Farmers House Plc and its subsidiaries

Consolidated financial statements

for the year ended 31 March 2009

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Notice is hereby given that the Twenty-seventh Annual General Meeting of Farmers House PLC will take place at Southern Sun, Ridgeway Hotel, Lusaka on Tuesday 30th June 2009 at 10:00 Hrs

AGENDA

1) To read the Notice of the Meeting.

2) To read and approve the minutes of the Twenty-sixth Annual General Meeting held on 26th June 2008.

3) To consider any matters arising from these minutes.

4) To receive the Report of the Directors, the Auditors Report and the Financial Statements for the year ended 31st March 2009.

5) To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

6) To elect Directors to fill any vacancies. In terms of the Articles Mr. R. Daya, Mr. I.T.S. Miller and Mr. T.T. Mushibwe retire and, being eligible, offer themselves for re-election.

7) To approve the Directors' remuneration.

8) To declare a Final Dividend. The proposed Final Dividend of K70 per share, if approved, will be declared payable to members registered in the books of the company on close of business on 29th June 2009. Warrants in payment will be posted for payment on or about 31st August 2009. The transfer books and register of members will be closed from 29th June 2009 – 7th July 2009 (both dates inclusive).

9) To consider any competent business of which due notice has been given.

BY ORDER OF THE BOARD

R.P.S. MILLER - Managing Director

Articles of Association
Article 16.1
"A member entitled to attend and vote is entitled to appoint a proxy, who need not also be a member, to attend and vote instead of him." Proxies must be lodged at the registered office of the company at least 48 hours before the time fixed for the meeting.

Article 23.5
"No person other than a Director retiring at the meeting shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting, unless not less than 21 days before the date appointed for the meeting there has been left at the registered office notice in writing signed by a member (not being the person to be proposed) duly qualified to attend and vote at the meeting, of his intention to propose the person for election, and a notice in writing signed by that person of his willingness to be elected."

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS

PRESENT:	**Mr. R.D. Frost**	**- Chairman**
	Mr. I.T.S. Miller	**- Director**
	Mr. K.H. Makala	**- Director**
	Mr. W.P. Saunders	**- Director**
	Mr. T.T. Mushibwe	**- Director**
	Mr. R. Daya	**- Director**
	Mr. R.P.S. Miller	**- Managing Director**
APOLOGIES:	**Mr. R. Daya**	**- Director**
	Mrs. Pamela Cornhill	**- Shareholder**
SHAREHOLDERS:	**Mr. Solomon Ngulube**	**- 24th Oct. Farming Cooperative**
	Mr. Mwanjema Ngulube	**- 24th October Cooperative**
	Mr. Mike Ngulube	**- 24th October Cooperative**
	Mr. Neiburt Phiri	**- Self**
	Mr. Ian Miller	**- City Investments Limited**
	Mr. Morris Malukutu	**- Self**
	Ms. Priscilla d'Elbee	**- Self & Bateleur Investments Ltd**
	Mr. Peter Frost	**- Associated Printers**
	Mr. Robin Miller	**- Self**
	Mr. W.P Saunders	**- Self**
	Mr. Paul Cartwright	**- Self**
	Mrs. Annette Miller	**- Self**
	Mr. Mwila P Mwenya	**- Stanbic Nominees**
	Mr. Sanjib Chakravorty	**- Saturnia Regna**
		- Barclays Bank Staff Pension Trust Fund
		- Stanchart Bank Pension Trust Fund
		- Stanbic Bank Pension Trust Fund
		- Chilanga Cement Pension Trust Fund
		- CEC Pension Trust Scheme
		- Sun International Pension Trust Scheme
		- CCF Pension Trust Scheme
IN ATTENDANCE:	**Mr. H. Mtine**	**- Snr Partner, KPMG**
	Mr. A. L. Francis	**- Amazon Associates (Transfer Secretaries)**
	Mr. Chitalu Chisanga	**- Pangaea Renaissance**
	Mr. Chanda Mutoni	**- Stock Brokers Zambia Limited**
	Mr. Arshad Dudhia	**- Musa Dudhia & Company**
	Mr. Mangala Sikazwe	**- Minverva Property Mgt Co. Ltd**
	Mr. Dave Clements	**- Minerva Property Mgt Co. Ltd /JHI**
	Mr. Sydney Popota	**- City Investments Limited**
	Mr. Girish Nair	**- City Investments Limited**
	Ms. Chama Mulemba	**- City Investments Limited**

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS *(continued)*

1.00 **To read the Notice of the Meeting.**

1.01 **The Chairman declared the meeting open at 10:10 hours and welcomed the Shareholders, Directors, Mr. Hastings Mtine (Senior Partner - KPMG) representing the Auditors, Mr. A.L Francis (Amazon Associates), representing the Transfer Secretaries, with special mention of Mrs Annette Miller and Mr Solomon Ngulube, long standing members of Farmers House PLC and everyone in attendance to the Twenty-sixth Annual General Meeting.**

1.02 Mr Solomon Ngulube thanked the Board for having observed his contribution to the Annual General Meeting over the years.

1.03 The Chairman called upon the Managing Director to read the notice of the meeting and to inform the meeting of any proxies and apologies.

1.04 The Managing Director read the notice of the meeting and announced that two proxies had been recorded as follows:

1. Mr. Ian T.S Miller to represent City Investments Limited
2. Mr. Sanjib Chakravorty
   - Saturnia Regna
   - Barclays Bank Staff Pension Trust Fund
   - Stanchart Bank Pension Trust Fund
   - Stanbic Bank Pension Trust Fund
   - Clilanga Cement Pension Trust Fund
   - CEC Pension Trust Scheme
   - Sun International Pension Trust Scheme
   - CCF Pension Trust Scheme.

1.05 The Managing Director reported that there were two recorded apologies, one from Mr. Rashid Daya, a member of the Board, who had travelled out of town on business and Mrs. Pamela Cornhill, a shareholder.

2.00 **To read and approve the minutes of the Twenty-fifth Annual General Meeting held on 28th June 2007.**

2.01 **There being no corrections, the minutes were unanimously approved on the proposal of Ms. Priscilla d'Elbee and seconded by Mrs. Annette Miller.**

3.00 **To consider any matters arising from the minutes.**

3.01 Mr. Peter Frost wanted to know as to when the Management Agreement with Minerva was coming to an end and its duration.

3.02 Mr. Robin Miller, the Managing Director informed the Meeting from memory that the contract with Minerva is to July 2009 and is due for renegotiation prior to that date. **(Subsequent to the meeting it was confirmed that the Contract is for 5 years and expires on 30th June 2011.)**

3.03 There being no other business to discuss the Chairman proceeded to the next item on the agenda.

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS *(continued)*

4.00 **To receive the Report of the Directors, the Auditors' Report and the Financial Statements for the year ended 31st March 2008.**

4.01 *The Directors' Report*

4.02 The Chairman read the Director's Report as presented in the Farmers House PLC 2008 Annual Report and asked for questions.

4.03 Ms. Priscilla d'Elbee commended the Managing Director, the employees of Farmers House PLC and the property managers for running the organization professionally and efficiently and that she was proud to be an investor of the company.

4.04 Mr. Peter Frost was concerned with the static share price of the company's shares on the Stock Exchange and wanted to know as to what was being done to improve the situation.

4.05 In concurring with Mr. Frost, the Managing Director informed the meeting that the Board was aware of this and has taken steps to further develop the activities of the Company.

4.06 He went on to say shareholders will recall that there has been Cautionary Announcement in the press in the recent past that will progress towards a capital raising exercise to increase the asset base of the company.

4.07 The Managing Director went on to say that the true value of the company is not reflected in the share price and that some announcement will be made shortly regarding the completion of the Celtel building which would substantially increase the value of the company, but expressed concern that this may not, once more, be reflected in the share price.

4.08 It is hoped also to carry out a publicity campaign as part of the capital raising exercise that will improve the image of the company, especially now for the general public to know that the Celtel Head Office building is a Farmers House property and not Celtel's.

4.09 The Director's Report was adopted on the proposal of Mr. Peter Frost and seconded by Mr. Solomon Ngulube.

The Auditors' Report and Financial Statements

4.10 The Chairman called on Mr. Hastings Mtine to read the Auditors' Report as presented in the Farmers House 2008 Annual Report and take the members through the major highlights of the financial statements.

4.11 Mr. Mtine stated that the annual report was longer than is usually the case due to extra disclosure requirements of the International Financial Reporting Standards (IFRS).

4.12 Mr. Mtine guided the meeting through the Auditors' Report on pages 17 and 18 which were in four parts – consolidated income statement, consolidated balance sheet, company balance sheet, Statement of changes in equity, and the last part in respect to statutory requirements.

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS *(continued)*

4.13 Mr. Mtine went on to say that the Auditors' responsibility is to express their opinion on the financial statements of the company and in their view, the financial statements of Farmers House presents in all material respects, full compliance of the International Accounting Standards. He was pleased to report that KPMG as Auditors of the company have given Farmers House PLC, a clean bill of health on the financial statements.

4.14 The Chairman requested the Managing Director to speak on the financial statements of the company: The Managing Director highlighted the following major items:

Income statement
1. Exchange loss
2. Financing Income
3. Investment Property Revaluation
4. Profit for the year including what constituted operating profit
5. Net asset value

4.15 The Managing Director thanked the Audit Committee and congratulated the accounting team of City Investments for a job well done. The team worked very hard and the accounts have increased by 22 pages in 2008 to reflect the changes required by IFRS's.

4.16 The Managing Director drew the attention of the Members to page 19, where the income for the year under review has increased by 26% and Note to accounts on Page 39, gives a brief account of how this has come about.

