Zambia Sugar




Annual Report 2009

Zambia Sugar





EXPANSION





Zambia Sugar has been the focus of a major agricultural and milling expansion which was completed as planned on 1 April 2009. Included under the scope of the project was the development by the company and its supplying growers of an additional 10 500 hectares of irrigated cane fields, representing a 50% increase in area. The agricultural expansion infrastructure is now complete with a network of dams, canals, pipelines, pump stations, roads and power reticulation to service the irrigated cane fields, which have all been planted to centre pivot irrigation systems. The project also included the significant expansion of the Nakambala factory to produce 450 000 tons of sugar annually, an increase of approximately 200 000 tons compared to production in the 2006/07 season. Amongst many other attitubes, the expanded factory boasts new cane diffuser technology and a 160 tons steam boiler with supporting power generating plant capable of producing 30 Megawatts of power.

ZAMBIA SUGAR Plc

KEY FEATURES	2009	2008
Revenue (ZK'million)	532 478	585 303
Profit from operations (ZK'million)	78 048	69 629
Profit for the year (ZK'million)	137 116	127 780
Basic and diluted earnings per share (ZK)	25.27	23.55
Year-end market price (ZK)	239	560
Price: earnings ratio (%)	9.5	23.8
Dividends per share (ZK)	12.60	14.90
Number of shares in issue (000)	5 426 938	5 426 938

CONTENTS

ZAMBIA SUGAR Plc

COMPANY PROFILE

Zambia Sugar Plc is listed on the Lusaka Stock Exchange. Illovo Sugar Limited of South Africa, through its wholly owned subsidiary Illovo Sugar Cooperatief UA holds 89.7% of the issued share capital. The balance of the issued share capital is held by institutional investors and members of the public, including employees.

Zambia Sugar is the largest sugar producer in Zambia based at Nakambala Estate in Mazabuka District. The company recently completed a major expansion project which has increased the factory capacity to 450 000 tons of sugar per annum and cane area, ultimately, by an additional 10 500 hectares between the company and outgrowers. The expansion project will result in the generation of 30 Megawatts of electricity, which under normal conditions will make the company self-sufficient in power during the crushing season.

The company grows sugar cane at Nakambala Estate, with about 44% of the cane being supplied by outgrowers. Looking ahead, approximately a third of sugar produced will be sold on the local market for both industrial and domestic consumption, and the balance will be shared between the regional markets and the European Union under EBA sugar reform regime. The company also manufactures a range of sugar-based specialty products. Molasses, a by-product of the sugar milling operation, is sold mainly as stock feed into both local and regional markets. The company will consider the possibility of ethanol production in the future.

All sugar is sold under the Whitespoon label and direct-consumption domestic market sugar is Vitamin-A fortified.

The company has effective environmental control programmes and adheres to Environmental Council of Zambia regulations, guidelines and standards in its operations. In addition, the company Safety Health and Quality standards are underpinned by accreditation to the NOSA Platinum Standard and ISO 9002.

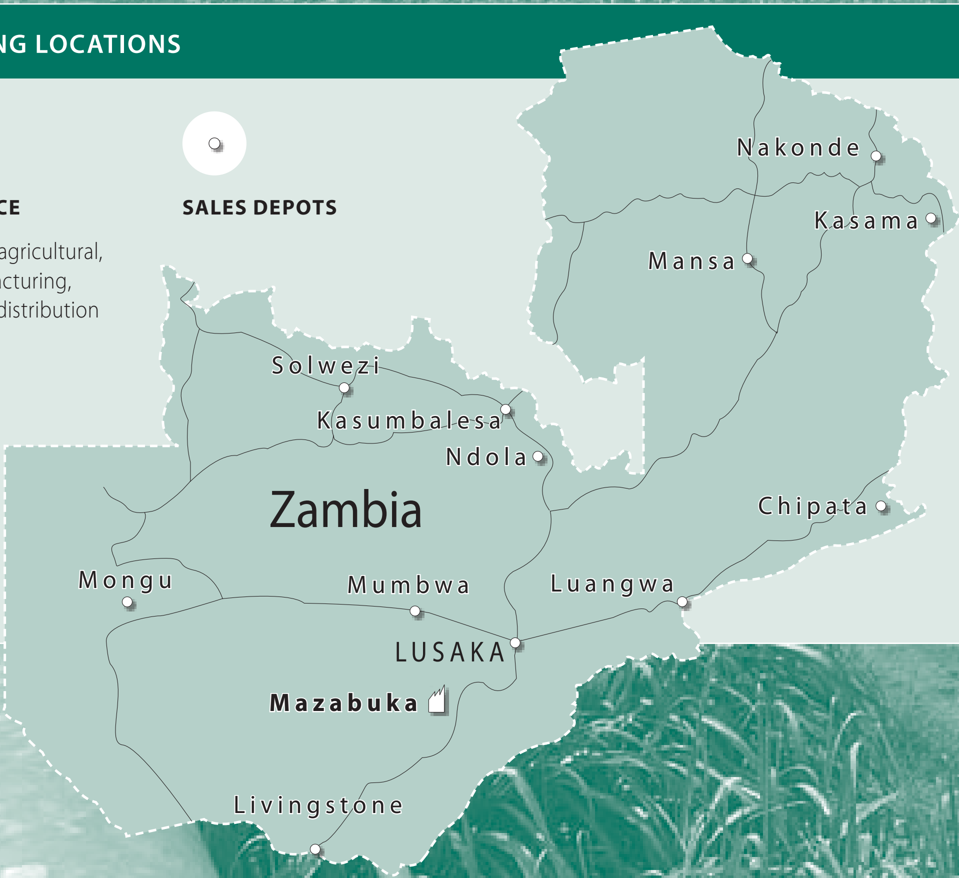
The Illovo Group has extensive agricultural and manufacturing operations in six African countries. The group produces approximately 5.7 million tons of sugar cane from its own agricultural operations and produces around 2 million tons of sugar on an annual basis. Sugar is sold principally to domestic and preferential markets, as well as to regional and world markets. Value-added operations include the production of furfural (used mainly in lube oil refineries for the purification of oils), furfuryl alcohol (used mainly to produce a resin in the foundry industry as a binder for foundry sands), Agriguard (an agricultural nematicide), diacetyl and 2.3 – Pentanedione (both used as high-quality natural flavourants), BioMass Sugar (a sugar cane-based fertiliser), ethyl alcohol, lactulose (a natural laxative), syrup and speciality sugars.

OPERATING LOCATIONS

HEAD OFFICE

Mazabuka – agricultural, sugar manufacturing, packing and distribution operations.

