Feeding the Nation

ZAMBEEF

Products PLC

Annual Report 2009

OUR VISION

To be the most accessible and affordable quality protein provider in the region.

OUR STRATEGY

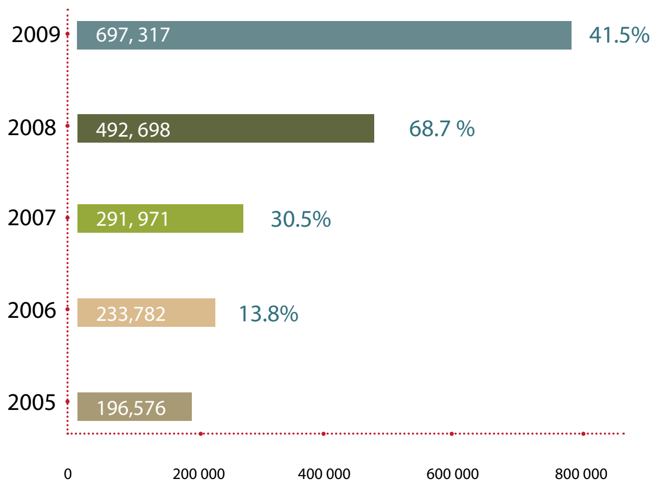
To increase efficiency and capacity in primary production facilities ensuring Zambeef is a low cost protein producer in the region.

To expand the retail and wholesale distribution channels in order to increase market penetration in the region.

Contents

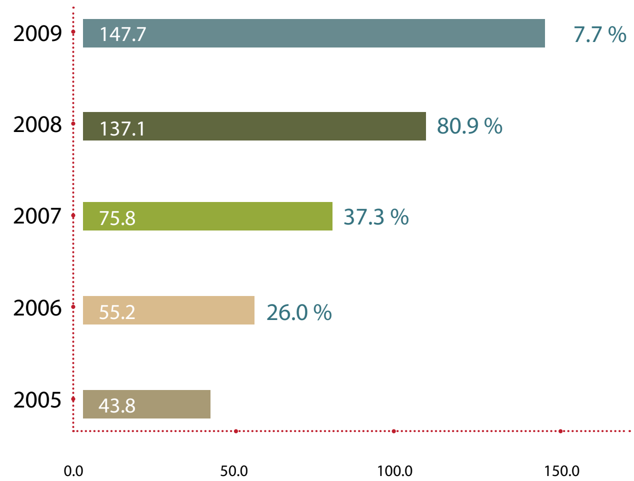
Turnover ZMK Millions

41.5%



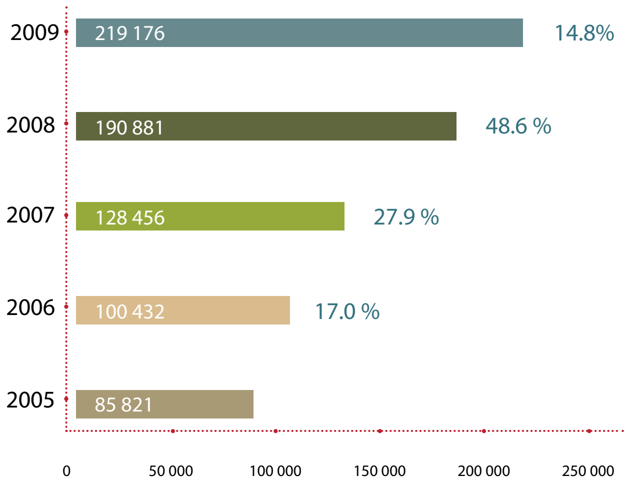
Turnover US$ Millions

7.7%



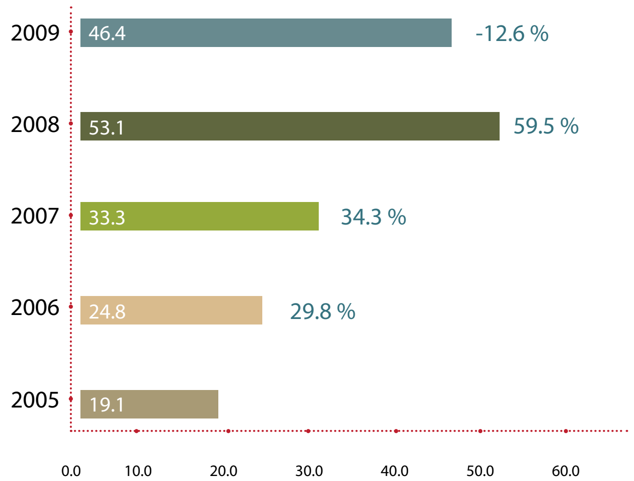
Gross Profit ZMK Millions

14.8%



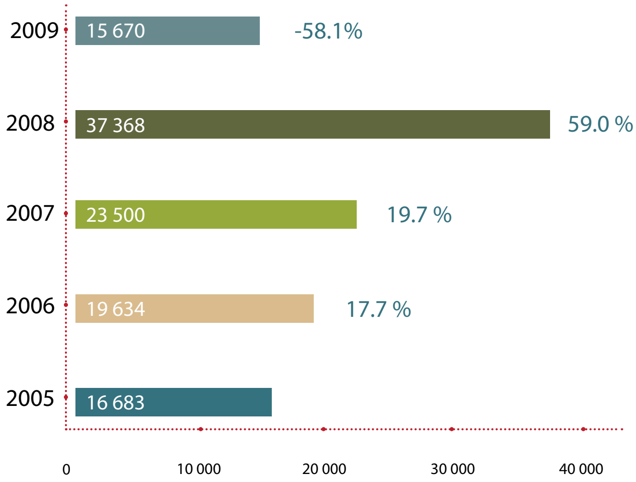
Gross Profit US$ Millions

-12.6%



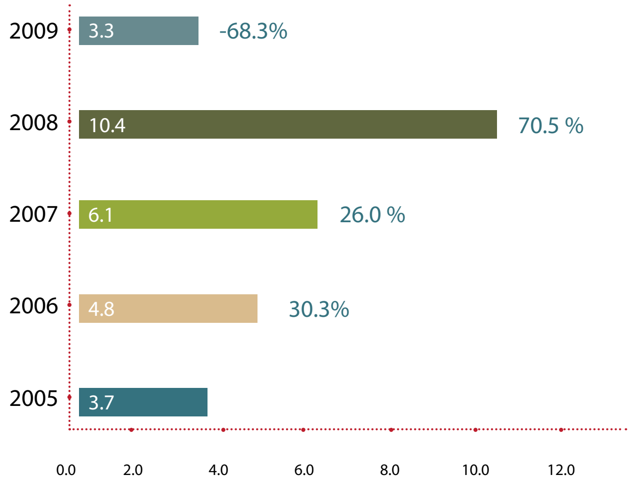
Profit after tax ZMK Millions

-58.1%



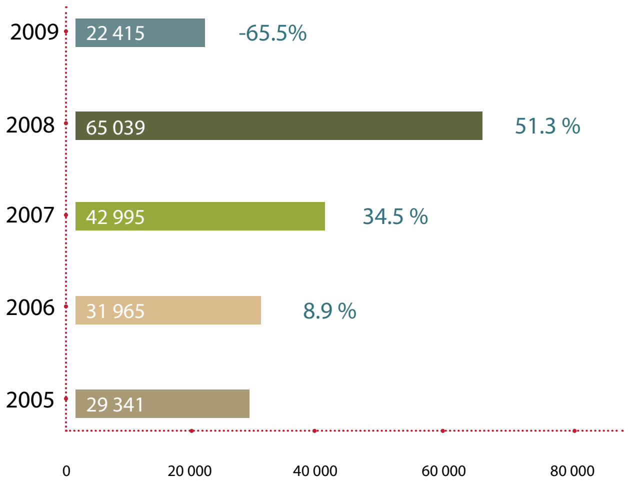
Profit after tax US$ Millions

-68.3%



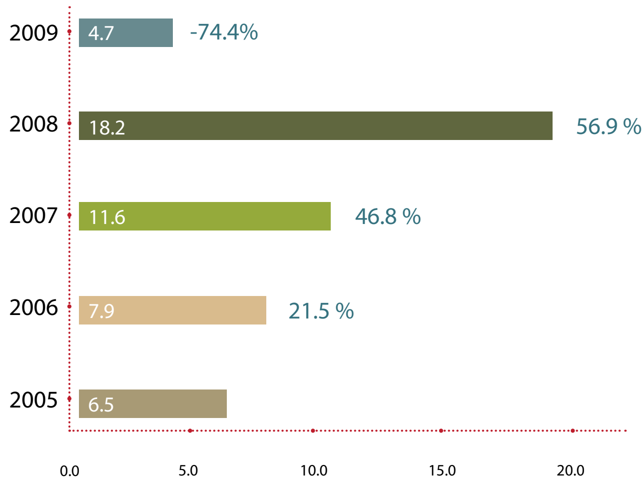
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) ZMK Mllions

-65.5%



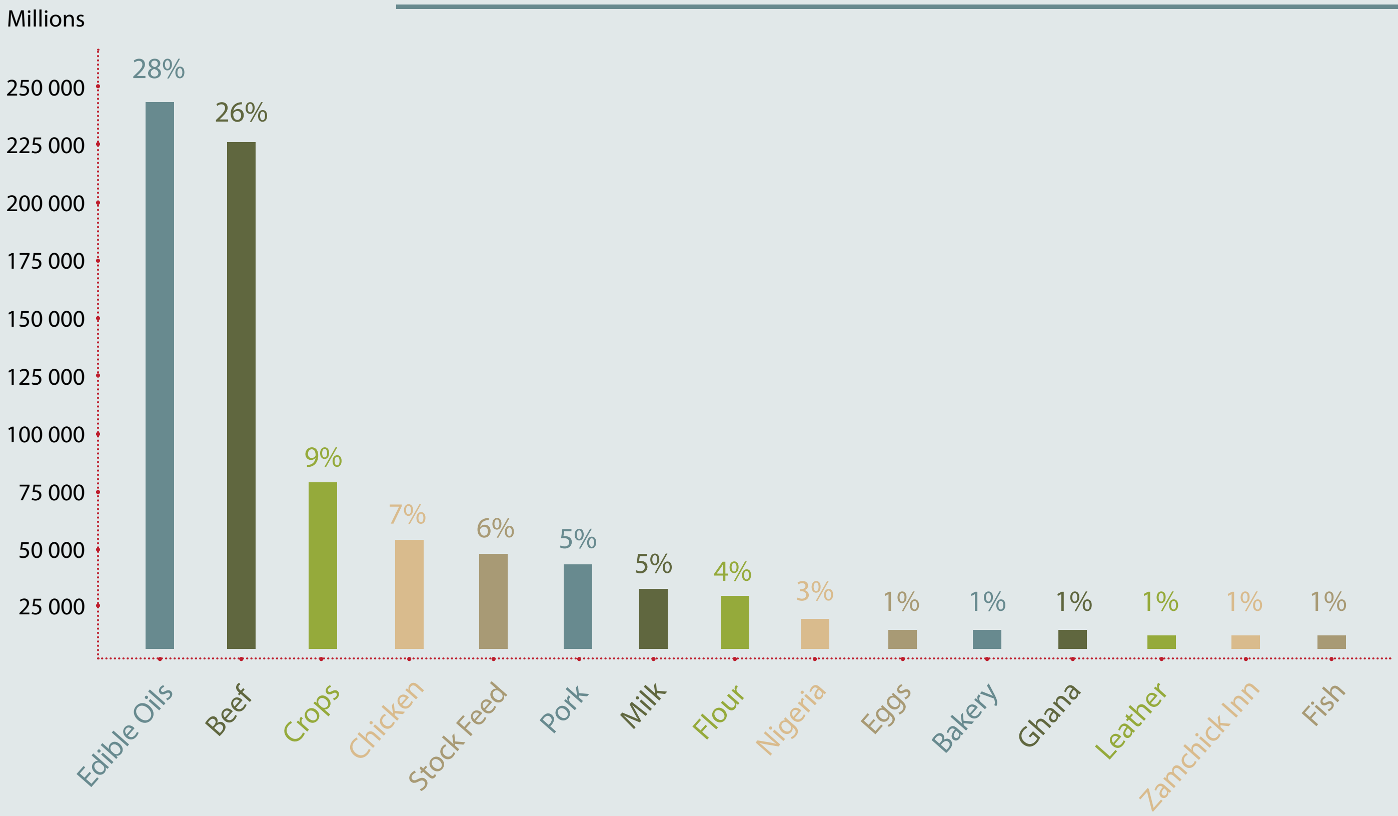
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) US$ Mllions

-74.0%

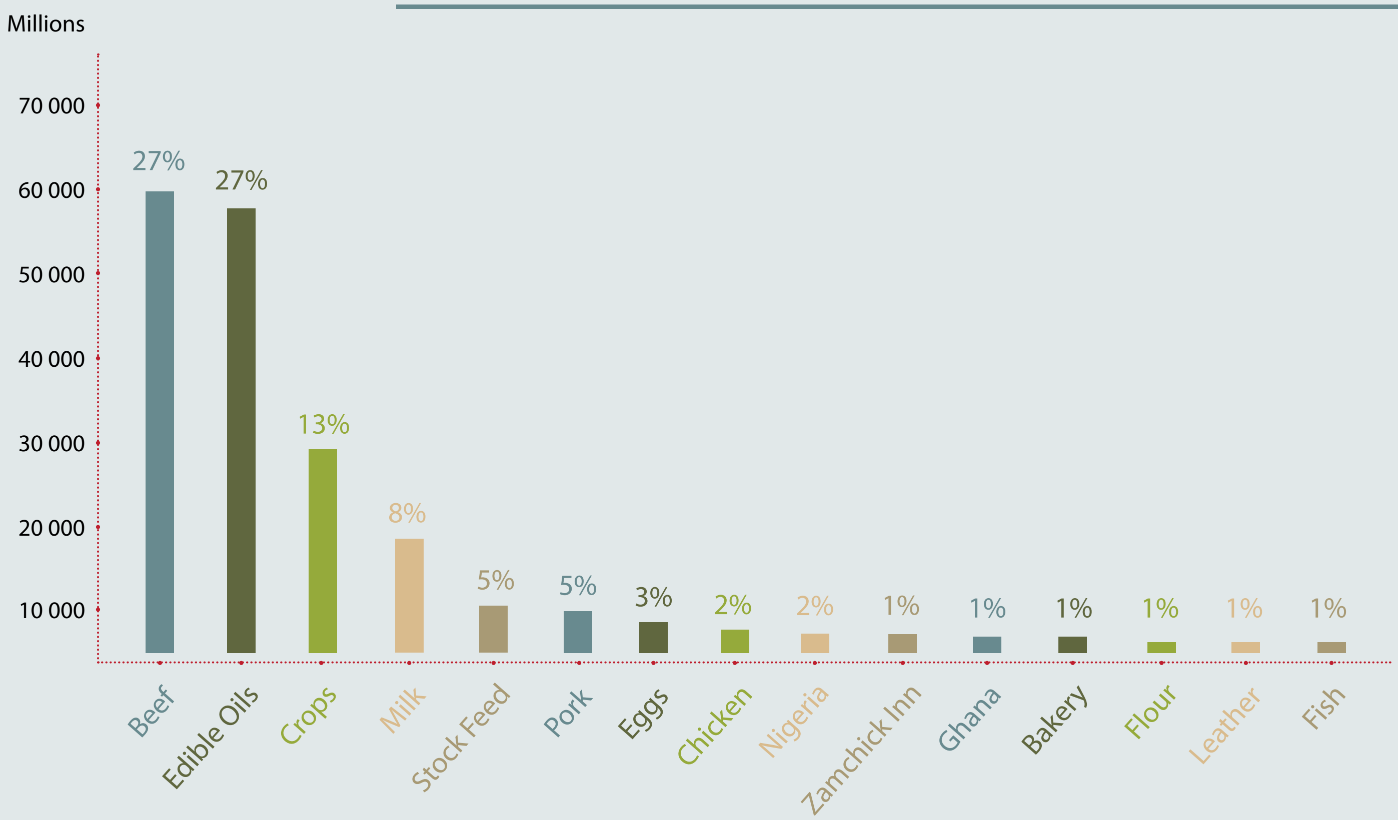


Financial Highlights
Segmental Analysis of Turnover and Operating Profits 2009

Segmental Turnover



Segmental Operating Profits



Zambeef Product Range

Chariman's Report

Chiawa Farm

Dear Shareholder,

Every year during the many that I have had the privilege to act as Board Chairman of the Zambeef Group, I have been able to report to our members, financiers and other stakeholders a strong, sustained and impressive growth and achievement in all sectors of the Group's extensive operations.

For the first time this year, I have to report a decline in the Group's profitability although revenue has continued to increase, confirming that our products and services remain competitive and match customer needs. Furthermore, the Group continues to be strongly cash generative.

During the year, the global economic situation continued to deteriorate significantly and share price values fell dramatically across all of the world's major stock markets. The recession drastically affected commodity prices and the Group's export earnings. The exchange rate moved from K 3,580 / US$1 at 30th September 2008 to K 5,760 / US$1 during the financial year before strengthening back to K4,720/$ at 30th September 2009.

However, our attention remains fully focused on maximizing the Group's performance for the benefit of all its stakeholders. Zambeef's strategy remains geared towards long term profitability based on our entrepreneurial spirit.

Zambeef and Zamanita have also been awarded the Investment Promotion and Protection Agreement Licence (IPPA) which will give Zambeef and Zamanita a number of fiscal and tax benefits over the next 10 years.

It is not for me to set out facts and figures and details of our acquisitions and new divisions as this is done in a lucid and exemplary manner in this Annual Report.

Zambeef's Annual Reports have become renowned as a hallmark of excellence in both presentation and content. It is rather for me as the Group and Board Chairman to analyse and record the reasons which have made the Group the pride of Zambia and the envy of all it's would be competitors.

HUMAN CAPITAL

The basic factor is our strategy of attracting, retaining and developing staff who are passionate about personal and corporate achievement and who are proud to work for Zambeef. Our employees are trained to excellence in all categories and at all levels in which they serve and are motivated by loyalty, enthusiasm and team spirit. Our human capital is the solid foundation on which our phenomenal success in "feeding the nation" has been built.