4.17 He went on to say in spite of inflation and the movement in exchange rates, the company has maintained operating expenses to a minimum, where the Board has focused on keeping expenses under control.

4.18 **Investment Property.** Page 43 Note 13, gives a full analysis of the increase in investment property.

4.19 The Managing Director pointed out that profit before tax is K20.13 billion against K11.8 billion last year.

4.20 Ms. d'Elbee sought to know as to whether the tax reflected has been agreed with the Zambia Revenue Authority (ZRA), to which the Managing Director answered that returns have been submitted to the ZRA.

4.21 **Balance Sheet** – The Managing Director highlighted various notes to the Balance Sheet

4.22 **Investment Property – Page 43**

4.23 The Managing Director highlighted that the company is projecting 2009 income of K12 billion and is projecting income to double with the Celtel project being added to the income statement.

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS *(continued)*

4.24 **Plant and Equipment – Page 45**

4.25 The Managing Director highlighted that the Board has no intention of selling these assets even if the Note in these accounts says 'assets available for sale investment.'

4.26 **Share capital - Page 47.**

4.27 The Company had 10.6 million issued shares at the end of the previous year, and following the Rights issue of 3:1 of the 10 million issued shares, an additional 32 million shares were issued with 8 million shares not issued at year end.

4.28 In conclusion, the Managing Director commended the Auditors, the Chairman, Mr. Mushibwe and members of the Audit Committee of Farmers House PLC for their hard work during the year under review.

4.29 The Chairman in concurring with the Managing Director's vote of thanks commended City Investments and the Audit Committee for producing the financial statements on time. To this end, the Financial Statements were unanimously adopted on the proposal of Mr. Peter Frost and seconded by Mrs. Annette Miller.

5.00 **To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration.**

5.01 Mr. Robin Miller proposed that KPMG be retained as Company Auditors and that the Directors be authorised to fix their remuneration. The proposal was unanimously adopted after it was seconded by Ms. d'Elbee.

6.00 **To elect Directors to fill any vacancies. In terms of the Articles Mr. R.D. Frost, Mr. R.P.S. Miller and Mr. K.H. Makala retire and, being eligible, offer themselves for re-election.**

6.01 Mr. R.D. Frost, Mr. R.P.S. Miller and Mr. K.H. Makala were due for retirement, and, being eligible, offered themselves for re-election.

6.02 There being no other nominations, Mr. R.D. Frost, Mr. R.P.S. Miller and Mr. K.H. Makala were unanimously duly elected.

7.00 **To approve the Directors' remuneration.**

7.01 The Directors remuneration was proposed for approval by Ms. d'Elbee considering the fact that the Directors have not had an increase for a long time despite an increase in their responsibilities with the creation of the various sub-committees of the Board in respect to development activity. In her opinion, the figures were also in line with what was obtaining in the market. The proposal was unanimously adopted after it was seconded by Mr. Solomon Ngulube.

MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS *(continued)*

8.00 **To declare a Final Dividend. The proposed Final Dividend of K20 per shares, if approved, will be declared payable to members registered in the books of the Company on close of business on 25th June 2008. Warrants in payment will be posted on or about 31st August 2008. The transfer books and register of members will be closed from 26th June 2008 – 4th July 2008 (both dates inclusive).**

8.01 The Directors proposed a final dividend of K20 per share which, including the interim dividend of K20 per share that was paid earlier in the year would give a total dividend of K40 per share for the year ended 31st March 2008.

8.02 The final dividend of K20 per share was unanimously approved after it was proposed and seconded by Mrs. Annette Miller and Mr. Peter Frost respectively.

9.00 **To consider the proposal of the Board for the adoption of the following special resolution**

"That the authorized share capital of the Company be increased to ZMK500,000,000 from ZMK50,000,000 by the creation of 450,000,000 new ordinary shares of ZMK1 per value in accordance with Section 74(1) (a) of the Companies Act, Cap 388 of the Laws of Zambia, which shall be issued on such terms and at such time or times as the Board shall determine."

9.01 The Managing Director had earlier on given a brief background for the increase of shares to avail the organization the opportunity to participate aggressively in its investment targets. The Company has embarked on an exercise to raise additional capital to increase the assets of the company. Notice of these intentions has been provided through Cautionary Announcements in the press for the attention of the market and shareholders.

9.02 The Managing Director informed shareholders that an Offer Circular will be issued of the intended transaction at the appropriate time and all shareholders will be kept fully informed. The Offer Circular will describe what is intended and will later culminate in an Extra Ordinary General Meeting (EGM). To this end, our advisors from Stock Brokers Zambia and Musa Dudhia are present to answer any questions and make clarification that the shareholders may have.

9.03 Ms d'Elbee wanted to know as to whether the shares of those shareholders who do not exercise their rights will be diluted.

9.04 The Managing Director answered in the affirmative that their shares will be diluted if they do not follow their rights but shareholders may trade their rights and for those who exercise their rights their shares will be at the same level.

9.05 The proposal was unanimously approved after it was proposed and seconded by Ms. d'Elbee and Mr. Paul Cartwright respectively.

<u>MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF FARMERS HOUSE PLC HELD AT HOLIDAY INN, ON THURSDAY, 26 JUNE, 2008 AT 10:00 HOURS</u> *(continued)*

10.00 **<u>To consider any competent business of which due notice has been given.</u>**

10.01 Mr. Peter Frost wanted to know as to what the Board's intention was with the remaining open space at Farmers House, Cairo Road.

10.02 The Managing Director informed the meeting that the Board at the moment wanted to spread the company's investment out of the down town area. It is general public knowledge that at one time Cairo Road was not conducive to conduct business and as a result, influential business houses have moved out of the town centre to other locations. In view of this the open space will remain undeveloped in the immediate future, but should a viable development proposal come to light, development could take place.

10.03 Ms d'Elbee sought clarification on the dividends that have remained unclaimed for a long time.

10.04 The Managing Director informed the meeting that the law requires unclaimed dividends to remain so for a period of ten years and as far as Farmers House Plc is concerned, we have not reached this stage yet as some dividends have only been lying unclaimed for periods less than this. This situation is caused mainly by shareholders who have relocated without leaving their forwarding addresses.

10.05 Ms. d'Elbee proposed that this subject be tabled again when ten years lapses so that a way forward could be agreed upon.

10.06 Mr. Peter Frost noted that the management of Farmers House PLc has improved tremendously and hoped that the Board will help them to continue in the same manner.

10.07 Mrs. Annette Miller commended Mr. Robin Miller, the Managing Director for a job well done over the years since he took over from his late father.

10.08 The Chairman thanked the Shareholders for their time and contribution to the Annual General Meeting.

10.09 The Chairman also thanked Mr. Solomon Ngulube for his outstanding support to the company over the years.

10.10 The Chairman indicated to members that although he is intending to continue as Director, and subject to Director confirmation as Chairman, he gave notice that this year was likely be his last as he intends to hand over to younger blood.

10.11 There being no further notice of any competent business the Chairman once again thanked the Shareholders and the Directors for their attendance. The meeting was declared closed at 11:30 hours.

Chairman________________________________Date____________________________

Farmers House Plc and its subsidiaries

COMPANY INFORMATION

REGISTERED OFFICE:	Farmers House, Stand 2713 Cairo Road PO Box 30012, Lusaka, Zambia Telephone 228682
DIRECTORS	**ALTERNATES**
R D Frost (Chairman)	P M d'Elbee
R P S Miller (Managing Director)	A T S Miller
M Hantuba	R B V Liebenthal
I T S Miller	M A Miller (Mrs)
R Daya	N M Lacey
T T Mushibwe	N H C Chiromo
K H Makala	I M Mabbolobbolo
W P Saunders	D G A Ironside
TRANSFER SECRETARIES	**SOLICITORS**
Amazon Associates Limited P O Box 32001 **Lusaka**	Musa Dudhia & Co. P O Box 31198 **Lusaka**
COMPANY SECRETARIES	**BANKERS**
City Investments Limited P O Box 30093 **Lusaka**	Standard Chartered Bank (Zambia) Plc Main Branch P O Box 32238 **Lusaka**
AUDITORS KPMG Zambia P O Box 31014 **Lusaka**	Stanbic Bank (Zambia) Limited Head Office P.O. Box 31955 **Lusaka**

Farmers House Plc and its subsidiaries

DIRECTORS' REPORT

It is my pleasure to present the Directors' report for the year ended 31st March 2009.

Financial Results

The year under review has seen major instability in the world financial system, which has of course had effects on the Zambian economy. This has resulted in substantial depreciation of the Kwacha in the second half of the 2009 financial year. The exchange rate has moved from K3,670 to US$1 at 31st March 2008, to K5,595 at 31st March 2009. As with many businesses whose income is Dollar based, this has favourably affected the company's results.

The financial statements of the Company show an 83 % increase in gross rental income from K6,882 million in 2008 to K12,598 million in 2009. Net profit from operations (Note 28) show a substantial improvement of K2,689 million from K2,986 million in 2008 to K5,675 million in 2009 – a 90% increase. This follows the 102% increase that was recorded in 2008.

As you will note from the financial statements there has also been a significant increase in the Company's net asset value from K97.71 billion in 2008 to K205.62 billion in 2009. This is principally a result of the independent property valuation carried out at year end which shows a gain in the fair value of the Company's investment properties of K105.14 billion (Note 14). This gain is reflected in the income statement as required by international accounting standards. It should be noted that the development of building II – the Zain headquarters had been completed at year end and the valuation of this property is included in the re-valuation. Furthermore income has arisen from the headquarters and technical centre buildings which is reflected in the Income Statement. Full year income from this property will provide the Company with substantially improved cash flow in the coming years.