SALES DEPOTS



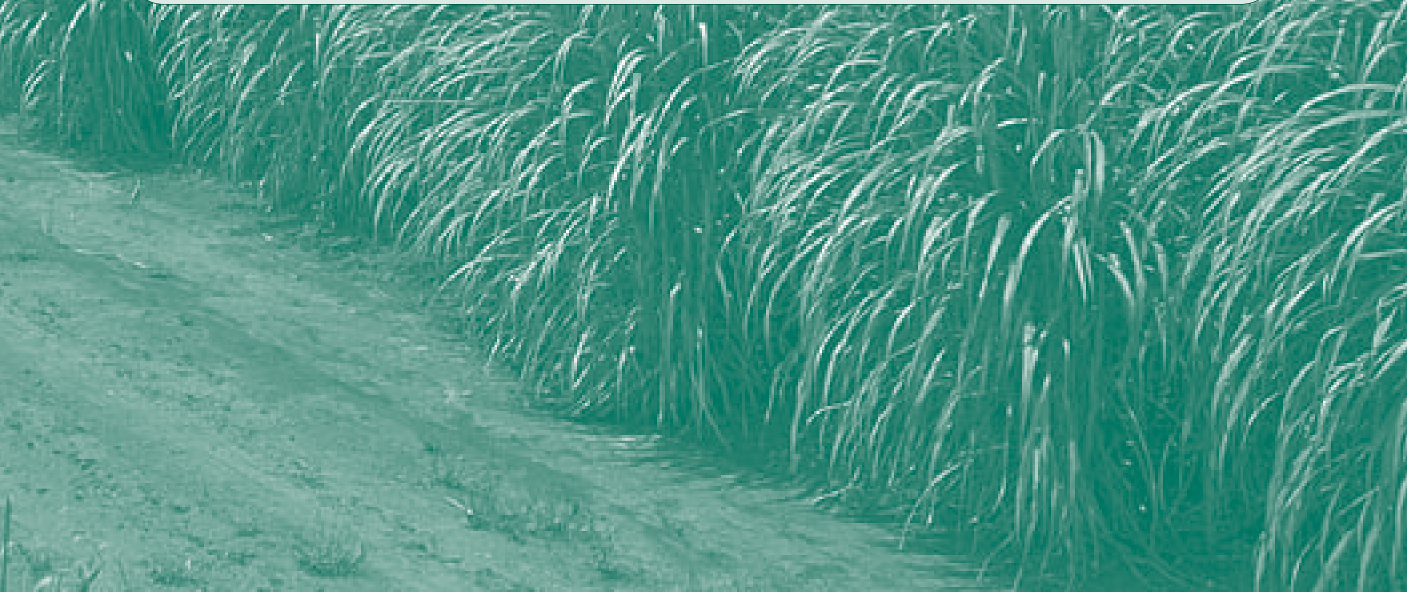
DIRECTORATE

Name	Qualifications	Appointed	Position
NON-EXECUTIVE CHAIRMAN			
D G MacLeod (62)^#	BCom, AMP(Oxon)	2001	Deputy Chairman – Illovo Sugar Ltd
EXECUTIVE DIRECTORS			
S D Langton (47)#	PrEng, BScEng	2008	Managing Director
D M Kabunda (46)	BA(PubAdmin), MBA	2008	Human Resources Director
R M L Katowa (48)	BA, MBA, MCIM, FZIM	2002	Marketing Director
S S Munsamy (54)	BTechMgt, MDP	2009	Operations Director
D M Wellington (53)	BAcc, CA	2008	Financial Director
NON-EXECUTIVE DIRECTORS			
G J Clark (53)*^#	BAcct(Hons), FCA(Aus)	2001	Managing Director – Illovo Sugar Ltd
K Zarnack (36)*#	CA(SA)	2005	Financial Director – Illovo Sugar Ltd
NON-EXECUTIVE INDEPENDENT DIRECTORS			
F M Banda	ACIS, FCMA	2002	Director of companies
A B Chikwanda*^	BSc(Econ)	2001	Director of companies
A R Mpungwe	BA(Hons)	2007	Director of companies
M D Mwanakatwe	BA, ACCA, FZICA	2005	Director of companies
D Patel		2006	Director of companies

SENIOR MANAGEMENT

Name	Qualifications	Joined	Operating responsibility
J M Mukukwa (44)	MScChemEng	1990	Factory
L M Sievu (47)	BAcc, ACMA, ACIS, FZICA	2004	Corporate affairs
H P Veenstra (52)	MAgMgt(AgEcon)	2003	Agriculture

* - Audit Committee Member
^ - Remuneration Committee Member
# - Risk Management Committee Member



DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the company are the cultivation of sugar cane and the production of sugar for sale into local and export markets.

REVIEW OF OPERATIONS

The company's operations recorded a net profit after taxation of ZK137 116 million for the year, having produced 193 880 tons of sugar (2008: 233 569 tons) and sold 192 826 tons (2008: 243 023 tons), supplemented from existing stocks.

During the year Zambia Sugar spent capital of ZK11 501 million on the replacement of assets and ZK689 985 million on the further expansion of the business. A total of ZK20 256 million was spent on the refurbishment and overhaul of factory plant and machinery to ensure that the factory is kept in sound condition, that strategic plant is adequately protected against breakdown and that product quality meets global standards.

AGRICULTURE

Good agricultural conditions were generally experienced during the period under review. Unfortunately, the season proved difficult with milling constraints restricting cane harvested leading to large carry over areas. Consequently, cane production of 722 437 tons was substantially less than that achieved last year. However, cane yields were high at 132.2 tons cane per hectare. The total expansion area planted, between the estate and growers for the season, amounted to 4 540 hectares which has extremely good cane potential and exceptional yields are expected.

PRODUCTION

The late commissioning of the first phase of the expansion programme in May 2008, following unusually heavy rainfall at the peak of construction in January and February 2008, delayed the start of the 2008/09 season. This was compounded by delays in the commissioning of new equipment, protracted electricity interruptions from the national grid and a disappointing factory performance. The season ended in March 2009 and final sugar production reduced to 193 880 tons from 233 569 tons produced in the previous year.

MARKETING

The company's main objective is to provide Zambian consumers with sugar by supplying the local market with affordable and quality products. Continued improvement in the company's distribution and depot system and promotion of market-specific pack sizes resulted in higher sugar sales (118 320 tons) compared to the previous year. Local sales benefited from strong macro-economic fundamentals and the depreciation of the Kwacha in the latter part of the year restricted the illegal smuggling of sugar into the domestic market. There are opportunities to increase sugar sales volumes locally especially amongst the rural population as road infrastructure and incomes improve. Logistics are expected to improve following the outsourcing of the function to a reliable partner.

Regional sugar demand continued to be buoyant but reduced production impacted negatively on sales. To help mitigate the impact of low stock availability, 2 125 tons was sourced from an associate operation to meet industrial customer requirements.

In the year under review, Zambia qualified to export additional sugar to the European Union (EU) under its Economic Partnership Agreement (EPA) with the EU. Preferential sugar sales to the EU continued within the constraints of available stocks. The company benefited from marketing synergies and logistics savings offered by Illovo Group's marketing services through consolidation of exports.

EU REFORM - UPDATE

Reform of the EU Sugar Regime has been completed via a process of structural reform which has seen the reduction of EU export subsidies and the lowering of domestic farm support for European beet farmers. Annual domestic sugar production in the EU has reduced by nearly six million tons as a result of these measures which were also accompanied by a restructuring grant to affected EU producers. The price payable to suppliers of sugar into the EU was also reduced as part of the reform. However, the company will benefit from increased volumes flowing from quota-free and duty-free access into the EU sugar market. In addition, previous quality restrictions which limited imports to bulk raw sugar for refining will also be relaxed from 1 October 2009, and exporters to the EU, including Zambia, will in future be entitled to supply sugar of various qualities as required by different customers.

The current expansion programme is underpinned by the EU sugar reform which will provide a floor premium price for sugar supplied to the EU by the company. In addition, the company will benefit from premium prices obtained for specialty sugars which, following completion of the Nakambala Expansion project, will be produced in greater volumes. The Illovo Group has concluded an investment in a UK-based joint venture with British Sugar and this will provide an effective route to the EU market for Zambia's export sugars from 1 October 2009, managed via the Illovo central export marketing structure.

EXPANSION PROJECT

Phase one of the factory expansion programme was completed in 2008. The second and final phase, which increased the capacity of the Nakambala sugar mill to 450 000 tons sugar per annum, was completed as planned on 1 April 2009. In the year under review, new diffuser technology was introduced and a 160 tons steam per hour boiler commissioned with supporting power generating plant capable of producing 30 Megawatts of power.

The agricultural expansion infrastructure is complete with a network of dams, canals, pipelines, pump stations, roads and power reticulation to service an additional 5 000 hectares. All expansion areas have been planted to centre pivot irrigation systems.

The expansion project adhered to the requirements of the Environmental Council of Zambia (ECZ) and the highest safety standards were observed.

The expansion project enjoyed excellent co-operation between the company and the Government, with the Government being supportive throughout the project, making it possible for the project to be completed on schedule.

PROSPECTS

The final phase of the expansion at Nakambala has been completed on schedule and the factory commenced operations as planned on 1 April 2009. Record cane yields are anticipated from the new expansion areas and factory capacity has increased by 60%. Increased power from new electricity generating equipment will enhance operational efficiency and security of electricity supply to the factory, as well as providing power for the full irrigation requirements of the growing crop into the future.

A weaker exchange rate and the commencement of duty-free, quota-free access to the high priced EU market from 1 October 2009 will improve revenue prospects for the coming year. Given normal weather conditions for the balance of the season, sugar production is expected to exceed all previous records and is anticipated to increase to in excess of 420 000 tons for the year.

Borrowings associated with the expansion have significantly increased the level of gearing in the company. The costs of financing the debt, which during the course of the expansion were capitalized in terms of International Financial Reporting Standards, will become a material feature of the income statement going forward, until borrowings are reduced in the medium term. The company is, however, exploring alternative options for the financing of this debt.

Taxation, which as a result of the expansion, has resulted in income tax credits in the last two years, will in future return to more normal levels of around 15%, as applicable to an agricultural business in Zambia.

Whilst future profits from operations will reflect the expanded earnings capability of the company, headline earnings growth will remain constrained until the level of borrowings is reduced.

HUMAN RESOURCES

Human resource management and operational strategies are determined by the business needs of the company. These strategies embrace the macro-economic and labour environments and are aligned to the Ilovo Group's strategic intent. A work ethic of continuous improvement which encourages focused and skilled employees to realise their full potential and to 'make a difference' in their areas of operation is a cornerstone of the company's policy.

Employee development and performance management combine to elicit the best from employees and ensure equitable labour practices. The company encourages and proactively engages in dialogue and partnership with the Union. Various communication channels such as a Joint Consultative Council, in addition to the bargaining table are open and enhance good rapport between management and Union representatives. The mutual respect between the partners has been acknowledged and commended by the Ministry of Labour and Social Security.

The continued development of employees through wide-ranging training initiatives to ensure that employee talents are harnessed in their areas of operation, both from a managerial and technical perspective, remains an area of focus.

Technology transfer and upgrading of local skills was a priority in the period under review. While development programmes encompass positions at all levels, emphasis was again placed on the upliftment of artisans and operators. The company continues to benefit from participation in Illovo Group's training initiatives such as a Leadership and Development Programme for senior managers.

Management trainees are following the group's programme developed for this category of employees. Several junior managers have benefited from periods of secondment and technical visits to sugar milling operations in South Africa.

