under irrigation. Zambeef is already the single largest row cropping operation in Africa and this expansion will allow Zambeef to almost double its cropping operation in the next two years.

Zambeef believes its competitive advantage in the region is the efficient production of crops due to Zambia's





excellent cropping climate, fertile soils and most importantly the abundance of water. It is clear that water is becoming a scarce resource throughout the world. Zambeef's world class irrigated cropping operations will give it a strategic advantage in the region in its production of all basic food products, particularly with the large increase in maize, soya and wheat prices in the last year. This acquisition will thus further strengthen Zambeef's position as the leading food provider in the region.

## MASTER MEATS - GHANA

On 1<sup>st</sup> November 2007, Zambeef started trading in Ghana through its 90% subsidiary called Master Meats of Ghana Ltd. As in Nigeria, Zambeef has the franchise on the Shoprite Checkers butcheries in Ghana. Shoprite has a rollout plan for further stores in Ghana and hence this subsidiary can look forward to strong growth.

## Staff and Board of Directors

Any company can only be as good as the people it comprises of. Zambeef works hard to attract, retain and develop staff who are the best in their field and passionate about their jobs. As Joint Managing Directors we would like to thank all our employees throughout Zambia and in West Africa for the hard work and contribution to the continued success of the Zambeef Group of Companies.

Zambeef is fortunate in the high calibre of its directors and we would like to thank all our board colleagues for their wise counsel and strategic advice during the year. In particular we would like to thank our Board Chairman, Dr Jacob Mwanza for his wise guidance in expanding and growing our business.

## Conclusion

Zambeef can look back proudly on another very successful year in which the Group has continued with its strong growth record. The Group has an exciting and well planned expansion program for the next year which will see a further diversification of the business without losing the strategic vision of being the regions leading food provider. This, coupled with Zambia's strong expected growth for the next few years, allows Zambeef to look to the future with a great deal of excitement and confidence.



# Environmental, Health & Safety and Social Responsibility Report

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 we operate. The policy provides the foundation for the following corporate policy objectives:

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





Zambeef subscribes to the United Nations Millennium Development Goals which aim to:

- Eradicate extreme poverty & hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, Malaria, TB and other diseases
- Ensure environmental sustainability





Mrs Christabel Malijani  
Environmental, Health & Safety  
and Social Responsibility Consultant

Zambeef is making every effort to assist and/or support worthy activities and organizations at poverty alleviation through both cash donations as well as providing free meat and dairy products on a regular basis. This year, Zambeef has again donated millions of Kwachas worth of its products to many charitable organizations.

## In Western Province, Zambeef:

- Built a community school in Mulambwa compound in Mongu called Liyoyelo Community School
- Put up a water tank at Lewanika Hospital
- Rehabilitated the mother's shelter at Lewanika Hospital

## At Huntley Farm Chisamba, Zambeef:

- Built a three classroom block at Mwyasunka basic school (up to grade 9) for 120 pupils
- Electrified the school compound
- Provided all furniture for the school
- Provided clean running water
- Is currently building a block to house three teachers
- Is currently upgrading the school facilities to cater for grade 10 to grade 12 pupils



Zambeef clinic, Sinazongwe



Under fives clinic, Sinazongwe

## At Sinazongwe in the Southern Province, Zambeef:

- Constructed an eight-roomed clinic comprising one admission ward each for men and women, an examination room, a treatment room, a doctor's office and ablution facilities
- Built three semi-detached houses for clinic staff
- Sunk a bore hole with pump & tank for the clinic & staff houses to have clean running water
- Electrified both the clinic and staff houses



## At Kalundu Dairy Farm Chisamba, Zambeef:

- Constructed classrooms for 70 pupils
- Is paying two teachers salaries
- Is paying health workers who undertake a monthly under fives clinic
- Funded all educational & healthcare materials
- Plans to construct purpose built classroom blocks and a small clinic in 2007/8

## Alive & Kicking

Zambeef has also teamed-up with a UK based charity called Alive & Kicking, which aims to use the power of football to deliver health education, in particular, to raise HIV/AIDS awareness and malaria prevention. The charity already operates in Kenya and South Africa.

Zambeef has agreed to 'partner' this worthy cause and has so far committed to:

- Buying footballs to be distributed to schools and orphanages in poor, largely rural areas
- Provide finished leather from our tannery at reduced prices
- Provide space at our tannery/shoe plant free of charge
- Use of our shoe plant equipment free of charge



Making the footballs, Zamleather



## 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. Zambeef's Code of Corporate Governance complies with 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 of Corporate Governance relate to Board and Directors, Board Committees, Legal and Compliance, Internal Audit, Risk, Environmental, Health and Safety and Social Responsibility Policies, Disclosure and 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 twelve directors, of whom eight are non-executive directors and four are 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 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 and site visits.

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.

## Board Committees

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

### EXECUTIVE COMMITTEE

The Executive Committee is chaired by the Board Chairman, Dr Jacob Mwanza, and its membership consists of the two Joint Managing Directors and three non-executive directors.

The committee is responsible for advising the Joint Managing Directors 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 is chaired by Mr. Lawrence Sikutwa, non-executive director, and its membership consists of three non-executive directors and an independent secretary. The Executive

Director, the Finance Director and the Chief Internal Auditor attend, report and participate at all meetings of the committee, which ensures cohesion with senior management.

The committee operates within defined terms of reference and authority granted to it by the Board.

The Audit Committee has met four times during the financial year to advise the Board on a range of matters, including corporate governance issues, 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 the financial reporting and the audit process, and that a sound risk management and internal control system is maintained. The 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 to 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 Audit Committee is not aware

of any significant 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.

### REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Mr. David Phiri, non-executive director, and its membership consists of three non-executive directors. The two Joint Managing Directors and the Executive Director attend, report and participate at all meetings of the committee but they do not take part in any decisions regarding their own remuneration.

The main responsibility of the committee is to review and approve the remuneration and employment terms and conditions of the executive directors and senior group employees.

The committee has a clearly defined mandate from the Board aimed at ensuring that the group'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 determining the remuneration of the executive directors and senior group employees, the Remuneration Committee has aimed to provide the appropriate packages required to attract, retain and motivate the executive directors and senior group employees.



# Corporate Governance Report (continued)

The committee has considered and submitted recommendations to the Board concerning the fees to be paid to each non-executive director. Any changes to the fees are approved by the Board and the shareholders in a general meeting.

## 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. The Chief Internal Auditor has established the process 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:

### 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.

### INFORMATION AND REPORTING SYSTEMS

The group operates a comprehensive annual planning and budgeting system with an annual budget approved by the Board. Reports include profit forecasts and cash flow statements, which are used in determining that



## Corporate Governance Report (continued)

the group is in line with its projected trading/financial forecasts and that it has adequate funding for its current and 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 significant 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.