The Company's ordinary shares traded by the end of the year at a price in the K900 range. This reflects a substantial fall in the market capitalisation of your company that has principally been the result of divestment by international investors that have been adversely affected by the global credit crunch. On a net asset basis the valuation of your Company at the Balance sheet date is K4,810.35 per ordinary share. The market price represents a discount of approximately 81% to the net asset value of the Company. The Directors are concerned that the current market price does not adequately reflect either the operational results of the Company or its underlying value. In this respect the Board has appointed an Independent Committee of the Board in compliance with Securities legislation and this committee has been assessing various corporate actions that may be put in place to mitigate the effect of this discount. Shareholders will be kept informed on developments in this respect.

Central Park – Cairo Road, Lusaka

Central Park has certainly become Lusaka's premier business address and continues to attract such blue chip tenants as Barclays Bank, Standard Chartered Bank, Stanbic Bank, Zain and of course the Lusaka Stock Exchange amongst others. I am pleased to report that Central Park is fully let.

Zain Headquarters Development

As reported above I am delighted to say that the development of the 2 Hectares of land at the corner of the Great East Road and Addis Ababa Road leased from the Agricultural & Commercial Society of Zambia is complete. At the balance sheet date Zain were in the process of completing their internal fit-out prior to occupation.

DIRECTORS' REPORT *(Continued)*

Burnet Investments Ltd

You will see in the notes to the accounts an investment in this Company which was concluded during the year. This relates to a lease that Farmers House PLC has secured with the Agricultural & Commercial Society of Zambia in the name of Burnet Investments Ltd for a further area of 1 hectare immediately adjacent to the Zain site on Addis Ababa Road. The joint venture with Standard Bank Properties (Pty.) Ltd is for the development of a new Head Office and Executive Banking Branch for Stanbic Bank Zambia Ltd. This joint venture is a reflection of the confidence that is shown in your Company and its development team by one of Southern Africa's leading property developers. Burnet has secured a long-term lease with Africa's largest financial institution and one of Zambia's leading banks, Stanbic Bank Zambia Ltd, which will accrue income upon completion. Construction of this flagship property has begun.

Final Dividend

Notwithstanding the substantial development activity noted above, the Board has recommended a final dividend of K70 per share, following the interim dividend of K30 per share. This total dividend of K100 per share (2008 – K40 per share), if approved, is a further demonstration of the financial performance of the Company, its solid projected earnings basis and the strength of its Balance Sheet.

DIRECTORS' REPORT *(Continued)*

Five Year Financial Summary

Year ended 31 March	**2009**	**2008**	**2007**	**2006**	**2005**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**
Income statement					
Total income	12,628,265	6,883,295	5,657,381	5,656,477	4,924,615
Operating expenditure	(6,953,344)	(3,896,848)	(4,181,972)	(4,926,955)	(4,698,450)
Operating profit	**5,674,921**	**2,986,447**	**1,475,409**	**729,522**	**226,165**
Gains from fair value adjustment of investment properties	63,627,494	26,922,359	11,382,643	-	3,318,542
Net foreign exchange gain/(loss)	43,853,250	(9,777,446)	(1,033,974)	2,797,381	147,437
Loss from equity accounted Investee	(495,876)	-	-	-	-
Profit before income tax	**112,659,789**	**20,131,360**	**11,824,078**	**3,526,903**	**3,692,144**
Income tax expense	(2,608,979)	(645,133)	27,940	(126,991)	(419,009)
Profit for the year	**110,050,810**	**19,486,227**	**11,852,018**	**3,399,912**	**3,273,135**
Financial position at year end					
Property, plant and equipment	6,468,315	2,577,011	3,113,644	3,678,439	3,936,915
Investment property	201,093,709	72,338,223	49,082,805	37,700,162	37,493,966
Investment property under development	-	19,612,143	7,549,737	9,500	14,491
Investment	-	880	880	1,740	1,740
Amounts due from equity accounted investee	3,070,589	-	-	-	-
Other long term assets	2,375,061	404,623	273,587	159,186	26,354
Total current assets	9,991,959	14,232,303	30,226,278	1,544,182	4,945,783
Total assets	**222,999,633**	**109,165,183**	**90,246,931**	**43,093,209**	**46,419,249**
Total equity	205,622,998	97,709,483	79,719,363	25,958,496	21,892,984
Non-current liabilities	7,823,740	7,823,740	7,823,740	13,964,365	17,805,711
Deferred tax liabilities	2,549,304	615,869	293,500	533,411	408,040
Total current liabilities	7,003,591	3,016,091	2,410,328	2,636,937	6,312,514
Total equity and liabilities	**222,999,633**	**109,165,183**	**90,246,931**	**43,093,209**	**46,419,249**
Interim Dividend Paid	1,282,377	854,918	-	-	-
Final Dividend Proposed/Paid	2,992,214	854,918	641,189	267,162	374,027

R.D. Frost
Chairman

Farmers House Plc and its subsidiaries

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors and Committees

The details of board members and the various board committees are as follows:

DIRECTORS	ALTERNATES
R.D. Frost (Chairman)	P.M. d'Elbee (Ms.)
R.P.S. Miller (Managing Director)	A.T.S. Miller
R. Daya	N.M. Lacey
M. Hantuba	R.B.V. Liebenthal
I.T.S Miller	M.A. Miller (Mrs.)
T.T. Mushibwe	N.H.C. Chiromo
K. Makala	I. M. Mabbolobbolo
W.P. Saunders	D.G.A. Ironside

The roles of Chairman and Chief Executive Officer are separate and no individual has unfettered control over decision-making. The Chairman is an independent non-executive director appointed by the Board.

Board Meetings

The Board has met four (4) times during the year and continues to direct the company’s affairs in a prudent manner.

Mr. R. Daya, Mr. I.T.S. Miller and Mr. T.T. Mushibwe are retiring from the Board at the Annual General Meeting and being eligible, offer themselves for re-election.

Directors’ Interest

Name of Director	Beneficial	Non Beneficial
R.D. Frost	Nil	Nil
R. Daya	Nil	Nil
M. Hantuba	Nil	Nil
K.H. Makala	Nil	Nil
I.T.S. Miller	Nil	312,431
R.P.S. Miller	300,000	Nil
T.T. Mushibwe	Nil	Nil
W.P. Saunders	105,798	Nil

Contracts in which directors have an interest are as follows:

Farmers House PLC holds an administration contract with City Investments Limited, of which R.P.S. Miller is the Managing Director and Mr. I.T.S. Miller is a Director.

Farmers House PLC holds a property administration contract with Minerva Property Management Company Ltd, in which City Investments Ltd. is a shareholder.

STATEMENT ON CORPORATE GOVERNANCE *(Continued)*

Board Committees

The Audit, Executive and Remuneration committees during the period were made up of the following Board members, which include a majority of non-executives Directors:

Audit Committee	**Executive Committee**	**Remuneration Committee**
T.T. Mushibwe (Chairman)	W.P. Saunders (Chairman)	K.H. Makala (Chairman)
R. Daya	I.T.S. Miller	W.P. Saunders
R.P.S. Miller	M. Hantuba	M. Hantuba
	R.P.S. Miller	I.T.S. Miller

Independent Committee of the Board

During the year under review the Board appointed an Independent Committee of the Board which oversaw a potential corporate action that was presented to the Board for its consideration during the year. As shareholders will have noted various cautionary announcements were made during 2008 which were finally withdrawn on 19th December 2008 with authority of the Board and the consent of the Securities & Exchange Commission. The Committee was made up of the following Board members:

T.T. Mushibwe (Chairman)
W.P. Saunders
K.H. Makala
R. Daya
R.P.S. Miller

Members of this committee include a majority of non-executive, non-shareholding and therefore independent members of the Board.

During the year these Committees of Directors met regularly and were extremely busy overseeing the financial and operational affairs of the company.

Directors' responsibility statement

The Company's Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Farmers House Plc comprising the balance sheets at 31 March 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act of Zambia.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of these 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.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the year ahead.

Approval of the consolidated and separate financial statements

The financial statements, as indicated above and set out on pages 18 to 61 were approved by the board of directors on **28th May 2009** and signed on its behalf by:

...............................…..	...............................….....
Director	*Director*

Independent auditor's report to the shareholders of Farmers House Plc

Report on financial statements

We have audited the accompanying consolidated financial statements of Farmers House Plc ("the Company"), which comprise the consolidated and separate balance sheets at 31 March 2009, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 22 to 61.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the Companies Act of Zambia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 auditor's 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 control relevant to the entity's preparation and 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 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Farmers House Plc at 31 March 2009, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In accordance with Section 173 (3) of the Companies Act of Zambia, we report that, in our opinion the required accounting records, other records and registers have been properly kept in accordance with the Act.