A Business Understanding Programme continues to be an important part of the company's employee involvement process.

The upgrading of the estate infrastructure and amenities continued during the year, and an on going village electrification programme has continued.

HEALTH, SAFETY AND WELFARE

The integrated Safety, Occupational Health and Environmental Management System (SHE) has shown encouraging results with the company achieving NOSA 3-star and 4-star platinum awards for the Factory and Agriculture operations respectively. The company continued maintenance of SABS ISO 9001:2000 Quality Management System accreditation.

Health care is provided to all employees mostly through access to company-run clinics. The company's integrated malaria control programme was awarded a certificate of excellence for 'Best Practices' by the Ministry of Health for maintaining malaria positive incidences to below 50 per 1000 population on the Estate. In addition, under the HIV/AIDs and wellness programmes, the company continued with vigorous Voluntary Counselling and Testing (VCT) with 61% of permanent workforce, 48% of the seasonal workforce and 2 000 dependants having undergone VCT. In the period under review, the Government accredited the company clinic to administer Anti Retroviral Drugs.

DIRECTORATE AND SECRETARY

The directors who held office during the year were:

Non-Executive Directors	
D G MacLeod #^	: Chairman
G J Clark ^*#	: Chairman of the Remuneration Committee : Chairman of the Risk Management Committee
K Zarnack #*	: Chairman of the Audit Committee
Non-Executive and Independent Directors	
A B Chikwanda *^	
F M Banda	
A R Mpungwe	
M D Mwanakatwe	
D Patel	
Executive Directors	
J P M de Robillard #	: Managing Director (resigned March 2009)
J A Blumberg	: Financial Director (resigned October 2008)
D M Kabunda	: Human Resources Director
R L Katowa	: Marketing Director
S D Langton	: Managing Director (appointed March 2009)
D M Wellington	: Financial Director (appointed October 2008)
S S Munsamy	: Operations Director (appointed March 2009)

* Member of the Audit Committee

^ Member of the Remuneration Committee

Member of Risk Management Committee

Company Secretary	
L M Sievu	

DIRECTORS' INTERESTS

No director had any material interest in any contract with the company during the year under review.

The beneficial interests of the directors holding office at the end of the year under review in the issued ordinary share capital of the company as at 31 March 2009 were as follows:

	2009 No of shares	2008 No of shares
F M Banda	143 505	100 000
A B Chikwanda	200 000	200 000
D M Kabunda	300 000	300 000

SHARE CAPITAL

There was no change to the authorised and issued share capital of the company.

ANALYSIS OF SHAREHOLDERS

	Number of holders	Number of shares	%
Individuals			
1 - 250 000	2 980	67 070 963	1.23
250 001 - 500 000	29	10 212 647	0.19
500 001 - 750 000	6	3 095 238	0.06
750 001 - 1 000 000	7	9 746 403	0.18
1 000 001 - 2 000 000	3	3 648 727	0.07
	3 025	93 773 978	1.73
Banks, Nominees and Trusts	34	36 142 161	0.67
Pensions Funds	13	407 721 608	7.51
Companies	54	20 941 346	0.39
Illovo Sugar Cooperatief U.A.	1	4 868 358 942	89.70
	102	5 333 164 057	98.27
Total	3 127	5 426 938 035	100.00

DIVIDENDS

An interim dividend of ZK5.60 per share (2008: ZK7.45) was paid to shareholders on the 4 January 2009. Notice is hereby given that a second interim dividend of ZK6.00 per share (2008: ZK6.45) has been declared in respect of the year ended 31 March 2009. This dividend is payable on the 12 June 2009 to shareholders registered at the close of business on 15 May 2009.

At the forthcoming Annual General Meeting to be held on the 29 June 2009, the Directors will propose a final dividend for the year ended 31 March 2009 of ZK1.00 per share (2008: ZK1.00). This will result in a total dividend for the year of ZK12.60 per share (2008: ZK14.90).

SOCIAL INVESTMENT

The company has an active social investment programme structured to address the specific needs of its surrounding communities. Prospective projects are considered on the basis that they are motivated by members of the local community and designated company representatives. To gain company support, projects must be shown to be meaningful and sustainable, to reach and benefit as many people as possible, and to have on-going community participation.

Ongoing projects are diverse in nature and include, either in the form of cash funding or direct assistance, the sponsorship of major sporting events and major cultural and traditional ceremonies, donations to the disabled, the uplifting of facilities at district hospitals, police stations, orphanages, government and mission schools, sports and social clubs, the local radio station, drainage works in high density and disease prone compounds and assisting in maintaining some of the municipal roads.

The company's contribution to the well-being and uplifting of the surrounding community has been recognised and in the past, the company has won the annual Zambia Institute of Marketing 'Best Corporate Social Responsible Company Award.'

Employees

The average number of employees employed throughout the year under review was as follows:

April	3 077
May	4 853
June	4 860
July	5 083
August	5 099
September	4 874

October	4 874
November	4 947
December	2 195
January	2 603
February	2 571
March	3 062

The total remuneration and benefits paid in respect of the above employees was ZK130 355 million (2008: ZK125 982 million) for the year ended 31 March 2009.

RESEARCH AND DEVELOPMENT

The company benefits from group research and development initiatives and has access to in-house group resources, which offer well-established technical expertise in both agricultural and sugar production operations. The company is a member of the South African Sugarcane Research Institute and the Sugar Milling Research Institute of South Africa, and benefits from ongoing research undertaken by these institutions.

AUDITORS

Deloitte & Touche were the Company's auditors during the year.

The Directors and employees of Zambia Sugar strive to ensure that the Company is managed in an efficient, accountable, responsible and moral manner. The board of directors endorses the Lusaka Stock Exchange Corporate Governance Code for listed and quoted companies (The Code) and believes that in all material respects the Company complied with the principles of the Code throughout the year under review.

THE BOARD AND BOARD COMMITTEES

The Company has a unitary board of directors, which has a predominance of non-executive directors. The roles of the chairman and chief executive are separated and the Chairman is non-executive. The Company's board of directors is accountable to shareholders and responsible for ensuring compliance with standards of corporate governance comparable with international best practice and for ensuring that the Company's internal control system is regularly reviewed and is effective.

The board of directors is responsible to the shareholders for setting the direction of the Company through the establishment of strategic objectives and key policies. During the year, the board has met to consider issues of operational strategy, capital expenditure, major projects and other matters having a material effect on the Company. The board of directors has four regular meetings a year where the Executive Committee of management present matters for board discussion and approval. There was full attendance at all meetings other than M D Mwanakatwe who, due to travel constraints only attended two meetings. In addition, there is provision in the Company's Articles of Association for decisions taken between meetings to be confirmed by way of directors' resolution.

AUDIT COMMITTEE

The Audit Committee of the board comprises a chairman, who is a non-executive director, and two other non-executive board members. The Committee operating within approved terms of reference, is responsible for the review of the procedures and policies of internal control and the review of the accounting principles and policies and practices adopted in the preparation of the statutory financial statements.

The internal audit department operates under an approved Internal Audit Charter. Both the internal and external auditors have unrestricted access to the Audit Committee.

The Committee has two meetings a year, and in the past year there was full attendance by its members at both meetings.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive directors. The Committee is responsible for the review of compensation of executive directors and members of the executive Committee of management. The Committee met once during the past year and there was full attendance.

RISK MANAGEMENT COMMITTEE

The Company's Risk Management Committee comprises three non-executive directors and one executive director and is chaired by a non-executive director. Meetings are attended by all senior managers of the Executive Committee of Management. The Committee meets twice a year.

The Committee has formal terms of reference approved by the board. The Committee is responsible for reviewing the Company's risk philosophy, strategy and policies, and ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the Company's risk management function; ensuring the implementation of an ongoing process for risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls; pursuing measures for increasing risk awareness throughout the Company; reviewing any significant legal matters; and reviewing the adequacy of insurance coverage.

EXECUTIVE COMMITTEE OF MANAGEMENT

The Executive Committee of Management is empowered and responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the Company, prioritising the allocation of technical and human resources, and establishing best management practices.

MANAGEMENT REPORTING

The Company has established management reporting procedures, which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and compared to the prior year. Profit and cash flow projections are reviewed regularly whilst working capital and borrowing levels are monitored on an ongoing basis.

INTERNAL CONTROL

The control systems are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. Control systems are based on established Illovo Sugar Group policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

The effectiveness of these internal controls and systems is monitored by the internal audit department and with the aid of self-assessment audit checklists. The independent auditors through the audit work they perform confirm that the abovementioned monitoring procedures are being effectively applied.

Nothing has come to the attention of the directors or the independent auditors to indicate that any material breakdown in the functioning of abovementioned internal controls and systems has occurred during the year under review.

ETHICS

The Company has introduced a Code of Conduct and Business Practices to which all senior personnel must subscribe. The aim of the Code is for the Company to conduct business with honesty and integrity in accordance with the highest legal and ethical standards, and to provide guidance to employees to achieve these aims.