## Board of Directors - Biography



**Dr. Jacob Mwanza**

*Board Chairman and member of the Remuneration Committee (Age: 70)*

Nationality: **Zambian**

Qualifications: **MA Economics (W. Germany)**

Experience: **Over 30 years Business Management experience, both in the public and private sectors. Previously Governor of the Central Bank; currently Chancellor of the University of Zambia. Has served and is currently on several Boards, including Stanbic Bank, Citi Bank, Intercontinental Hotel.**



**Rodney Clyde-Anderson**

*Non-executive Director and member of the Remuneration Committee (Age 67)*

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, Wellspring Ltd and Mazabuka Marketing Company Ltd.**



**Lawrence Sikutwa**

*Non-executive Director and Chairman of the Audit Committee (Age 51)*

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 Group Chairman of LSA Ltd Group of Companies.**



**Hilary Duckworth**

*Non-executive Director (Age 52)*

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 Bric Brac Ltd.**



**David Phiri**

*Non-executive Director and Chairman of the Remuneration Committee (Age 70)*

Nationality: **Zambian**

Qualifications: **Rhodes Scholar**

Experience: **Over 30 years Business Management experience, both in the public and private sectors. Previously Governor of the Central Bank and Ambassador to Sweden. Has served and 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**



## Board of Directors - Biography (continued)



**John Rabb**

*Non-executive Director (Age: 63)*

Nationality: South African

Qualifications: BSc (Agriculture); MBA (RSA)

Experience: Over 30 years Business Management experience. Currently Managing Director of Wooltru Group South Africa. Has served and is currently on several Boards, including Spur Holdings (listed on JSE) and Wellspring Ltd.



**Mark Doron Shnaps (alternate to John Rabb)**

*Non-executive Director (Age 36)*

Nationality: South African

Qualifications: Bachelor of Business Science (UCT with honours in Finance) CA (RSA)

Experience: Over 5 years experience in finance and accounting. Currently Director of Cape Underwear Manufacturers, a division of Seardel Group Trading (Pty) Ltd, Financial Director of Creative Fashions, a division of Seardel Group Trading (Pty) Ltd.



**Irene Muyenga**

*Non-executive Director and member of the Audit Committee (Age 46)*

Nationality: Zambian

Qualifications: BA (ed); DIS; LIII

Experience: Over 20 years Business Management experience. Currently Managing Director of Zambia State Insurance Corporation. Has served and is currently on several Boards, including African Insurance Organisation, Insurance Advisory Council, Organisation for Eastern & Southern African Insurers, Zambia Insurance Business College, PTA Re-Insurance Company.



**Adam Fleming**

*Non-executive Director (Age 59)*

Nationality: British

Experience: Over 30 years Business Management and Banking experience. Previously Chairman of Harmony Gold (listed on JSE and one of the largest gold mining companies in the world); currently Chairman of Witwatersrand Consolidated Gold Resources Ltd. Has served and is currently on several Boards.



**Brian Dowden (alternate to Adam Fleming)**

*Non-executive Director (Age 58)*

Nationality: South African

Qualifications: Chartered Accountant (RSA)

Experience: Over 30 years experience as a practicing accountant.



## Board of Directors - Biography (continued)



**Carl Irwin**

*Executive Director (Joint Managing Director) (Age: 42)*

Nationality: **Zambian**

Qualifications: **B. Com; ACA (UK)**

Experience: Over 17 years of 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 and Master Pork Ltd.



**Francis Grogan**

*Executive Director (Joint Managing Director) (Age 44)*

Nationality: **Irish**

Qualifications: **BSc Agriculture (Ireland)**

Experience: Over 22 years experience in agriculture and meat, including experience 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 and Master Pork Ltd.



**Yusuf Koya**

*Executive Director (Group General Manager) (Age 42)*

Nationality: **British**

Qualifications: **BSc in Geology & Economics; MSc in Economics; ACIB (UK)**

Experience: Over 17 years banking experience in corporate finance and 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**

*Executive Director (Group Finance Manager) (Age 41)*

Nationality: **American**

Qualifications: **BSc in Accounting; CPA (USA)**

Experience: Over 17 years accounting, finance & audit experience, including 3 years as an officer in the Enforcement Division of the US SEC and 4 years as Senior Auditor with Ernst & Young, USA.



**Danny Museteka**

*Company Secretary (Age 42)*

Nationality: **Zambian**

Qualifications: **MBA (UK); ACCA; PG. DIP BA; Diploma in Accountancy; AZICA**

Experience: Over 17 years accounting and finance experience with a number of public and private companies in Zambia.

# Directors Attendance Register

The number of Board meetings and Committee meetings attended by the Directors during the financial year.

Director	A	B	C
Jacob Mwanza	4		1
Rodney Clyde-Anderson	4		1
Lawrence Sikutwa	4	4	
Hillary Duckworth	2		
David Phiri	4	3	1
John Rabb	1		
Irene Muyenga	4	4	
Adam Flemming	4		
Carl Irwin	4		
Francis Grogan	3		
Yusuf Koya	4		
Nancy Hart	4		

A - Board Meetings

B - Audit Committee Meetings

C - Remuneration Committee Meetings





## Ratios & Statistics

Income statement information		2007	2006	2005	2004	2003
Revenue	K million	291 971	223 782	196 576	164 740	121 778
Gross profit	K million	128 456	100 432	85 821	65 564	56 751
Net profit	K million	23 500	19 634	16 683	14 529	15 559
Balance sheet information						
Total assets	K million	268 408	169 913	162 708	122 535	92 202
Shareholders funds	K million	154 754	91 429	80 280	70 546	62 937
Total liabilities	K million	113 574	78 422	82 428	51 988	29 266
Profitability & return ratios						
Gross profit margin	%	44.0	44.9	43.7	39.8	46.6
Net profit margin	%	8.0	8.8	8.5	8.8	12.8
Return on equity	%	15.2	21.5	20.8	20.6	24.7
Asset turnover	times	1.4	1.7	1.6	1.8	1.6
Liquidity ratios						
Current ratio	times	1.6	1.8	1.7	1.9	2.4
Interest cover (using net cash inflow from operations)	times	7.6	14.0	11.6	8.9	7.4
Capital structure ratios						
Long term debt / equity ratio	%	24.8	27.8	37.4	18.3	9.7
Total debt / equity ratio	%	42.3	46.7	65.9	39.0	17.7
Shareholders' ratios						
Earnings per share	K	204.94	171.22	145.49	126.71	135.68
Dividend per share	K	82.85	74.13	60.61	60.35	54.38
Dividend cover	times	2.5	2.3	2.4	2.1	2.5
Dividend payout ratio	%	40.4	44.3	41.7	47.6	40.1
Dividend yield	%	1.5	3.0	4.3	7.5	8.1
Price earnings ratio	ratio	26.8	14.6	9.6	6.3	4.9
Cash flow from operations per share	K	188.26	306.69	203.83	104.10	59.01
Net asset value per share	K	1 349.57	854.29	700.10	615.22	548.85
Lusaka stock exchange statistics						
Market value per share						
At year end	K	5 500	2 499	1 400	800	671
Highest	K	5 500	2 500	1 400	1 000	671
Lowest	K	2 499	1 300	800	671	671
Number of shares issued		114 669 450	114 669 450	114 669 450	114 669 450	114 669 450
Closing market capitalisation	K million	630 682	286 559	160 537	91 736	76 943

# Consolidated Financial Statements

30 September 2007

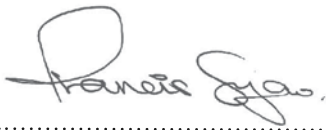
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# Approval of Annual Financial Statements & Annual Compliance Certificate

## Approval of Financial Statements

The Annual Financial Statements that appear on pages 42 to 63 were approved by the Board of Directors on the 21st November 2007 and signed on its behalf by:



Francis Grogan  
*Joint Managing Director*



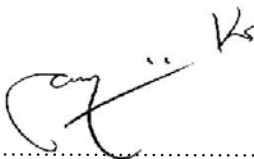
Yusuf Koya  
*Executive Director*

Lusaka: 21st November 2007

## Annual Compliance Certificate

Pursuant to the requirements of schedule 18 to the rules of the Lusaka Stock Exchange, I the undersigned Danny Shaba Museteka being the duly appointed and registered Secretary certify to the Lusaka Stock Exchange that Zambeef Products PLC has during the twelve months ended September 2007, 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 2007, the company has lodged with the Registrar of Companies all such returns as are required by a public company in terms of the Companies Act 1994 and that all such returns are true and correct.