STRONG BOARD OF DIRECTORS

Zambeef is fortunate in the high calibre of its directors and I thank all my board colleagues for their wise counsel and strategic advice during this most difficult year in which it became necessary to deal with a major change in senior management. I also pay tribute to the three board committees – Executive, Remuneration and Audit.

EFFECTIVE CORPORATE GOVERNANCE

My Board continues to be committed to maintaining the highest standards of corporate governance as set out in detail in the Corporate Governance Report. This engenders confidence in our shareholders and financiers and the respect of all sectors of Government which can be satisfied that Zambeef conducts its business in an ethical manner which is beyond reproach. For this reason, the Group has received the Lusaka Stock Exchange Corporate Governance Award as the leading listed company in Zambia for the past two years.

ENVIRONMENTAL & SOCIAL RESPONSIBILITY

Whereas our operating strategies focus on profitability and expansion, our philosophy embraces a commitment to improving our production methods, staff welfare, safety performance and reduction of our environmental footprint. We are always mindful of the environment as well as the wellbeing and aspirations of the many varied communities countrywide in which we operate and provide employment, educational and healthcare support and sponsor sporting activities.

SOUND FINANCIAL STANDING

We have built up and maintained an excellent financial standing and reputation with our bankers and financiers, both local and international, who are always willing partners in our expansion programs.

CONCLUSION

Zambeef with its solid foundation has put in place a well planned and comprehensive program which over the next year will ensure that the Group regains momentum to increase profitability and share value and remain a leading and successful agricultural, food producing and distribution entity in the whole of Africa.

Dr. Jacob Mwanza
Company and Board Chairman

Lusaka- November 2009

ZAMBEEF PRODUCTS PLC

SUBSIDIARIES

Zambeef Retailing Ltd

- 9 Abattoirs
- 96 Butcheries
- 3 Processing Plants
- 8 Zamchick Inns
- Mill & Bakery

100%

Zamleather Ltd

- Tannery
- Finished Leather Division
- Shoe Division

100%

Zampalm Ltd

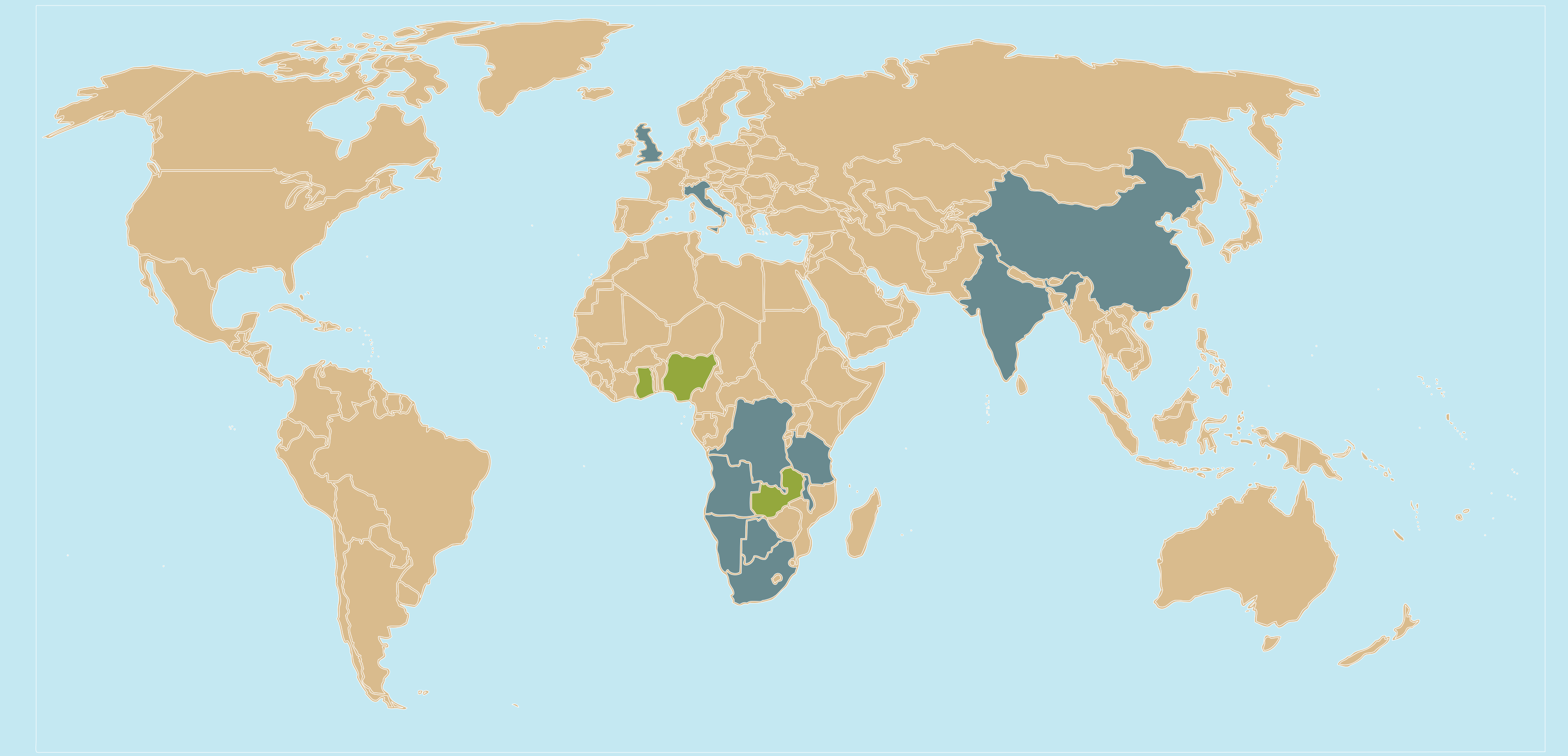
- Palm Plantation

100%

OPERATING DIVISIONS WITHIN ZAMBEEF PRODUCTS PLC

- BEEF
- CHICKEN
- EGGS
- DAIRY
- CROPPING
- STOCK FEED

Zamanita Ltd	Master Pork Ltd	Master Meat & Agro Production Co. of Nigeria Ltd	Master Meats (Ghana) Ltd
• Edible Oil Crushing Plant • Edible Oil Refinery • Margarine Plant • Water Plant • Plastics Plant	• Sow Piggery • Pork Abattoir • Meat Processing Plant	• Franshise on Shoprite Checkers Butcheries	• Franchise on Shoprite Checkers Butcheries
100%	100%	67%	90%



Countries to which Zambeef Products PLC has exported products

Countries to which Zambeef Products PLC is operating

AFRICA

- Angola
- Botswana
- DRC
- Malawi
- Ghana
- Nigeria
- Namibia
- Tanzania
- South Africa
- Zimbabwe

INTERNATIONAL

- China
- England
- Hong Kong
- India
- Italy

ZAMBIA

- BUTCHERIES (96)
- ABATTOIRS (9)
- FARMS (4)
- ZAMCHICK INNS (8)
- PROCESSING PLANTS (3)


D.R.C
TANZANIA
LAKE TANGANYIKA
LAKE MWERU
KASAMA
Northern
ZAMPALM
MPIKA
MANSA
LAKE BANGWEULU
Luapula
LUANGWA
ANGOLA
SOLWEZI
CHILILABOMBWE
MUFULIRA
North Western
CHINGOLA
CHAMBESHI
KITWE
KALULUSHI
NDOLA
LUANSHYA
Eastern
CHIPATA
KAPIRI MPOSHI
KABWE
PETAUKE
Central
CHISAMBA
MONGU
MUMBWA
LUSAKA
Western
SENANGA
NAMWALA
CHIRUNDU
ZAMBEZI
SINAZONGWE
CHOMA
LAKE KARIBA
ZAMBEZI
Southern
LIVINGSTONE
ZIMBABWE
BOTSWANA
MOZAMBIQUE

Who We Are
Fact Sheet

BEEF & FEEDLOT

- Largest meat company in Zambia slaughtering 60 000 cattle per annum
- Largest feedlotter of quality beef in Zambia feedlotting 13 000 grain-fed cattle per annum
- 9 abattoirs strategically located around Zambia

MILK & MILK PROCESSING

- State of the art dairy milking 850 cows per day and producing an average of 20 thousand litres of milk per day
- Milk pasteurised and homogenised in modern milk processing plant
- Further value added in producing drinking yoghurt, eating yoghurt, cheese, butter and cream

CHICKEN & EGG

- Largest chicken producer processing 4.0 million chickens per annum
- Major egg producer currently producing 40 million eggs per annum
- Zambia's only national egg supplier

PORK

- Largest pork processor in Zambia processing 36 000 pigs per annum
- Largest pig producer producing 8 000 pigs per annum
- Expanding pig production and processing operations

CROPPING GRAINS

- One of the largest irrigated row cropping operations in Africa
- Producing maize, soya, wheat and lucerne
- 5 000 hectares under irrigation
- 1 500 hectares of dry land crops
- Harvested 65 000 tons of grain during 2008
- Silo storage capacity of 32 000 tons

CROPPING PALMS

- First commercial palm plantation in Zambia
- Planted first 1 000 hectares during 2009 with another 2 500 hectares planned for 2010
- Expected plantation size of 20 000 hectares

MILL AND BAKERY

- State of the art wheat mill
- Capacity to mill 3 000 tons of wheat per month
- State of the art bakery
- Currently baking 20 000 loaves per day

ZAMANITA

- The largest edible oils plant in Zambia producing 2 200 tons per month
- Crushes 4 800 tons per month of oil seed in crushing plant
- Produces 3 500 tons per month of animal feed cake
- Produces 200 tons per month of margerine
- Water production commenced in March 2009 currently producing 1 000 cases per month
- Plastics plant to produce full range of plastic bottles for oil and water

NOVATEK STOCK FEED

- Currently producing 120 tons of stock feed per day in own stock feed plant
- Modern fully automated stock feed to commence operation in December 2009 for both Zambeef and external sales
- Capacity of 10 000 tons per month

LEATHER & SHOES

- Currently processes 60 000 hides per annum through tannery
- Exports to South Africa, Europe, and the Far East valued at US$ 900 000 per annum
- Major producer of industrial footwear, school shoes, casual show range, leather protective clothing for the mining sector

BUTCHERY OUTLETS

- Sells high quality beef, chicken, pork, milk, eggs, processed meat, edible oils and bread in 77 outlets throughout Zambia
- 21 In store butcheries in Shoprite supermarkets in Zambia, Nigeria and Ghana
- Major expansion in retail expected during the next financial year

FASTFOOD OUTLETS

- Popular fast food chain selling fried chicken and chips
- 8 Zamchick Inns with more planned for next financial year

TRANSPORT & DISTRIBUTION

- One of the largest trucking and transport fleets in Zambia in excess of 250 units
- Own modern workshop to service and maintain fleet

How We Have Performed

Zampalm

OVERVIEW

This has been a difficult year for the Zambeef Products PLC Group of Companies ("Zambeef") with Zambeef showing a large decrease in profits for the year from a Profit After Tax in 2008 of K38.3bn to K16.0bn in 2009. Despite the disappointment of this decrease in profits, Zambeef can be satisfied to have come out of what has been the most challenging of circumstances in a profitable and strong financial position.

It should be noted that despite this difficult year, the Zambeef Group continues to be strongly cash generative, with net cash inflow from operating activities of K15.7bn.

The results of the Zambeef Group were adversely affected by the unusual situation of a rapid devaluation of the Zambian Kwacha at the same time as a collapse in agricultural commodity prices. The exchange rate started the year at K3,580/US$. The exchange rate peaked at K5,760/US$ before ending at K4,720/US$ at the year end. This resulted in an exchange loss of K67bn for the year most of which is unrealized. This large unrealized exchange loss on US Dollar debt has materially affected the accounts.

The last couple of months have seen a strong rally in world copper prices. With copper being the largest export from Zambia, it is hoped that further appreciation of the Kwacha will follow reversing part of this unrealized exchange loss in the next financial year. Zambeef saw a reduction in its gross profit margin during the year, the reasons for which are explained in detail under the operational review. However, Zambeef remains confident that margins will return to usual levels in the next financial year and that food production will remain a key growth area throughout the world.

CAPITAL EXPENDITURE

The worldwide financial crisis and reduction in the availability of debt has resulted in the Zambeef Board shifting its focus on capital expenditure for the next financial year from primary production to the retailing side of the Zambeef operations. The key focus for the coming year is the expansion and upgrading of the Zambeef retailing network both in Zambia and West Africa.
As a result of the financial crisis and the difficulty in accessing term debt, Zambeef put two capital projects on hold which had been approved by the Board in 2008. These were firstly the building of a new poultry hatchery and secondly the building of a new piggery to increase the supply of pigs to Master Pork Ltd. The hatchery project will remain on hold as there is overcapacity due to a new hatchery commencing operations during the year. However the piggery project will proceed during the 2010 financial year as it is an essential part of the growth of Master Pork Ltd in order to provide additional pigs for this expanding part of Zambeef's business.

During the year Zambeef continued the expansion of its Chiawa Farm cropping operations with the arable land under irrigation increasing from 960 hectares when this farm was acquired in February 2008 to 2,200 hectares now under irrigation, taking Zambeef to just under 5,000 hectares under irrigation for the current summer cropping program. This capital expenditure will be completed during November 2009 and no further cropping expansion at Chiawa Farm is budgeted for in 2010. Total spend for the Chiawa Farm project will amount to US$20m, which includes the acquisition price (US$6m) as well as expansion and rehabilitation costs (US$14m). Zambeef's modern new stock feed plant will be operational in January 2010 completing the expenditure on this US$8m project. Capital expenditure on the development of the Palm project has continued with the planting out of the first one thousand hectares of palms. Total spend to date on the Palm project is K21bn; a further 2,500 hectares will be planted in 2010 with a budgeted expense of US$4.1m for the year.

An initial capital expenditure of US$1m for upgrading and expanding the Zambeef retailing network in Zambia and a further initial US$2m for expanding the Nigerian operations has also been approved by the Zambeef Board.

DISPOSAL OF SUGAR FARMING OPERATIONS

On 1st April 2009 Zambeef disposed of its 85.73% shareholding in Nanga Farms PLC for K152bn. Nanga Farms was acquired on 1st June 2008 and is a large sugar estate growing around 2,450 hectares of sugar cane per annum. After careful consideration the Zambeef Board was of the view that the Nanga Farms production of sugar cane was not sufficient to warrant the erection of a sugar mill. Zambeef's strategy has always been to add maximum value to all primary production through further processing and then retailing these value added products through its own retailing network. As the viability of a sugar mill with only 2,450 hectares of guaranteed sugar cane was questionable, especially at a time of global recession and financial meltdown in the world's financial markets, Nanga Farms PLC became an asset which did not fit neatly into the Zambeef's value adding strategy and hence the decision to dispose of this asset. The profit on the disposal of this asset was K65.8bn.

DEG Term Loan for US$25m (Deutsche Investitions-und Entwicklungsgesellschaft MBH)

During the year Zambeef secured a US$25m term loan from DEG in order to finance the three large capital projects which were in progress, namely the expansion of Chiawa Farms, the new Stockfeed plant and the Palm Project. In addition this line allows for capital expenditure in Zambeef's core activities. This will be used for expanding and upgrading the retail network. The first two projects were financed by Zambeef during the year with all capital expenditure being completed by December 2009. As a result capital expenditure totaling around $18m has already been financed through the Zambeef's short term facilities. Upon drawdown of the DEG loan, approximately, US$18m of the loan proceeds will be reinjected into the Zambeef short term facilities, which will result in a significant movement from current liabilities to long term liabilities. This will give Zambeef a well structured and healthy balance sheet with the long term capital projects matched by long term finance, while Zambeef will have a high current ratio and acceptable gearing. The DEG loan drawdown is scheduled for mid December 2009.

DEBT REVIEW

Zambeef's total group financing lines by limits will be US$72.9m, structured as follows:

- 51% of our debt is term loans
- 49% of our debt is working capital lines
- 91% of our debt is in US$ at a weighted average cost of c.6%
- 9% of our debt is in ZMK at a weighted average cost of c.20%

It should be noted that these are the facilities available and not the drawn down positions.


Kayindu Farm

FINANCIAL REVIEW

The financial year saw excellent growth in turnover for the Zambeef Group with turnover increasing by 41.5% from K492bn to K697bn. This excellent increase in turnover was offset by a large decrease in margins for the group from 38.8% in 2008 to 31.4% in 2009. This resulted in a decrease in Profit after tax from K38.3bn to K16.0bn. Despite this decline in profits, Zambeef continues to be strongly cash generative, with net cash inflow from operating activities at K15.7bn. Some of the key reasons for the decrease in margins were as follows:

1. The rapid depreciation of the Kwacha resulted in selling prices decreasing in real terms while US Dollar input costs remained high. Zambeef was unable to pass immediately the large increase in costs, due to the dramatic depreciation of the Kwacha, onto the consumer and hence margins reduced. This was particularly evident for the chicken broiler operation where the stock feed prices are US Dollar linked;
2. On the cropping front, the 2008/9 crops were planted when input costs were at an all time high (fertilizer, herbicides, and fuel). Shortly into the cropping season commodity prices collapsed and as a result Zambeef was left with high cost crops with selling prices having crashed;
3. Zamanita, the Zambeef edible oil subsidiary, had forward oil purchases for crude palm oil from Malaysia and a forward soya purchase contract both of which were signed at the height of the commodity price boom. The subsequent collapse in edible oil prices resulted in Zamanita having to take a loss on these positions; and
4. At the end of December 2008 the two year old ban on the movement of live beef animals out of Southern Provence was lifted. Southern Provence is the largest cattle province in Zambia and this lifting of the ban resulted in a flood of traditional cattle into Lusaka and the Copperbelt resulting in a large drop in the beef prices. Zambeef at any time has a large pool of cattle on hand and took a loss on these cattle and margins were squeezed until this unusual supply of cattle normalized.

Zambeef is aggressively working on getting its Gross Profit Percentage back to the traditional levels which will then return Zambeef to its traditional profitability.

These results have resulted in the Board of Directors taking the difficult decision not to pay a dividend this year and retain cash within Zambeef.