KPMG Zambia **Lusaka**

Hastings Mtine
Partner

Farmers House Plc and its subsidiaries

Income statement
for the year ended 31 March 2009

In thousands of Zambian Kwacha

	Note	Group		Company	
		2009	2008	**2009**	2008
Gross rental income	*7*	**12,598,184**	6,881,795	**12,598,184**	6,881,795
Property operating expenses	*14e*	**(3,420,154)**	(2,167,925)	**(3,420,154)**	(2,167,925)
Net rental income		**9,178,030**	4,713,870	**9,178,030**	4,713,870
Change in fair value of investment property	*14*	**63,627,494**	26,922,359	**63,627,494**	26,922,359
Administrative expenses	*13*	**(3,253,379)**	(2,021,102)	**(3,246,565)**	(1,990,600)
Other income	*9*	**30,081**	1,500	**-**	1,500
Results from operating activities		**69,582,226**	29,616,627	**69,558,959**	29,647,129
Finance income		**44,216,204**	922,184	**44,216,204**	922,184
Finance expense		**(642,765)**	(10,407,451)	**(642,765)**	(10,407,451)
Net finance income/(expense)	*10*	**43,573,439**	(9,485,267)	**43,573,439**	(9,485,267)
Loss from equity accounted investee	*18*	**(495,876)**	-	**-**	-
Profit before income tax		**112,659,789**	20,131,360	**113,132,398**	20,161,862
Income tax expense	*11*	**(2,608,979)**	(645,133)	**(2,608,979)**	(645,133)
Profit for the year		**110,050,810**	19,486,227	**110,523,419**	19,516,729
Attributable to:					
- Equity holders of the Company		**110,050,810**	19,486,227	**110,523,419**	19,516,729
Earnings per share					
Basic earnings per share (Kwacha)	*12*	**2,574.53**	455.86	**2,585.59**	456.58
Diluted earnings per share (Kwacha)	*12*	**2,469.89**	444.84	**2,480.46**	445.52

The notes on pages 22 to 61 are an integral part of these financial statements.

Farmers House Plc and its subsidiaries

Balance sheet

as at 31 March 2009

In thousands of Zambian Kwacha

		Group		Company	
Assets	*Notes*	**2009**	2008	**2009**	2008
Property, plant and equipment	*16*	**6,468,315**	2,577,011	**6,468,315**	2,577,011
Rental income receivable	*17*	**2,375,061**	404,623	**2,375,061**	404,623
Investment property under development	*15*	**-**	19,612,143	**-**	19,612,143
Investment property	*14*	**201,093,709**	72,338,223	**201,093,709**	72,338,223
Amount due from equity accounted investee	*26a*	**3,070,589**	-	**3,564,015**	-
Other investments	*19*	**-**	880	**4,500**	2,980
Total non-current assets		**213,007,674**	94,932,88 0	**213,505,600**	94,934,980
Trade and other receivables	*20*	**740,929**	531,874	**744,623**	562,236
Prepayments and deposits		**264,535**	109,910	**264,535**	109,910
Cash and cash equivalents	*21*	**8,986,495**	13,590,519	**8,986,445**	13,590,419
Total current assets		**9,991,959**	14,232,303	**9,995,603**	14,262,565
Total assets		**222,999,633**	109,165,18 3	**223,501,203**	109,197,545
Equity					
Share capital	*22*	**42,746**	42,746	**42,746**	42,746
Share premium		**42,862,458**	42,862,458	**42,862,458**	42,862,458
Retained earnings		**162,717,794**	54,804,279	**162,596,654**	54,210,530
Total equity attributable to equity holders of the parent		**205,622,998**	97,709,48 3	**205,501,858**	97,115,734
Liabilities					
Convertible redeemable cumulative preferred stock	*23*	**7,823,740**	7,823,740	**7,823,740**	7,823,740
Deferred tax liabilities	*11*	**2,549,304**	615,869	**2,549,304**	615,869
Total non-current liabilities		**10,373,044**	8,439,609	**10,373,044**	8,439,609
Trade and other payables	*24*	**6,655,833**	2,942,375	**7,278,543**	3,568,486
Current tax liabilities		**347,758**	73,716	**347,758**	73,716
Total current liabilities		**7,003,591**	3,016,091	**7,626,301**	3,642,202
Total equity and liabilities		**222,999,633**	109,165,18 3	**223,501,203**	109,197,545

The financial statements on pages 18 to 61 were approved by the Board of Directors on **28th May 2009** and were signed on its behalf by:

T.T. Mushibwe
Director

R. Daya
Director

The notes on pages 22 to 61 are an integral part of these financial statements.

Farmers House Plc and its subsidiaries

Statement of changes in equity
for the year ended 31 March 2009

In thousands of Zambian Kwacha

Group

	Share capital	Share premium	Retained earnings	Total
At 1 April 2007	42,746	42,862,458	36,814,159	79,719,363
Profit for the year	-	-	19,486,227	19,486,227
Dividends paid	-	-	(1,496,107)	(1,496,107)
At 31 March 2008	**42,746**	**42,862,458**	**54,804,279**	**97,709,483**
At 1 April 2008	42,746	42,862,458	54,804,279	97,709,483
Profit for the year	-	-	110,050,810	110,050,810
Dividends paid	-	-	(2,137,295)	(2,137,295)
At 31 March 2009	**42,746**	**42,862,458**	**162,717,794**	**205,622,998**

Company

	Share capital	Share premium	Retained earnings	Total
At 1 April 2007	42,746	42,862,458	36,189,908	79,095,112
Profit for the year	-	-	19,516,729	19,516,729
Dividends paid	-	-	(1,496,107)	(1,496,107)
At 31 March 2008	**42,746**	**42,862,458**	**54,210,530**	**97,115,734**
At 1 April 2008	42,746	42,862,458	54,210,530	97,115,734
Profit for the year	-	-	110,523,419	110,523,419
Dividends paid	-	-	(2,137,295)	(2,137,295)
At 31 March 2009	**42,746**	**42,862,458**	**162,596,654**	**205,501,858**

Retained earnings are the carried forward recognised income, net of expenses, of the Group plus current period profit attributable to shareholders.

Share premium is the excess paid by shareholders over the nominal value for their shares.

The notes on pages 22 to 61 are an integral part of these financial statements.

Farmers House Plc and its subsidiaries

Cash flow statement
for the year ended 31 March 2009

In thousands of Zambian Kwacha

		Group		Company	
	Notes	**2009**	2008	**2009**	2008
Cash flows from operating activities					
Profit for the period		**110,050,810**	19,486,227	**110,523,419**	19,516,729
Adjustment for:					
- Depreciation	*16*	**1,113,264**	617,837	**1,113,264**	617,837
- Gain on sale of property, plant and equipment	*9*	**-**	(1,500)	**-**	(1,500)
- Profit on dilution of investments in subsidiary	*9*	**(30,081)**	-	**-**	-
- Loss on equity accounted investee		**495,876**	-	**-**	-
- Change in fair value of investment property	*14*	**(63,627,494)**	(26,922,359)	**(63,627,494)**	(26,922,359)
- Net finance income	*10*	**(43,573,439)**	9,485,267	**(43,573,439)**	9,485,267
- Income tax expense		**2,608,979**	645,133	**2,608,979**	645,133
		7,037,915	3,310,605	**7,044,729**	3,341,107
Change in trade and other receivables		**(1,392,774)**	63,609	**(1,366,106)**	33,247
Change in prepayments and deposits		**(154,625)**	(5,911)	**(154,625)**	(5,911)
Change in trade and other payables		**3,219,244**	678,445	**3,185,812**	678,305
		8,709,760	4,046,748	**8,709,810**	4,046,748
Income tax paid		**(401,502)**	(263,229)	**(401,502)**	(263,229)
Net cash from operating activities		**8,308,258**	3,783,519	**8,308,308**	3,783,519
Cash flows from investing activities					
Interest received	*10*	**362,954**	922,184	**362,954**	922,184
Proceeds from sale of fixed asset		**-**	1,500	**-**	1,500
Acquisition of other investments	*19*	**(2,400)**	-	**(2,400)**	(100)
Equity loan to equity accounted investee	*26a*	**(3,097,466)**	-	**(3,097,466)**	-
Acquisition of property, plant and equipment	*16*	**(5,004,568)**	(81,204)	**(5,004,568)**	(81,204)
Development of investment property	*15*	**(4,005,308)**	(16,373,589)	**(4,005,308)**	(16,373,589)
Net cash used in investing activities		**(11,746,788)**	(15,531,109)	**(11,746,788)**	(15,531,209)
Cash flows from financing activities					
Coupon interest paid on preferred stock	*10*	**(641,885)**	(630,005)	**(641,885)**	(630,005)
Dividends paid	*22*	**(2,137,295)**	(1,496,107)	**(2,137,295)**	(1,496,107)
Net cash used in financing activities		**(2,779,180)**	(2,126,112)	**(2,779,180)**	(2,126,112)
Net decrease in cash and cash equivalents		**(6,217,710)**	(13,873,702)	**(6,217,660)**	(13,873,802)
Cash and cash equivalents at 1 April		**13,590,519**	29,312,907	**13,590,419**	29,312,907
Effect of exchange rate fluctuations on cash held		**1,613,686**	(1,848,686)	**1,613,686**	(1,848,686)
Cash and cash equivalents at 31 March	*21*	**8,986,495**	13,590,519	**8,986,445**	13,590,419

The notes on pages 22 to 61 are an integral part of these financial statements.

1 Reporting Entity

Farmers House Plc (the "Company") is a company domiciled in Zambia. The address of the Company's registered office is Farmers House, Stand 2173, Cairo Road, Lusaka. The consolidated financial statements of the Company as at and for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entity. The Group primarily is involved in investment in real property, development and restructuring of commercial and non-commercial property for commercial letting.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as promulgated by the International Accounting Standard Board and the requirements of the Companies Act of Zambia.

The consolidated financial statements were authorised for issue by the Board of Directors on **28th May 2009**.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the investment property which is measured at fair value.

The methods used to measure fair values are discussed further in note 5.

(c) Functional and presentation currency

These consolidated financial statements are presented in Zambian Kwacha, which is the Company's functional currency. All financial information presented in Zambian Kwacha has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 (g) - Impairment of financial and non-financial assets
- Note 3 (j) - Provisions and contingencies
- Note 3 (k) - Rental income receivable
- Note 3 (l) - Utilisation of tax losses
- Note 5 (a) - Valuation of investment property

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating polices of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Significant accounting policies (continued)

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised directly in equity.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and cash deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost in the balance sheet.