Danny Shaba Museteka  
*Company Secretary*

This: 21st day of November 2007

# Report of the Directors

## Report of the Directors

The Directors have pleasure in presenting their report of the activities of the company and the group for the year ended 30 September 2007.

### 1 PRINCIPLE ACTIVITIES

The group's major activities comprise feedlotting, poultry, dairy, cropping, slaughtering, processing of meat products and retailing as well as running a tannery and shoe plant.

### 2 THE COMPANY

The company floated on the Lusaka Stock Exchange on 14 February 2003 when it became a public limited company. The company is incorporated and domiciled in Zambia.

#### Business Address

Plot 1164, Nkanchibaya Road  
Rhodes Park  
Lusaka  
Zambia

#### Postal Address

Private Bag 17  
Woodlands  
Lusaka  
Zambia

### 3 SHARE CAPITAL

Details of the company's authorised and issued share capital are included in note 14 to the financial statements.

### 4 RESULTS

The Group's results are as follows:

	2007 K Million	2006 K Million
Turnover	291 971	223 782
Profit before taxation	28 212	21 449
Taxation	(4 688)	(1 784)
Profit after taxation	23 524	19 665
Profit attributed to minority interest	(24)	(31)
Profit attributed to the shareholders of Zambeef Products Plc	23 500	19 634

### 5 DIVIDENDS

During the year an interim dividend of K1 500 million (2006 - K1 500 million) was paid to the shareholders. A final dividend of K8 000 million has been proposed by the company's Board of Directors. This compares to a final dividend of K7 000 million paid in the previous year. The directors propose to carry the remaining profit for the year of K14 000 million to reserves (2006 - 11 134 million).

# Report of the Directors (continued)

## 6 SEGMENTAL REPORTING

Contribution to the consolidated turnover and gross profit of the group are as follows:

Turnover	Turnover			Gross Profit		
	2007 K million	2006 K million	Change %	2007 K million	2006 K million	Change %
Beef	150 914	115 802	30	49 208	42 432	16
Chicken	56 186	46 065	22	17 407	13 475	29
Crops	46 612	23 318	100	25 507	12 708	101
Eggs	7 341	6 662	10	3 812	3 561	7
Fish	1 266	793	60	751	367	104
Milk	28 797	24 167	19	21 325	20 929	2
ZamChick Inn	6 804	6 113	11	2 450	2 384	3
Bakery	3 047			758		
Flour	10 626			438		
Leather	7 012	5 079	38	3 483	2 359	48
Shoe	2 284	1 305	75	901	477	89
Master Meats - Nigeria	12 389	6 398	94	2 416	1 740	39
	333 278	235 702		128 456	100 430	
Less:						
Intragroup sales	(41 307)	(11 920)				
<b>Group total</b>	<b>291 971</b>	<b>223 782</b>		<b>128 456</b>	<b>100 432</b>	

## 7 MANAGEMENT

Senior Management	Position
Carl Irwin	Joint Managing Director
Francis Grogan	Joint Managing Director
Yusuf Koya	Executive Director
Nancy Hart	Finance Director
Murray Moore	General Manager-Food Processing Operations
Ebrahim Israel	International Retailing Manager
David Myndhardt	General Manager - Farming (South)
Hannes Bronkhurst	General Manager - Farming (North)
Ryan Stassen	Retailing Operations Manager
David Ng'ambi	Human Resource Manager
Eddie Tembo	Chief Security Manager
Justo Kapulande	Public Relations Manager
Pravin Abraham	Chief Internal Auditor
John Stephenson	General Manager - Master Meat - Nigeria
Philip Diedericks	Financial Manager



# Report of the Directors (continued)

## 8 DIRECTORS AND SECRETARY

The directors who served during the financial year and at the date of this report were as follows:

Jacob Mwanza	Chairman
Rodney Clyde-Anderson	
Carl Irwin	(Alternate Mark Shnaps)
Francis Grogan	
Hilliary Duckworth	
John Rabb	
Lawrence Sikutwa	(Alternate Brian Dowden)
David Phiri	
Irene Muyenga	
Adam Fleming	
Yusuf Koya	
Nancy Hart	Company Secretary
Danny Museteka	

## 9 DIRECTORS' INTERESTS

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

	Beneficial	Non-Beneficial
Jacob Mwanza	900 000	
Rodney Clyde-Anderson	1 753 424	
Carl Irwin		4 546 627
Francis Grogan		4 746 559
Hilliary Duckworth		6 636 117
John Rabb		7 014 487
David Phiri	2 000	
Lawrence Sikutwa		658 436
Irene Muyenga		
Adam Fleming		9 427 123
Nancy Hart	14 786	
Yusuf Koya	12 347	
	<b>2 682 557</b>	<b>33 029 349</b>

There are no other shareholders who hold more than 5% of the issued share capital of the company

## 10 EMPLOYEES

The group employs 1 661 full time employees (2006 - 1 605) and total salaries and wages were K30 052 million for the year ended 30 September 2007 (2006 - K21 935 million). The company employs 400 full time employees and total salaries and wages were K6 600 million (2006 - 5 429 million).

The average number of staff for each month in the year was as follows:

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
1 605	1 642	1 657	1 659	1 645	1 649	1 606	1 650	1 643	1 623	1 580	1 661

# Report of the Directors (continued)

## 11 GIFTS AND DONATIONS

The group made donations of K31.5 million (2006 - K18 Million) to a number of activities which include Kasisi Orphanage, Cheshire Homes, Kaoma Orphanage, Liteta Invalid Compound, Mother of Mary Hospice, Jon Hospice and Kabwe High Security Prison.

## 12 EXPORT SALES

The group made exports of US\$1.9 million during the year (2006 - US\$1.3 million).

## 13 FIXED ASSETS

Assets totalling K33 762 million were purchased during the year (2006 - K19 416 million)

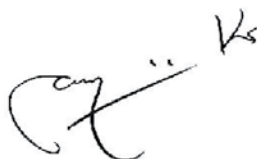
## 14 ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 42 to 63 have been approved by the directors.

## 15 AUDITORS

In accordance with the provisions of the Articles of Association of the company the auditors, Messrs Grant Thornton, will retire as auditors of the company at the forthcoming Annual General Meeting, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the Annual General Meeting.

### By order of the Board



.....  
Danny Shaba Museteka  
*Company Secretary*

Date: 21 November 2007

# Statement of the Directors' Responsibilities

Company law 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 those 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;
- selecting appropriate accounting policies and applying them consistently;
- make judgements and accounting estimates that are reasonable in the circumstances; and
- state whether applicable accounting standards have been followed; and
- preparing the financial statements in accordance with the International Financial Reporting Standards, and on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

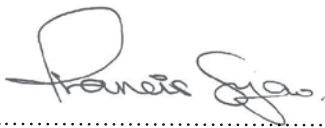
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1994. They are also responsible for safeguarding 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:

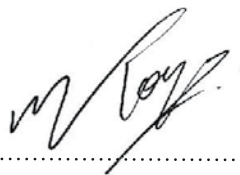
- (a) the financial statements give a true and fair view of the financial position of Zambeef Products Plc and its subsidiaries as of 30 September 2007, and of its financial performance and its cash flows for the year ended;
- (b) at the date of this statement there are reasonable grounds to believe 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 International Financial Reporting Standards.