OPERATIONAL REVIEW

The Financial year has seen most divisions and subsidiaries within the Zambeef Group showing good growth but with margins having been squeezed. These divisions and subsidiaries are discussed in more detail below:

BEEF (ZAMBEEF)

This was a difficult year for the beef division with prices and margins reducing following the lifting on the movement of live animals from Southern Province on 24th December 2008. The ban had been in place for two years. This large influx of traditional cattle into the cities resulted in beef prices reducing as well as margins. With beef prices reducing there was a distinct shift in demand of meat from chicken to beef resulting in beef volumes increasing.

As a result volumes increased significantly with turnover increasing by 35.2% from K166bn to K224bn. Unfortunately the gross profit percentage decreased from 37.1% to 26.8 % resulting in the beef division's gross profit decreasing from K61.6bn to K60.2bn. The beef division remains the largest division in Zambeef contributing 27.5% of Zambeef's gross profit. Hence this reduction in margins in the beef division has a material effect on the Group results.

The extraordinary events of 2008/9 appear to be over and the Beef divisions margins are back to their normal levels. Zambeef remains in a unique position in the beef industry with 9 abattoirs strategically located around the country. Beef prices have started to rise and demand remains strong. Hence Zambeef can expect the beef division to have a good 2009/10 financial year and is confident we will achieve historical margins.

CHICKEN (ZAMCHICK)

The chicken broiler division has had a difficult year with turnover up 2.37 % from K51.4bn to K59.5bn while the gross profit decreased by 54.1% from K11.3bn to K5.2bn as a result of gross profit margins dropping from 22% to 8.7%. The chicken division consequently dropped to the 9th largest

contributor to Zambeef's gross profit although it is the 4th largest division in terms of turnover.
These disappointing results can be attributed to the unique circumstances during 2008/9 which caused havoc in the Zambian Poultry industry. During 2008 margins were squeezed due to record prices for the ingredients for chicken feed. In particular soya and maize prices rose significantly during 2008. Traditionally maize and soya are bought after the summer cropping season in May to August. These stocks then last until the next season. As a result when commodity prices crashed at the end of 2008, there was no real decline in the stock feed price until the new harvesting season in May 2009. As a result the chicken industry had expensive dollar denominated stock feed for the first 8 months of the financial year. This difficult situation was further excercabated when the Kwacha rapidly depreciated from K3,580/$ to K5,700/$. The industry was already sitting on expensive stock feed ingredients and the further increase in the stock feed costs from the devaluing currency could not be passed onto the consumer and as a result margins crashed in the chicken industry in Zambia. In contrast beef prices reduced, as explained above, and so demand for chicken reduced as consumers switched from chicken to beef resulting in over production of chickens relative to demand.

It is pleasing to note that the unique circumstances described above are reversing. Maize and soya prices reduced significantly once the summer crop started being harvested in May 2009. In addition the Kwacha has appreciated from K5,700/$ to around K4,700/$. In addition the supply of chicken has reduced as a lot of marginal producers stopped producing chickens while beef prices have started increasing. The effect of this has been chicken margins returning to historical levels in the last few months.

The Zambeef Board had approved the establishment of its own chicken hatchery during 2008. With the unique circumstances of the last year this project was put on hold. Currently there is an oversupply of day old chicks in Zambia with the chicken industry volumes down and a new hatchery having started producing day old chicks during the year. As a result this project remains on hold.

Although 2008/9 has been a difficult year for the Zambeef chicken division, Zambeef can be confident that this division will return to being an important division and a division which will again provide a large contribution to Zambeef's results in the coming year. Zambeef has just launched a fresh range of chicken under the new brand name "Master Chick". The initial response has been good and this will further enhance the chicken operations going forward.

EGGS (ZAMCHICK EGG)

This division has had an outstanding year with turnover increasing by 55.4% from K8.0bn to K12.5bn and gross profit increasing by 119.6% from K3.2bn to K7.0bn as gross profit margins increased from 39.8% to 56.2%.

During the year, Zambeef increased its chicken layers from 66,000 to 82,500. With the success of this division in the last year, Zambeef is in the process of increasing the number of layers by a further 48% to 122,400.

Eggs remain one of the cheapest per unit sources of protein for the consumer. This year saw a very real increase in demand for eggs despite the price of eggs increasing. It is hoped that this demand for eggs will continue to grow and Zamchick Egg will continue to grow as Zambia's only national egg supplier.

As part of the expansion of the layer operation, Zambeef has also expanded its rearing of the point of lay birds. As a result Zambeef will continue to produce all its own point of lay birds.

This division should continue to show good growth in the following year and will provide incremental business for the Zambeef Stock Feed operations.

PORK (MASTER PORK)

Master Pork Ltd has had a good year with turnover increasing by 67.9% from K28.1bn to K47.1bn. Although the gross profit decreased by 14.3% from K12.1bn to K10.4bn it should be noted that net profit after tax increased from K1bn to K2.5bn. This reflects excellent cost control and the fact that Master Pork remains a low overhead operation.

The Master Pork processing operations had an excellent year. Unfortunately, the 450 sow piggery Master Pork owns had a bad year making a

Zamleather Boots

large loss. The reasons for this are very similar to the problems encountered by the chicken broiler operations referred to above and hence I will not repeat these. Like the chicken broiler operations, the piggery has had a significant improvement in results over the last couple of months. The poor performance of the piggery affected the gross profit.

Master Pork continues to show excellent growth and the intention is to further expand the processing operations in the coming year. In addition in 2008 the Zambeef Board approved the establishment of a modern new piggery. Like the hatchery, this project was put on hold during the last year due to the extraordinary circumstances. This project is expected to proceed this year as it is essential to ensure Master Pork can secure sufficient pigs to continue to grow. This increase in Master Pork's own pig production is an important part of the proposed increase in pig supplies and again will provide incremental business for the stock feed operations.

Master Pork can expect another good year ahead with continued growth.

DAIRY (ZAMMILK)

The dairy division has had a satisfactory year with turnover increasing by 26.7% from K32.2bn to K40.8bn. Unfortunately gross profits decreased by 5.0% from K19.2bn to K18.2bn. Like Master Pork, this can be split into a good performance by the processing plant while the dairy farm has had a difficult year with high feed costs. The milk production from the Zammilk dairy has remained static as the dairy herd has not increased as predicted due to a continued high culling percentage due to ongoing mastitis in the herd. As a result, the milk processing plant has had to continue to buy in expensive milk in order to continue to grow which has also put pressure on margins.

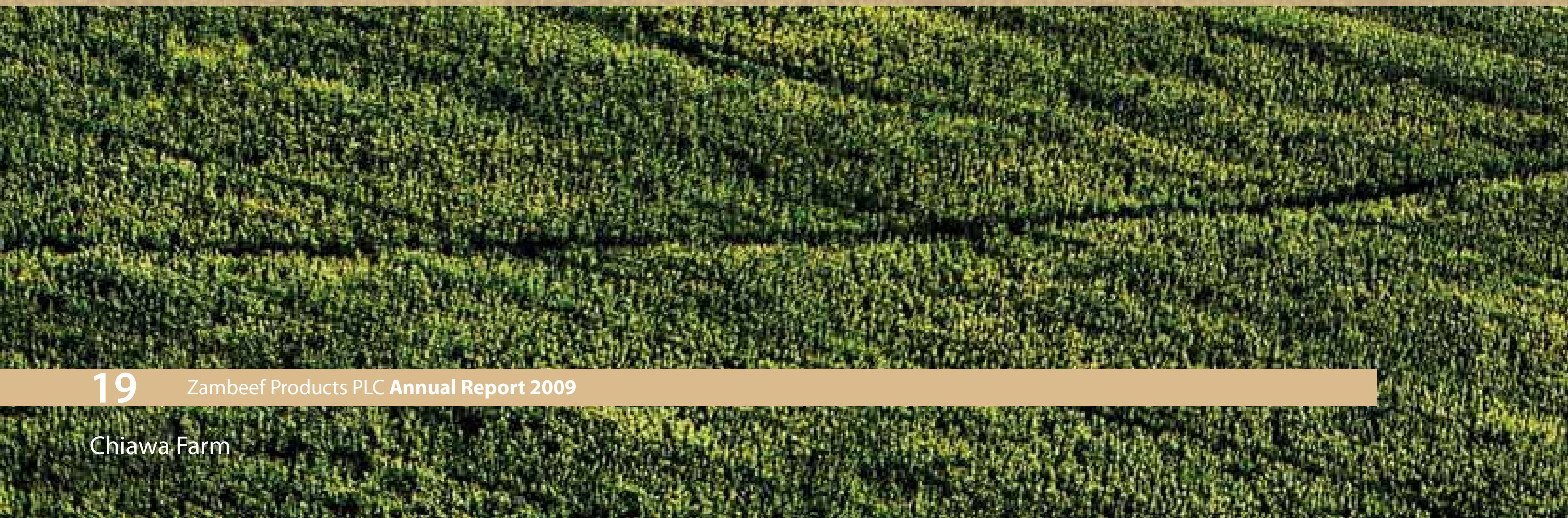
The Zammilk division remains the fourth largest division within Zambeef contributing 8.3% of Zambeef's gross profits. Turnover is expected to continue to grow while margins should improve in the current year as the dairy farm becomes more profitable with lower stock feed prices.

CROPPING (ZAMBEEF FARMING)

Zambeef's cropping operations have had a poor year with turnover down 1.6% from K78.9bn to K77.6bn and gross profits down 33.7% from K43.2bn to K28.6bn. The gross profit margin dropped from 54.7% to 36.9%. As already described above, these poor results were mainly due to the extraordinary events which took place during the year. The summer crops were planted at the time when input costs were at the peak, particularly fertilizer, herbicides, seed and diesel. After planting the summer crop with high input costs, the soft agricultural commodity prices collapsed throughout the world with soya and maize prices declining sharply. In addition there were heavy late rains which did damage to the summer crop.

The winter crop, which is mainly wheat, is normally the most profitable crop. However wheat prices collapsed during the year resulting in lower margins for the winter crop as well.

Zambeef has continued to expand its cereal cropping operations with the expansion of its Chiawa Farm irrigation scheme taking Zambeef's total area under irrigation to just under 5,000 hectares, making Zambeef one of the largest irrigated row cropping operations in Africa. No further expansion of Zambeef's existing cropping operations has been budgeted for this year although it is worth noting that the Chiawa Farm has the water and land to develop approximately a further 1,500 hectares. Most of the infrastructure is already in



Chiawa Farm

place for this further expansion and so it would be a relatively cheap expansion. Once grain prices start improving throughout the world Zambeef will look at developing this additional land.

Zambeef has continued to develop its Palm plantation with K21bn spend in the last year and a further US$4.1m budgeted for in the coming year. Zambeef has title to 20,000 hectares of land for the Palm Plantation. Zambia and the region remains a major importer of vegetable oils. In addition the Zambeef Group is a large importer of crude palm oil from Malaysia for refining at its Zamanita Oil Refinery. As a result the Palm project will have a material impact on Zambeef's results when it starts producing palm oil in 4 years time.

Zambia remains an ideal country for large scale irrigated cropping operations with fertile soils, an excellent climate and ample water. Zambia is the source of 42% of Sub Saharan Africa's water. As a result, Zambia has the potential to be the bread basket of Africa. With water becoming a more precious natural resource throughout the world, these world class irrigated farming operations will become more valuable each year.

Agricultural commodity prices throughout the world are showing the first signs of starting to recover. Until prices rise, margins will remain at current levels.

FEEDPLANT (NOVATEK)

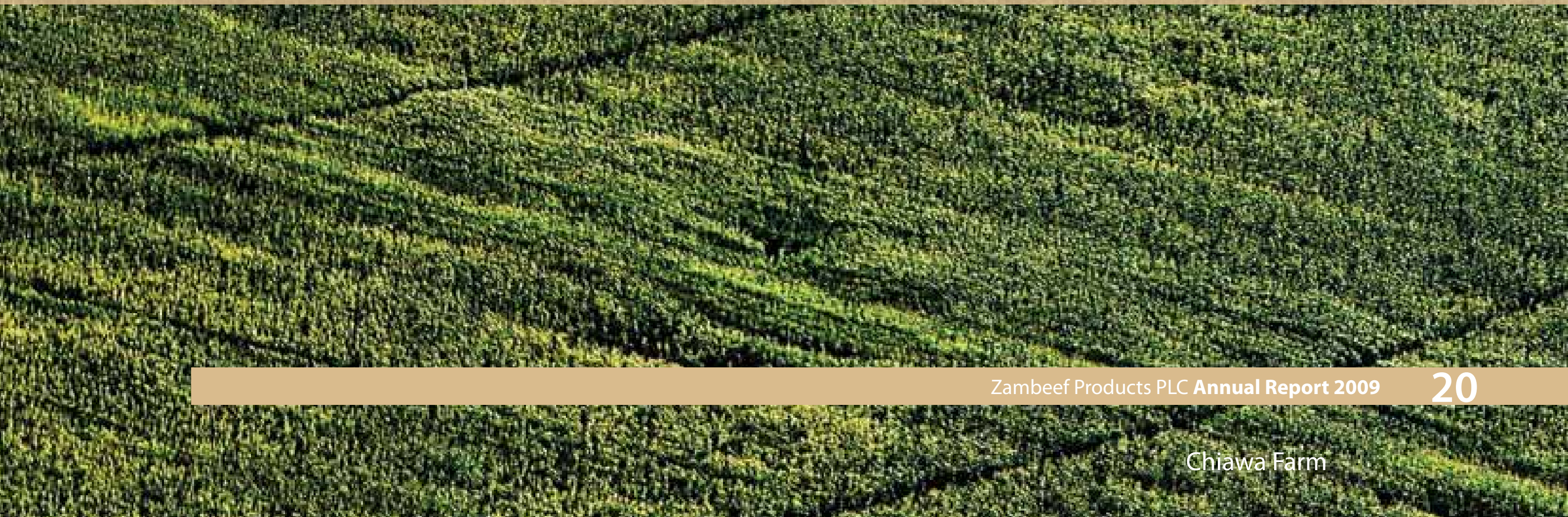
This division has been one of the most successful divisions within Zambeef in the last year with turnover increasing by 43.0% from K35.7bn to K51.1bn and gross profits increasing by 151.6% from K4.4bn to K11.1bn. This division now accounts for 5.1% of Zambeef's gross profits being the fifth largest division in terms of gross profits. This division has been identified as a key growth area for Zambeef with the new state of the art stock feed plant being finished and starting operations in January 2009 at a total cost of US$8m. This division has benefitted from its own fulltime general manager and nutritionist and has started selling large volumes of stock feed to third parties. The new stock feed plant is a world class facility with the capacity to produce 10,000 tons of stock feed per month. It will take the stock feed industry in Zambia to a level never seen before and will enable Zambeef to value add on all its maize and soya production and sell these products both within Zambia and into the region.

With the new stock feed plant commencing operations in January 2009, this division can look forward to strong growth in the future.

MILLING (ZAMFLOUR)

The Zambeef milling division has performed well and fully justified the investment in a flour mill in 2007. Zambia had surplus wheat for the first time in history this year and with Zambeef being the largest wheat producer in the country, the mill has been essential to market Zambeef's large wheat crop. During the year, Zambeef has exported flour to Zimbabwe and the Democratic Republic of Congo.

Turnover in this division increased by 60.6% from K21.8bn to K35.0bn. Margins have been low in order to market Zambeef's large wheat crop as flour and the gross profit percentage dropped from 15.2% to 6.9% with the gross profit reducing from K3.3bn to K2.4bn. This was a strategic decision and has helped Zambeef break into the export market. With world wheat prices starting to increase it is hoped that flour prices in the world and in the region will start rising which will allow margins to increase.



Chiawa Farm

BAKING (ZAMLOAF)

The bakery has continued to grow with turnover increasing by 31.0% from K9.2bn to K12.1bn. Gross profit has increased by 14.7% from K2.2bn to K2.8bn. The focus for the next year will be on starting to develop value added lines rather than only selling bread in order to increase margins and volumes further.

TANNERY & SHOE PLANT (ZAMLEATHER & ZAMSHU)

The leather industry throughout the world has had a difficult year with demand for leather and leather prices falling sharply following the financial crisis and global recession. As a result, Zambeef has increased its production of shoes for the Zambian market and reduced its exports. Turnover has decreased for the combined leather and shoe operations by 3.4% from K8.8bn to K8.5bn while the combined gross profit has increased by 13.6% from K2.0bn to K2.3bn. The next year is expected to be another hard year for the leather industry throughout the world.

FISH

Although this is a small part of Zambeef's operations, this has been the fastest growing part of the business with turnover increasing by 216.5% from K2.5bn to K7.9bn and gross profit increasing by 160.7% from K0.8bn to K2.0bn. Zambia's natural fish stocks have reduced in recent years resulting in a large increase in the demand for fish from the formal sector. Zambeef has a small fish farm on its Chiawa Farm. This has clearly shown the viability of fish farming within Zambia. With the Zambeef consumer clearly showing a strong increase in demand for fish, Zambeef will look closely at the viability of putting in a fish farm in the future. This will remain a fast growing part of the Zambeef business for the next year.

EDIBLE OILS (ZAMANITA)

During 2008, Zambeef acquired 100% shareholding of Zamanita Ltd, which is the largest edible oil producer in Zambia. This was an important strategic decision for Zambeef as edible oils are a basic food product which compliments the Zambeef range of food products which are retailed through Zambeef's retailing network throughout Zambia. In addition, the by product from the oil seed crushing operation (animal feed cake) is the main protein source in the livestock sector.

Zambeef has now very successfully integrated Zamanita into the Zambeef Group and Zamanita is now the largest part of Zambeef's business in terms of turnover and second in terms of gross profits behind the beef division.

When Zambeef acquired Zamanita Ltd, it had three initial goals which were to integrate the sales of the edible oils into the Zambeef retailing network,

Zamanita Plant

to standardize duties on edible oils in the region so that Zamanita was not at a duty disadvantage to the neighboring countries and finally to put a world class stock feed plant next to Zamanita in order to add value to all the protein from the oil seed crushing plant. Zambeef can be pleased to have fulfilled all of these goals by January 2009 when the new stock feed plant starts operations.