INSIDER TRADING

Directors and officers of the Company who have access to unpublished, price sensitive information in respect of the Company are prohibited from dealing in the shares of the Company during defined restricted periods, including those periods immediately prior to the announcement of interim and final financial results.

PRODUCTION & SALES	2009 Tons '000	2008 Tons '000	2007 Tons '000	2006 Tons '000	2005 Tons '000
Own estate cane produced	722	1 088	1 242	1 291	1 260
Total cane milled	1 626	1 860	1 877	1 894	1 799
Sugar production	194	234	245	248	231
Cane sugar ratio	8.47	7.96	7.66	7.65	7.78
Sugar sales	193	243	250	239	231
Local	118	116	99	92	106
Export	75	127	151	147	125
Molasses sales	45	55	51	47	49
Local	39	42	40	40	35
Exports	6	13	11	7	14

FINANCIAL	Notes		2009 ZK million	2008 ZK million	2007 ZK million	2006 ZK million	2005 ZK million
Income statement							
Revenue (net of VAT)			532 478	585 303	570 096	501 833	486 083
Profit from operations			78 048	69 629	133 371	105 702	120 131
Net financing costs			-	446	1 903	2 777	843
Profit before taxation			78 048	69 183	131 468	102 925	119 288
Income tax (credit)/expense			(59 068)	(58 597)	30 306	24 085	30 169
Profit for the year			137 116	127 780	101 162	78 840	89 119
Balance sheet							
Property, plant and equipment			1 115 712	531 792	118 128	103 119	101 921
Cane roots			162 595	69 850	63 759	66 251	52 899
Deferred tax assets			31 037	-	-	-	-
Current assets			311 341	200 199	187 667	203 608	224 402
Cash and bank balances			119 777	149 383	108 376	50 399	49 765
Deferred tax liabilities			-	28 031	47 442	46 654	43 343
Retirement benefit obligation			-	-	2 075	2 639	2 887
Current liabilities			151 725	101 886	105 791	96 727	121 830
Borrowings			1 155 345	454 209	-	-	-
Net asset value			433 392	367 098	322 622	277 357	260 927
Profitability and asset management							
Operaring margin		%	14.7	11.9	23.4	21.1	24.7
Return on net assets	1	%	7.5	11.5	39.0	33.3	42.3
Liquidity and borrowings							
Current ratio	2	times	2.8	3.4	3.0	2.6	2.2
Interest cover	3	times	-	156.1	70.1	38.1	142.5
Debt : equity	4	%	239	83	-	-	-
Gearing	5	%	71	45	-	-	-
Earnings and dividends per share							
(Loss)/gain on disposal of fixed assets		ZMK	(688)	754	580	542	258
Basic and diluted earnings per share	6	ZMK '000	25.3	23.6	18.6	13.4	16.5
Dividend per share	7	ZMK	12.6	14.9	13.0	10.2	11.5
Dividend cover	8	times	2.0	1.6	1.4	1.3	1.4
Dividend paid		ZMK 'm	70 822	83 304	55 897	62 410	65 395
LUSE statistics							
Ordinary shares in issue		000	5 426 938	5 426 938	5 426 938	5 426 938	5 426 938
Net asset value per share	9	ZMK '000	79.9	67.6	59.4	51.1	48.1
Market price per share at year end		ZMK	239	560	170	150	110
Dividend yield at year end	10	%	5.3	2.7	7.4	6.8	9.2
Price : Earnings ratio	11	%	9.5	23.8	9.4	10.3	6.7

1. **Return on net assets**

   Profit from operations expressed as a percentage of average net operating assets.

2. **Current ratio**

   Current assets divided by current liabilities.

3. **Interest cover**

   Profit from operations divided by net financing costs.

4. **Debt : equity**

   Long-term borrowings (net of cash) expressed as a percentage of total equity.

5. **Gearing**

   Long-term borrowings (net of cash) expressed as a percentage of total debt plus equity.

6. **Basic and diluted earnings per share**

   Profit for the year divided by the weighted average number of ordinary shares in issue.

7. **Dividend per share**

   Dividends (interim - paid and declared; final - proposed) divided by the weighted average number of ordinary shares in issue.

8. **Dividend cover**

   Earnings per share divided by dividends per share (interim - paid and declared; final - proposed).

9. **Net asset value per share**

   Total assets less total liabilities divided by the number of shares in issue.

10. **Dividend yield at year end**

    Dividends per share (interim - paid and declared; final - proposed) as a percentage of the year-end market price.

11. **Price: earnings ratio**

    Year-end market price divided by earnings per share.

VALUE ADDED STATEMENT

The value added statement reflects the wealth the Company has generated through its agricultural, manufacturing and selling operations, and the subsequent distribution and reinvestment in the business.

Wealth created in the current financial year was ZK231 924 million, of which 90% was distributed to employees, providers of capital and the Government. 56% of the wealth created was paid to employees. The balance of the wealth created was retained and reinvested in the company for the replacement of assets and the ongoing development of operations.

	2009 ZK'million	2008 ZK'million
Wealth created		
Revenue	532 478	585 303
Financing income	-	673
Paid to outgrowers for cane	(137 385)	(113 443)
Manufacturing and distribution costs	(163 169)	(264 768)
	231 924	207 765
Wealth distributed		
To employees as salaries, wages and other benefits	130 355	125 982
To banking institutions as finance costs	-	1 119
To shareholders as dividends	70 822	83 304
To government as taxation	8 250	(39 186)
	209 427	171 219
Wealth re-invested		
Retained profits	66 294	44 476
Depreciation	23 521	11 481
Deferred taxation	(67 318)	(19 411)
	231 924	207 765
Amounts paid to government for taxation excludes the following:		
Employees tax deducted from remuneration	23 404	21 252
Net VAT amounts paid to government	5 492	12 961
Customs and excise duties	3 408	8 325
Withholding taxes collected on behalf of government	3 229	1 021

Zambia Sugar Plc

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2009

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STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Section 164(6) of the Companies Act, 1994 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the Company and the profit or loss for that period.

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information, which have been audited by the independent external auditors, Deloitte & Touche.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In the opinion of the Directors:

- the income statement is drawn up so as to give a true and fair view of the profit of the Company for the financial year ended 31 March 2009;
- the balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2009; and
- there are reasonable grounds to believe that the Company will be able to pay debts as and when they fall due.

Signed on behalf of the Board by:

D G MacLeod
Chairman

S D Langton
Managing Director

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF ZAMBIA SUGAR PLC

Report on the financial statements

We have audited the accompanying financial statements of Zambia Sugar Plc, which comprise of the balance sheet as at 31 March 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

The 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 Zambia Sugar Plc as of 31 March 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 requirements

The Zambian Companies Act, 1994 requires that in carrying out our audit, we consider and report to you on the following matter: we confirm that, in our opinion, the accounting and other records and registers required by the Act have been properly kept in accordance with the Act.

Deloitte & Touche

DELOITTE & TOUCHE

CHARTERED ACCOUNTANTS

ALICE JERE TEMBO

PARTNER

24 APRIL 2009

INCOME STATEMENT
for the year ended 31 March 2009

	Notes	2009 ZK'million	2008 ZK'million
Revenue	4	532 478	585 303
Cost of sales		(263 168)	(330 245)
Gross profit		269 310	255 058
Administrative costs		(104 343)	(103 954)
Distribution costs		(86 230)	(82 229)
(Loss)/gain on disposal of property, plant and equipment		(688)	754
Profit from operations	5	78 048	69 629
Net finance costs	6	-	(446)
Profit before taxation		78 048	69 183
Income tax credit	7	59 068	58 597
Profit for the year		137 116	127 780
Basic and diluted earnings per share (ZK)	8	25.27	23.55

BALANCE SHEET

at 31 March 2009

	Notes	31 March 2009 ZK'million	31 March 2008 ZK'million
ASSETS			
Non-current assets			
Property, plant and equipment	11	1 115 712	531 792
Cane roots	12	162 595	69 850
Deferred tax assets	19	31 037	-
Current assets		431 118	349 582
Inventories	13	69 634	43 439
Growing cane	14	201 783	113 497
Factory overhaul costs	15	20 256	19 500
Trade and other receivables	16	19 668	21 099
Current tax assets	7	-	2 664
Cash and bank balances		119 777	149 383
Total assets		1 740 462	951 224
EQUITY AND LIABILITIES			
Capital and reserves		433 392	367 098
Share capital	17	2 713	2 713
Capital redemption reserve		40	40
Revaluation reserve		-	14 568
Dividend reserve		37 989	40 431
Retained earnings		392 650	309 346
Non-current liabilities		977 789	471 166
Long term borrowings	18	977 789	443 135
Deferred tax liabilities	19	-	28 031
Current liabilities		329 281	112 960
Trade and other payables	20	78 776	80 487
Current portion of long term borrowings	18	177 556	11 074
Amounts due to related parties	21	68 893	17 720
Provisions	22	4 056	3 679
Total equity and liabilities		1 740 462	951 224

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 18. The financial statements on pages 20 to 41 were approved for issue by the Board of Directors on 24 April 2009 and were signed on its behalf by:

D G MacLeod
Chairman

S D Langton
Managing Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2009

	Share capital ZK'million	Capital redemption reserve ZK'million	Revaluation reserve ZK'million	Dividend reserve ZK'million	Retained earnings ZK'million	Total ZK'million
Balance at 31 March 2007	2 713	40	16 389	42 873	260 607	322 622
Profit for the year					127 780	127 780
Amortisation of revaluation reserve			(1 821)		1 821	-
Transfer to dividend reserve				80 862	(80 862)	-
Dividends paid				(83 304)	-	(83 304)
Balance at 31 March 2008	2 713	40	14 568	40 431	309 346	367 098
Profit for the year					137 116	137 116
Amortisation of revaluation reserve			(14 568)		14 568	-
Transfer to dividend reserve				68 380	(68 380)	-
Dividends paid				(70 822)	-	(70 822)
Balance at 31 March 2009	2 713	40	-	37 989	392 650	433 392

The Capital Redemption Reserve was created on the redemption of preference shares in 1996.