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

Signed at Lusaka on 21 November 2007



Francis Grogan  
*Joint Managing Director*



Yusuf Koya  
*Executive Director*



# Report of the Auditors

We have audited the accompanying financial statements of Zambeef Products PLC and its subsidiaries, which comprise the balance sheet as at 30 September 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and the summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

As described on page 40 management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. 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 Product PLC and its subsidiaries as of 30 September 2007 and have been properly prepared in accordance with the Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as of 30 September 2007 have been properly prepared in accordance with the Companies Act 1994, and the accounting and other records and registers have been properly kept in accordance with the Act.



.....  
Chartered Accountants



.....  
Sujit N Maitra  
Partner

Lusaka: 22nd November 2007

# Group Consolidated Profit and Loss Account

For the year ended 30 September 2007

	Notes	Group	
		2007	2006
		K Million	K Million
Turnover		291 971	223 782
Cost of sales	4	(163 515)	(123 350)
Gross profit		128 456	100 432
Other operating income		244	1 662
Administrative expenses		(97 631)	(78 136)
Finance costs		(2 857)	(2 509)
Profit before taxation	5	28 212	21 449
Taxation	6	(4 688)	(1 784)
Profit after taxation		23 524	19 665
Profit attributed to minority interest		(24)	(31)
Profit attributed to the subsidiaries of Zambeef Products Plc		23 500	19 634
Dividend paid/proposed (gross)		(9 500)	(8 500)
Transfer from revaluation reserve		2 285	2 285
Retained profit for the period		16 285	13 419
Retained profits at 1 October 2006		60 360	46 941
Retained profits at 1 September 2007		76 645	60 360
Earnings per share	7	204.94	171.22

# Statements of Changes in Equity

30 September 2007

## Group statement of changes in equity

	Share Capital	Share Premium	Revaluation Reserve	Capital Reserve	Retained Profits	Total
	K Million	K Million	K Million	K Million	K Million	K Million
<b>At 1 October 2005</b>	10	3 211	30 118		46 941	80 280
Profit for the year					19 634	19 634
Arising on consolidation				15		15
Dividends proposed					(7 000)	(7 000)
Dividends paid					(1 500)	(1 500)
Transfer			(2 285)		2 285	
<b>At 30 September 2006</b>	10	3 211	27 833	15	60 360	91 429
Profit for the year					23 500	23 500
Arising on consolidation				(59)		(59)
Surplus on valuation			49 384			49 384
Dividends paid					(1 500)	(1 500)
Dividends proposed	105	105			(8 000)	(8 000)
Capitalisation issue						
Transfer			(2 285)		2 285	
<b>At 30 September 2007</b>	115	3 106	74 932	(44)	76 645	154 754

## Company statement of changes in equity

	Share Capital	Share Premium	Revaluation Reserve	Retained Profits	Total
	K Million	K Million	K Million	K Million	K Million
<b>At 1 October 2005</b>	10	3 211	22 412	45 703	71 336
Profit for the year				18 346	18 346
Dividends paid				(1 500)	(1 500)
Dividends proposed				(7 000)	(7 000)
Transfer			(1 573)	1 573	
<b>At 30 September 2006</b>	10	3 211	20 839	57 122	81 182
Profit for the year				21 425	21 425
Surplus on valuation			27 772		27 772
Dividends paid				(1 500)	(1 500)
Dividends proposed				(8 000)	(8 000)
Transfer	105	(105)	(1 573)	1 573	
<b>At 30 September 2007</b>	115	3 106	47 038	70 620	120 879

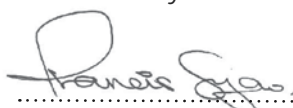


# Consolidated Balance Sheet

30 September 2007

	Notes	Group	
		2007	2006
		K Million	K Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and	8	172 068	100 852
<b>Current assets</b>			
Biological assets	10	38 590	30 792
Stocks	11	36 179	24 833
Trade and other receivables	12	18 598	9 101
Amounts due from related companies	13	28	
Bank balances and cash		2 945	4 038
Taxation recoverable			297
<b>Total current assets</b>		96 340	69 061
<b>Total assets</b>		268 408	169 913
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	115	10
Share premium	15	3 106	3 211
Reserves		151 533	88 208
		154 754	91 429
<b>Non-current liabilities</b>			
Interest bearing liabilities	16	36 675	25 461
Obligations under finance leases	17	1 689	
Deferred liability	18	3 960	4 995
Deferred taxation	19	11 875	9 572
		54 199	40 028
<b>Current liabilities</b>			
Interest bearing liabilities	16	5 708	5 022
Obligations under finance leases	17	2 123	
Trade and other payables	20	21 211	13 296
Bank overdrafts	21	19 628	12 259
Amounts due to related companies	22	1 180	816
Taxation payable		1 525	
Dividends payable		8 000	7 000
<b>Total current liabilities</b>		59 375	38 393
<b>Minority interest</b>		80	63
<b>Total equity and liabilities</b>		268 408	169 913

The financial statements on pages 40 to 63 were approved by the Board of Directors on 21 November 2007 and were signed on its behalf by:

  
Francis Grogan  
Director

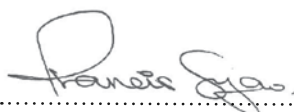
  
Yusuf Koya  
Director

# Company Balance Sheet

30 September 2007

	Notes	Company	
		2007	2006
		K Million	K Million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	110 754	80 391
Investments	9	1 984	1 777
		112 738	82 168
<b>Current assets</b>			
Biological assets	10	38 590	30 792
Inventories	11	22 696	16 376
Trade and other receivables	12	5 299	1 901
Amount due from related companies	13	32 830	12 539
Bank balances and cash		724	2 091
Taxation recoverable			338
<b>Total current assets</b>		100 139	64 037
<b>Total assets</b>		212 877	146 205
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	115	10
Share premium	15	3 106	3 211
Reserves		117 658	77 961
		120 879	81 182
<b>Non-current liabilities</b>			
Interest bearing liabilities	16	36 675	25 461
Deferred liability	18	588	592
Deferred taxation	19	10 739	8 951
		48 002	35 004
<b>Current liabilities</b>			
Interest bearing liabilities	16	5 708	5 022
Trade and other payables	20	10 207	8 036
Bank overdrafts	21	18 160	9 749
Amount due to related companies	22	456	212
Taxation payable		1 465	7 000
Dividends payable		8 000	
		43 996	30 019
<b>Total equity and liabilities</b>		212 877	146 205

The financial statements on pages 40 to 63 were approved by the Board of Directors on 21 November 2007 and were signed on its behalf by:



Francis Grogan  
Director



Yusuf Koya  
Director

# Group Consolidated Cash Flow Statement

30 September 2007

Group

	2007	2006
	K Million	K Million
<b>Cash (outflow) inflow (on)/from operating activities</b>		
Profit before taxation	28 212	21 449
Interest paid	2 857	2 509
Depreciation	11 918	10 092
Loss/(profit) on disposal of assets	8	(2 085)
(Increase) / decrease in biological assets	(7 797)	11 362
Increase in inventory	(11 346)	(10 158)
Increase in debtors and receivables	(9 497)	(3 296)
(Increase) / decrease in amount due from related companies	(28)	927
Increase in payables	7 914	1 593
Increase in amounts due to related companies	363	946
(Decrease) / increase in deferred liability	(1 034)	1 783
Increase in minority interest	17	46
<b>Net cash inflow from operating activities</b>	<b>21 587</b>	<b>35 168</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	(2 857)	(2 509)
Dividends paid	(8 499)	(8 450)
<b>Net cash outflow on returns on investments and servicing of finance</b>	<b>(11 356)</b>	<b>(10 959)</b>
<b>Taxation</b>		
Taxation paid	(645)	(147)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(33 762)	(19 415)
Proceeds from sale of fixed assets	2	3 866
<b>Net cash outflow on investing activities</b>	<b>(33 760)</b>	<b>(15 549)</b>
<b>Net cash inflow / (outflow) before financing</b>	<b>(24 174)</b>	<b>8 513</b>
<b>Financing</b>		
Long term loans repaid	(10 016)	(4 893)
Receipt from long term loans	21 375	
Lease finance	4 353	
<b>Net cash (outflow) / inflow from financing</b>	<b>15 712</b>	<b>(4 893)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(8 462)</b>	<b>3 620</b>
<b>Cash and cash equivalents at 1 October 2006</b>	<b>(8 221)</b>	<b>(11 841)</b>
<b>Cash and cash equivalents at 30 September 2007</b>	<b>(16 683)</b>	<b>(8 221)</b>
<b>Represented by:</b>		
Bank balances and cash	2 945	4 038
Bank overdrafts	(19 628)	(12 259)
	<b>(16 683)</b>	<b>(8 221)</b>



# Notes to the Financial Statements

## 1. The company

The company is incorporated and domiciled in Zambia.

The group's major activities comprise of feedlotting, poultry, dairy, cropping, slaughtering, processing of meat products and retailing as well as running as a tannery and shoe plant and bakery.

## 2. Basis of preparation

As in previous years, the group's financial statements are prepared in accordance with the historical cost convention as modified by the inclusion of fixed assets at a valuation and comply with international Financial Reporting Standards as promulgated by the International Accounting Standards Board.

### Changes in accounting policies

#### a) Overall considerations

The company has adopted for the first time IFRS 7 Financial Instruments: disclosures and IFRS 8 Operating Segments in its 2007 financial statements. Both Standards have been applied retrospectively.

Other Standards or interpretations relevant for the IFRS financial statements did not become effective during the current financial year.

Significant effects on current, prior or future periods arising from the first time application of the standards listed above in respect of presentation, recognition and measurement of accounts are described in the following notes. An overview of Standards that will become mandatory for the company is given in note 2(d).

#### b) Amendment of IAS 1 Presentation of Financial Statements

In accordance with the amendments of IAS 1 Presentation of Financial Statements, The company now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in IAS 1 can be found in note 25.

#### c) Adoption of IFRS 7 financial Instruments: disclosures

All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements under IFRS 7 which has replaced IFRS 32. The company's financial statements now feature:

- A sensitivity analysis, to explain the group's market and risk exposure in regards to financial instruments;
- A maturity analysis that shows the remaining contractual maturities of financial liabilities;

each at balance sheet date. The first time application of IFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

#### d) Adoption of IFRS 8 Operating Segments

The company has decided to adopt early IFRS 8 *Operating Segments*, which replaces IAS 14 *Segment Reporting*. However, while the adoption of this Standard has not affected the way the company identifies separate operating segments relevant for segment reporting, The company now presents segment results in accordance with internal management reporting information. The main changes are that:

- Segment results are based on operating results of each segment.
- In addition, The company's management does not consider post-employment benefit expenses or share-based payment expenses when making decisions about allocating resources to each segment and assessing its performance.

# Notes to the Financial Statements (continued)

## 3. Principal accounting policies

### a) Revenue recognition

Revenue from the sale of agricultural produce and processed products is recognised at the point of delivery.

### b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its subsidiary companies made up to the end of the financial period. The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intergroup transactions and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

### c) Property, plant and equipment

Property, plant and equipment are included in the balance sheet at cost or valuation less accumulated depreciation.

An assessment is made by the directors at each reporting date whether there is any indication that an asset may have been impaired. If any such indication exists, the directors carry out a revaluation of the recoverable amount of the asset by independent valuers.

### d) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets, less estimated residual values, over the expected useful lives of the assets concerned from the date of acquisition to the date of disposal or write off. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:-

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

Capital work in progress is not depreciated.

### e) Short term & long term loans

Short term loans include all amounts due within twelve months of the balance sheet date including instalments due on loans of longer duration. Long term loans include all amounts due more than twelve months after the balance sheet date.

### f) Biological assets

Biological assets are valued at the 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.

### g) Stocks

Stocks are 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.

### h) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated to Zambian Kwacha at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are dealt with through the profit and loss account in the period in which they arise.

### i) Deferred taxation

Provision is made for deferred tax liabilities against the amounts of income taxes payable in future periods in respect of taxable temporary differences.

## Notes to the Financial Statements (continued)

### j) Leased assets

Where fixed assets 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 profit and loss account 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.

### k) Provisions

Provisions are recognised when the company has a present legal and constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

### l) Revaluation reserve

The surplus arising on revaluation of fixed assets is credited to a revaluation reserve. A transfer is made from this reserve to the revenue reserve each year equivalent to the difference between the actual depreciation charge for the period and the depreciation charge based on historical values.

### m) Standards and interpretations not yet applied by the company

The following new standards and interpretations which are yet to become mandatory have not been applied in the company's financial statements for the year ended 30 September 2007.

Standard of Interpretation	Effective for in reporting periods starting on of after
IFRIC 14 IAS 19 - The limit on a defined benefit asset, minimum funding requirement and their interaction.	1 January 2008
IAS 23 - Borrowing Costs (Revised 2007)	1 January 2008

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

The possible outcome of applying the revised version of IAS 23 is yet to be determined. Under the new standard, all borrowing costs that directly attributable to qualifying asset are to be capitalized. This may affect the measurement of assets which are self constructed during the course of farming activities.

## 4. Turnover

Turnover represents the value of goods invoiced to customers during the year, less returns and allowances.



# Notes to the Financial Statements (continued)

For the year ended 30 September 2007

## 5. Profit before taxation

	Group		Company	
	2007	2006	2007	2006
<i>Profit before taxation is stated after charging:</i>	K Million	K Million	K Million	K Million
Depreciation	11 918	10 092	8 881	8 123
Staff costs	30 052	21 935	6 600	3 290
Legal and professional fees	216	697	189	237
Directors' Remuneration				
Executive	2 687	2 219	2 687	2 219
Non-executive	425	365	425	365
	3 112	2 584	3 112	2 584
Auditors Remuneration				
Audit service	146	102	65	51
Non-audit service				
	146	102	65	51
<i>and after crediting:</i>				
Change in share value less estimated point of sale costs of biological assets	21 426	17 005	21 426	17 005
Exchange gains	1 849	5 822	1 718	6 501

## 6. Taxation

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Income tax at 35% / 15% on taxable profit for the year (2006 - 35% / 15%)	2 294	898	2 065	726
(Over)/under provision in prior years	92	(901)		(697)
Deferred taxation	2 302	1 786	1 788	1 896
	4 688	1 783	3 853	1 925
Reconciliation of tax charge:				
Profit before taxation	28 212	21 449	25 277	20 270
Taxation at current rate on accounting profit	4 515	3 461	3 791	3 048
Tax loss from prior years	(12)	(1 541)		(1 540)
	4 503	1 920	3 791	1 508
Permanent differences:				
Disallowable expenses	289	186	(561)	33
Loss/(profit) on sale of assets	1	(309)	1	(308)
Timing differences:				
Capital allowances and depreciation	(1 075)	(2 060)	307	(1 439)
Cattle and crop valuations adjustment	(1 214)	1 676	(1 214)	1 676
Unrealised exchange gains	(210)	(515)	(259)	(744)
Tax payable for the year	2 294	898	2 065	726

# Notes to the Financial Statements (continued)

30 September 2007

## 7. Earnings per share

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Profit for the year	23 500	19 634	21 424	18 346
Earnings per share based on 114 669 450 ordinary shares	K204.94	K171.22	K186.84	K159.99

The weighted average number of ordinary shares is 114 669 450.