In the last year, Zamanita's turnover increased by 101.9% from K120.0bn to K242.3bn while gross profits increased by 164.3% from K22.3bn to K58.9bn. It should be noted that the 2008 comparatives were for a 9 month period. In addition the gross profit percentage increased from 18.6% to 24.3%. These results would have been significantly better if it were not firstly for the fact that Zamnaita was sitting on large forward contracts for crude palm oil at the end of 2008. With the dramatic collapse of the edible oil prices at the end of 2008 Zamanita took a large loss on these positions which it honored. Secondly, a contract was signed with the largest soya bean producer in Zambia towards the end of 2008 when the soya prices were at an all time high. This contract was for the 2009 crop and with the collapse of the soya price Zamanita took a large loss on this contract.

It should also be noted that 40% of the Zambeef Group US Dollar facilities for Zamanita to finance its stocks. The movement in exchange rates for the year resulted in Zamanita Ltd incurring exchange losses of K38.4bn which resulted in Zamanita Ltd making a loss of K16.0bn for the year.

Zamanita Ltd can now look to the future with a great deal of confidence and is expected to make a material contribution to Zambeef's profits in the future and contribute to Zambeef's growth

RETAILING NETWORK

Zambeef is the largest retailer of perishable products in Zambia with 96 outlets strategically located throughout Zambia. This includes the franchise on 19 Shoprite Checkers butcheries as well as 8 Zamchick Inns, which is Zambeef's own fast food chain which has proved to be very popular. In addition, the Zambeef West African operations have the franchise on the Shoprite Checkers butchery in Lagos and Accra.

This excellent retailing network is the engine room which markets all the Zambeef products.

Retail Outlet

The Board has taken the strategic decision to make the retailing operations the core focus of the business for 2010. An ambitious rollout plan has been started for upgrading our existing outlets as well as opening up new outlets and Zamchick Inn's. This will be of benefit to all divisions within Zambeef and contribute to volume and margin increases across Zambeef's product range. The intention is to roll out Zambeef's own retailing network in West Africa as well.

WEST AFRICA (NIGERIA & GHANA)

Zambeef has two operations in West Africa namely Master Meats and Agricultural Production Company of Nigeria Ltd ("Master Meats Nigeria") and Master Meats (Ghana) Ltd. These West Africa operations continue to be some of the fastest growing parts of Zambeef's business with the combined turnover up by 45.47% from K22.1bn to K32.2bn and gross profit up by 156.1% from K2.7bn to K7.0bn.

West Africa remains a key focus area for Zambeef. Zambeef has secured 300 hectares 60kms north of Lagos where Zambeef will build its own abattoir, feedlot and processing facilities at a total budgeted cost of US$5m. This will also be the distribution and control hub for supplying the Shoprite outlets in Nigeria as well as the proposed Master Meats Nigeria outlets which will start being rolled out during 2010. This will be very similar to the very successful model Zambeef used in the 1990's to grow Zambeef in Zambia.

Zambeef has the franchise on the Shoprite butcheries in West Africa. Shoprite have a new store opening in Accra during December 2009. Further stores are scheduled for opening towards the end of 2010 and early 2011 in both Nigeria and Ghana. Master Meats Nigeria established its own pork processing plant in Lagos during 2009. This is similar to the Master Pork operation in Zambia and contributed to the West African growth.

Zambeef has moved four of its senior management from Zambia to West Africa who will be responsible for growing these operations and unlocking the enormous potential. West Africa will remain one of the exciting parts of Zambeef's business for many years.

STAFF & BOARD OF DIRECTORS

I would like to sincerely thank all the staff of the Zambeef Group in Zambia, Nigeria and Ghana for their continued dedication to their work and to their contribution to Zambeef's success during this very challenging year. Zambeef remains committed to attracting top calibre employees, developing and training these people and ensuring they are motivated to perform at their best. We can be proud to have developed a highly motivated and professional team over the last sixteen years.

We would like to welcome our new director, Mr Stanley Phiri, who replaced Dr Aubrey Chibumba following Mr Phiri taking over from Dr Chibumba as Director General of NAPSA, the main State Pension Fund in Zambia.

In October 2009, Mr Nick Wilkinson ceased to be an Executive Director of Zambeef Products PLC and in November, Mr Philip Diedericks decided to accept an offer from his former employer in South Africa and will be leaving at the end of the year. We wish them well in their future endeavors.

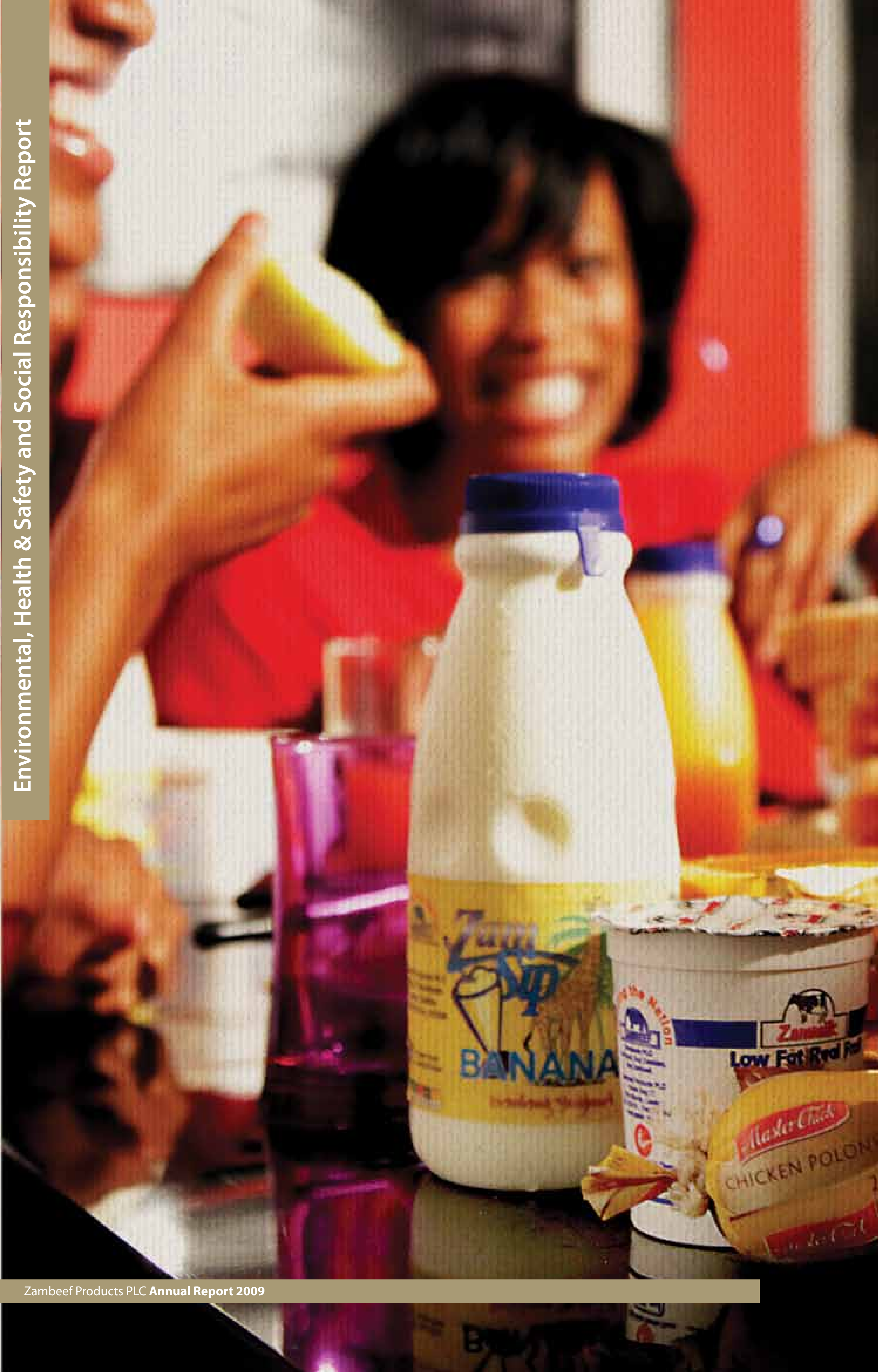
Finally, I would like to thank our entire Board of Directors for their continued contribution to the success of the Zambeef Group of Companies. Zambeef is fortunate to have such a high calibre Board of Directors with wide ranging experience both within Zambia and internationally. Their advise and guidance has been much appreciated. Lastly, I would again like to thank our Chairman, Dr Jacob Mwanza, for his dedication and commitment to the continued success of Zambeef.

CONCLUSION

Zambeef can be satisfied to have come out of this challenging year in a profitable position and has continued to be strongly cash generative. It is disappointing not to show the usual growth in profitability that our shareholders have become accustomed to over the last fifteen years. However the Global Economic Meltdown and recession created circumstances that few people could predict. Zambeef's strategy has always been one of long term sustained growth. The Group continues to reinvest in its business and is now a well diversified Group in terms of products and regions operating successfully in three African countries. Zambeef continues to look ahead with confidence and believes food production will continue to be an important growth area for Africa and in the world as a whole.

How We Are Governed

Environmental, Health & Safety and Social Responsibility Report




VALUE ADDED
CUSTOMER SATISFACTION
ENVIRONMENTAL PROTECTION
QUALITY PRODUCT
corporate
social
responsibility
STAFF TRAINING
COMMUNITY DEVELOPMENT
SUPPORTING LOCAL BUSINESS
HEALTHY WORKING ENVIRONMENT
LONG TERM PARTNERSHIP

Zambeef's environmental policy is aimed at providing a safe and healthful 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 healthful 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.

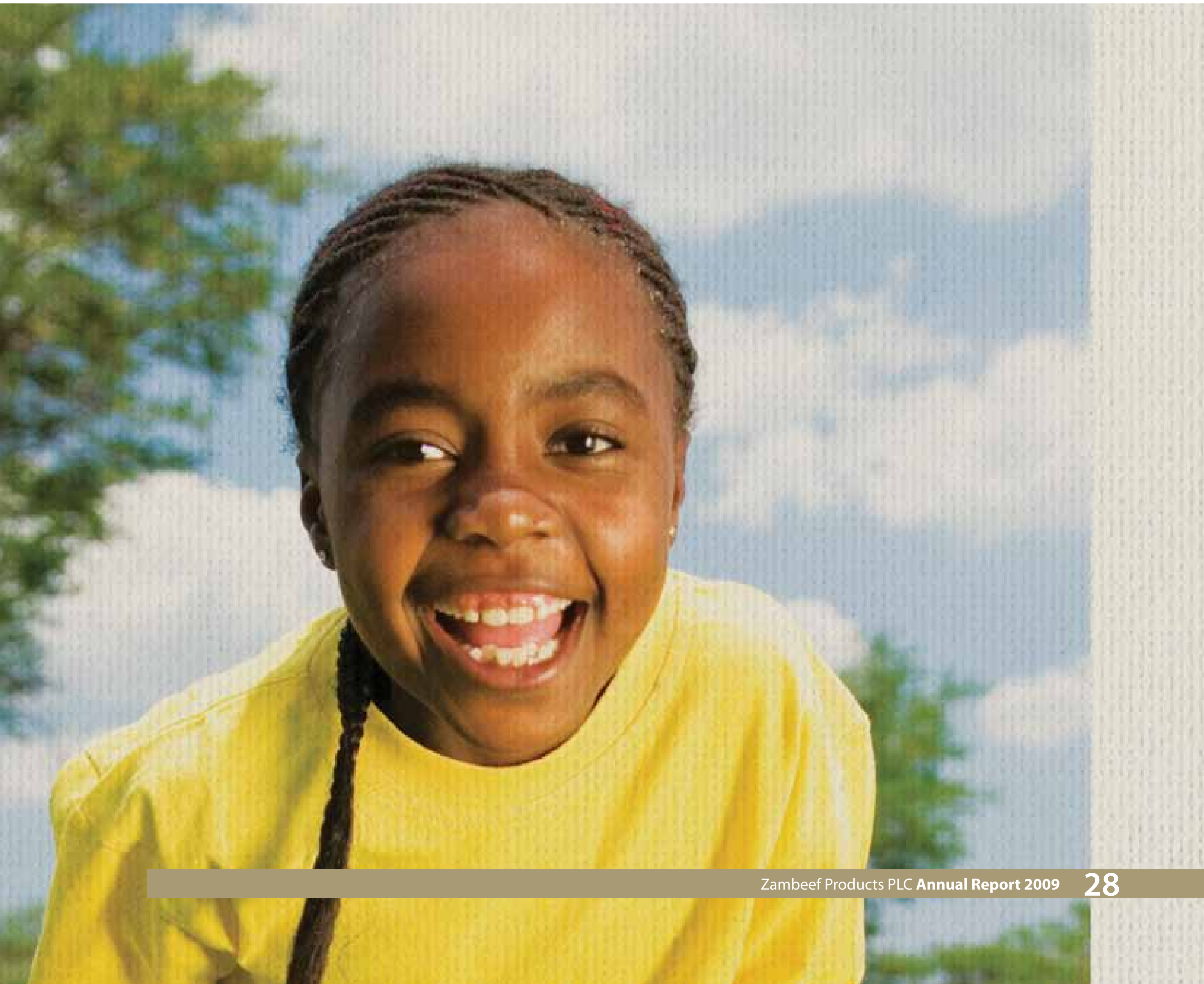
As part of the DEG US$25m term loan recently signed in June 2009, Zambeef signed up to a DEG approved Environmental Action Plan. There are 37 specific action points relevant across the entire Zambeef Group business, spanning over a period of 2 years; the key deliverables are:

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

The DEG environmental plan requires Zambeef to meet not only our local Zambian standards but also international standards over the next 2 years (HACCP, IFC, ISO, OHSAS, ILO Labour Conventions, etc).

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

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



Zambeef also continues to assist and/or support worthy & noble activities & organizations aimed at poverty alleviation through both cash donations as well as providing free meat and dairy products on a regular basis. Zambeef has also continued to give support in the following areas:

- Construction of schools and health centres
- Electrification and provision of clean water facilities
- Financial support to teachers and health workers
- Funding of educational & healthcare materials
- Donation of food to the vulnerable
- Support to promotion of sport
- Support to traditional ceremonies
- Support to local authorities
- Support to Ministry of Agriculture for development process of Food Safety Policy

The development of HIV/AIDS policy was finalised and implemented during the year. HIV programmes, such as Training Peer Educators, Voluntary Counselling and Testing and Training of HIV/AIDS AWARENESS to focal persons were carried out.

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.

Zamloaf Bakery


Tropical

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, transparency and accountability as advocated in its Code of Corporate Governance.

CODE OF CORPORATE GOVERNANCE

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

The key sections of the Code relate to Board and Directors, Board Committees, Legal and Compliance, Internal Audit, Risk, Environmental, Health and Safety and Social Responsibility Policies, Disclosure & Stakeholder Communication and Organization Integrity.

BOARD OF DIRECTORS

The Board of Directors has been appointed by the shareholders and is responsible to the shareholders for setting the direction of Zambeef through the establishment of strategic objectives and key policies.

The Board consists of thirteen directors, of whom eight are non-executive directors and five are executive directors. 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.

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

BOARD COMMITTEES

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 two Executive Directors and three non-executive directors.

The committee is responsible for advising the Executive 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.

Audit Committee

The Audit Committee is chaired by Mr. Lawrence Sikutwa, non-executive director, and its membership consists of three non-executive directors. 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 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 for final approval.

The Audit Committee is required to ensure that all appropriate controls and processes are in place to identify all significant business, strategic, statutory and financial risks and that these risks are being effectively monitored and managed. In pursuing these objectives, the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

Remuneration Committee

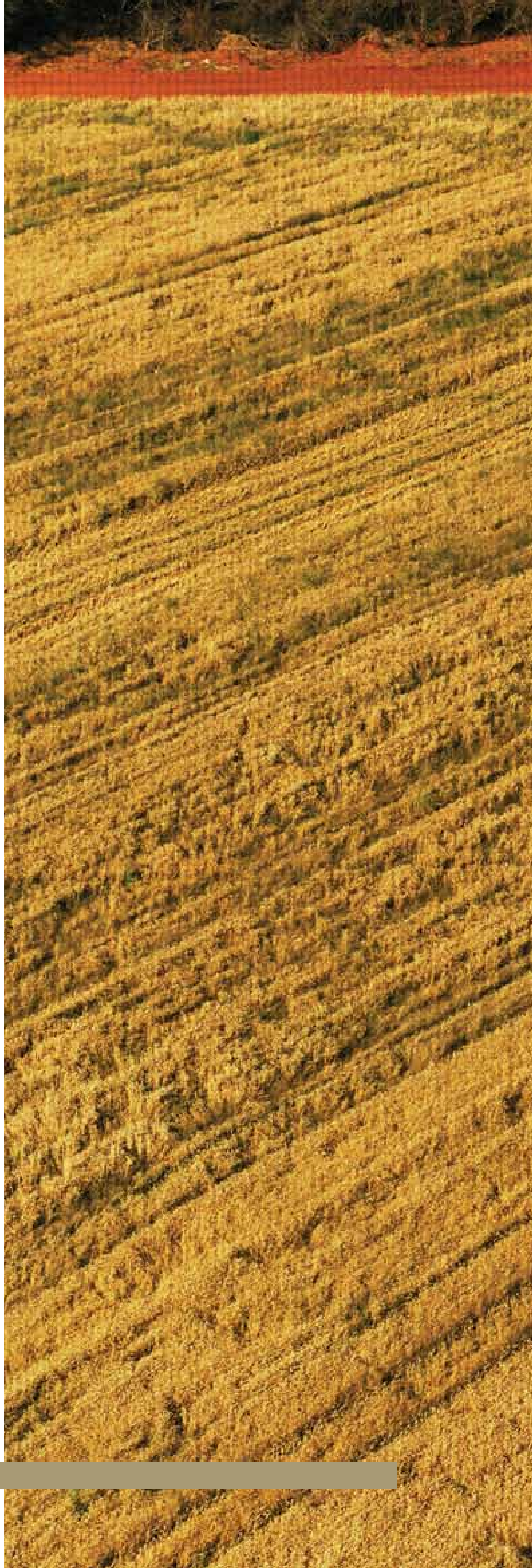
The Remuneration Committee is chaired by the Board Chairman, Dr. Jacob Mwanza and its membership consists of three non-executive directors.