Accounting for finance income and expense is discussed in note 3(i).

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(g)), and foreign exchange gains and losses on available-for-sale monetary items (see note 3(b)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(ii) Derivative financial instruments

The Group did not enter into any derivative financial instruments during the year.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible preferred stocks that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire or when they are determined to be uncollectible.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

3 Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in the revaluation reserve directly in equity. Any loss is recognised in the revaluation reserve directly in equity to the extent that an amount is included in equity relating to the specific property, with any remaining loss recognised immediately in profit or loss.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3 Significant accounting policies (continued)

(d) Plant and equipment (continued)

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

▪ Furniture, fittings and office equipment	30%
▪ Plant and equipment	10%-30%
▪ Motor vehicle	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Investment property

(i) Classification

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property comprises freehold land, freehold buildings, land held under operating lease and buildings held under finance lease.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals. Any such property interest under an operating lease classified as an investment property is carried at fair value.

(ii) Recognition and measurement

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually.

3 Significant accounting policies (continued)

(e) Investment property (continued)

(ii) Recognition and measurement (continued)

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount 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 costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16.

However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

(f) Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development (development projects) and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between fair value and cost is recorded as income in the consolidated income statement.

All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualify as acquisition costs and are capitalised.

3 Significant accounting policies (continued)

(g) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

3 Significant accounting policies (continued)

(h) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post employment benefits – termination gratuity

A provision is recognised for the amount expected to be paid under the gratuity if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Obligations for termination gratuity are recognised as an employee benefit expense in profit or loss when they are due.

(i) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), bank interest received, dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, dividends on preference shares classified as liabilities and impairment losses recognised on financial assets that are recognised through profit or loss. All borrowings costs are recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Revenue

Rental income from investment property leased out under operating leases is recognised in the income statement on a straight - line basis over the term of the lease. Lease incentives granted are recognised in the income statement as an integral part of the total rental income.

3 Significant accounting policies (continued)

(l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3 Significant accounting policies (continued)

(m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, which comprise convertible notes.

(n) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Based on the current Group's management and internal reporting structure, the Group does not present segment information as it does not have distinguishable business and geographical segment since all its investment properties are for commercial purposes and all situated in one location.

4 New standards and interpretations not yet adopted

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 31 March 2009. These include the following Standards and Interpretations that are applicable to the business of the entity and may have an impact on future financial statements:

- Revised IAS 1 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2010 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements
- Revised IAS 23 *Borrowing Costs* removes the option to expense borrowing costs and requires that a Company capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Company's 2010 financial statements and will constitute a change in accounting policy for the Company. In accordance with the transitional provisions the Company will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. This standard may have an impact on the financial statements if the Group decides to borrow for an acquisition of a qualifying asset.
- Amended IAS 27 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
- Amendments to IAS 32 *Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2010 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

4 New standards and interpretations not yet adopted *(continued)*

- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*. The amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009.

  The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

- Amendment to IAS 40 *Investment Property*. The amendments to IAS 40 will be adopted for the first time in the financial reporting period ending 30 June 2010 and will be applied prospectively. The amendment will change the accounting treatment for property under construction for future use as investment property. This property is currently accounted for under IAS 16 *Property, Plant and Equipment* and is held at cost prior to completion. The amendment to IAS 40 requires that property under construction be recognised and measured in terms of IAS 40. As it is the Group's policy to hold investment property at fair value; the amendment will result in investment property under construction being recognised at fair value.

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements.* The amendments to IFRS 1 allows an entity to determine the 'cost' of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements in accordance with IAS 27 or using adeemed cost. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognised in the income statement in the separate financial statement. Both revisions will be effective for financial years beginning on or after 1 January 2009. The revision to IAS 27 will have to be applied prospectively. The new requirements affect only the parent's separate financial statement and do not have an impact on the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2010 consolidated financial statements, with retrospective application. This amendment is not expected to have any impact on the consolidated financial statements.

4 New standards and interpretations not yet adopted (continued)

- Revised IFRS 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

  – The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
  – Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
  – Transaction costs, other than share and debt issue costs, will be expensed as incurred.
  – Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
  – Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- IFRS 8 *Operating Segments* introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Group does not present segment information in respect of its business and geographical segments. However, it is likely not to have any impact on financial statements of the Group.

- IFRIC 11 IFRS 2 *Group and Treasury Share Transactions* requires a share-based payment arrangement in which an Company receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2010 financial statements, with retrospective application required. It is not expected to have any impact on the Group financial statements.

- IFRIC 12 *Service Concession Arrangements* provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any effect on the financial statements.

- IFRIC 13 *Customer Loyalty Programmes* addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any impact on the financial statements

- IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. IFRIC 14 will become mandatory for the Group's 2010 financial statements, with retrospective application required. This standard is not expected to have any impact on the financial statements.

4 New standards and interpretations not yet adopted (continued)

- IFRIC 15 *Agreements for the Construction of Real Estate* addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. Agreements within the scope of IFRIC 15 are described as 'agreements for the construction of real estate', and may include the delivery of other goods or services. IFRIC 15 addresses two (related) issues:
  - determining whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue; and
  - when revenue from the construction of real estate should be recognised.

  IFRIC 15, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any impact on the Group's financial statements.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* clarifies that:

  - Net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation.
  - The hedging instrument may be held by any entity within the Group except the foreign operation that is being hedged.
  - On disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss.

  The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. IFRIC 16, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any impact on the Group's financial statements.

- IFRIC 17 *Distributions of Non-cash Assets to Owners* applies to the entity making the distribution, not to the recipient. It applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets. This IFRIC also applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions.

  IFRIC 17, which is effect effective for annual periods beginning on or after 1 July 2009 is not expected to have any impact on the Group's financial statements.

- IFRIC 18 *Transfer of Assets from Customers* clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This IFRIC also provides guidance on how to account for transfers of cash from customers.

  IFRIC 18 which must be applied prospectively to transfers of assets from customers received on or after 1 July 2009 is not expected to have any impact on the Group's financial statements.

5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;
(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
(iv) capital income projections based upon Company's estimate of net market rental income which is assumed to be a level annuity in perpetuity, and a capitalisation rate derived from the analysis of market evidence. Reversions associated with short term leasing risk/costs, incentive and capital expenditure maybe deducted from the capitalised net income figure.

Valuations also reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

5 Determination of fair values (continued)

(b) Investments in available for sale financial assets

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. If the market for a financial asset in an active market (and for unlisted securities) is not available, such investments are stated at cost net of accumulated impairment loss.

(c) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Trade and other payables

Trade and other payables are recognised at fair value calculated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date, unless the impact of discounting would be immaterial in which case they are stated at cost.

(e) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

6 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk, and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee undertakes both regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from tenants' customers.

Trade and other receivables

The Audit Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

More than 85 percent of the Group's customers have been transacting with the Group for over three years, and losses have occurred infrequently. The Group also requires security deposit from new tenants.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

6 Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

(i) Currency risk

The Group is exposed to currency risk on rental income and purchases that are denominated in a currency other than the functional currency of Group entities, primarily the Zambian Kwacha (ZMK). The currencies in which these transactions primarily are denominated are ZMK and USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the future cash flows will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk is low as most of its financial liabilities are held on a zero or fixed rate basis.

6 Financial risk management (continued)

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares and minority interests, and the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Preferred stock

- At any time after the third anniversary date of the issue at its sole discretion, and with a six (6) month advance notice in writing, the Company may redeem any or all of the preference shares at the issue price, provided that all holders of preference shares must be treated equally in any such redemption. Any accrued or cumulative interest that may be due on any coupon payment shall be paid at the time of any redemption.

- At any time after the third anniversary date of the issue and with a three (3) month advance notice in writing a holder of preference shares may convert any or all of his/her preference shares into ordinary shares of the Company on the basis of one preference share for one ordinary share. Any such conversion will be at the sole discretion of the holder of any preference shares.

As at the Balance Sheet date there was no resolution to repay this stock in the foreseeable future.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

In thousands of Zambian Kwacha

7 Gross rental income

All revenue in the income statement is in respect of investment property rentals. The Group leases out its investment property under operating leases. All operating leases are for terms of one year or more. There are no contingent rents included in the rental income.

8 Staff costs and directors' remuneration

	Group and Company	
	2009	2008
Directors fees (included in administrative expenses)	**1,237,276**	480,442
Salaries	**955,957**	435,938

There was only one employee during the year (2008: one).