The dividend per share, calculated on a cash basis, amounts to ZK13.05 (2008 : ZK15.35). The calculation is based on the dividends paid in the year of ZK70 822 million (2008: ZK 83 304 million) divided by the number of ordinary shares in issue of 5 426 938 035.

The dividends declared and proposed amount to ZK37 989 million (2008 : ZK40 431 million). The calculation is based on the dividend declared of ZK6.00 per share (2008: ZK6.45) and the dividend proposed of ZK1.00 per share (2008: ZK1.00), multiplied by the number of ordinary shares in issue of 5 426 938 035.

CASH FLOW STATEMENT
for the year ended 31 March 2009

	2009 ZK'million	2008 ZK'million
Operating activities		
Profit from operations	78 048	69 629
Adjustments for:		
Depreciation	23 521	11 481
Change in fair value of cane roots	(1 088)	(6 091)
Change in fair value of growing cane	(88 286)	(1 263)
Provisions raised during the year	523	138
Provisions utilised during the year	(146)	(306)
Factory overhaul costs expensed	19 500	14 856
Retirement benefits utilised during the year	-	(2 075)
Loss/(gain) on disposal of property, plant and equipment	688	(754)
Operating cash flows before movements in working capital	32 760	85 615
Working capital movements	4 442	(12 653)
Increase in inventories	(26 195)	(1 003)
Factory overhaul costs incurred	(20 256)	(19 500)
Increase in amounts due to related parties	51 173	4 400
Decrease/(increase) in trade and other receivables	1 431	(2 958)
(Decrease)/increase in trade and other payables	(1 711)	6 408
Cash generated from operations	37 202	72 962
Net financing costs	-	(446)
Income tax refund	2 664	21 977
Dividends paid	(70 822)	(83 304)
Net cash from operating activities	(30 956)	11 189
Investing activities		
Payments for property, plant and equipment	(587 048)	(406 464)
Proceeds from disposal of property, plant and equipment	1 700	754
Net cash inflow before financing activities	(616 304)	(394 521)
Financing activities		
Proceeds from borrowings	586 698	435 528
Net increase in cash and cash equivalents	(29 606)	41 007
Net cash and cash equivalents at beginning of year	149 383	108 376
Net cash and cash equivalents at end of year	119 777	149 383

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), on a basis consistent with previous years.

These financial statements are presented in Zambian Kwacha in units of Millions of Kwacha.

During the year, the Company adopted all relevant new and revised standards and interpretations issued by the International Accounting Standards Board (IASB). The adoption of these has not resulted in changes to the Company's policies.

The principal accounting policies are set out below:

1.1 Revenue

Revenue is measured at fair value of the consideration received or receivable and comprises the selling value of goods delivered during the year net of discounts and sales related taxes. Revenue is recognised when goods are delivered and title has passed.

1.2 Property, plant and equipment

Commercial leasehold land and buildings and fixed plant and machinery are stated in the balance sheet at cost or valuation less accumulated depreciation and any impairment losses. Cost including professional fees and, for qualifying assets, capitalised borrowing costs. Valuations are performed as and when the Directors deem it necessary to do so but with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Movable plant and machinery, fixtures and fittings and motor vehicles are stated in the balance sheet at cost less accumulated depreciation and any impairment losses.

Increases arising from revaluations of property, plant and equipment are credited to revaluation reserves and form part of equity, except to the extent that a revaluation increase reverses a revaluation decrease for the same asset, and that decrease was recognised as an expense. In this case, the increase is credited to the income statement to the extent of the decrease previously charged.

A transfer is made from the revaluation reserve each year equivalent to the difference between the actual depreciation charge for the year and the depreciation charge based on historical values. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant asset.

Assets under construction are carried at cost, less any identified impairment loss. Such assets are initially shown as capital work in progress and transferred to the relevant class of assets when commissioned. Cost includes all costs incurred to bring the asset into use and, where necessary, borrowing costs.

Depreciation is calculated on a straight line basis at rates estimated to write down the asset to its residual value. Depreciation commences when the assets are ready for their intended use.

Effective annual rates of depreciation are :	
Leasehold buildings	2 - 5%
Canals and domestic water works	2 - 2.5%
Furniture, fittings and equipment	25%
Plant and machinery	5 - 10%
Motor vehicles - Commercial	25%
Motor vehicles - Non Commercial	10-14.3%

Management reviews the residual values annually, considering market conditions and projected disposal values. In the annual assessment of useful lives, maintenance programmes and technological innovations are considered.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. In line with the requirements of IAS 17 - Leases, since the lease does not transfer substantially all the risks and ownership of the land, the lease is treated as an operating lease. Any advance payment is treated as a prepayment and amortised over the period of the lease on a straight line basis.

1.3 Cane roots and growing cane

Cane roots are valued at fair value determined by the escalated average cost, using appropriate inflation related indices, of each year of planting adjusted for the remaining expected life.

The fair value of growing cane is determined annually based on the estimated sucrose content in cane at 31 March valued at the estimated sucrose price for the following season, less estimated costs for harvesting and cane haulage.

1.4 Factory overhaul costs

Factory overhaul costs comprise expenditure actually incurred on plant and equipment for the overhaul of the factory in preparation for the new sugar season commencing after financial year end. This expenditure is written off in full over its expected useful life.

1.5 Inventories

Sugar inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bring the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The basis of determining cost is the average method. Maintenance inventory is valued at average cost with obsolete items being written off. Redundant and slow moving inventories are identified and written down to their net realisable value.

1.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.8 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.

1.9 Foreign currency transactions

Transactions denominated in foreign currencies are converted into Zambian Kwacha at the rate of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Zambian Kwacha at the rates of exchange at the reporting date. Gains and losses arising on translation and settlement of such transactions are included in the income statement in the financial year in which they arise.

1.10 Financial instruments

The Company's principal financial instruments are trade receivables, cash and cash equivalent, bank borrowings and trade payables. Trade receivables are stated at cost less provision for impairment. This represents fair value. Cash and cash equivalent are measured at fair value, based on relevant exchange rates at the balance sheet date. Trade and other payables are stated at cost.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

1.11 Retirement benefits

The Company provides retirement benefits for its employees through defined contribution and severance pay schemes. Contributions to defined contribution retirement plans are recognised as an expense in the year in which the related services are rendered by employees.

On 1 February 2000, the National Pension Authority (NAPSA) came into effect. Membership, with the exception of expatriate employees, is compulsory and monthly contributions are made by both employer and employees. The employer's contribution is charged to the income statement.

1.12 Asset impairment review

An assessment is made at each balance sheet date to determine whether there is objective evidence that property, plant and equipment and other assets may be impaired. An estimate of the future undiscounted net cash flows of the related assets over the remaining useful life is used to determine whether the asset value is recoverable and to measure any impairment by reference to fair value. If such evidence exists, the estimated recoverable amount of the asset is determined and any impairment loss on the difference between the recoverable amount and carrying amounts is recognised in the income statement.

1.13 Segmental analysis

Segment reporting is presented in respect of the Company's business segments. The business segments format is based on the Company's management and internal reporting structure and combines businesses with common characteristics. Inter segment pricing is determined on an arm's length basis.

Segments results; assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Company is comprised of the following business segments:

Cane growing - the processing of sugar cane for use in the sugar production process,

Sugar production - the manufacture of sugar from cane.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE, BUT NOT YET EFFECTIVE

At the date of approval of these financial statements, the following Standards and Interpretations were in issue, but not yet effective:

- IFRS 1, First-Time Adoption of International Financial Reporting Standards – Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 3, Business Combinations – Comprehension revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- IAS 27, Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 31, Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3 (effective for accounting periods beginning on or after 1 July 2009);
- IAS 32, Financial Instruments: Presentation: Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting periods beginning on or after 1 January 2009);
- IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009);
- "Improvements to IFRS's" was issued in May 2008 and its requirements are effective over a range of dates, with the earliest effective date being for annual periods beginning on or after 1 January 2009. This comprises a number of amendments to IFRS's, which resulted from the IASB's annual improvements project. The directors are currently assessing the impact and expected timing of adoption of these amendments on the company's results and financial position.