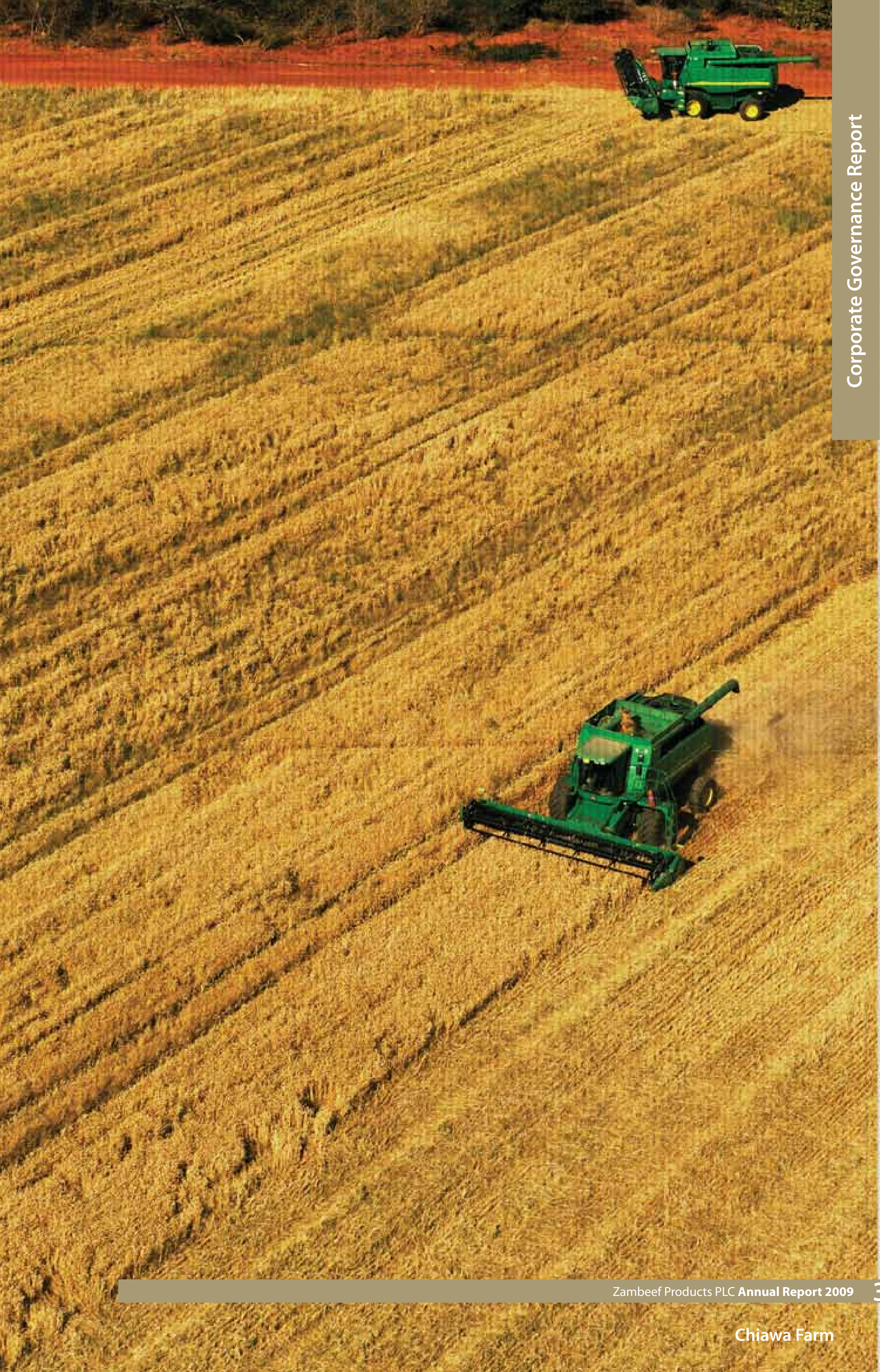
The main responsibility of the committee is to review and approve the remuneration and employment terms and conditions of the executive directors and senior group employees.

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.

The committee also considers and submits 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.





Chiawa Farm

In the year 2006, the Government of the Republic of Zambia enacted the Citizens Economic Empowerment Act number 6 (CEE Act). The Act provides the legal basis for implementing the economic empowerment program in Zambia. The objective of this program once implemented would be to expand citizen ownership and effective participation in the affairs of the economy. The Act also established the Citizens Economic Empowerment Commission (CEEC) whose mandate among others is to promote the economic empowerment of targeted citizens, citizens empowered companies, citizens influenced companies and citizens owned companies. To this effect, nine pillars have been identified as being a summary of the economic empowerment program;

- Equity and Ownership
- Skills Development
- Greenfield Investment
- Access to Finance
- Foreign Direct Investment
- Preferential Procurement
- Good Corporate Governance
- Corporate Social Responsibility
- Transformation of Society

The CEEC with the stakeholders are currently in the process of developing sector codes which will become legally binding once CEEC cause their publication in the Government Gazette.

TARGETED CITIZENS
These have been identified as citizens that have historically been marginalized and whose access to economic resources and developmental capacity has been constrained due to various factors including race, sex, education background, status and disability. Targeted citizens include; The Youth; Women; Disabled; People living with HIV/AIDS; Senior Citizens; Retirees; Cooperatives/Farmer Associations.

CITIZEN EMPOWERED COMPANY
This is a company where twenty five – fifty percent of its equity is owned by citizens.

CITIZEN INFLUENCED COMPANY
This is a company where five to twenty five percent of its equity is owned by citizens and in which citizens have significant control of the management of the company.

CITIZEN OWNED COMPANY
This is a company where at least fifty point one percent of its equity is owned by citizens and in which citizens have significant control of the company.

In light of the Act, and the provisions thereof, Zambeef Products PLC Group has set up deliberate programs and activities to ensure that the company adheres to the provisions of the CEE Act.

Employment
The group employs over 3 700 employees of which over 98% are Zambian. Furthermore, the group through its farming division provides significant employment to the rural community where poverty levels are much higher than the urban areas. In addition to providing employment, the group has set up health, education and sanitary facilities to these communities. The group also runs a confidential program for people living with HIV/AIDS which is run on a strict inter- personal relationship to discourage stigmatization and promote confidentiality.

Equity and Ownership
Zambeef Products PLC joined the stock market in 2003. This position provided an opportunity for Citizens at large to buy shares in the company. It also provided an equal opportunity for pension fund managers to invest in the company's shares so as to provide a return for the pensioners. In this regard, the group provided an environment that allowed for citizens to acquire equity by buying shares on the stock market. A large percentage of Zambeef's shares are owned by Zambian individuals and Zambian institutions.

Skills Development
The Zambeef group is fully committed to developing and training its employees at all levels within the organization.

The group's continual re-investment into labour and human resources has resulted in many senior positions being occupied by Zambians, as well as four Zambians running the group's West Africa operations.

Preferential Procurement
Zambeef has nine regional abattoirs and in many of these largely rural areas, Zambeef is one of the largest business partners where the group injects over K8bn per month into these rural economies through the procurement of locally produced raw materials, resulting in poverty alleviation and sustainable development of these rural economies.

Citizen's Economic Empowerment is a new concept to the Zambian environment still going through development and implementation stage. Once fully completed and up in running, the company will reposition itself to ensure that it fully complies with the Act.


Huntley Farm

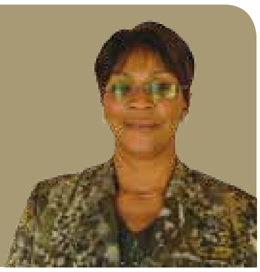
Dr. Jacob Mwanza
Board Chairman and Chairman of the Remuneration and Executive Committees
Nationality: Zambian
Qualifications: Phd. Cornell Universirty (USA); MA Economics (W. Germany)
Experience: Over 30 years Buisiness Management experience, both in the public and private sectors. Previously Governor 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
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 and member of the Remuneration and Executive Committees
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
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.

John Rabb
(Alternate- Mark Doron Shnaps)
Non-executive Director
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.



Irene Muyenga
Non-executive Director and member of the Audit and Executive Committees
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
(Alternate- Brian Dowden)
Non-executive Director
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.

Stanley Zingani Phiri
(Replaced- Dr Aubrey Chibumba)
Non-executive Director and member of the Audit Committee
Nationality: Zambian
Qualifications: Bacc FCCA FZICA
Experience: Over 22 years in Business Management and Finance experience; currently Director General of National Pension Authority. Previously Director of Finance and Investment for ZSIC

Carl Irwin
Chief Executive Officer
Nationality: Zambian
Qualifications: BCom; ACA (UK) FZICA
Experience: Over 20 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.

Francis Grogan
Managing Director- Zambeef Products PLC
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.

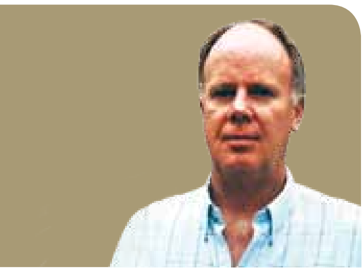
Diego Casilli
Managing Director (Zamanita Limited)
Nationality: Italian
Qualifications: Bachelor of Commerce with Honors (University of Witwatersrand,RSA)
Experience: Over 18 years in Agro-processing and Commodity Finance operations in the SADC region.
Other Directorship include Amanita Africa Limited, Inbond Limited, Dolomite Limited.

Yusuf Koya
Executive Director
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.

Philip Diedericks
Finance Director
Nationality: South African
Qualifications: BCom Hons (Accounting Science); ACMA AZICA
Experience: Over 12 years in Senior Finance positions in Zambia and South Africa, including Barlow World Equipment and Sappi Forest Products.

Nancy Hart (RESIGNED)
Finance Director
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.

Dr. Aubrey Chibumba (RETIRED)
Non-executive Director and member of the Audit and Remuneration Committees
Nationality: Zambian
Qualifications: CFA, PhD, MSc, B Eng
Experience: Over 15 years Business Management experience, both in the public and private sectors. Previously consultant to a number of international banks. Current head of NAPSA and Advisor to Governor of the Bank of Zambia.



Nick Wilkinson (RESIGNED)
Executive Director
Nationality: British
Qualifications: BCom in Accounting; Chartered Accountant
Experience: Over 20 years experience in senior management in large corporates in the Southern African region and Zambia. Previously Managing Director of Mpongwe Development Company and Dunavant Zambia.

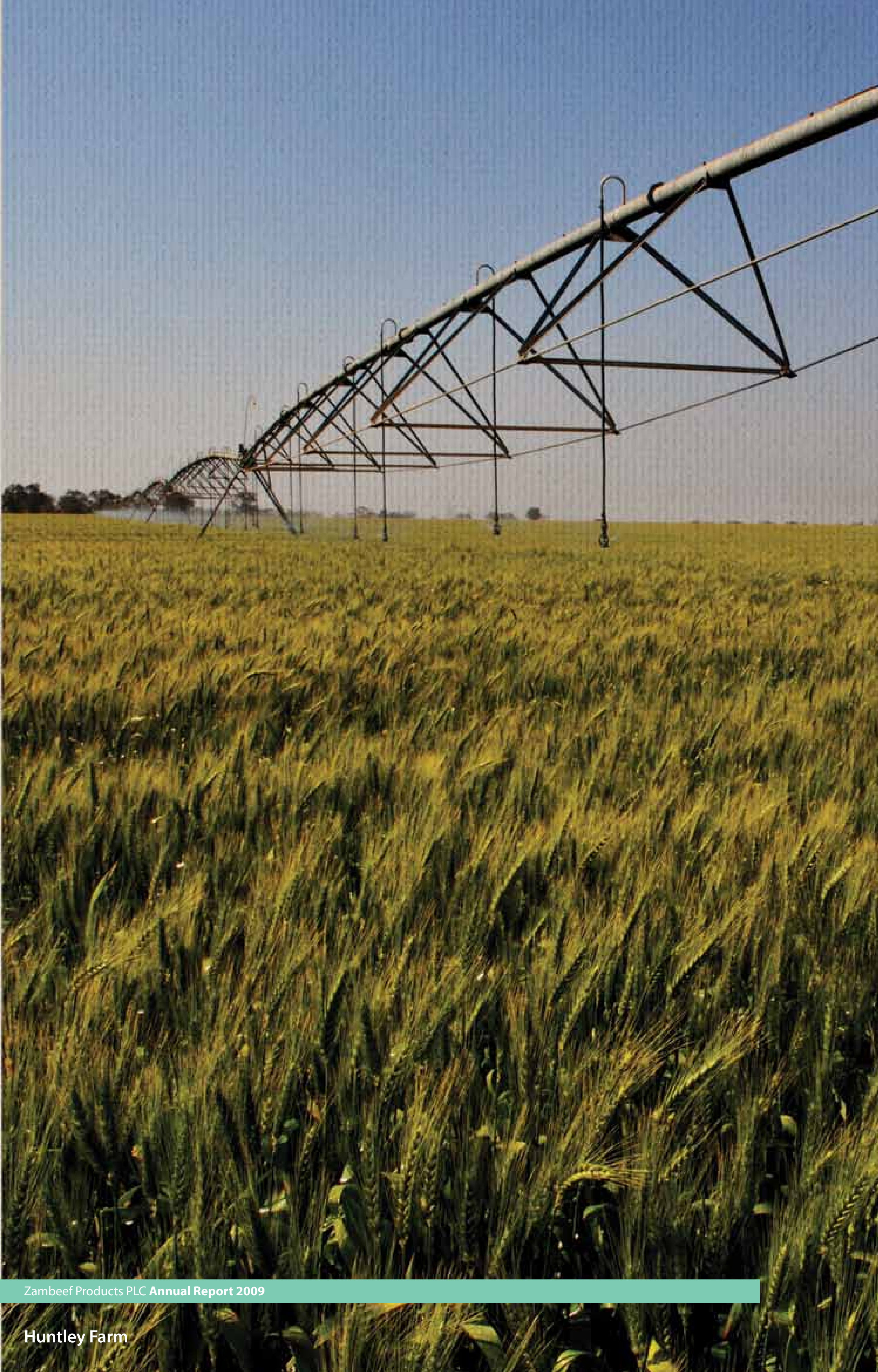
Danny Museteka
Company Secretary
Nationality: Zambian
Qualifications: MBA (UK); FCCA; PGD; Diploma in Accountancy; FZICA
Experience: Over 20 years accounting and finance experience with a number of public and private companies in Zambia.

The Number of Board Meetings and Committee meetings attended by the Directors during the financial year

Directors	A	B	C	D
Jacob Mwanza - Chairman	4	1	2	2
Carl Irwin	4	-	-	1
Francis Grogan	4	-	-	1
Lawrence Sikutwa	3	3	2	2
Irene Muyenga	4	3	-	1
Nancy Hart	1	-	-	-
Yusuf Koya	4	-	-	-
Rodney Clyde Anderson	4	-	2	-
John Rabb/ Mark Shnaps	4	-	-	-
Adam Fleming/ Brian Dowden	4	-	-	-
Hilary Duckworth	2	-	-	-
Stanley Zingani Phiri/ Aubrey Chibumba	4	-	-	-
Nick Wilkinson	4	-	-	-
Philip Didericks	3	-	-	-
Diego Casili	4	-	-	-
Danny Museteka	4	-	-	-

A- Board Meetings
B- Audit Committee Meetings
C- Remuneration Committee Meetings
D- Executive Committee Meetings

Financial and Shareholder Information



Huntley Farm

Income statement information		2009	2008	2007	2006	2005
Revenue	K Millions	697 317	492 698	291 971	223 782	196 576
Gross Profit	K Millions	219 176	190 881	128 456	100 432	85 821
Profit attributed to the shareholders of Zambeef Products PLC	K Millions	15 670	37 368	23 500	19 634	16 683
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	K Millions	22 415	65 039	42 995	31 965	29 341
Revenue	US$ Millions	147.7	137.1	75.8	55.2	43.8
Gross Profit	US$ Millions	46.4	53.1	33.3	24.8	19.1
Net Profit	US$ Millions	3.3	10.4	6.1	4.8	3.7
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	US$ Millions	4.75	18.1	11.16	7.88	6.54
Balance Sheet Information						
Total Asset	K Millions	711 567	718 940	265 464	169 913	162 708
Shareholders' Funds	K Millions	444 777	435 352	154 754	91 429	80 280
Total Liabilities	K Millions	266 340	279 496	110 629	78 422	82 428
Profitability & Return Ratios						
Gross Profit Margin	%	31.43	38.7	44.0	44.9	43.7
Net Profit Margin	%	2.25	7.6	8.0	8.8	8.5
Return on Equity	%	3.5	8.6	15.2	21.5	20.8
Asset Turnover	times	1.4	1.0	1.4	1.7	1.6
Liquidity Ratios						
Current Ratio	times	1.14	1.3	1.6	1.8	1.68
Interest Cover (using EBITDA)	times	3.1	8.9	15.0	13.6	8.5
Capital Structure Ratios						
Long term debt / Equity Ratio	%	10.1	10.9	24.8	27.8	37.4
Total Debt / Equity Ratio	%	41	35.4	42.3	46.7	65.9
Shareholders Ratios						
Earnings per share	K	98.74	270.92	204.94	171.22	145.49
Dividend per share	K	-	85.69	82.85	74.13	60.61
Dividend cover	times	-	2.7	2.5	2.3	2.4
Dividend payout ratio	%	-	36.4	40.4	43.3	41.7
Dividend Yield	%	-	1.4	1.5	3.0	4.3
Price Earnings Ratio	ratio	40.51	23.3	26.8	14.6	9.6
Net Asset value per share	K	2 802.52	2 743.13	1 349.57	854.29	700.10
Lusaka Stock Exchange Statistics						
Market Value per share						
At year end	K	4 000	6 300	5 500	2 499	1 400
Highest	K	7 000	7 000	5 500	2 500	1 400
Lowest	K	3 000	5 500	2 499	1 300	800
Number of shares issued		158 706 045	158 706 045	114 669 450	114 669 450	114 669 450
Closing Market Capitalisation	K Millions	634 824	999 848	630 682	286 559	160 537

Consolidated Financial Statements

30 September 2009

Approval of Annual Financial Statements & Annual Compliance Certificate

Approval of Financial Statements

The Annual Financial Statements that appear on pages 51 to 80 were approved by the Board of Directors on the 30th November 2009 and signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Chief Executive Officer

Lusaka: **30th November 2009**

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 Septemeber 2009, 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 2009, 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: **30th day of November 2009**

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 2009.