9 Other income

	2009	2008
Profit on dilution of investment in subsidiary	**30,081**	-
Gain on sale of fixed asset	**-**	1,500
	30,081	1,500

10 Net financing income/(expense)

	2009	2008
Interest income on bank deposits	**362,954**	922,184
Foreign exchange gain on investment property revaluation	**41,510,541**	-
Net foreign exchange gain on operating activities	**2,342,709**	-
Finance income	**44,216,204**	922,184
Foreign exchange loss on investment property revaluation	**-**	(7,978,124)
Foreign exchange loss on operating activities	**-**	(1,799,322)
Impairment loss on available for sale investment	**(880)**	-
Interest expense on finance liabilities	**(641,885)**	(630,005)
Finance expense	**(642,765)**	(10,407,451)
Net financing income recognised in income statement	**43,573,439**	(9,485,267)

In thousands of Zambian Kwacha

11 Taxation

a) Income tax expense

	Group		Company	
	2009	2008	**2009**	2008
Current tax expense	**675,544**	322,764	**675,544**	322,764
Deferred tax expense	**1,933,435**	322,369	**1,933,435**	322,369
Total income tax expense in income statement	**2,608,979**	645,133	**2,608,979**	645,133

b) Reconciliation of effective tax rate

The tax on the profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	Group				Company			
		2009		2008		**2009**		2008
Profit for the period		**110,050,810**		19,486,227		**110,523,419**		19,516,729
Total income tax expense		**2,608,979**		645,133		**2,608,979**		645,133
Profit excluding income tax		**112,659,789**		20,131,360		**113,132,398**		20,161,862
Tax on accounting profit	35.0%	**39,430,926**	35.0%	7,045,976	35.0%	**39,596,339**	35.0%	7,056,652
Non-deductible expenses	0.0%	**12,305**	0.1%	22,930	0.0%	**12,305**	0.1%	22,930
Change in unrecognised deferred tax asset on fair value adjustment	(32.6%)	**(36,798,312)**	(32.9%)	(6,630,482)	(32.5%)	**(36,798,312)**	(32.9%)	(6,630,482)
Difference in effective tax rate of equity accounted investee	0.1%	**173,556**	-	-	-	-	-	-
Effect of non-taxable capital gains	(0.2%)	**(211,881)**	-	-	(0.2%)	**(201,353)**	-	-
Effect of unrecognised tax losses	0.0%	**2,385**	-	-	-	-	-	-
Effect of expired tax losses	-	-	1.0%	206,709	-	-	1.0%	196,033
Total income tax expense	2.3%	**2,608,979**	3.2%	645,133	2.3%	**2,608,979**	3.2%	645,133

c) Tax losses

The company has accumulated tax losses, which are subject to agreement with the Zambia Revenue Authority (ZRA). The following tax losses are available to carry forward for a maximum period of 5 years.

	2009	2008
2003/04 loss available until 31 March 2009	-	(708,291)
2004/05 loss available until 31 March 2010	-	(769,466)
2005/06 loss available until 31 March 2011	-	(440,027)
2006/07 loss available until 31 March 2012	-	(1,075,179)
	-	(2,992,963)

In thousands of Zambian Kwacha

11 Taxation (continued)

d) Recognised deferred tax assets and liabilities

Deferred tax liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	**2009**	2008	**2009**	2008
	K'000	K'000	**K'000**	K'000	**K'000**	K'000
Plant and equipment	-	-	**2,009,540**	1,589,895	**2,009,540**	1,589,895
Exchange differences	-	-	**77,550**	17,277	**77,550**	17,277
Tax of loss	-					
carry-forwards	-	1,047,536	-	-	-	(1,047,536)
Straight-line lease income	-	-	**462,214**	56,233	**462,214**	56,233
	-	1,047,536	**2,549,304**	1,663,405	**2,549,304**	615,869

e) Movement in temporary differences during the year

2009	**Balance 1 April 2008**	**Recognised in income**	**Recognised in equity**	**Balance 31 March 2009**
Plant and equipment	1,589,895	419,645	-	2,009,540
Exchange differences	17,277	60,273	-	77,550
Tax value of loss				
carry-forwards recognised	(1,047,536)	1,047,536	-	-
Straight-line lease income	56,233	405,981	-	462,214
	615,869	1,933,435	-	2,549,304

2008	**Balance 1 April 2007**	**Recognised in income**	**Recognised in equity**	**Balance 31 March 2008**
Plant and equipment	841,228	748,667	-	1,589,895
Finance lease obligations	632,489	(632,489)	-	-
Exchange differences	(66,421)	83,698	-	17,277
Tax value of loss				
carry-forwards recognised	(1,139,103)	91,567	-	(1,047,536)
Straight-line lease income	25,307	30,926	-	56,233
	293,500	322,369	-	615,869

12 Earnings per share

Basic earnings per share

The calculation of the Group basic earnings per share at 31 March 2009 was based on the profit attributable to ordinary shareholders of K110.1 billion (2008: K19.5 billion) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 42,745,912 (2008: 42,745,912), calculated as follows:

	Group		Company	
	2009	2008	**2009**	2008
Profit attributable to ordinary shares	**110,050,810**	19,486,227	**110,523,419**	19,516,729
Weighted average number of ordinary shares				
Issued at 1 April	**42,745,912**	42,745,912	**42,745,912**	42,745,912
Effects of rights issue	**-**	-	**-**	-
Weighted average number of ordinary shares at 31 March	**42,745,912**	42,745,912	**42,745,912**	42,745,912

In thousands of Zambian Kwacha

12 Earnings per share (continued)

Diluted earnings per share

The calculation of Group diluted earnings per share at 31 March 2009 was based on the profit attributable to ordinary shareholders of K110.5 billion (2008: K19.9 billion) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2009 of 44,725,816 (2008: 44,725,816) calculated as follows:

	Group		Company	
	2009	2008	**2009**	2008
Profit attributable to ordinary shares				
Profit attributable to ordinary shares (basic)	**110,050,810**	19,486,227	**110,523,419**	19,516,729
Coupon interest on preferred stock, net of tax	**417,225**	409,503	**409,503**	409,503
Profit attributable to ordinary shares (diluted)	**110,468,035**	19,895,730	**110,940,644**	19,926,232
Weighted average number of ordinary shares				
Issued at 1 April	**42,745,912**	42,745,912	**42,745,912**	42,745,912
Effect of convertible preferred stock	**1,979,904**	1,979,904	**1,979,904**	1,979,904
Weighted average number of ordinary shares at 31 March	**44,725,816**	44,725,816	**44,725,816**	44,725,816

13 Administration expenses

	Group		Company	
	2009	2008	**2009**	2008
Accounting fees	**655,610**	631,539	**655,610**	631,539
Advertising and promotions	**76,615**	35,705	**76,615**	35,705
Taxation fees	**24,748**	18,434	**24,748**	18,434
Salaries	**955,957**	435,938	**955,957**	435,938
Audit fees	**81,050**	51,676	**81,050**	51,676
Secretarial fees	**10,100**	9,200	**10,100**	9,200
Computer expenses	**22,231**	22,300	**22,231**	22,300
Donations	**10,183**	9,483	**10,183**	9,483
Listing fees	**54,536**	63,796	**54,536**	63,796
Printing and stationery	**40,001**	34,780	**40,001**	34,780
Telephone and postage	**35,397**	37,694	**35,397**	37,694
Bank charges	**10,520**	16,821	**10,520**	16,821
Board expenses	**1,247,873**	488,703	**1,247,873**	488,703
Medical levies	**2,309**	4,397	**2,309**	4,397
Valuation fees	**19,435**	10,460	**19,435**	10,460
Legal & professional charges	**-**	119,674	**-**	119,674
Other expenses	**6,814**	30,502	**-**	-
	3,253,379	2,021,102	**3,246,565**	1,990,600

In thousands of Zambian Kwacha

14 Investment property

	Group		Company	
	2009	2008	**2009**	2008
Balance at 1 April	**72,338,223**	49,082,805	**72,338,223**	49,082,805
Transfer from property under development (note 15)	**23,617,451**	4,311,183	**23,617,451**	4,311,183
Change in fair value (see below)	**105,138,035**	18,944,235	**105,138,035**	18,944,235
At 31 March	**201,093,709**	72,338,223	**201,093,709**	72,338,223

	Group		Company	
Reconciliation of change in fair value	**2009**	2008	**2009**	2008
- Fair value adjustment	**64,948,107**	27,083,026	**64,948,107**	27,083,026
- Less straight line income*	**(1,320,613)**	(160,667)	**(1,320,613)**	(160,667)
Change in fair value of investment properties	**63,627,494**	26,922,359	**63,627,494**	26,922,359
Effect of movements in exchange rates	**41,510,541**	(7,978,124)	**41,510,541**	(7,978,124)
Change in fair value	**105,138,035**	18,944,235	**105,138,035**	18,944,235

*Past practice whereby operating lease income was recognised on a payments basis, was based on an interpretation that was generally accepted. This interpretation considered the contractual payments basis as being most representative of the time pattern of the use benefit derived from the leased property. The global spotlight and IAS 17: *Leases*, has led to the view that the entity is obliged to adopt the straight-line basis of accounting for all lease income. The above adjustment is an offsetting effect to the change in fair value of investment property in the income statement so as to avoid double - counting, as required by IAS 40: Investment Property.

The foreign exchange difference arises from the translation of the foreign currency calculated fair values into Zambian Kwacha since the calculation is based on US$ denominated net annual rents. The foreign currency difference is the difference between the fair value at the closing rate at date of the previous revaluation and the same fair value measured at the exchange rate at the reporting date. The resulting foreign exchange difference is disclosed under net finance income in profit or loss (note 10). As at 31 March 2009, the US$ fair value was US$35.9 million (2008: US$20.3 million).

(a) The investment properties comprise the Company's leasehold buildings. Investment properties were revalued by Anderson & Anderson International, an experienced and registered independent valuer with an appropriate recognised professional qualification on 31 March 2009 at K201 billion (2008: K72 billion).

(b) The range of yields applied to the net annual rentals to determine the fair value of property, for which current prices in an active market are unavailable in Zambia, is as follows:

2009	8% - 11%
2008	8% - 11%

In thousands of Zambian Kwacha

14 Investment property (continued)

(c) Revenue in the income statement is all in respect of rental income recognised during the year. The following annual minimum lease payments on rental income are due to the Company:-

	2009	2008
Falling due within		
- One year	**22,438,705**	12,072,825
- 2 – 5 years	**24,774,140**	13,329,372
- over 5 years	**27,300,116**	14,688,437

(d) The Company's leasing arrangements are for cancellable operating leases of varying terms.