The Company is in the process of evaluating the effects of these new standards and, whilst they are not expected to have a significant impact on the Company's results, additional disclosures may be required.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical accounting judgements made by management

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management has made the following judgement, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

In making its judgement, management has assessed at each balance sheet date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

3.2 Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following key assumptions concerning the future and other key sources of uncertainty at the balance sheet date that have the most significant effect on the amounts recognised in the financial statements.

Property, plant and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property, plant and equipment is disclosed in note 11 to the financial statements.

Cane roots valuation

The escalated average cost of planting cane roots are adjusted for the remaining expected life. This requires an estimation by management of the average number of ratoons expected from the crop. The carrying value of cane roots is disclosed in note 12 to the financial statements.

Growing cane valuation

Growing cane is valued at the estimated sucrose content valued at the estimated sucrose price for the following season, less estimated costs for harvesting and transport. The estimated sucrose content requires management to assess the expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. In assessing the estimated sucrose price, management is required to assess into which markets the forthcoming crop will be sold and assess the domestic and export prices as well as related foreign currency exchange rates. The carrying value of growing cane is disclosed in note 14 to the financial statements.

There are no other key assumptions concerning the future or key sources of estimation uncertainty as at the balance sheet date that management have assessed as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	2009 ZK'million	2008 ZK'million
4. Revenue		
Revenue represents proceeds receivable from the following primary business segments:		
Sugar production	425 070	426 381
Cane growing	107 408	158 922
	532 478	585 303
From secondary business segments as follows:		
Local market	356 731	310 003
Export market	175 747	275 300
	532 478	585 303

	2009 ZK'million	2008 ZK'million
5. Profit from operations		
Profit from operations has been determined after charging the following:		
Auditors' remuneration		
- Audit fees	350	310
- Fees for other services	317	2 880
- Other expenses	105	84
Charitable donations	191	452
Change in fair value of cane roots	(1 088)	(6 091)
Change in fair value of growing cane	(88 286)	(1 263)
Depreciation expense (see note 11)	23 521	11 481
Directors' and key management emoluments:		
- as directors of the Company	1 390	1 426
- in connection with the management of the Company	4 209	3 660
Employees remuneration expenses	120 997	117 794
Employer contributions to pension funds (see note 24 , page 39)	5 149	4 528
Exchange (gains)/losses	(540)	8 859
Factory overhaul costs expensed	19 500	14 856
Management fees (see note 21.2, page 38)	6 418	6 931

	2009 ZK'million	2008 ZK'million
6. Net finance costs		
Interest paid	-	(1 119)
Interest received	-	673
	-	(446)

		2009 ZK'million	2008 ZK'million
7.	Income tax credit		
	Zambian company taxation		
	- current	-	-
	- overprovision in prior year	-	39 186
	Deferred taxation		
	- current	67 318	12 265
	- underprovision in prior year	(8 250)	-
	- tax rate change adjustment	-	7 146
	Total taxation	59 068	58 597
	Included under current (assets)/liabilities:		
	Receivable in respect of the previous year	2 664	(14 545)
	Tax refund in respect of previous years	-	39 186
		2 664	24 641
	Credit utilised during the year	(2 664)	(24 758)
	Paid during the year	-	2 781
	Taxation receivable	-	2 664
	Reconciliation of taxation rate :	%	%
	Company taxation applicable to agricultural entities	15.0	15.0
	less: increase/(reduction) in charge due to:		
	- Expenses disallowed for tax purposes	1.4	2.1
	- Change in income tax rate from 35% to 15%	-	(10.3)
	- Benefits of tax holiday on deferred tax	(64.7)	-
	- Permanent differences	(37.9)	(34.8)
	- Under/(overprovision) in prior year	10.6	(56.6)
	Effective rate of taxation	(75.6)	(84.6)

		ZK	ZK
8.	Basic and diluted earnings per share		
	Earnings per share	25.27	23.55
	Earnings per share is based on profit for the year of **ZK 137 116 million** (2008: ZK 127 780 million) divided by the number of ordinary shares in issue throughout the year of **5 426 938 035**		

		ZK'million	ZK'million
9.	Dividends paid		
	ZK7.25 per share (second interim 2007) - paid 15 June 2007		39 345
	ZK0.65 per share (final 2007) - paid 23 August 2007		3 528
	ZK7.45 per share (first interim 2008) - paid 4 January 2008		40 431
	ZK6.45 per share (second interim 2008) - paid 13 June 2008	35 004	
	ZK1.00 per share (final 2008) - paid 22 August 2008	5 427	
	ZK5.60 per share (first interim 2009) - paid 4 January 2009	30 391	
		70 822	83 304

	ZK	ZK
Dividends declared per share - second interim declared 24 April 2009	6.00	6.45
Dividends proposed per share - final to be proposed at AGM	1.00	1.00
Number of ordinary shares in issue (millions)	5 427	5 427

10. Segmental analysis

The primary business segments of the company are classified into sugar production and cane growing as follows:

Year to 31 March 2009	Sugar production ZK'million	Cane growing ZK'million	TOTAL ZK'million
Revenue	425 070	107 408	532 478
Profit before taxation	28 202	49 846	78 048
Property, plant and equipment	844 498	271 214	1 115 712
Balance at beginning of year	355 809	175 983	531 792
Additions at cost	504 369	197 117	701 486
Transfer to cane roots		(91 657)	(91 657)
Depreciation charge for the year	(13 695)	(9 826)	(23 521)
Net book value of disposals	(1 985)	(403)	(2 388)
Cane roots		162 595	162 595
Deferred tax asset	27 804	3 233	31 037
Current assets	208 923	222 195	431 118
Inventories	52 226	17 409	69 634
Growing cane		201 783	201 783
Factory overhaul costs	20 256		20 256
Trade and other receivables	16 665	3 003	19 668
Cash and cash equivalents	119 777	-	119 777
Current liabilities	236 588	92 693	329 281
Trade and other payables	63 021	15 755	78 776
Short term portion of borrowings	115 411	62 145	177 556
Amounts due to related parties	55 114	13 779	68 893
Provisions	3 042	1 014	4 056
Non-current liabilities			
Long term borrowings	635 563	342 226	977 789
Net asset value	209 073	224 319	433 392

10. Segmental analysis - continued

Year to 31 March 2008	Sugar production ZK'million	Cane growing ZK'million	TOTAL ZK'million
Revenue	426 381	158 922	585 303
Profit before taxation	54 273	14 910	69 183
Property, plant and equipment	355 809	175 983	531 792
Balance at beginning of year	80 060	38 068	118 128
Additions at cost	283 171	141 974	425 145
Depreciation charge for the year	(7 422)	(4 059)	(11 481)
Cane roots		69 850	69 850
Current assets	208 972	140 610	349 582
Inventories	19 548	23 891	43 439
Growing cane		113 497	113 497
Factory overhaul costs	19 500		19 500
Trade and other receivables	17 877	3 222	21 099
Current tax assets	2 664	-	2 664
Cash and cash equivalents	149 383	-	149 383
Current liabilities	67 043	45 917	112 960
Trade and other payables	42 910	37 577	80 487
Short term portion of borrowings	7 198	3 876	11 074
Amounts due to related parties	14 176	3 544	17 720
Provisions	2 759	920	3 679
Non-current liabilities	303 826	167 340	471 166
Long term borrowings	288 038	155 097	443 135
Deferred tax liability	15 788	12 243	28 031
Net asset value	193 912	173 186	367 098

11. Property, plant and equipment

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Capital work in progress	Total
	ZK'million	ZK'million	ZK'million	ZK'million	ZK'million	ZK'million
Cost or valuation						
Balance at 1 April 2007	57 020	66 597	48 774	10 764	18 648	201 803
Additions	-	-	-	-	425 145	425 145
Transfers	2 149	9 623	6 103	686	(18 561)	-
Disposals	-	-	(2 523)	(18)	-	(2 541)
Balance at 1 April 2008	59 169	76 220	52 354	11 432	425 232	624 407
Additions	-	-	-	-	701 486	701 486
Transfers	273 180	696 692	26 056	341	(996 269)	-
Transfer to cane roots					(91 657)	(91 657)
Disposals	-	(3 078)	(6 392)	-	-	(9 470)
Balance at 31 March 2009	332 349	769 834	72 018	11 773	38 792	1 224 766
Comprising:						
At valuation	38 926	-	-	-	-	38 926
At cost	293 423	769 834	72 018	11 773	38 792	1 185 840
	332 349	769 834	72 018	11 773	38 792	1 224 766
Depreciation						
Balance at 1 April 2007	14 957	26 919	33 279	8 520		83 675
Charge for year	1 431	2 503	6 692	855		11 481
Disposals	-	-	(2 523)	(18)		(2 541)
Balance at 1 April 2008	16 388	29 422	37 448	9 357		92 615
Charge for year	3 935	10 435	7 784	1 367		23 521
Disposals	-	(1 093)	(5 989)	-		(7 082)
Balance at 31 March 2009	20 323	38 764	39 243	10 724		109 054
Net carrying amount						
Balance at 31 March 2009	312 026	731 070	32 775	1 049	38 792	1 115 712
Balance at 31 March 2008	42 781	46 798	14 906	2 075	425 232	531 792

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of asset when commissioned.