1 PRINCIPLE ACTIVITIES

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia and the region. The Group's principal activities are cropping operations as well as the production, processing and retailing of beef, chicken, pork, eggs, milk, dairy products, wheat products, leather products and edible oils throughout Zambia and West Africa.

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 19 to the financial statements.

4 RESULTS

The Group's results are as follows:

	2009 K Million	**2008 K Million**
Turnover	697 317	492 698
Loss/ Profit before taxation	3 853	44 195
Taxation	12 164	(5 919)
Profit after taxation	16 017	38 276
Profit attributed to minority interest	(347)	(908)
Profit attributed to the shareholders of Zambeef Products Plc	15 670	37 368

5 DIVIDENDS

During the year no interim dividend was paid to the shareholders (2008 – K2,100 million). No final dividend has been proposed by the company's Board of Directors. This compares to a final dividend of K11,500 million paid in the previous year. The directors propose to carry the remaining profit for the year of K15,670 million to reserves (2008 – K37,368 million).

6 MANAGEMENT

Senior Management	Position
Carl Irwin	Chief Executive Director
Francis Grogan	Managing Director
Yusuf Koya	Executive Director
Philip Diedericks	Finance Director
Diego Casilli	Managing Director Zamanita
Danny Museteka	Company Secretary
Murray Moore	General Manager - Food Processing Operations
Ebraham Israel	International Retailing Manager
Sushmit N Maitra	Business Solutions Manager
Jones Kayawe	Technical Director - Zamanita Limited
David Mynhardt	General Manager - Farming (Sinazongwe)
Carl Rorbye	General Manager - Farming (Huntley)
Rob Boucher	General Manager - Farming (Chiawa)
Leon Gunter	General Manager - Stock Feed
John Stephenson	General Manager - Master Meat Nigeria
Lufeyo Nkhoma	General Manager - Master Meat Ghana
Richard Franklin	General Manager - Zamleather Limited
Alaister McLeod	General Manager – Poultry
Justin Pigou	General Manager – Dairy
Jacob Erasmus	General Manager – Copperbelt
John Nkonjela	Finance Manager - Zambeef Products PLC
James Banda	Finance Manager - Zambeef Retailing Limited
Lloyd Mwiinga	Finance Manager - Nanga Farms PLC
Sanjay Kumar	Finance Manager - Zamanita Limited
Clement Mulenga	Processing Manager – West Africa
Mabvuto Mbao	Retailing Regional Manager
Hilary Anderson	National Retailing Manager
Ryan Stassen	Procurement Manager
Amos Wambili	Human Resource Manager - Zamanita Limited
Eddie Tembo	Chief Security Manager
Justo Kapulande	Group Human Resource Manager
Pravin Abraham	Group Internal Auditor
Ernest Gondwe	Masterpork Plant Manager
Bartholomew Mbao	Milk Factory Manager
Peter Wandira	Mill Manager
Francis Mandamona	Cattle Ranch Manager
Walter Roodt	Animal Nutritionist
Theo de Lange	Technical Manager
Gert Zietsman	Workshop Manager – Transport
Warren Barrat	Workshop Manager – Agriculture
Christabel Malijani	Environmental, Health & Safety Manager

7 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	
Francis Grogan	
Hilary Duckworth	
John Rabb	(Alternate M Shnaps)
Lawrence Sikutwa	
Irene Muyenga	
Adam Fleming	(Alternate B Dowden)
Yusuf Koya	
Nancy Hart	Resigned on 19 May 2009
Philip Diedericks	Appointed 23 December 2008, Resigned 2 November 2009
Diego Casilli	
Aubrey Chibumba	Resigned on 19 January 2009
Nick Wilkinson	Resigned on 29 October 2009
Stanley Phiri	Appointed on 24 September 2009
Danny Museteka	Company Secretary

8 DIRECTORS' INTERESTS

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

	Direct		Indirect	
	2009	**2008**	**2009**	**2008**
Jacob Mwanza	900 000	850 000	-	-
Rodney Clyde Anderson	-	-	1 542 734	1 537 545
Carl Irwin	-	-	3 567 123	4 567 373
Francis Grogan	-	-	3 730 497	4 730 747
Hilary Duckworth	-	-		4 698 120
John Rabb	-	-	5 024 920	5 024 920
Lawrence Sikutwa	-	-	679 864	679 864
Philip Diedericks	42 171	-	-	-
Irene Muyenga	11 867	1 160	-	-
Adam Fleming	-	-	8 266 471	8 266 471
Yusuf Koya	14 323	14 323	-	-
Nancy Hart	-	17 152	-	-
Diego Casilli	-	-	5 156 243	4 438 516
	968 361	**882 635**	**27 967 852**	**33 943 556**

9 EMPLOYEES

The group employs 3,718 full time employees (2008 – 4,168) and total salaries and wages were K78,471 million for the year ended 30 September 2009 (2008 – K46,234). The company employs 649 (2008 – 622) full time employees and total salaries and wages were K18,621 million (2008 – K9,744 million).

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

Oct 08	Nov	Dec	Jan 09	Feb	Mar	Apr	May	June	July	Aug	Sept
4 168	4 389	4 497	4 290	3 650	3 669	3 442	3 481	3 474	3 599	3 692	3 718

10 GIFTS AND DONATIONS

The group made donations of K258 million (2008 – K145 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.

11 EXPORT SALES

The group made exports of US$7 million during the year (2008 – US$2 million).

12 FIXED ASSETS

The Group purchased assets totalling K139 008 million during the year (2008 – K220 509 million).

13 ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 51 to 78 have been approved by the directors.

14 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: **30th November 2009**

Statement of the Directors' Responsibilities

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

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the International Financial Reporting Standards, 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

1. the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as of 30 September 2009, and of its financial performance and its cash flows for the year then ended;
2. 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
3. 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 30 November 2009

Dr. Jacob Mwanza	Carl Irwin
Chairman	Chief Executive Officer

We have audited the accompanying financial statements of Zambeef Products PLC and its subsidiaries, which comprise the balance sheet as at 30 September 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

As described on page 49 directors are 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.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Zambeef Products PLC and its subsidiaries as of 30 September 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements of Zambeef Products PLC and its subsidiaries as of 30 September 2009 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.

Grant Thornton

....

Chartered Accountants

....

Wesley M Beene
Partner
Lusaka: 3rd December 2009

Group Consolidated Income Statement

For the year ended 30 September 2009

	Notes	Group	
		2009	**2008**
		K Million	**K Million**
Turnover	5	697 317	492 698
Cost of sales		(478 141)	(301 817)
Gross profit		219 176	190 881
Other operating income		1 742	736
Profit on Disposal of Subsidiary	12 (b)	65 790	-
Administrative expenses		(202 740)	(142 938)
Foreign exchange gains/(losses)		(66 519)	3 533
Finance costs		(13 595)	(8 018)
Profit before taxation	7	3 853	44 195
Income tax credit / (expense)	8(a)	12 164	(5 919)
Profit after taxation		16 017	38 276
Profit attributed to minority interest		(347)	(908)
Profit attributed to the subsidiaries of Zambeef Products Plc		15 670	37 368
Dividend paid/proposed (gross)		-	(13 600)
Transfer from revaluation reserve		2 542	2 538
Retained profit for the year		18 211	26 306
Reserve adjustment of pre acquisition profits on disposal of subsidiary		(6 051)	-
Retained profits at 1 October		102 951	76 645
Retained profits at 30 September		115 111	102 951
Weighted Average Earnings per share (Kwacha)	9	98.73	270.92

30 September 2009

Group Statement of Changes in Equity

	Share Capital K Million	Share Premium K Million	Capital Reserve K Million	Revaluation Reserve K Million	Retained Profits K Million	Total K Million
At 1 October 2007	115	3 107	(44)	74 392	76 645	154 754
Profit for the year	-	-	-	-	37 368	37 368
Arising on consolidation	-	-	(74)	-	-	(74)
Dividends paid	-	-	-	-	(2 100)	(2 100)
Dividend Proposed	-	-	-	-	(11 500)	(11 500)
Rights issue	18	98 373	-	-	-	98 391
Issue of shares	26	158 487	-	-	-	158 513
Transfer	-	-	-	(2 538)	2 538	-
At 30 September 2008	159	259 967	(118)	72 393	102 951	435 352
Pre acquisition profits on dis-					(6 051)	(6 051)
posal of subsidiary	-	-	-	-	15 670	15 670
Profit for the year	-	-	(193)	-	-	(193)
Arising from consolidation	-	-	-	(2 542)	2 542	-
Transfer						
At 30 September 2009	159	259 967	(311)	69 851	115 111	444 777

Company Statement of Changes in Equity

	Share Capital K Million	Share Premium K Million	Revaluation Reserve K Million	Retained Profits K Million	Total K Million
At 1 October 2007	115	3 107	47 038	70 619	120 879
Profit for the year	-	-	-	24 376	24 376
Dividends paid	-	-	-	(2 100)	(2 100)
Dividend Proposed	-	-	-	(11 500)	(11 500)
Rights issue	18	98 373	-	-	98 391
Issue of Shares	26	158 487	-	-	158 513
Transfer	-	-	(586)	586	-
At 30 September 2008	159	259 967	46 453	81 981	388 559
Profit for the year	-	-	-	48 783	48 783
Transfer	-	-	(586)	586	-
At 30 September 2009	159	259 967	45 867	131 350	437 342

Group Consolidated Balance Sheet

30 September 2009

	Notes	Group 2009 K Million	2008 K Million
ASSETS			
Non-current asset			
Goodwill	10	15 699	69 801
Property, Plant and Equipment	11	448 369	373 416
Held to maturity financial assets	13	-	11 760
Bilogical Assets	14	3 745	
Deferred Tax Asset	8(e)	4 539	515
		472 352	455 491
Current assets			
Biological assets	14	43 792	69 363
Inventories	15	141 847	141 144
Trade and other receivables	16	49 081	48 883
Amounts due from related companies	17	2 127	2 367
Income Tax recoverable	8(c)	2 369	1 692
Total current assets		239 215	263 449
Total assets		711 567	718 940
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	159	159
Share premium	20	259 967	259 967
Reserves		184 651	175 226
		444 777	435 352
Minority interest		450	4 092
		445 227	439 444
Non-current liabilities			
Interest bearing liabilities	21	44 403	46 618
Obligations under finance leases	22	543	644
Deferred liability	23	4 753	4 500
Deferred tax liability	8(e)	6 901	22 959
		56 600	74 721
Current liabilities			
Interest bearing liabilities	21	14 558	16 315
Obligations under finance leases	22	1 001	2 436
Trade and other payables	24	69 740	89 013
Amounts due to related companies	25	1 727	43
Taxation payable	8(c)	1 530	276
Dividends payable		-	11 500
Cash and cash equivalents	18	121 185	85 192
Total current liabilities		209 740	204 775
Total equity and liabilities		711 567	718 940

The financial statements on pages 51 to 80 were approved by the Board of Directors on 30th November 2009 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Chief Executive Officer

Company Balance Sheet

30 September 2009

	Notes	Company 2009 K Million	Company 2008 K Million
ASSETS			
Non-current assets			
Property, Plant and Equipment	11	265 755	172 588
Investment in subsidiaries	12	94 112	166 729
Held to maturity financial assets	13	-	11 760
Amount due from Group company		-	5 205
		359 867	356 282
Current assets			
Biological assets	14	41 618	47 575
Inventories	15	49 556	47 648
Trade and other receivables	16	9 853	7 502
Amounts due from related companies	17	85 502	40 871
Income Tax recoverable	8(c)	1 982	963
Total current assets		188 511	144 559
Total assets		548 378	500 841
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	159	159
Share premium	20	259 967	259 967
Reserves		177 216	128 433
		437 342	388 559
Non-current liabilities			
Interest bearing liabilities	21	44 023	28 058
Deferred liability	23	1 344	601
Deferred taxation	8(e)	5 331	14 042
		50 698	42 701
Current liabilities			
Interest bearing liabilities	21	12 423	6 888
Trade and other payables	24	18 531	21 353
Amounts due to related companies	25	242	8 839
Dividends payable		-	11 500
Cash and cash equivalents	18	29 142	21 001
Total current liabilities		60 338	69 581
Total equity and liabilities		548 378	500 841

The financial statements on pages 51 to 80 were approved by the Board of Directors on 30th November 2009 and were signed on its behalf by:

Dr. Jacob Mwanza
Chairman

Carl Irwin
Chief Executive Officer

30 September 2009

Group Consolidated Cash Flow Statement	Group 2009 K Million	2008 K Million
Cash inflow from operating activities		
Profit before taxation	3 853	44 195
Interest paid	13 595	8 018
Depreciation	24 572	19 039
Loss/(profit) on disposal of property, plant and equipment	-	(65)
Profit on disposal of subsidiary	(65 790)	-
Fair value price adjustment	1 535	(4 781)
Net unrealised foreign exchange losses/(gains)	44 651	(1 366)
Earnings before interest, tax, depreciation and amortisation	22 415	65 039
Decrease/(increase) in biological assets	20 291	(25 992)
Increase in inventory	(703)	(104 965)
Decrease/(increase) in trade and other receivables	307	(30 285)
Decrease/(increase) in amount due from related companies	240	(2 339)
(Decrease)/increase in trade and other payables	(24 775)	67 802
Increase/(decrease) in amount due to related companies	1 684	(1 137)
Increase in deferred liability	253	540
(Decrease)/increase in minority interest	(3 989)	3 029
Net cash inflow/(outflow) from operating activities	15 724	(27 374)
Returns on investments and servicing of finance		
Interest paid	(13 595)	(8 018)
Dividends paid	(11 500)	(10 100)
Net cash outflow on returns on investments and servicing of finance	(25 095)	(18 118)
Taxation		
Income Tax paid	(1 838)	(3 714)
Investing Activities		
Purchase of property, plant and equipment	(139 008)	(220 509)
Release/(purchase) of investment held to maturity financial assets	11 760	(11 760)
Purchase of goodwill	(11 760)	(64 377)
Realisation of Nanga Farm PLC Goodwill -	65 862	-
Proceeds from disposal of investment in subsidiaries	97 196	-
Proceeds from sale of assets	3 570	186
Net cash inflow/(outflow) from/(on) investing activities	27 620	(296 459)
Net cash inflow/(outflow) before financing	16 410	(345 232)
Financing		
Proceeds from issue of shares		256 904
Long term loans paid	(46 156)	(10 733)
Receipt from long term loans	36 351	31 284
Lease finance received	(1 536)	(732)
Net cash (outflow)/inflow from financing	(11 341)	276 722
Increase/(decrease) in cash and cash equivalents	5 069	(68 943)
Cash and cash equivalents at beginning of year	(85 192)	(16 683)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(41 026)	433
Cash and cash equivalents at end of year	(121 185)	(85 192)
Represented by:		
Bank balances and cash	23 192	2 913
Bank overdrafts	(144 377)	(88 105)
	(121 185)	(85 192)

1. The Company

Zambeef Products PLC and its subsidiaries ("Group") is one of the largest agri-businesses in Zambia and the region. The Group's activities are cropping operations as well as the production, processing and retailing of beef, chicken, pork, eggs, milk, dairy products, wheat products, leather products and edible oils throughout Zambia and West Africa.

2. Principle Accounting Policies

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

a) Basis of consolidation
The consolidated income statement and balance sheet include the financial statements of the parent company and its subsidiary companies made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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 income and profit figures relate to external transactions only.

b) Basis of presentation
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

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

(i) *Amendment to published standards effective in 2009:*
In 2009, the following new and revised standards and interpretations became effective for the first time and have been adopted by the group where relevant to its operations. The comparative figures have been restated as required, in accordance with the relevant requirements:

- IFRS 2 (amendments) - Share based payments
- IFRS 3 (amendments) - Consolidated and seperate financial statements
- IFRS 8 - Operating segments
- IAS 16 (amendment) - Property, plant, equipment
- IAS 19 (amendment) - Employee benefit
- IAS 21 (amendments) - Borrowing costs
- IAS 27 (amendments) - Consolidated and seperate financial statements
- IAS 32 (amendments) - Financial instruments presentation
- IAS 36 (amendments) - Impairment of assets
- IAS 41 (amendments) - Agriculture

Notes to the Financial Statements [continued]

(ii) *Interpretations to published standards that are not yet effective and have not been early adopted by the group:*
The following new interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but that the group has not early adopted:

Standard or Interpretation		Effective for reporting periods starting on or after
IAS 1	Presentation of financial statements (revised)	1 January 2009
IAS 20	Accounting for government grants and disclosures of government assistance (amendments)	1 January 2009
IAS 29	Financial reporting in hyperinflationary economies (amendments)	1 January 2009
IAS 31	Interest in joint venture (amendments)	1 January 2009
IAS 39	Financial instruments (amendments)	1 January 2009
IAS 40	Investment property (amendments)	1 January 2009
IFRS 1	First time adoption of IFRS; and IAS 27 consolidated and seperate financial statements(amendments)	1 January 2009
IFRS 5	Non current assets held for sale and discontinues operations (amendments)	1 July 2009
IFRIC 16	Hedges of a net investment in a foreign operation (amendments)	1 October 2009

(iii) *Interpretations to published standards that are not yet effective:*
The following interpretation and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods or are not relevant for the group's operations:

Standard or Interpretation		Effective for reporting periods starting on or after
IAS 1	Presentation of financial statements (revised)	1 January 2010
IAS 7	Statement of cash flows (amendments)	1 January 2010
IAS 17	Leases (amendments)	1 January 2010
IAS 28	Investment in associates (amendment)	1 January 2010
IAS 39	Financial instruments (amendments)	1 January 2010
IFRS 8	Operating segments (amendment)	1 January 2010

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

The directors have assessed the relevance of these amendments and interpretations with respect to the group's operations and concluded that they may not in some instances be relevant to the group based on the current operations.

(c) Revenue recognition

Income is recognised when significant risks and rewards of ownership have been transferred to the buyers and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

Capital work in progress is not depreciated.