## 8. Property, plant and equipment

a) Group	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Furniture & equipment	Capital work in progress	Total
	K Million	K Million	K Million	K Million	K Million	K Million
<b>Cost or valuation</b>						
At 1 October 2006	41 765	62 324	16 660	3 858	3 259	127 866
Additions	11 933	12 012	6 070	2 083	1 664	33 762
Disposals			(40)			(40)
Surplus/(deficit) on valuation	48 330	(22 964)	(11 581)	(3 239)		10 546
<b>At 30 September 2007</b>	<b>102 028</b>	<b>51 372</b>	<b>11 109</b>	<b>2 702</b>	<b>4 923</b>	<b>172 134</b>
<b>Cost</b>	<b>39</b>	<b>52</b>	<b>84</b>	<b>68</b>	<b>4 923</b>	<b>5 166</b>
<b>Valuation</b>	<b>101 989</b>	<b>51 320</b>	<b>11 025</b>	<b>2 634</b>		<b>166 968</b>
	102 028	51 372	11 109	2 702	4 923	172 134
<b>Depreciation</b>						
At 1 October 2006	2 374	15 196	8 476	968		27 014
Charge for the year	836	6 341	4 260	481		11 918
Disposals			(29)			(29)
Adjustment on Valuation	(3 210)	(21 519)	(12 681)	(1 427)		(38 837)
<b>At 30 September 2007</b>	<b>-</b>	<b>18</b>	<b>26</b>	<b>22</b>	<b>-</b>	<b>66</b>
<b>Net book value</b>						
At 30 September 2007	102 028	51 354	11 083	2 680	4 923	172 068
At 30 September 2006	39 391	47 128	8 183	2 891	3 259	100 852

b) During the year the group's property, plant and equipment situated in Zambia were revalued by Messrs. Knight Frank, Registered Valuation Surveyors, on the basis of market value. Surplus on valuation and depreciation no longer required totalling K49 384 million has been transferred to a revaluation reserve.

c) The depreciation charge for the year includes K2 285 million (2006 - K2 285 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 company's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

## Notes to the Financial Statements (continued)

d) Company	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Furniture & equipment	Capital work in progress	Total
	K Million	K Million	K Million	K Million	K Million	K Million
<b>Cost or valuation</b>						
At 1 October 2006	37 081	49 960	13 045	1 733	249	102 068
Additions	4 018	4 144	990	174	2 156	11 483
Disposals			(39)			(40)
Surplus/(deficit) on valuation	31 581	(22 166)	(11 438)	(734)		(2 757)
<b>At 30 September 2007</b>	<b>72 680</b>	<b>31 938</b>	<b>2 558</b>	<b>1 173</b>	<b>2 405</b>	<b>110 754</b>
<b>Cost</b>					2 405	2 405
<b>Valuation</b>	72 680	31 938	2 558	1 173		108 349
	72 680	31 938	2 558	1 173	2 405	110 754
<b>Depreciation</b>						
At 1 October 2006	2 068	11 695	7 446	467		21 677
Charge for the year	742	5 259	2 700	181		8 881
Disposals			(29)			(29)
Adjustment on valuation	(2 810)	(16 954)	(10 117)	(648)		(30 530)
At 30 September 2007	-	-	-	-	-	-
<b>Net book value</b>						
At 30 September 2007	<b>72 680</b>	<b>31 938</b>	<b>2 558</b>	<b>1 173</b>	<b>2 405</b>	<b>110 754</b>
At 30 September 2006	<b>35 013</b>	<b>38 265</b>	<b>5 599</b>	<b>1 265</b>	<b>249</b>	<b>80 391</b>

e) During the year the company's property, plant and equipment were revalued by Messrs. Knight Frank, Registered Valuation Surveyors, on the basis of market value. Net deficit on valuation and depreciation no longer required totalling K27 772 million has been transferred to a revaluation reserve.

f) The depreciation charge for the year includes K1 573 million (2006 - K1 573 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 company's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

g) In the opinion of the directors, the carrying values of property, plant and equipment stated above are not higher than their values less costs to sell.



## Notes to the Financial Statements (continued)

### 9. Investments

		2007	2006
		K Million	K Million
At cost:			
At 1 October 2006		1 767	1 777
Investment made during the year		207	
At 30 September 2007		1 984	1 777
Interests represent equity holdings in the following companies:			
<b>Name of company:</b>	<b>Value</b>	<b>Equity held</b>	<b>Incorporated In</b>
	<b>K Million</b>	<b>%</b>	
Zambeef Retailing Limited	30	100	Zambia
Zamleather Limited	1 477	100	Zambia
Master Meat Limited	277	90	Nigeria
Master Meat Limited	200	90	Ghana
	1 984		

### 10. Biological assets

Biological assets comprise feedlot cattle, dairy cattle, chickens and standing crops. At 30 September 2007 there were 5408 cattle and 207 468 chickens. A total of 12 167 cattle and 1 311 031 chickens were culled in the year.

	Crops	Cattle	Chickens	Total
	K Million	K Million	K Million	K Million
At 1 October 2006	9 318	17 970	3 504	30 792
Increases due to purchases	27 382	31 648	39 280	98 310
Gains arising from changes in fair value less estimated point of sale costs attributable to physical changes	10 566	6 856	4 004	21 426
Decrease due to sales	(34 193)	(33 760)	(43 985)	(111 938)
At 30 September 2007	13 073	22 714	2 803	38 590

## Notes to the Financial Statements (continued)

### 11. Inventories

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Trading stocks	17 668	11 200	14 408	8 345
Abattoir stocks	2 539	1 687		
Stockfeeds	4 980	4 199	4 980	4 199
Consumables	9 371	7 136	3 308	3 832
Raw hides and chemicals	1 621	611		
	36 179	24 833	22 696	16 376

### 12. Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Trade debtors	17 624	9 074	5 299	1 618
Other receivables	974	27		283
	18 598	9 101	5 299	1 901

### 13. Amounts due from related companies

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Master Pork Limited			6 256	5 749
Leopard Investments Limited	28		28	
Group Companies			26 546	6 790
	28		32 830	12 539

The above balances relate to arm's length transactions between the two parties. Master Pork supplies Zambeef Products PLC with pork products for sale in its retail outlets on a regular basis. In addition, Master Pork purchases stockfeed, and chickens and beef for processing.

## Notes to the Financial Statements (continued)

### 14. Share capital

	2007	2006
	K Million	K Million
Authorised 120 000 000 ordinary shares of K1 each	120	10
Issued and fully paid 114 669 450 ordinary shares of K1 each	115	10

At an Annual General Meeting of the company held on 20 December 2006 the company's authorised share capital was increased from K10 000 000 to K120 000 000 by the creation of 5 330 550 ordinary shares of K1 each and also by increasing the nominal value of 114 669 450 ordinary shares from K0.0872 each to K1 each. These shares to rank pari passu with the existing shares of the company.

During the year the company's issued share capital was increased by the increase in the nominal value of shares from K0.872 each to K1 each by transfer of K104 669 450 from share premium account.