In accordance with Section 193 of the Companies Act, 1994 the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the registered office of the Company.

	2009 ZK'million	2008 ZK'million
11. Property, plant and equipment - continued		
Borrowing costs capitalised in the financial year included under fixed assets are disclosed as follows:		
Interest paid and accrued on long term borrowings (see Note 18)	121 331	18 681
Interest paid and accrued on short term borrowings (see Note 18)	-	4 125
Exchange losses on borrowings	103 951	-
	225 282	22 806

Assets pledged as security

All leasehold land and buildings and all plant and machinery have been pledged for loans secured by way of a mortgage debenture. (See note 18).

Leasehold Land

During the year the company entered into leasehold agreements with various local farmers. The leases will be treated as operating leases and charged to the income statement over the lease period as follows:

	2009 ZK'million	2008 ZK'million
Within one year	1 668	-
More than one year but less than five years	8 340	-
More than five years	18 344	-
	28 352	-

12. Cane roots

The carrying value of cane roots is reconciled as follows:

	2009 ZK'million	2008 ZK'million
Carrying value at beginning of year	69 850	63 759
Acquisition of new farms (expansion)	91 657	-
Change in fair value	1 088	6 091
Carrying value at end of year	162 595	69 850

The area under cane for the purpose of valuing cane roots at the 31 March 2009 was **14 334 hectares** (2008: 11 253 hectares)

13. Inventories

	2009 ZK'million	2008 ZK'million
Maintenance stores	59 629	38 825
Provision for obsolete maintenance inventory	(3 031)	(3 591)
	56 598	35 234
Finished goods - sugar	13 036	8 205
	69 634	43 439

	2009 ZK'million	2008 ZK'million

14. Growing cane

The carrying value of growing cane is reconciled as follows:

	2009 ZK'million	2008 ZK'million
Carrying value at beginning of year	113 497	112 234
Change in fair value	88 286	1 263
Carrying value at end of year	201 783	113 497

The commercial area to harvest for the following season is **14 044 hectares** (2008: 10 659 hectares) which is anticipated to yield **135 tons cane per hectare** (2008: 121 tons) at a sucrose content in cane of **15.01%** (2008: 15.10%). As at the 31 March 2009 the average maturity of the growing cane was estimated at 67%.

15. Factory overhaul costs

	2009 ZK'million	2008 ZK'million
Balance at beginning of year	19 500	14 856
Incurred in respect of the following year	20 256	19 500
	39 756	34 356
Charged to the income statement	(19 500)	(14 856)
Balance at end of year	20 256	19 500

16. Trade and other receivables

Trade receivables comprise amounts receivable in respect of the sale of sugar and molasses:

	2009 ZK'million	2008 ZK'million
Gross trade receivables	15 790	17 960
Provision for doubtful debts	(1 238)	(1 183)
	14 552	16 777
Other receivables	5 116	4 322
Balance at end of year	19 668	21 099

Movement in the provision for doubtful debts

	2009 ZK'million	2008 ZK'million
Balance at beginning of year	1 183	1 204
Amounts written off during the year	-	(21)
Amounts raised during the year	55	-
Balance at end of year	1 238	1 183

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2009 ZK'million	2008 ZK'million
17. Share capital		
Authorised:		
5,535,000,000 shares of ZK0.50 each	2 767	2 767
Issued and fully paid:		
5,426,938,035 shares of ZK0.50 each	2 713	2 713

Details of major share dealings are disclosed in the Directors' report

18. Long term borrowings

	Currency of loan	Years of payment	Effective Interest rate (%)	2009 ZK'million	2008 ZK'million
Financial and other institutions	ZMK	2008 - 2012	13.38	354 354	178 535
Related parties (see note 21.2)				800 991	275 674
Total borrowings				1 155 345	454 209
Less:					
Current portion - financial and other institutions				(66 662)	-
Current portion - related parties (see note 21.2)				(110 894)	(11 074)
				(177 556)	(11 074)
				977 789	443 135
The amounts are due for repayment in the following years ending 31 March:					
2009				-	11 074
2010				177 556	52 687
2011				579 671	240 605
2012				282 535	108 305
2013				115 583	41 538
				1 155 345	454 209

Summary of borrowing arrangements

(i) Loans from financial and other institutions attract interest at the ruling 91 day T-Bill rate at the beginning of each interest period of three months plus a 2% margin. Interest has been accrued at the 31 March 2009 using the effective interest rate of 13.38%. The aggregate of these loans are fully repayable by December 2012.

(ii) All loans are secured by way of a first legal mortgage and a first fixed charge on all of the company's present and future rights, title and interest in all its fixed and movable property including material contracts, claims under insurances and all proceeds under insurances, and the benefit of all licenses, consents and agreements held or used in connection with the company.

(iii) Loans from related parties are disclosed in Note 21.2.

(iv) Borrowing costs accrued on the above loans for the period to 31 March 2009 amounts to ZK 121 331 million. (2008 : ZK 18 681 million) (see Note 11).

	2009 ZK'million	2008 ZK'million
19. Deferred tax (assets)/liabilities		
Balance at beginning of year	28 031	47 442
Charged to income:		
- Prior year underprovision	8 250	-
- Temporary differences	(67 318)	(12 265)
- Changes in income tax rate	-	(7 146)
Balance at end of year	(31 037)	28 031
Analysis of provision:		
Property, plant and equipment	70 934	44 574
Factory overhaul costs	3 038	2 925
Growing cane and cane roots	44 392	27 502
Provisions	-	(645)
Tax losses	(149 795)	(46 325)
Other	394	-
	(31 037)	28 031

20. Trade and other payables

Trade payables comprise amounts outstanding for trade purchase and ongoing costs.

	2009	2008
Trade payables	69 922	73 752
Other payables	8 854	6 735
Balance at end of year	78 776	80 487

The directors consider that the carrying amount of trade and other payables approximates their fair value.

21. Amounts due to related parties

21.1 Trading transactions

	2009	2008
East African Supply (Pty) Ltd	34 433	13 348
Illovo Sugar Ireland	30 859	3 023
Kilombero Sugar Limited	7	-
Illovo Sugar Limited	3 594	1 349
	-	-
	68 893	17 720

The following transactions were carried out with related parties:

	Purchases and management services	Interest paid	Total
East African Supply (Pty) Ltd	44 624	1 463	46 087
Illovo Sugar Ireland	73 624	-	73 624
Illovo Sugar Limited	546	12 959	13 505
Illovo Sugar (Malawi) Ltd	3 453	-	3 453
Kilombero Sugar Limited	7	-	7
	122 254	14 422	136 676

				2009 ZK'million	2008 ZK'million

21.2 Loans from related parties

	Currency of loan	Years of payment	Effective Interest rate (%)	2009 ZK'million	2008 ZK'million
Illovo Sugar Ireland	ZMK	2007 - 2011	18.09	270 342	275 674
Illovo Sugar Limited	USD	2008 - 2012	6.50	489 544	-
Illovo Sugar Limited	Euro	2008 - 2012	6.50	41 105	-
Total related party borrowings				800 991	275 674
Less:					
Current portion				(110 894)	(11 074)
				690 097	264 600

The amounts are due for repayment in the following years ending 31 March:

	2009	2008
2009	-	11 074
2010	110 894	26 460
2011	475 056	185 220
2012	177 920	52 920
2013	37 121	0
	800 991	275 674

(i) The loan from Illovo Sugar Ireland attracts interest at 17.38% per annum being the weighted average rate of 15.38% for the 3 year Government Bond dated 26 October 2007 plus a 2% margin. Interest has been accrued at the 31 March 2009 using the effective interest rate of 18.09%. The loan is repayable in full by November 2011.

(ii) Loans from Illovo Sugar Limited are denominated in US Dollars and Euros and attract interest at the 90 day USD and Euro LIBOR applicable at the beginning of each month plus a 6% margin.

The Company is contracted with Illovo Sugar Ireland for the supply of management services. Management fees are disclosed in note 5.

All related party transactions are conducted on an arms length basis. Securities and guarantees provided in respect of related party transactions are disclosed in Note 18.

All related parties are fellow subsidiaries of Illovo Sugar Limited, the ultimate holding company of Zambia Sugar Plc.

The majority shareholding is held by Illovo Sugar Coöperatief U.A., incorporated in the Netherlands, a subsidiary of Illovo Sugar Limited, a Company incorporated in the Republic of South Africa.

22. Provisions

	2009 ZK'million	2008 ZK'million
At beginning of year	3 679	3 847
Provisions made during the year	523	138
Utilised during the year	(146)	(306)
	4 056	3 679
Analysed as follows:		
Provision for leave pay	2 452	2 392
Provision for legal fees	1 604	1 287
	4 056	3 679

	2009 ZK'million	2008 ZK'million
23. Capital commitments		
Approved but not contracted	7 962	16 472
Contracted	154 001	328 025
	161 963	344 497

Capital expenditure will be financed from cash resources and short and long term borrowings (see note 18).