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

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

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

(e) 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.

(f) Financial assets

The group classifies its investments into the following categories: financial assets at fair value through profit or loss, debtors and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluate this at every reporting date.

(i) *Financial assets at fair value through income*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Notes to the Financial Statements [continued]

(ii) *Debtors and receivables*
Debtors and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through income or available for sale. Debtors and receivables are recognised at fair value, less provision for impairment. A provision for impairment of debtors and receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to their original terms.

(iii) *Held-to-maturity financial assets*
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of debtors and receivables that the group's management has the positive intention and ability to hold to maturity. These assets are recognised at fair value, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to their original terms.

(iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Debtors and receivables and held-to-maturity financial assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the year in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains or losses on financial assets.

Interest on available-for-sale securities is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques.

(g) Impairment of assets

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

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

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

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

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

(ii) *Financial assets carried at fair value*

The group assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss is reversed through the income statement, if in a subsequent year the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement.

(iii) *Impairment of other non-financial assets*

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) 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.

(i) Inventory

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

(j) Cash and cash equivalents

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

(k) Borrowing costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis. Translation costs arising on arranging a new financial liability are debited to the liability and amortised over the life of that liability. Borrowing costs are charged to the income statement for the year in which they are incurred.

(l) Interest bearing liabilities

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

(m) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on the results for the year as adjusted for items which are non-assessable or disallowed for tax purposes.

Deferred taxation liabilities are recognised for all taxable temporary differences. Temporary differences can arise from the recognition for tax purposes of items of income or expense in a different accounting period from that in which they are recognised for financial accounting purposes. The tax effect of these temporary timing differences is computed by applying enacted statutory tax rates to any differences between carrying values per the financial statements and their tax base, and accounted for as deferred tax.

Deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(n) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the group operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the group's presentation currency.

(ii) *Transactions and balances*

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

Translation differences on non-monetary items, such as equity at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in fair value reserve in equity.

(o) Employee benefits

(i) *Pension obligations*

The group has a plan with National Pension Scheme Authority (NAPSA) where the group pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings.

(ii) *Termination benefits*

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

(p) Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the company's shareholders.

3. Critical Accounting Estimates and Judgements

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the group's accounting policies, management has made judgements in determining:

(a) the classification of financial assets;
(b) whether assets are impaired;
(c) estimation of provision and accruals;
(d) recoverability of trade and other receivables; and
(e) valuation of biological assets and inventory.

4. Management of Financial Risk

(a) Financial risk

The group is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are interest rate risk and credit risk.

These risks arise from open positions in interest rate and business environments, all of which are exposed to general and specific market movements.

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

(i) *Credit risk*

The group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key area where the group is exposed to credit risk is:

- amounts due from customers.

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

(ii) *Capital management*

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

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

(iii) *Foreign Exchange Risk*

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

Notes to the Financial Statements [continued]

5. Turnover

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

6. Segmental Reporting

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

	Turnover			Gross Profit		
Turnover	**2009 K million**	**2008 K million**	**Change %**	**2009 K million**	**2008 K million**	**Change %**
Beef	224 729	170 098	32	60 222	62 052	(3)
Chicken	59 504	51 425	16	5 185	11 303	(54)
Pork	47 142	28 082	68	10 391	12 128	(14)
Crops	77 573	78 869	-2	28 617	43 156	(34)
Stock Feed	51 093	35 715	43	11 110	4 415	152
Eggs	12 449	8 009	55	6 997	3 186	120
Fish	7 930	2 505	217	2 023	776	161
Milk	40 789	32 202	27	18 197	19 158	(5)
ZamChick Inn	8 297	7 255	14	3 188	2 062	55
Edible Oils	242 277	119 971	102	58 880	22 274	164
Bakery	12 135	9 260	31	2 578	2 247	15
Flour	35 021	21 803	61	2 412	3 314	(27)
Leather	5 811	6 948	(16)	1 638	1 679	2
Shoe	2 731	1 898	44	709	387	83
Master Meats - Nigeria	21 898	16 248	35	4 131	1 995	107
Master Meats- Ghana	10 324	5 902	75	2 898	749	287
Total	**859 703**	**596 190**		**219 176**	**190 881**	
Less: Intragroup sales	(162 386)	(103 492)				
Group total	**697 317**	**492 698**	**42%**	**219 176**	**190 881**	

7. Profit Before Taxation

Profit before taxation is stated after charging:

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Depreciation	24 572	19 039	12 314	9 744
Staff costs	78 472	46 234	18 621	6 552
Legal and professional fees	2 138	498	685	492
Directors' Remuneration				
Executive	13 578	4 900	13 436	4 806
Non-executive	1 007	708	991	708
	14 585	5 608	14 427	5 514
Auditors Remuneration				
Audit service	483	219	284	110
Non-audit service	-	-	-	-
	483	219	284	110
and after crediting:				
Change in share value less estimated point of sale costs of biological assets	47 300	51 770	27 764	42 726
Exchange (losses) / gains	(66 519)	3 533	(2 636)	3 225

8. Income Tax Expense

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
a) Income tax at 35% / 15% on taxable profit for the year	2 596	830	90	40
Over provision in prior years	(107)	(430)	(107)	(127)
Deferred taxation	(14 654)	5 519	(8 710)	3 303
	(12 164)	5 919	(8 727)	3 216
b) Reconciliation of the tax charge:				
Profit/ (loss) before taxation	3 853	44 195	40 056	27 592
Taxation at current rate on accounting profit	(5 682)	5 336	1 682	3 291
Tax loss from prior years	-	-	-	-
	(5 682)	5 336	1 682	3 291
Permanent differences:				
Disallowable expenses	3 385	604	2 827	51
Timing differences:				
Capital allowances and depreciation	(3 236)	(5 306)	(1 016)	(2 172)
Cattle and crop valuations adjustment	(1 706)	(1 131)	(1 706)	(1 131)
Other Income	1 573		(2 814)	
Unrealised exchange gains/ (losses)	4	29	-	-
Unrealised Tax loss	11 157	1 298	-	-
Tax payable for the year	2 349	830	90	40

Notes to the Financial Statements [continued]

30 September 2009

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
c) Movement in taxation account:				
Taxation payable/(recoverable) as at the beginning of the year	(1 416)	1 525	(963)	1 465
Charges for the year	2 596	830	90	40
Overprovision in the prior period	(107)	(430)	(107)	(127)
Taxation paid	(1 838)	(3 714)	(1 003)	(2 341)
Arising on acquisition	(7)	373	-	-
Taxation payable/(recoverable) as at the end of the year	(771)	(1 416)	(1 982)	(963)
Taxation payable	1 666	(276)	-	-
Taxation recoverable	(2 369)	(1 692)	-	(963)

d) Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 30 September 2008. Income tax returns have been filed with the ZRA for the years ended 30 September 2008. Quarterly tax returns for the year ended 30 September 2009 were made on the due dates during the year.

	Group		Company	
e) Deferred Taxation	2009 K Million	2008 K Million	2009 K Million	2008 K Million
This represents:				
Biological valuation	2 020	9 248	1 706	5 987
Accelerated tax allowances	12 311	17 812	4 109	8 054
Unrealised exchange loss/(gain)	-	128	-	-
Amortisation of deferred tax	1 811	-	1 811	-
Tax loss	(13 779)	(4 744)	(2 294)	-
	2 362	22 444	5 331	14 042
Analysis of movement:				
At the beginning of the year	22 444	11 875	14 042	10 739
Charge to profit and loss	(14 654)	5 518	(8 710)	3 302
Arising on acquisition	(5 428)	5 051	-	-
At the end of the year	2 362	22 444	5 331	14 042

9. Earnings Per Share

	Group		Company	
	2009	**2008**	**2009**	**2008**
Profit for the year – K Million	15 670	37 368	48 783	24 376
Weighted Average Earnings per share based on 158,706,045 ordinary shares - K	98.73	270.92	307.38	176.74

The weighted average number of ordinary shares is 158 706 045 (September 2008: 139 928 965).

10. Goodwill

This represents excess of acquisition costs over the net assets in subsidiaries on the date of acquisition.

Notes to the Financial Statements [continued]

11. Property, Plant and Equipment

a) Group	Leasehold Land & Buildings K Million	Plant & Machinery K Million	Motor Vehicles K Million	Furniture & equip-ment K Million	Capital work in progress K Million	Total K Million
Cost or valuation						
At 1 October 2007	106 278	57 544	11 583	3 143	4 923	183 472
Additions	80 747	67 454	9 330	2 581	49 271	209 383
Reclassification	(545)	545	(54)	-	-	(54)
Transfer	15 609	11 550	511	216	(27 885)	-
Disposals	-	(77)	(280)	-	-	(357)
At 30 September 2008	202 089	137 016	21 088	5 941	26 309	392 443
Exchange Difference	-	272	-	-	-	272
Additions	17 650	21 656	3 972	2 629	93 100	139 008
Transfers	975	1 798	2 352	15	(5 140)	-
Disposals	(3 016)	(154)	(588)	(3)	-	(3 761)
Disposal of Subsidiary	(26 898)	(8 913)	(330)	-	(156)	(36 297)
Reclassification (e)	-	-	-	-	(505)	(505)
At 30 September 2009	190 800	151 675	26 494	8 582	113 608	491 160
Cost	89 356	100 752	15 657	5 587	113 608	324 961
Valuation (2007)	101 444	50 923	10 837	2 995	-	166 199
	190 800	151 675	26 494	8 582	113 608	491 160
Depreciation						
At 1 October 2007	-	17	25	22	-	665
Charge for the year	3 575	11 670	3 367	641	-	19 252
Disposals	-	(77)	(213)	-	-	(289)
At 30 September 2008	3 575	11 611	3 179	663	-	19 028
Charges for the year	4 135	14 904	4 593	862	77	24 572
Disposals	(20)	6	(166)	(11)	-	(190)
Disposal of Subsidiary	(262)	(501)	146	-	-	(618)
At 30 September 2009	7 427	26 021	7 752	1 514	77	42 791
Net book value						
At 30 September 2009	183 373	125 654	18 742	7 068	113 531	448 369
At 30 September 2008	198 514	125 405	17 909	5 278	26 309	373 415

(b) The group's property, plant and equipment situated in Zambia were last revalued in 2007 by Messrs Knight Frank, Registered Valuation Surveyors, on the basis of market value. Surplus on valuation and depreciation no longer required total-ling K49,384,000,000 was transferred to a revaluation reserve.

(c) The depreciation charge for the year includes K2,541,766 (2008 - K2,538,327,000) which relates to the surplus over the original cost of fixed assets shown at a valuation. As this amount should not be taken to reduce the group's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

(d) Included in land, buildings and equipment are borrowing costs amounting to K3,154 million (2008 – K889 million). These have been capitalised in accordance with IAS 23. Borrowing costs – (revised).

(e) This relates to the houses built by Master Pork Limited, one of the subsidiary companies on a rented farm which have been classified as prepaid rent to be amortised over a period of 5 years.

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

f) Company	**Leasehold Land & Buildings** **K Million**	**Plant & Machinery** **K Million**	**Motor Vehicles** **K Million**	**Furniture & equipment** **K Million**	**Capital work in progress** **K Million**	**Total** **K Million**
Cost or valuation						
At 1 October 2007	72 680	31 938	2 558	1 173	2 405	110 754
Additions	20 543	14 602	1 172	75	35 185	71 577
Capitalisation	14 604	8 993	-	-	(23 597)	-
At 30 September 2008	107 827	55 534	3 730	1 248	13 993	182 332
Additions	16 688	14 295	1 470	537	75 682	108 671
Capitalisation	115	-	-	-	(115)	-
Disposals	(3 016)	(154)	(47)	(1)	-	(3 217)
At 30 September 2009	121 615	69 675	5 153	1 784	89 559	287 786
Cost	48 935	37 737	2 594	612	89 559	179 437
Valuation (2008)	72 680	31 938	2 558	1 173	-	108 349
	121 615	69 675	5 153	1 784	89 559	287 786
Depreciation						
At 1 October 2007					-	-
Charge for the year	2 149	6 813	638	144	-	9 744
At 30 September 2008	2 149	6 813	638	144	-	9 744
Charges for the year	2 589	8 637	910	179	-	12 314
Disposals	(20)	(4)	(3)	()	-	(27)
At 30 September 2009	4 718	15 445	1 545	323	-	22 031
Net book value						
At 30 September 2009	116 897	54 230	3 608	1 462	89 559	265 755
At 30 September 2008	105 678	48 721	3 092	1 104	13 993	172 588

(h) During the year to 30 September 2007 the company's property, plant and equipment were revalued by Messrs. Knight Frank, Registered Valuation Surveyors, on the basis of market value. Net surplus on valuation and depreciation no longer required totalling K27,772,245,000 was transferred to a revaluation reserve.

(i) The depreciation charge for the year includes K585,856,000 (2008 – K585,856,000) which relates to the surplus over the original cost of property, plant and equipment shown at a valuation. As this amount should not be taken to reduce the company's distributable reserve, an equivalent amount has been transferred to distributable reserve from revaluation reserve.

(j) During the year the company disposed of the farm, plant and machinery, motor vehicles and furniture and equipment which were acquired during the year ended 30 September 2008 at no profit nor loss.

12. Investments in Subsidiaries

	2009 K Million	2008 K Million
a) Movement at cost:		
At beginning of the year	166 729	1 984
Arising during the year	12 891	164 745
Disposal during the year (b)	(85 508)	-
At end of the year	94 112	166 729
b)Disposal of investment		
Proceeds on disposal of investment	151 297	-
Net value of investment disposed	(85 508)	-
gain on disposal of investment	65 790	-

c) The company's interest in its subsidiaries, which are unlisted, was as follows:

Name of company	Country of Incorporation	Assets K Million	Liabilities K Million	Revenues K Millions	Profit/loss K Millions	Interest Held %
Zambeef Retailing Ltd	Zambia	97 592	70 025	319 607	289	100
Zamleather Limited	Zambia	11 848	5 575	8 316	(1 384)	100
Master Meat and Agro Production of Nigeria Limited	Nigeria	3 269	1 829	16 248	611	90
Master Meat (Ghana) Limited	Ghana	1 759	1 573	5 937	31	90
Master Pork Limited	Zambia	36 919	24 168	34 589	994	100
Zamanita Limited	Zambia	101 383	97 194	125 791	7 345	100
Zampalm Limited	Zambia	5 204	3 509	-	-	100
Novatech Limited	Zambia	4 907	4 898	-	-	100
Nanga Farms PLC	Zambia	68 699	41 577	26 300	6 090	85.73
Total at the End of 30 September 2008		331 580	250 348	536 788	13 976	
Zambeef Retailing Ltd	Zambia	109 567	102 547	427 004	(20 460)	100
Zamleather Limited	Zambia	13 908	9 061	7 547	(1 758)	100
Master Meat Limited	Nigeria	9 243	7 152	21 898	654	90
Master Meat Limited	Ghana	3 088	868	10 324	425	90
Master Pork Limited	Zambia	39 023	23 754	47 142	2 519	100
Zamanita Limited	Zambia	174 365	121 091	239 317	(15 970)	100
Zampalm Limited	Zambia	22 938	22 918	-	-	100
Total at the End of 30 September 2009		372 132	287 391	753 234	(34 590)	

c) Investments in subsidiaries represent equity holdings in the following companies:

	2009 K Million	2008 K Million
Zambeef Retailing Ltd	30	30
Zamleather Ltd	1 477	1 477
Master Meat & Agro Production Co. of Nigeria Ltd	270	270
Master Meat (Ghana) Ltd	1 310	179
Master Pork Ltd	26 600	26 600
Zamanita Ltd	62 720	50 960
Nanga Farms PLC	-	85 508
Zampalm Ltd	1 695	1 695
Novatek Ltd	10	10
	94 112	**166 729**

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

13. Held to Maturity Financial Assets

	Group		Company	
	2009 K Million	**2008 K Million**	**2009 K Million**	**2008 K Million**
At 1 October	11 760		11 760	
Arising on acquisition of subsidiary (i)	-	11 760	-	11 760
Redeemed during the year (ii)	(11 760)		(11 760)	
		11 760		11 760

(i) On 1 February 2008, the company issued 2,138,182 new ordinary shares as performance related consideration payable over three years to the Shareholders of Amanita Premium Oils Limited provided Zamanita Limited achieves a minimum Net Profit after Tax of US$1.5 million per annum over three years. The shares were issued to Amanita Premium Oils Limited with full powers of attorney over any and all rights attached to these shares assigned to the Escrow Agents until the performance related targets are achieved. The fair value of the shares amounted to K11,760 million (K5,500 per share).

(ii) At the board meeting held on 4 June 2009, the directors lifted the warranties on these shares before the due date and recognized them as investment in view of the retirement of the Managing Director at Zamanita Limited.

14. Biological Assets

(i) Group biological assets comprise of standing crops, feedlot cattle, dairy cattle, pigs, chickens and palm oil plantation.

Group	**At 1 Oct 2008 K Million**	**Increase due to purchase K Million**	**Gains arising from Fair Value K Million**	**Decrease due to sales K Million**	**At 30 Sept 2009 K Million**
Standing Crops	11 891	44 271	(6 123)	(37 529)	12 510
Feedlot Cattle	22 094	37 031	6 428	(53 599)	11 953
Dairy Cattle	12 678	4 282	10 886	(16 206)	11 639
Pigs	1 232	167	5 429	(4 655)	2 174
Chickens	4 564	33 526	15 762	(48 336)	5 516
Palm Oil Plantation	-	3 745	-	-	3 745
Cane Root	5 395	-	245	(5 640)	-
Standing Cane	11 510	-	14 673	(26 183)	-
Total	69 363	123 021	47 300	(192 147)	47 537
Less: Non current Biological Assets	-	(3 745)	-	-	(3 745)
Total	69 363	119 276	47 300	(192 147)	43 792

(ii) Company biological assets comprise of standing crops, feedlot cattle, dairy cattle and chickens. At 30 September 2008 there were 5,245 cattle (4,153 Feedlot cattle, 1,092 diary cattle) and 279,916 chickens (176,172.broilers, 103,744 layers).