### 15. Share premium

	2007	2006
	K Million	K Million
At 1 October 2006	3 211	3 211
Transfer to issued share capital (note 13)	(104)	
At 30 September 2007	3 106	3 211

# Notes to the Financial Statements (continued)

## 16. Interest bearing liabilities

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Barclays Bank Zambia PLC (note (a))	23 133	30 278	23 133	30 278
Japanese Grant (note (b))		205		205
DEG - Deutsde Investituous GUD Entwicklungsgesellschaft MBH (note (c))	19 250		19 250	
	42 383	30 483	42 383	30 483
Less: Short term portion (repayable within next 12 months)	(5 708)	(5 022)	(5 708)	(5 022)
Long term portion (repayable after 12 months)	36 675	25 461	36 675	25 461

### a) Barclays Bank Zambia PLC

- The company has a loan facility of US\$1 071 428 (original limit US\$1 500 000) from Barclays Bank Zambia PLC, underwritten by Barclays Bank Mauritius Offshore Banking Unit. Interest on the loan is 2.5% above the six month LIBOR rate per annum, payable six-monthly in arrears. The principle is repayable in 14 equal bi-annual instalments commencing July 2006. The purpose of the loan was to refinance the following 3 loans underwritten by Barclays Bank Zambia PLC under the European Investment Bank lines of credit:

- The company has a loan facility of US\$3 325 000 (original limit US\$3 500 000) from Barclays Bank Zambia Plc under the European Investment Bank line of credit. Interest on the loan is 7% fixed per annum, payable monthly in arrears. The principal is repayable in 20 equal quarterly instalments commencing January 2007.

- The company has a loan facility of US\$1 216 000 (original limit US\$1 520 000) from Barclays Bank Zambia PLC under the European Investment Bank line of credit. Interest on the loan is 7.5% fixed per annum, payable monthly in arrears. The principal is repayable in 20 equal quarterly instalments commencing March 2006.

- The company has a loan facility of EUR 619 800 (original limit EUR 929 700) from Barclays Bank Zambia PLC under the European Investment Bank line of credit. Interest on the loan is 7% fixed per annum, payable monthly in arrears. The principal is repayable in 12 equal bi-annual instalments commencing September 2006.

- The company has a loan facility of EUR 232 090 (original limit EUR 232 090) from Barclays Bank Zambia PLC under the European Investment Bank line of credit. Interest on the loan is 7% fixed per annum, payable monthly in arrears. The principal is repayable in 10 equal bi-annual instalments commencing October 2007.

- The above loans from Barclays Bank Zambia PLC are secured by:

- 1) Legal mortgage over Farm No. 4906, Sinazongwe, registered to cover US\$6 200 000; and

- 2) Floating debenture over all other assets of the comany, registered to cover US\$5 500 000 ranking pari passu with Citibank and Zambia National Commercial Bank and DEG.

### b) Japanese grant

The loan was repaid during the period.

### c) DEG Term loan

The company has a loan facility of US\$5 000 000 from DEG. Interest on the loan is 2.75% above the six-month USD Libor rate per annum payable six-monthly in arrears. The principal is repayable in 12 equal bi-annual instalments commencing on April 2009.

The DEG loan is secured by a floating charge/debenture of US\$5m ranking pari passu with Citibank, Barclays Bank and Zambia National Commercial Bank.



## Notes to the Financial Statements (continued)

### 17. Obligations under finance leases

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
ALS Capital Limited (note (a))	2 739			
Freddy Hirsh Limited (note (b))	1 073			
	3 812			
Less: payable within 1 year	(2 123)			
Repayable after 1 year	1 689			

a) This finance lease relates to abattoir in Livingstone of a subsidiary company with lease terms of 3 years. The subsidiary has options to purchase the equipment for a nominal amount at the conclusion of the lease agreements. The subsidiary's obligations under finance leases are secured by the lessors' title to the leased assets.

Finance lease liabilities	Minimum lease	Present value of minimum lease payments
	2007	2007
	K Million	K Million
No later than 1 year	1 205	1 121
Later than 1 year and not later than 5 years	1 807	1 545
	3 012	2 666
Less: future finance charges	(273)	(248)
	2 739	2 418

b) The company has a hire purchase facility of EUR 320 982 with Freddy Hirsh Zambia Limited. The interest on the hire purchase is 4.2% fixed per annum. The interest and principal is repayable in 24 equal monthly instalments commencing December 2006.

Finance lease liabilities	Minimum lease	Present value of minimum lease payments
	2007	2007
	K Million	K Million
No later than 1 year	918	883
Later than 1 year and not later than 5 years	229	220
	1 147	1 103
Less: future finance charges	(74)	(71)
	1 073	1 032

## Notes to the Financial Statements (continued)

### 18. 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.

	Group	Company
	K Million	K Million
At 1 October 2006	4 994	592
Provision no longer required written back (note (a))	(1 006)	
Provision made during the year		24
Payments made during the year	(28)	(28)
At 30 September 2007	3 960	588

a) This represents liability overprovided due to change of conditions in the Collective Agreement dated 16th October 2006.

### 19. Deferred taxation

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
This represents:				
Biological assets	4 589	3 025	4 589	3 025
Accelerated tax allowances	7 286	6 547	6 150	5 926
	11 875	9 572	10 739	8 951
Analysis of movement:				
At 1 October 2006	9 572	7 785	8 951	7 055
Charge to profit and loss account (note 6)	2 303	1 787	1 788	1 896
At 30 September 2007	11 875	9 572	10 739	8 951

### 20. Trade and other payables

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Trade creditors	18 218	11 145	6 808	7 002
Provisions and accruals	2 993	2 151	3 399	1 034
	21 211	13 296	10 207	8 036

## Notes to the Financial Statements (continued)

### 21. Banking facilities

The company has overdraft facilities totaling K3 billion (2006 - K3 billion) and US\$2 500 000 (2006 - US\$2 500 000), and a bank guarantee line of US\$500 000 (2006 - US\$100,000) with Citibank Zambia Limited. The company also has an overdraft facility of US\$1.5 million with Barclays Bank Zambia PLC. The Citibank overdrafts bear interest rates of 16% for the Kwacha facility and US\$ Prime plus 1.25% for the United States Dollar facility. The Barclays Bank overdraft bears interest at Barclays US Dollar base rate minus 2.75%. One of the subsidiary companies has overdraft facilities totalling K1 billion (2006 -K1 billion) and US\$500 000 (2006 - US\$500 000) with Zambia National Commercial Bank PLC. The Zambia National Commercial Bank PLC overdrafts bear interest at 15% fixed for the Kwacha and 8% fixed for the United States Dollar facility. The above facilities from Zambia National Commercial Bank PLC are secured by a pari passu floating debenture of US\$800 000 (shared with Barclays Bank Zambia Plc and Citibank Zambia Limited). The subsidiary company's bank overdraft with Citibank is secured by the holding company.

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Zambia National Commercial Bank PLC	943	1 841		
Citibank Zambia Limited (note (b))	10 431	8 491	1 141	7 822
Barclays Bank Zambia Plc (note (c))	8 254	1 927	17 019	1 927
	19 628	12 259	18 160	9 749

a) The bank overdrafts and the guarantee line are secured by a first floating charge over all the assets of the company and the subsidiary company. The floating charge ranks pari passu between all the lenders.

b) The group has a right of set off for overdraft balances with positive bank balances at group level.

### 22. Amounts due to related companies

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Master Pork Limited	724	604		
Zambezi Ranching and Cropping Limited	456	212	456	212
	1 180	816	456	212

The above balances relate to arm's length transactions between the two parties. Zambezi Ranching and Cropping Limited supplies Zambeef Products PLC with cattle for slaughter and long weaners for Zambeef Products PLC's feedlot on a regular basis.