(e) Direct operating expenses arising from investment property that generated rental income were:

	2009	2008
Property management expenses	**504,027**	433,270
Provision for doubtful debts	**(6,557)**	6,557
Repairs and maintenance	**465,993**	346,687
Letting costs	**1,674**	16,678
Electricity and water	**383,574**	68,727
Rates and lease rental	**204,551**	133,726
Security	**291,785**	203,192
Cleaning and refuse removal	**111,504**	103,403
Insurance	**215,317**	184,510
Depreciation expense	**1,113,264**	617,837
Legal and professional expenses	**128,027**	47,784
Licence fees	**1,755**	-
Fire protection	**5,240**	5,554
	3,420,154	2,167,925

(f) There are no known restrictions on the realisation of investment properties or the remittance of income and proceeds of disposal. There are also no known material contractual obligations to purchase, construct or develop investment properties or for repair, maintenance or enhancements except as stated in these notes.

(g) There were no direct operating expenses arising from investment property that did not generate rental income during the period (2008: K nil).

15 Investment property under development

Investment property under development comprise of expenditure occurred to reporting date on investment property in the course of construction.

	2009	2008
Balance at 1 April	**19,612,143**	7,549,737
Cost capitalised	**4,005,308**	16,373,589
Transfer to investment property (note 14)	**(23,617,451)**	(4,311,183)
Balance at 31 March	-	19,612,143

In thousands of Zambian Kwacha

16 Property, plant and equipment

	Plant and equipment	Leasehold plant and equipment	Furniture and office equipment	Fixtures and fittings	Leasehold fixtures and fittings	Motor vehicles	Total
Cost							
At 1 April 2007	523,621	348,394	74,470	1,389,120	3,624,832	6,000	5,966,437
Additions	81,204	-	-	-	-	-	81,204
Disposal	-	-	-	-	-	(6,000)	(6,000)
At 31 March 2008	**604,825**	**348,394**	**74,470**	**1,389,120**	**3,624,832**	**-**	**6,041,641**
At 1 April 2008	**604,825**	**348,394**	**74,470**	**1,389,120**	**3,624,832**	**-**	**6,041,641**
Additions	**3,369,142**	**-**	**-**	**1,635,426**	**-**	**-**	**5,004,568**
At 31 March 2009	**3,973,967**	**348,394**	**74,470**	**3,024,546**	**3,624,832**	**-**	**11,046,209**
Depreciation							
At 1 April 2007	185,816	173,284	69,341	425,526	1,992,826	6,000	2,852,793
Charge for the year	77,615	34,839	3,988	138,912	362,483	-	617,837
Disposals	-	-	-	-	-	(6,000)	(6,000)
At 31 March 2008	**263,431**	**208,123**	**73,329**	**564,438**	**2,355,309**	**-**	**3,464,630**
At 1 April 2008	**263,431**	**208,123**	**73,329**	**564,438**	**2,355,309**	**-**	**3,464,630**
Charge for the year	**412,346**	**34,839**	**1,141**	**302,455**	**362,483**	**-**	**1,113,264**
At 31 March 2009	**675,777**	**242,962**	**74,470**	**866,893**	**2,717,792**	**-**	**4,577,894**
Carrying amount							
At 31 March 2009	**3,298,190**	**105,432**	**-**	**2,157,653**	**907,040**	**-**	**6,468,315**
At 31 March 2008	**341,394**	**140,271**	**1,141**	**824,682**	**1,269,523**	**-**	**2,577,011**

Included in plant and equipment are fully depreciated assets with a cost of K128.1 million (2008: K105.4 million).

In thousands of Zambian Kwacha

17 Rental income receivable

	2009	2008
Balance at 1 April	**404,623**	273,587
Effect of straight lined lease payments	**1,320,613**	160,667
Effect of movement in exchange rates	**649,825**	(29,631)
Balance at 31 March	**2,375,061**	404,623

18 Equity accounted investees

The Group's share of loss in its equity accounted investees for the year was K496 million (2008; nil).

Summary financial information for equity accounted investee(*Burnet Investments Limited – 49% joint venture*), not adjusted for the percentage ownership held by the Group.

Summary financial information *(In thousands of Zambian Kwacha)*	
Non-current assets	5,095,213
Current assets	1,349,729
Total assets	6,444,942
Non-current liabilities	7,273,500
Current liabilities	208,515
Total liabilities	7,482,015
Revenues	-
Expenses	(222,083)
Exchange losses	(789,909)
Loss for the year	(1,011,992)

During the year, Burnet Investments Limited issued new shares which resulted in the Group's share being reduced to 49% as well as the establishment of a joint venture arrangement with Standard Bank Properties (Pty) Limited of South Africa.

19 Other investments

The investments at cost less accumulated impairment are held in the following companies incorporated in Zambia.

	2009	**% age Shareholding**	2008	**% age Shareholding**
Peckerwood Development Limited	**2,000**	**100**	2,000	100
Dreadnought Investments Limited	**50**	**100**	50	100
Burnet Investments Limited	**2,450**	**49**	50	100
Pegasus Property Development Company Limited	**880**	**44**	880	44
	5,380		2,980	
Specific impairment loss for the year	**(880)**		-	
Balance at 31 March	**4,500**		2,980	

Notes to the consolidated financial statements
for the year ended 31 March 2009

In thousands of Zambian Kwacha

20 Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
Trade receivables	**285,903**	231,563	**285,903**	231,563
Receivable recognised on straight – lining of lease income	**166,914**	86,872	**166,914**	86,872
Related party balances	**-**	-	**3,694**	30,362
Other receivables	**288,112**	213,439	**288,112**	213,439
	740,929	531,874	**744,623**	562,236

21 Cash and cash equivalents

	Group		Company	
	2009	2008	**2009**	2008
Cash and bank balances:				
Bank balances	**885,006**	2,302,793	**885,006**	2,302,793
Cash on hand	**50**	100	**-**	-
	885,056	2,302,893	**885,006**	2,302,793
Short term deposits:				
Standard Chartered Bank – ZMK	**3,672,785**	796,374	**3,672,785**	796,374
Standard Chartered Bank– USD	**1,631,154**	10,491,252	**1,631,154**	10,491,25 2
Stanbic Bank– USD	**2,797,500**	-	**2,797,500**	-
	8,101,439	11,287,626	**8,101,439**	11,287,62 6
Cash and cash equivalents in the cash flow statement	**8,986,495**	13,590,519	**8,986,445**	13,590,41 9

22 Share capital

Ordinary share capital

	2009	2008
Authorised		
500,000,000 (2008: 50,000,000) ordinary shares of K1 each	**500,000**	50,000

During the year, the Authorised Share Capital was increased by 450,000,000 ordinary shares of K1 par value following a Special Resolution passed at the Annual General Meeting held on 26th June 2008.

	2009	2008
Issued and fully paid		
On issue at 1st April	**42,746**	42,746
Issued for cash during the year	**-**	-
On issue at 31st March	**42,746**	42,746

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In thousands of Zambian Kwacha

22 Share capital (continued)

Dividends

The following dividends were declared and paid by the Group:

	2009	2008
Interim dividend of K30.00 per ordinary share for the year ended 31 March 2009 (2008; K20.00)	**1,282,377**	854,918
Final dividend of K20.00 per ordinary share for the year ended 31 March 2008 (2007: K15.00)	**854,918**	641,189
	2,137,295	1,496,107

After 31 March 2009 the following dividends were proposed by the directors for 2009. The dividends have not been provided for and there are no income taxes consequences:

Final dividend of K70.00 per ordinary share for the year ended 31 March 2009	**2,992,214**

23 Convertible redeemable cumulative preferred stock

Redeemable convertible cumulative interest-bearing preference shares of US$0.01 nominal value each, at a premium of US$0.99 per share.

	2009	2008
At 1 April	**7,823,740**	7,823,740
Issued during the year	**-**	-
At 31 March	**7,823,740**	7,823,740

(a) The interest on the preference shares will be paid on annual coupon rate of the higher of 8% or 200 basis points – i.e. 2% above the prevailing yield on two-year U.S. Treasury Bonds with a maximum coupon of 10%, and will be paid semi-annually in arrears. These coupon payments will be cumulative in that if they are not paid in any given period, they will carry over to the next period for payment. The annual coupon will be paid before any dividends may be declared and paid.

(b) The preference shares holders do not have the right to participate in any additional dividends declared for ordinary shareholders.

(c) At any time after the third anniversary date of the issue at its sole discretion, and with a six (6) month advance notice in writing, the Company may redeem any or all of the preference shares at the issue price, provided that all holders of preference shares must be treated equally in any such redemption. Any accrued or cumulative interest that may be due on any coupon payment shall be paid at the time of any redemption.

In thousands of Zambian Kwacha

23 Convertible redeemable cumulative preferred stock (continued)

(d) At any time after the third anniversary date of the issue and with a three (3) month advance notice in writing a holder of preference shares may convert any or all of his/her preference shares into ordinary shares of the Company on the basis of one preference share for one ordinary share. Any such conversion will be at the sole discretion of the holder of any preference shares.

(e) In the opinion of the directors, given the prevailing market conditions, there is limited scope for a material impact on the earnings per share.

(f) The preference shares are non-voting.