24. Retirement benefits

Defined contribution pension scheme

With effect from 1 May 2002, Zambia Sugar Plc established a defined contribution pension scheme and the pension costs are recognised as an expense when employees have rendered service entitling them to the contributions. An amount of ZK5 149 million (2008: ZK4 528 million) was expensed during the year in respect of the defined contribution pension scheme.

25. Contingent liabilities

There are contingent liabilities in respect of letters of credit amounting to **ZK855 million** and in respect of payment guarantees amounting to **ZK12 789 million** for the supply of expansion related plant and equipment.

26. Financial risk management

26.1 Liquidity risk management

This is monitored on a daily basis by the Financial Director, the Company Treasurer and the Managing Director, and on a weekly basis by the executive committee and controlled through cash flow management which involves the estimation and matching of cash inflows and outflows.

26.2 Interest rate risk management

Taking cognisance of the seasonality of the Company's cashflow and long term interest rate forecasts, the risk management committee positions the Company's interest rate exposures according to expected movement in interest rates.

Interest rate sensitivity

The Company is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant in the case of variable rate borrowings.

	2009 ZK	2008 ZK
If interest rates had been 50 basis points higher/lower and all other variables held constant, the Company's profit for the year would increase/decrease by:	5 742	2 271

26.3 Currency risk management

In the normal course of business, the company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company is exposed to foreign currency risk arising from various currency exposures primarily with respect to the US Dollar, Euro and South African Rand. Currency risk is managed by matching the currency of debts to suppliers with debts due from customers.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2009	2008	2009	2008
	ZK	ZK	ZK	ZK
US Dollars	96 722	43 471	11 467	7 319
SA Rands	117	308	24 288	19 037
Euros	12 503	46 735	23 709	1 625
Other	0	0	543	571

Foreign currency sensitivity

The company's exchange rate exposure relates mainly to the US Dollar, Rand and the Euro. The following table details the company's sensitivity to a 10% increase and decrease in the Kwacha against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive/(negative) number below indicates an increase/(decrease) in profit or loss and other equity where the Kwacha strengthens against the relevant currency.

10% foreign currency sensitivity

	US Dollar		SA Rand		Euro	
	2009	2008	2009	2008	2009	2008
Monetary assets	(10 359)	(3 892)	(1 010)	(1 091)	(1 250)	(4 674)
Monetary liabilities	49 987	795	6 257	3 578	9 567	163
	39 628	(3 097)	5 247	2 486	8 317	(4 511)

Exchange rates most affecting the performance of the Company are as follows:

	Rates at 31 March		Average for year	
	2009	2008	2009	2008
Kwacha/Rand	575	450	477	538
Kwacha/US Dollar	5540	3650	4162	3865
Kwacha/Euro	7333	5764	5951	5505

	2009 ZK'million	2008 ZK'million

26.4 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy customers. Trade receivables comprise a widespread customer base, and the company undertakes ongoing credit evaluations of the financial condition of their customers. At 31 March 2009, the company does not consider there to be any material credit risk that has not been insured or adequately provided for.

The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk.

The company grants credit terms of 14 - 30 days to its customers. The analysis of trade receivables which are past due at reporting date is as follows:

	2009 ZK'million	2008 ZK'million
Not past due	10 795	13 309
Past due by 30 days	1 344	32
Past due by 60 days	1 159	(642)
Past due by 90 days	599	(482)
Past due over 120 days	1 893	5 743
	15 790	17 960
less : provision for doubtful debts	(1 238)	(1 183)
Total trade receivables	14 552	16 777

No specific trade receivables have been placed under liquidation in either the current or prior years.

NOTICE OF MEETING

Notice is hereby given that the 47th annual general meeting of members of the Company will be held at the Intercontinental Hotel, Lusaka, Zambia on Monday, 29 June 2009 at 12h00 to transact the following business:

1. Minutes of the previous meeting
2. Financial statements

   To receive and adopt the annual financial statements for the year ended 31 March 2009.
3. Election of directors

   To elect Messrs D M Wellington and S S Munsamy as directors, and to re-elect Mr F M Banda and Ms K Zarnack, who retire by rotation, in terms of the Companies Act, and who, being eligible, offer themselves for re-election.
4. Approval of directors' fees

   To approve the directors' remuneration for the year ending March 2010.
5. Appointment of auditors'

   That Deloitte & Touche be re-appointed as auditors for the 2009/2010 financial year and that the directors be authorised to fix their remuneration.
6. Declaration of final dividend

   That a final dividend of ZK1.00 per share for the year ended 31 March 2009 recommended by the directors be declared to all shareholders registered in the books of the Company at close of business on 23 July 2009 and payable on 24 August 2009.
7. Increase authorised share capital

   To pass a special resolution increasing the authorised share capital of the Company by creating a further 1,465,000,000 new ordinary shares of 50 Ngwee each, thereby increasing the share capital of the Company from 5,535,000,000 ordinary shares of K0.50 each to 7,000,000,000 ordinary shares of the same nominal amount per share.
8. Rights Issue

   8.1 To authorise directors to issue for subscription and allot such number of the new ordinary shares of K0.50 each as would be appropriate by way of rights to existing shareholders of the Company pro rata to their existing holdings at a price per share to be determined by the directors; and authorise directors to issue and execute any document as may be required for purposes hereof.

   8.2 To authorise directors to register all new ordinary shares of K0.50 each, allotted to the shareholders, with the Securities and Exchange Commission of Zambia and list all such aforesaid shares on the Lusaka Stock Exchange.
9. Other business

   To transact such other business as may be transacted at an annual general meeting of members.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company. Proxy forms should be forwarded to reach the Company's registered office or the transfer secretaries not later than 12h00 on Friday, 27 June 2009.

By order of the Board

L M Sievu

Company Secretary

24 April 2009

SHAREHOLDERS' DIARY

Financial year end	March
Annual general meeting	June

Reports and profit statements

Interim report	October
Profit announcement for the year	May
Annual report and financial statements	June

Dividends

First interim	Declared	October
	Payment	January
Second interim	Declared	April
	Payment	June
Final	Declared	June
	Payment	August

Shareholders are reminded to notify transfer secretaries of any change in address.

CORPORATE INFORMATION

Secretary	:	Lovemore M Sievu
Business address and registered office	:	Nakambala Estate, Mazabuka, Zambia
Postal address	:	P O Box 670240, Mazabuka, Zambia
Telephone	:	(260) 21 3 230666
Fax	:	(260) 21 3 230385
Email address	:	administrator@zamsugar.zm
Transfer secretaries	:	Lewis Nathan Advocates Financial and Commercial Law Division Plot No. 758 Independence Avenue, Woodlands
Postal address	:	P O Box 37268, Lusaka, Zambia
Telephone	:	(260) 21 1 262009/261995
Fax	:	(260) 21 1 261997
E-mail address	:	ina@zamnet.zm / lewisnathan@zamnet.zm
Auditors	:	Deloitte & Touche
Bankers	:	Barclays Bank of Zambia
		Stanbic Bank Zambia
		Citi-Bank Zambia
		Standard Chartered Bank Zambia

ZAMBIA SUGAR Plc

FORM OF PROXY

For the 47th annual general meeting

I/We ____
(Name/s in block letters)

of ____(address)

being the shareholder/member of the abovenamed Company and entitled to

Number of votes

(1 share = 1 vote)

do hereby appoint

1. ______________________________ of ______________________________or failing him/her

2. ______________________________ of ______________________________or failing him/her

3. the chairman of the meeting

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at the Intercontinental Hotel, Lusaka, Zambia on Monday 29 June 2009 at 12h00 and at any adjournment thereof as follows:

Agenda Item		Mark with X where applicable		
		In favour	Against	Abstain
1.	Adoption of minutes of the previous meeting.			
2.	Adoption of the audited 2009 annual financial statements.			
3. 3.1 3.2 3.3 3.4	Election of directors D M Wellington S S Munsamy F M Banda K Zarnack			
4.	Approval of directors' fees.			
5.	Re-appointment of Deloitte & Touche as auditors.			
6.	Declaration of final dividend.			
7.	Increase authorised share capital.			
8 8.1 8.2	Rights Issue Authorise directors to issue and allot new ordinary shares and to issue and execute any document as may be required for purposes hereof. Authorise directors to register the shares with the Securities and Exchange Commission of Zambia and list the shares on the Lusaka Stock Exchange.			

Signed at ______________________________ on this____________________day of ________________2009

Signature ____

Assisted by me (where applicable) (see note 3) ____

Full name/s of signatory/ies if signing in a representative capacity (see note 4)____________________________________

NOTES TO THE FORM OF PROXY

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. A minor must be assisted by his/her guardian.
4. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the Company has already recorded that authority.
5. In order to be effective, proxy forms must reach the registered office of the Company or the transfer secretaries by no later than 12h00 on Wednesday, 27 June 2009.
6. The delivery of the duly completed proxy form shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
7. If two or more proxies attended the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.