Company	**At 1 Oct 2008 K Million**	**Increase due to purchase K Million**	**Gains arising from Fair Value K Million**	**Decrease due to sales K Million**	**At 30 Sept 2009 K Million**
Standing Crops	11 891	44 271	6 123	37 529	12 510
Feedlot Cattle	18 443	37 018	6 957	50 464	11 953
Dairy Cattle	12 678	4 282	10 886	16 206	11 639
Chickens	4 564	33 526	15 762	48 336	5 516
Total	47 576	119 096	27 482	152 535	41 618

15. Inventories

	Group 2009 K Million	Group 2008 K Million	Company 2009 K Million	Company 2008 K Million
Trading stocks	57 844	55 402	36 746	34 601
Abattoir stocks	586	878	-	-
Raw Materials	55 998	57 721	-	-
Stockfeeds	5 189	3 750	4 958	3 651
Consumables	20 828	18 179	7 851	9 396
Raw hides and chemicals	1 402	1 080	-	-
Stores	-	4 169	-	-
Less Provision for obsolete stock	-	(35)	-	-
	141 847	**141 144**	**49 556**	**47 648**

16. Trade and Other Receivables

	Group 2009 K Million	Group 2008 K Million	Company 2009 K Million	Company 2008 K Million
Trade receivables	47 906	39 947	9 600	8 186
Less: provision for impairment losses	(1 392)	(765)	(753)	(684)
Prepayments	1 605	8 933	966	-
Other receivables	961	768	40	-
	49 081	**48 883**	**9 853**	**7 502**

17. Amounts Due from Related Companies

	Group 2009 K Million	Group 2008 K Million	Company 2009 K Million	Company 2008 K Million
Leopard Investments limited	562	253	83	242
Tractorzam	304	47	304	239
Kanyanja Development Company Limited	-	102	-	102
Zambezi Ranching & Cropping Limited	1 055	844	1 055	1 000
Amagrain Limited	206	79	-	-
Proflight	-	2	-	-
Inbond Zambia	-	1 039	43 912	-
Zambeef Retailing	-	-	2 887	18 342
Zamleather Limited	-	-	16 555	2 029
Master Pork Limited	-	-	17 961	10 793
Zampalm Limited	-	-	-	2 361
Novatek Limited	-	-	-	4 423
Master Meat & Agro Production Co. of Nigeria Limited	-	-	2 745	408
Master Meat (Ghana) Limited	-	-	-	930
	2 127	**2 367**	**85 502**	**40 871**

The above balances relate to arms' length transactions between transacting parties.

18. Cash and Cash Equivalents

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
Cash in hand and at bank	23 192	2 913	6 025	784
Bank overdrafts (note (a))	(144 377)	(88 105)	(35 168)	(21 785)
	(121 185)	**(85 192)**	**(29 142)**	**(21 001)**

(a) Banking facilities

The group has overdraft facilities totalling K6 billion (2008 – K1 billion) and US$1,300,000 (2008 – US$500,000) from Zambia National Commercial Bank PLC. Zambia National Commercial Bank PLC overdrafts bear interest rates equal to the Zambian base rate for the Kwacha facility and 3 month LIBOR plus 4.25% for the United States Dollar facility.

The group has overdraft facilities totalling K8.137 billion (2008 – K8.137 billion) and US$7,100,000 (2008 – US$7,100,000), with Citibank Zambia Limited. The Citibank overdrafts bear interest rates of 4% above 91 day treasury bill rate for the Kwacha facility and 3 month LIBOR plus 4% for the United States Dollar facility.

The subsidiary, Zamanita Limited has overdraft facilities totalling US$21.125 million (2008 – US$21.125 million) with Barclays Bank Zambia PLC. The Barclays Bank overdraft bears interest of 12 month LIBOR plus 2% for the United States Dollar facility.

The group has overdraft facilities totalling K4.5 billion and US$3 million with Standard Chartered Bank Zambia PLC. The group also has a US$5 million Structured Agricultural Finance facility against warehouse receipts with Standard Chartered Bank Zambia PLC. The overdraft bears an interest rate of 3% below the Zambian base rate for the Kwacha facilities and 1 month LIBOR plus 4.25% for the United States Dollar facility. The Structured Agricultural Finance facility bears interest at 3 month LIBOR plus 4.25%.

The group had overdraft facilities totalling K5 billion and US$2.9 million with Barclays Bank Zambia PLC, which were fully repaid and cancelled in July 2009.

(b) Bank Overdrafts

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
Zambia National Commercial Bank PLC	23 312	476	19 888	84
Citibank Zambia Limited	17 719	11 892	-	7 280
Barclays Bank Zambia PLC	91 922	81 286	3 856	14 422
Standard Chartered Bank Zambia PLC	11 423	5 820	11 423	-
	144 377	**99 474**	**35 168**	**21 786**

(i) The bank overdrafts are secured by a first floating charge over all the assets of the company and the subsidiary companies. The floating charge ranks pari passu between Standard Chartered Bank Zambia PLC (US$5 million), Citibank Zambia Limited (US$9.5 million), Zambia National Commercial Bank PLC (US$1.5 million and K6 billion) and DEG (US$5 million).

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

(iii) First legal mortgage in favour of Barclays Bank Zambia PLC over plots 5001 and 5960, Mumbwa Road, Lusaka, registered to cover US$20,000,000 (Zamanita facilities).

(iv) First floating debenture in favour of Barclays Bank Zambia PLC over all other assets of Zamanita Ltd, registered to cover US$15,000,000.

(v) Corporate guarantee by Zambeef Products PLC in favour of Barclays Bank Zambia PLC: RTC US$10 million (Zamanita facilities).

(iv) First legal mortgage in favour of Standard Chartered Bank Zambia PLC over Farm No. 5063, Lot No. 8409/M, Farm No. 10097 and Farm No. 10206, Chiawa Farms registered to cover US$10 million - discharged in October 2009 and now secured to DEG (see note 21(b)).

19. Share Capital

	2009 K Million	2008 K Million
Authorised	200	200
ordinary shares of K1 each		
(2008: 200 000 000 ordinary shares of K1 each)		
Issued and fully paid	159	159
ordinary shares of K1 each		
(2008: 158 706 045 ordinary shares of K1 each)		

(a) At an Annual General Meeting of the company held on 21 December 2007 the company's authorised share capital was increased from K120,000,000 to K200,000,000 by the creation of 80,000,000 ordinary shares of K1 each; these shares to rank pari passu with the existing shares of the company.

(b) During the year ended 30 September 2008 the company's issued share capital was increased by the issue of 31,736,204 ordinary shares of K1 each at a premium of K5,499.00 per share and 12,300,391 ordinary shares of K1 each at a premium of K6,899 per share.

(c) Employee share option scheme
Share options are granted to selected senior employees as a way of rewarding and retaining key employees. Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the date of the grant, subject to the group achieving its targets for the year. The group has no legal or constructive obligation to repurchase or settle the options in cash.

In December 2007, 750,000 share options were granted with an exercise price set at a market price on 30 September 2007 of K5,500 per share exercisable in 2010. The value of these options has not been determined and included in the financial statements.

In December 2008, 1,500,000 share options were granted with an exercise price set at a market price 30 September 2008 of at K3,500 per share exercisable in 2011.

20. Share Premium

	2009 K Million	2008 K Million
At 1 October	259 967	3 107
Arising during the year (note 19)	-	259 378
Cost of issue of shares written off	-	(2 518)
At 30 September	259 967	259 967

21. Interest Bearing Liabilities

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Barclays Bank Zambia PLC (note (a))	2 514	20 572	-	17 046
DEG - Deutsde Investitious GUD Entwicklungsgesellschift MBH (note (b))	21 636	17 900	21 636	17 900
Zambia National Commercial Bank PLC (note (c))	11 800		11 800	
Standard Chartered Bank Zambia PLC (note (c))	23 010	24 462	23 010	-
	58 960	62 934	56 446	34 946
Less: Short term portion (repayable within next 12 months)	(14 558)	(16 315)	(12 423)	(6 888)
Long term portion (repayable after 12 months)	44 403	46 619	44 023	28 058

(a) Barclays Bank Zambia PLC

- The company had a loan facility of US$ nil (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 principal is repayable in 14 equal bi-annual instalments commencing July 2006. Full prepayment of the outstanding loan balance of US$642,857 was made in July 2009.

- The company had a loan facility of US$ nil (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. Full prepayment of the outstanding loan balance of US$1,835,685 was made in July 2009.

- The company had a loan facility of US$ nil (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 was repayable in 20 equal quarterly instalments commencing March 2006. Full prepayment of the outstanding loan balance of US$753,705 was made in July 2009.

- The company had a loan facility of EUR nil (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 was repayable in 12 equal bi-annual instalments commencing September 2006. Full prepayment of the outstanding loan balance of EUR 337,016 was made in July 2009.

- The company had a loan facility of EUR nil (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 was repayable in 10 equal bi-annual instalments commencing October 2007. Full prepayment of the outstanding loan balance of EUR 142,097 was made in July 2009.

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

(i) Legal mortgage over the Farm No. 4906, Sinazongwe, Choma, registered to cover US$6,200,000 – now discharged; and secured to DEG in November 2009 (see note 21(b)); and

(ii) Floating debenture over all other assets of the company, for US$5,500,000 ranking pari passu with Citibank, Zambia National Commercial Bank and DEG – now discharged.

- Zamanita Limited, a subsidiary of the group, has a loan facility of US$532,632 (original limit of US$1,206,000) from Barclays Bank Zambia PLC. Interest on the loan is 2% above 12 month Libor rate per annum, payable monthly in arrears.

Notes to the Financial Statements [continued]

(b) DEG Term loan

The company has a loan facility of US$4,583,333 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 April 2009.

The DEG loan is secured by a floating charge/debenture of US$5m ranking pari passu with Citibank Zambia Limited (US$9.5 million), Standard Chartered Bank Zambia PLC (US$5 million) and Zambia National Commercial Bank PLC (US$1.5 million and K6 billion).

The company has at 30 September 2009 committed itself to an additional US$25 million term loan from DEG. The loan has been obtained for the following:

- Rehabilitation and expansion of the irrigated area in Chiawa at cost of US$13,688,000.
- The purchase of machinery and equipment for the set up of the stock feed plant Novatek at a cost of US$5,155,000.
- Roll out of the first 3,000 hectares palm plantation in Mpika under Zampalm Limited at a cost of US$5,874,000.
- Investments in Zambeefs core business of US$1,900,000.

The US$25 million DEG term loan was secured in November 2009 by:

- First legal mortgage over Farm No. 4906, Lot No. 18835/M and Lot No. 18836/M (Sinazongwe Farm); and;
- First legal mortgage over Farm No. 10097, Farm No. 5063 and Lot No. 8409/M.

(c) Zambia National Commercial Bank PLC

The company has a loan facility of K11.8 billion with Zambia National Commercial Bank PLC. Interest on the medium term loan is charged at the Bank's ZMK base rate. The principal is repayable in 20 equal quarterly repayments commencing November 2009. The purpose of the loan was for the acquisition of Plot No. 4970, Manda Road, Lusaka. The loan is secured by a 1st legal mortgage over Stand No. 4970, Manda Road, Lusaka.

(d) Standard Chartered Bank Zambia PLC

The company has a medium term loan facility of US$4.875 million (original limit of US$5.2 million) with Standard Chartered Bank Zambia PLC. Interest on the loan is 3 month LIBOR plus 5.5% margin per annum payable monthly in arrears. The principle is repayable in 16 equal quarterly instalments commencing September 2009. The purpose of the loan is to partly refinance the early payment of the Barclays/EIB loans pre-paid in July 2009. The Standard Chartered Bank PLC loan is secured by a 1st legal mortgage over Stand No. 9070, Stand No. 9071 and Stand No. 9074, Lusaka.

22. Obligations Under Finance Leases

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
ALS Capital Limited (note (a))	1 544	2 122	-	-
Freddy Hirsh Limited (note (b))	-	265	-	-
Freddy Hirsh Limited (note (c))	-	609	-	-
Freddy Hirsh Limited (note (d))	-	84	-	-
	1 544	3 080	-	-
Less: payable within 12 months	(1 001)	(2 436)	-	-
Repayable after 12 months	543	644	-	-

(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 2009 K Million
No later than 1 year	1 066
Later than 1 year and not later than 5 years	544
Less: future finance charges	(66)
	1 544

(b) The company had 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 was repayable in 24 equal monthly instalments commencing December 2006.

(c) The group subsidiary, Masterpork, had a hire purchase facility of EUR121,969 and US$311,503 with Freddy Hirsh Zambia Ltd. The interest on the hire purchase is 4% for the Euro facility and 6% for the US$ facility fixed per annum. The interest and principle on the Euro hire purchase facility was repayable in 24 equal monthly instalments commencing September 2006. The interest and principle on the US$ hire purchase facility was repayable in 24 equal monthly instalments commencing June 2007.

(d) The Group's operations in West Africa has a hire purchase facility of US$339,584 with Freddy Hirch South Africa Ltd. The interest rate on the hire purchase is 16% fixed per annum. The interest and principle was repayable in 24 equal monthly installments commencing in December 2008. An agreement was reached by both parties, Freddy Hirsh South Africa Limited and Zambeef Products PLC that only the capital amount of US$339,584 is repayable before and is fully repayable in December 2009. This has been reclassified as a trade payable as the nature of it is no longer a financing facility.

Notes to the Financial Statements [continued]

23. 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 **K Million**	**Company** **K Million**
At 1 October 2008	4 500	601
Provision made during the year	400	749
Payments made during the year	(147)	7
At 30 September 2009	4 753	1 344

24. Trade and Other Payables

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Trade creditors	52 771	47 318	12 353	15 397
Provisions and accruals	16 969	41 695	6 178	5 956
	69 740	**89 013**	**18 531**	**21 353**

25. Amounts Due to Relate Companies

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Amagrain	-	38	-	38
Inbond Limited	21	4	21	4
Zamanita Limited	-	-	7	8 797
Zambezi Ranching and Cropping Limited	1 429	-	-	-
Wellspring	189	-	189	-
Leopard Investments Limited	73	-	-	-
Kanyanga Development Company Limited	15	-	15	-
Novatek Limited	-	-	10	-
	1 727	**42**	**242**	**8 839**

The above balances relate to arm's length transactions with the related parties.

26. 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 amounts 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

(i) Currency risk

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

(ii) 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 18, 21 and 22.

(iii) Market risk

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

(b) Credit risk

(i) Trade 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 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.

27. 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.

28. Capital Commitments

	2009 **K Million**	**2008** **K Million**
Capital commitments entered into at the balance sheet date	11 541	3 495
Not contracted for at the balance sheet date	24 776	56 623

Notes to the Financial Statements [continued]

29. Operating Leases

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

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Within one year	394	139	-	-
One to five year	36	107	-	-

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.

30. Related Party Transactions

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

	Group		Company	
	2009 **K Million**	**2008** **K Million**	**2009** **K Million**	**2008** **K Million**
Sales to related parties:				
Zambezi Ranching and Cropping Limited	6 873	2 017	6 680	2017
Wellspring Limited	726	-	726	-
Kanyanja Development Company Limited	453	361	447	361
Leopard Investment Limited	396	302	381	280
Amagrain Limited	711	880	-	-
Tractorzam Limited	-	3	-	-
Amanita Africa	12	-	-	-
Proflight Commuter Services Limited	-	3	-	-
	9 171	**3 567**	**8 235**	**2 659**

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

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
Purchases from related parties:				
Amagrain Limited	26 742	16 589	2 728	787
Inbond Zambia Limited	3 339	1322	814	396
Zambezi Ranching and Cropping	14 848	6 953	12 832	6 941
Wellspring Limited	12 402	-	12 402	-
Kanyanja Development Company Limited	1 460	505	572	505
Leopard Investement Limited	3 631	2 685	12	99
Tractorzam Limited	2 366	3 218	2 120	3 029
Proflight Commuter Services Limited	99	6	13	-
	64 886	31 277	31 493	11 757

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

(d) Purchases were made at market price.

(e) The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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

(g) Key management compensation

	Group		Company	
	2009 K Million	2008 K Million	2009 K Million	2008 K Million
Salaries and employee benefits	20 595	8 831	13 436	4 806

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

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

31. 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 affect 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 years.

Notes of the Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of Zambeef Products PLC will take place at the Taj Pamodzi Hotel, along Addis Ababa Drive, Lusaka, on Thursday January 7, 2010 at 10:00 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 14th Annual General Meeting held on December 23, 2008.
3. Consider any matters arising from the minutes.
4. To receive the report of the Directors, the Auditors report and the Financial Statements for the year ended September 30, 2009. (Resolution 1)
5. To re-appoint Grant Thornton as Auditors for 2009/9 and authorise the Directors to fix their remuneration. (Resolution 2)
6. To elect Directors to fill any vacancies and confirm the appointment of Mr. Stanley Zingani Phiri. (Resolution 3)
7. In terms of the articles, Irene Muyenga and Rodney Clyde Anderson retire but are eligible to offer themselves for re-election. (Resolution 4)
8. To authorise the board of Directors to Issue new shares for any acquisition up to a maximum of 10% of the issued Share Capital of the company without Shareholder approval. (Resolution 5)
9. To approve the recommendation of the board not to pay a final dividend for the year ended September 30, 2009. (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 to 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.

ZAMBEEF PRODUCTS PLC
Proxy Form

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 General Meeting of the Company to be held on the January 7, 2010

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 2009.		
Resolution 2 Re-appointment of Grant Thornton as Auditors for 2009/10		
Resolution 3 To confirm appointment of: • Mr. Stanley Zingani Phiri		
Resolution 4 Re-election of directors who retire by rotation of: • Ms. Irene Muyenga • Mr. Rodney Clyde Anderson		
Resolution 5 To authorise the board of Directors to issue new shares for any acquisition up to a maximum of 10% of the Issued Share Capital of the Company without Shareholder approval.		
Resolution 6 To approve the recommendation of the board not to pay final dividend for the year ended September 30, 2009.		

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 name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the company, is entitled to attend, speak and vote on behalf of the shareholder.

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

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

4. This form of proxy must be received by the company secretary at the registered head office, Plot Number 1164, House Number 1, Nkanchibaya Road, off Addis Ababa Drive, Rhodes Park, Lusaka, by no later than 09:30 on Friday, January 1, 2010.

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

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

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

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

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