24 Trade and other payables

	Group		Company	
	2009	2008	**2009**	2008
Trade creditors	**13,198**	45,030	**13,198**	45,030
Rentals received in advance	**497,477**	255,061	**497,477**	255,061
Inter-company balances	**441,702**	-	**1,064,412**	626,111
Accruals	**3,805,069**	1,325,220	**3,805,069**	1,325,220
Unclaimed dividends	**269,346**	251,208	**269,346**	251,208
Security deposit on rentals	**1,629,041**	1,065,856	**1,629,041**	1,065,856
	6,655,833	2,942,375	**7,278,543**	3,568,486

25 Commitments

	2009	2008
Capital commitments		
Intentions to purchase, construct or develop investment property	-	7,000,000
Property management and administrative contracts		
Within one year:		
- Administrative contract for accountancy services	**972,657**	543,816
- Administrative contract with Minerva Property Management Company Limited	**823,816**	422,293
	1,796,473	966,109
After one year:		
- Administrative contract for accountancy services	**251,775**	543,816
- Administrative contract with Minerva Property Management Company Limited	**823,816**	422,293
	1,075,591	966,109

These commitments will be funded from existing cash resources, future operating cash flows, borrowings and any other funding strategies embarked on by the Company.

In thousands of Zambian Kwacha

26 Related party transactions

The Company and its subsidiary, in the ordinary course of business, enter into various purchase, service, and lease transactions with the investing entities, their subsidiaries and associates. These transactions were as follows:

Transactions with director

The Company directors with beneficial and non-beneficial share ownership in the Company at year end were as shown below:

Name of Director	Beneficial	Non Beneficial
I.T.S. Miller	Nil	312,431
R.P.S. Miller	300,000	Nil
W.P. Saunders	105,798	Nil

Contracts in which directors have an interest are as follows:

- Farmers House Plc holds an administration contract with City Investments Limited, of which R.P.S. Miller is the Managing Director and Mr. I.T.S. Miller is a Director.

- Farmers House Plc holds a property administration contract with Minerva Property Development Company Ltd, in which City Investments Limited is a shareholder.

Other directors' transactions include directors' fees which are disclosed under note 8. In addition, a number of directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities transacted with the Group in the reporting period.

The terms and conditions of the transactions with directors and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

In thousands of Zambian Kwacha

26 Related party transactions (continued)

Other related party transactions

At 31 March 2009, there were outstanding balance with other related parties included in trade and other receivables (see note 20) as well as trade and other payable (see note 24).

The aggregate value of other transactions and outstanding balances relating to directors and entities over which they have control or significant influence were as follows:

(a) Amount due from equity accounted investee

	2009	2008
Balance at 1 April	-	-
Amount advanced	**3,097,466**	-
Effect of movements in exchange rates	**466,549**	-
Effect of share of loss in equity accounted investee	**(493,426)**	-
Balance at 31 March	**3,070,589**	-

This represents an equity loan of US$637,000 advanced to Burnet Investments Limited as part of initial funding for its development project under a joint venture with Standard Bank Property (Pty) Limited. The equity loan is interest free and does not have a fixed repayment date but is repayable on demand after 10 years from date of completion of the development project.

(b) Accounts payables at year end

	2009	2008
City Investments Limited	-	(1,992)

(c) Administrative and management fees during the year

	2009	2008
City Investments Limited	**655,610**	631,539
Minerva Property Management Company Limited	**504,027**	433,270
	1,159,637	1,064,809

All outstanding balances ((b) and (c) above) with these related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

In thousands of Zambian Kwacha

27 Financial instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2009	2008
Available for sale investments	**-**	880
Rental income receivables	**2,375,061**	404,623
Trade receivables	**285,903**	231,563
Cash and cash equivalents	**8,986,495**	13,590,519
Total	**11,647,459**	14,227,585

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2009	2008
Financial services sector customers	**37,070**	35,637
Retail sector customers	**117,199**	60,276
Telecommunications sector customers	**-**	99,864
Other sectors	**131,634**	35,786
Total	**285,903**	231,563

The Group's most significant customer, a telecommunication sector company, accounts for K nil of the trade receivables carrying amount at 31 March 2009 (2008: K99.9 million).

In thousands of Zambian Kwacha

27 Financial instruments (continued)

(a) Credit risk (continued)

(ii) Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2009	**Impairment 2009**	**Gross** 2008	**Impairment** 2008
Not past due	**186,957**	-	204,406	-
Past due 0-30 days	**59,080**	-	13,069	-
Past due 31-120 days	**33,123**	-	16,811	2,723
More than 120 days	**6,743**	-	151,856	151,856
Total	**285,903**	-	386,142	154,579

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009	2008
Balance at 1 April	**154,579**	172,231
Impairment loss recognised	-	6,557
Bad debts recovered	**(6,557)**	-
Bad debt written off	**(226,681)**	-
Foreign currency difference	**78,659**	(24,209)
	-	154,579

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days; 57 percent of the balance, which includes the amount owed by the Group's most significant customer (see above), relates to customers that have a good track record with the Group.

The related credit risk on rental debtors is relatively low. The risk is managed by legally binding rental agreements and requirements for rentals in advance.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable and is written off against the financial asset directly. At 31 March 2009 the Group does not have any collective impairment on its loans and receivables or its held-to-maturity investments (2008: nil).

In thousands of Zambian Kwacha

27 Financial instruments (continued)

(b) Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and, excluding the impact of netting agreements:

Residual contractual maturities of financial liabilities

	Carrying amount	Contractual cash flow	On demand	Due within 3 months	Due between 3 - 12 months	Due between 1 – 5 years	Due after 5 years
31 March 2009							
Non-derivative liabilities							
Convertible redeemable preferred stock	**7,823,740**	**8,449,639**	**8,449,639**	**-**	**-**	**-**	**-**
Trade and other payables	**6,655,833**	**6,655,833**	**643,745**	**2,374,016**	**2,076,047**	**443,025**	**1,119,000**
Total financial liabilities	**14,479,573**	**15,105,472**	**9,093,384**	**2,374,016**	**2,076,047**	**443,025**	**1,119,000**
31 March 2008							
Non-derivatives liabilities							
Convertible redeemable preferred stock	7,823,740	8,449,639	8,449,639	-	-	-	-
Trade and other payables	2,942,375	2,942,375	530,315	1,263,418	36,544	745,098	367,000
Total financial liabilities	10,766,115	11,392,014	8,979,954	1,263,418	36,544	745,098	367,000

(c) Currency risk

(i) Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2009			2008		
	Kwacha	**USD**	**Total**	Kwacha	USD	Total
At 31 March 2009						
Assets						
Available for sale investments	-	-	-	880	-	880
Rental income receivables	**-**	**2,375,061**	**2,375,061**	-	404,623	404,623
Trade receivables	**-**	**285,903**	**285,903**	-	231,563	231,563
Cash and cash equivalents	**3,989,278**	**4,997,217**	**8,986,495**	1,372,405	12,218,114	13,590,519
Total assets	**3,989,278**	**7,658,181**	**11,647,459**	1,373,285	12,854,300	14,227,585
Liabilities						
Convertible redeemable preferred stock	**-**	**7,823,740**	**7,823,740**	-	7,823,740	7,823,740
Trade and other payables	**1,168,069**	**5,487,764**	**6,655,833**	916,012	2,026,363	2,942,375
Total liabilities	**1,168,069**	**13,311,504**	**14,479,573**	916,012	9,850,103	10,766,115
Net exposure	**2,821,209**	**(5,653,323)**	**(2,832,114)**	457,273	3,004,197	3,461,470

In thousands of Zambian Kwacha

27 Financial instruments (continued)

(c) Currency risk (continued)

The following significant exchange rates applied during the year

	Average rate		mid-spot rate	
	2009	2008	**2009**	2008
USD1.00 to ZMK	**4,122**	3,970	**5,595**	3,670

(ii) Sensitivity analysis

A 10 percent strengthening of the US Dollar against the Kwacha at 31 March would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Equity	**Profit or loss**
31 March 2009		
- USD	-	**565,332**
31 March 2008		
- USD	-	300,420

A 10 percent weakening of the US Dollar against the Kwacha at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

In thousands of Zambian Kwacha

27 Financial instruments (continued)

(d) Interest rate risk

(i) Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amounts	
	2009	2008
Fixed rate instruments		
Financial assets	**8,101,439**	11,287,627
Financial liabilities	**(7,823,740)**	(7,823,740)
	277,699	3,463,887
Variable rate instrument		
Financial assets	**885,006**	2,302,793
Financial liabilities	**-**	-
	885,006	2,302,793

(ii) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

(e) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available for sale investments	-	-	880	880
Rental income receivables	**2,375,061**	**2,375,061**	404,623	404,623
Trade receivables	**285,903**	**285,903**	231,563	231,563
Cash and cash equivalents	**8,986,495**	**8,986,495**	13,590,519	13,590,519
Convertible redeemable cumulative preferred stock	**(7,823,740)**	**(8,449,639)**	(7,823,740)	(8,449,639)
Trade and other payables	**(6,655,833)**	**(6,655,833)**	(2,942,375)	(2,942,375)
	(2,832,114)	**(3,458,013)**	3,461,470	2,835,571

In thousands of Zambian Kwacha

28 Profit from operations

Profit before tax for the year includes valuation gains on investment property and exchange differences as follows:

	Group		Company	
	2009	2008	**2009**	2008
Profit before tax	**112,659,789**	20,131,360	**113,132,398**	19,516,729
Adjustment for valuation gain on investment property	**(63,627,494)**	(26,922,359)	**(63,627,494)**	(26,922,359)
Adjustment for net foreign exchange (gain)/loss	**(43,853,250)**	9,777,446	**(43,853,250)**	9,777,446
Loss from equity accounted investees	**(495,876)**	-	-	-
	5,674,921	2,986,447	**5,651,654**	2,371,816

29 Contingent liabilities

In the opinion of the Directors, there are no known contingent liabilities at the balance sheet date that might change the status of the financial statements, or need disclosure separately.

30 Auditor's remuneration

Auditor's remuneration included under administrative expenses in the income statement is K81,050,000(2008: K51,676,000).

31 Subsequent events

There were no material post-balance sheet events, which require adjustment to these financial statements.