# Notes to the Financial Statements (continued)

## 23. Financial instruments

### Financial assets

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

### Financial liabilities

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

#### a) Price risk

##### Currency risk

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

##### Interest rate risk

Financial assets are not exposed to the risk that their value will fluctuate due to changes in market interest rates. Details of the interest rates and maturity of interest bearing borrowings are disclosed in note 16.

##### 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.

### Financial liabilities

#### b) Credit risk

##### Trade debtors

The directors believe the credit risk of trade debtors is low. The credit risk is managed by the selective granting of credit and credit limits.

#### c) Liquidity risk

The group is not believed to be exposed to significant liquidity risk being the inability to sell financial assets quickly at close to their fair value.

#### d) Cash flow risk

The company is not exposed to the risk that future cash flows associated with monetary financial instruments will fluctuate in amount. It has no instruments that include a floating interest rate.

## 24. 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.



# Notes to the Financial Statements (continued)

## 25. Capital management policies and procedures

Zambeef Products PLC capital management objectives are:

- To ensure the groups' ability to continue as a going concern; and
- To provide an adequate return to shareholders.
- By providing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is summarized as follows:

Zambeef Products PLC's goal in capital management is to maintain a capital to overall financing structure ratio of 1:2 to 1:1.

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

	Group		Company	
	2007	2006	2007	2006
	K Million	K Million	K Million	K Million
Total equity	154 754	91 429	120 879	81 182
Cash and cash equivalents	16 683	8 220	17 436	7 658
Capital	171 437	99 649	138 315	88 840
Total equity	154 754	91 429	120 879	81 182
Add borrowings	46 195	30 483	42 383	30 483
Overall financing	200 949	121 912	163 262	111 665
Capital to overall financing ratio	1:1.16	1:1.25	1:1.16	1:1.25

## 26. Capital commitments

	2007	2006
	K Million	K Million
Capital commitments entered into at the balance sheet date	5 006	
Not contracted for at the balance sheet date	684	7 817

# Notes to the Financial Statements (continued)

## 27. Operating leases

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

	2007	2006
	K Million	K Million
Within one year	106	90
One to five years	15	81

The company's subsidiary company, Zambeef Retailing Limited, has operating leases for its butcheries that are for 12 month periods and renewable at the request of either party. There are no purchase options, contingent rent payments or restrictions arising on these leases.

## 28. Related party transactions

Zambezi Ranching and Cropping Limited and Master Pork Limited are related parties of the company since material shareholdings in these companies are owned by significant shareholders of the company. However any transactions with these companies are conducted on an arm's length basis as commercial rates similar to non-related suppliers.

	2007	2006
	K Million	K Million
The group made the following purchases from these related parties:		
Zambezi Ranching and Cropping Limited	3 015	2 396
Master Pork Limited	16 422	12 482
	19 437	14 878
The group made the following sales to these related parties:		
Zambezi Ranching and Cropping Limited	13	25
Master Pork Limited	5 876	1 506
	5 889	1 531

Sales of goods to related parties were made at the company's usual list prices.

Purchases were made at market price.

The amounts outstanding are secured and will be settled in cash. No guarantees have been given or received.

No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

### Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

Short-term benefits	- K2 687 million (2006 - K2 219 million)
Post-employment benefits	- Nil (2006 - nil)
Other long-term benefits	- Nil (2006 - nil)

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

### 29. Events subsequent to balance sheet date

There has not arisen since the end of the year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company and the group, to effect substantially the operations of the company and the group, the results of those operations or the state of affairs of the company and the group in the subsequent financial periods except for the following:

#### **Business acquisition**

After the year end the Zambeef Board of Directors, subject to shareholders ratification, has approved the acquisition of the fixed assets and certain current assets and liabilities of the largest edible oil producer in Zambia, namely Amanita Premium Oils Limited. The rationale behind this acquisition is that edible oils compliments Zambeef's range of basic food products retailed through its retailing network. Of equal importance is that the by product from the edible oils crushing plant is the main form of protein in the livestock sector and hence is an important component of Zambeef's strategic vision of being the leading food providers in the region.

The Zambeef Board of Directors has approved, after the year end, the acquisition of a large farming block of 8 357 hectares bordering on two of Zambia's biggest rivers, namely the Zambezi River and the Kafue River. Currently, 960 hectares of this land is developed under irrigation.

In order to finance the above acquisitions and related capital expenditure, the Board has proposed a rights offer that is currently scheduled to commence on 14 January 2008, to raise US\$25 million.

Shareholders on the register of Zambeef Products PLC on the close of business Friday, 14 December 2007 will be eligible to participate in the rights offer. The offer price for the rights offer has been determined to be ZMK5 500.00 per share on a basis of 4 new ordinary shares for every 25 existing ordinary shares owned.

# Notice of the Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, off Addis Ababa Rd, Lusaka, on Friday the 21st December 2007 at 11.00 hours.

## AGENDA

1. To read the Notice of the Meeting and confirm that a quorum is present.
2. To read and confirm the minutes of the 12th Annual General Meeting held on the 20th December 2006.
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 30th September 2007. (Resolution 1)
5. To appoint auditors and to authorise the Directors to fix their remuneration. (Resolution 2)
6. To elect Directors to fill any vacancies and confirm the appointment of Mr. Diego Cassili as a Director. (Resolution 3)
7. In terms of the Articles, David Phiri and Lawrence Sikutwa retire but are eligible to offer themselves for re-election. (Resolution 4)
8. Authorise the Board of Directors to issue new shares for any acquisitions up to a maximum of 5% of the issued share capital of the Company without shareholder approval. (Resolution 5)
9. To declare a final dividend. The proposed final dividend of K69.77 per share, if approved, will be declared payable to members registered in the books of the company on close of business on 20th December 2007. Warrants in payment will be posted for payment on or before 18th January 2008. (Resolution 6)
10. Consider any competent business of which due notice has been given.

**By order of the Board, D. 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

<b>ZAMBEEF PRODUCTS PLC</b> <b>Proxy Form</b>
--

I/We,

of

being a member/s of and the registered holder/s of ..... shares in the above named company, 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 2007

And at any adjournment of that meeting.

**\* In Favour of/against**

**\* In favour**

**\* Against**

**Resolution 1**

To receive, approve and adopt annual financial statements for the year ended 30 September 2007.

**Resolution 2**

Re-appointment of Grant Thornton as Auditors for 2007/2008 financial year

**Resolution 3**

Confirm appointment of Mr. Diego Cassili as a director

**Resolution 4**

Re-election of directors who retire by rotation of:

- David Phiri
- Lawrence Sikutwa

**Resolution 5**

To authorise the Board of Directors to issue new shares for any acquisitions up to a maximum of 5% of the issued share capital of the Company without shareholder approval

**Resolution 6**

Approve the final dividend of K69.77 per share

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

Signed:

Name:

Date:

Witnessed by:

Signature:

Name:

Address:

## Notes to the Proxy Form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space provided, with or without deleting 'the chairman of the general meeting'. The person whose names 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 Proxy Form must be received by the company secretary at the registered head office, Plot Number 1164, Nkanchibaya Road, Rhodes Park, Lusaka, by no later than 9.30 on Wednesday the 19th December 2007.
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 secretary.
6. The completion of lodging of this Proxy Form will not preclude a shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this proxy form.
7. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
8. The Chairman of the meeting may accept or reject any Proxy Form, which is completed and/or received other than in accordance with these notes.