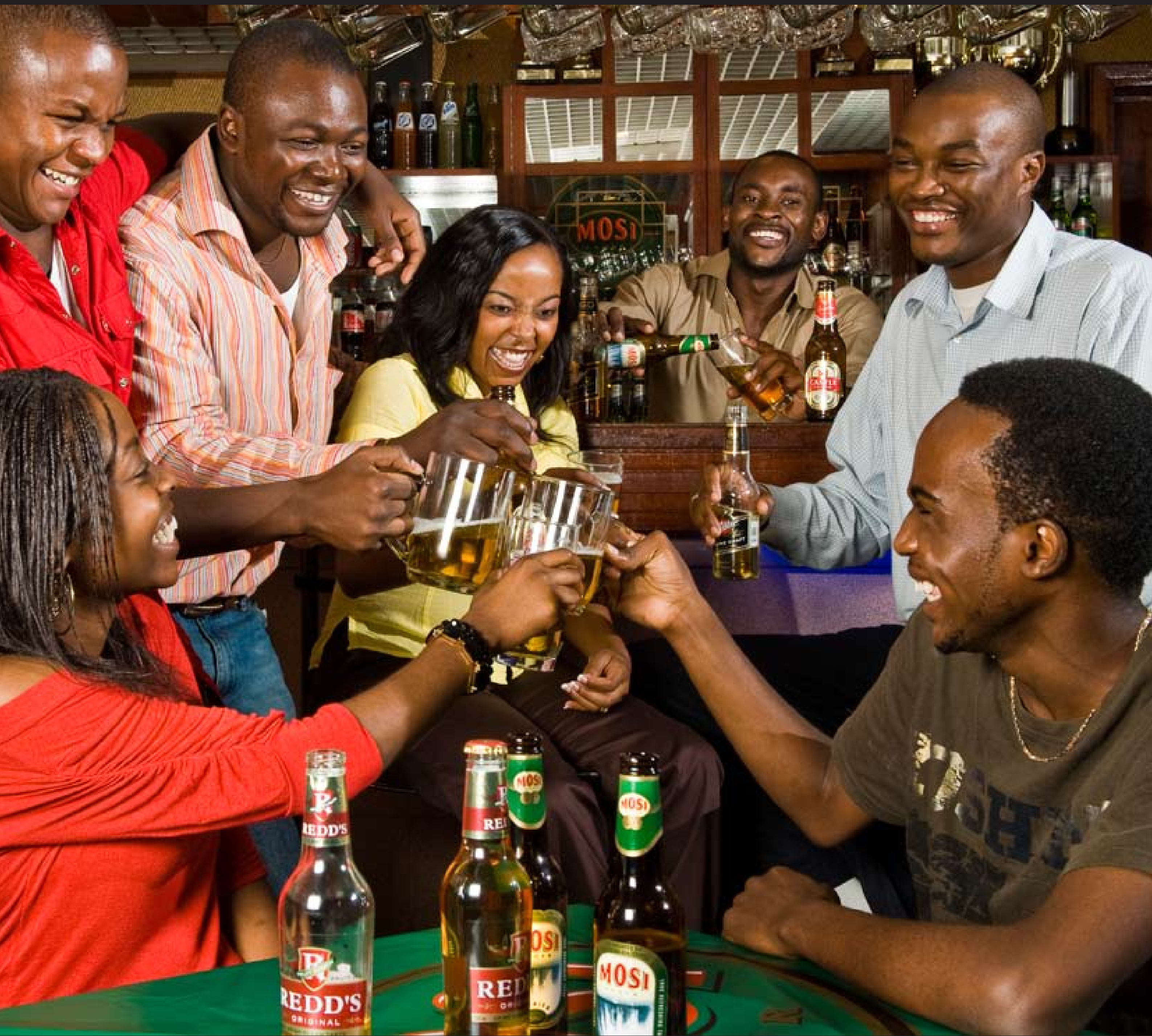
ZAMBIAN BREWERIES PLC

AnnualReport
& Accounts 2009



Zambia's most refreshing company

A subsidiary of SABMiller plc

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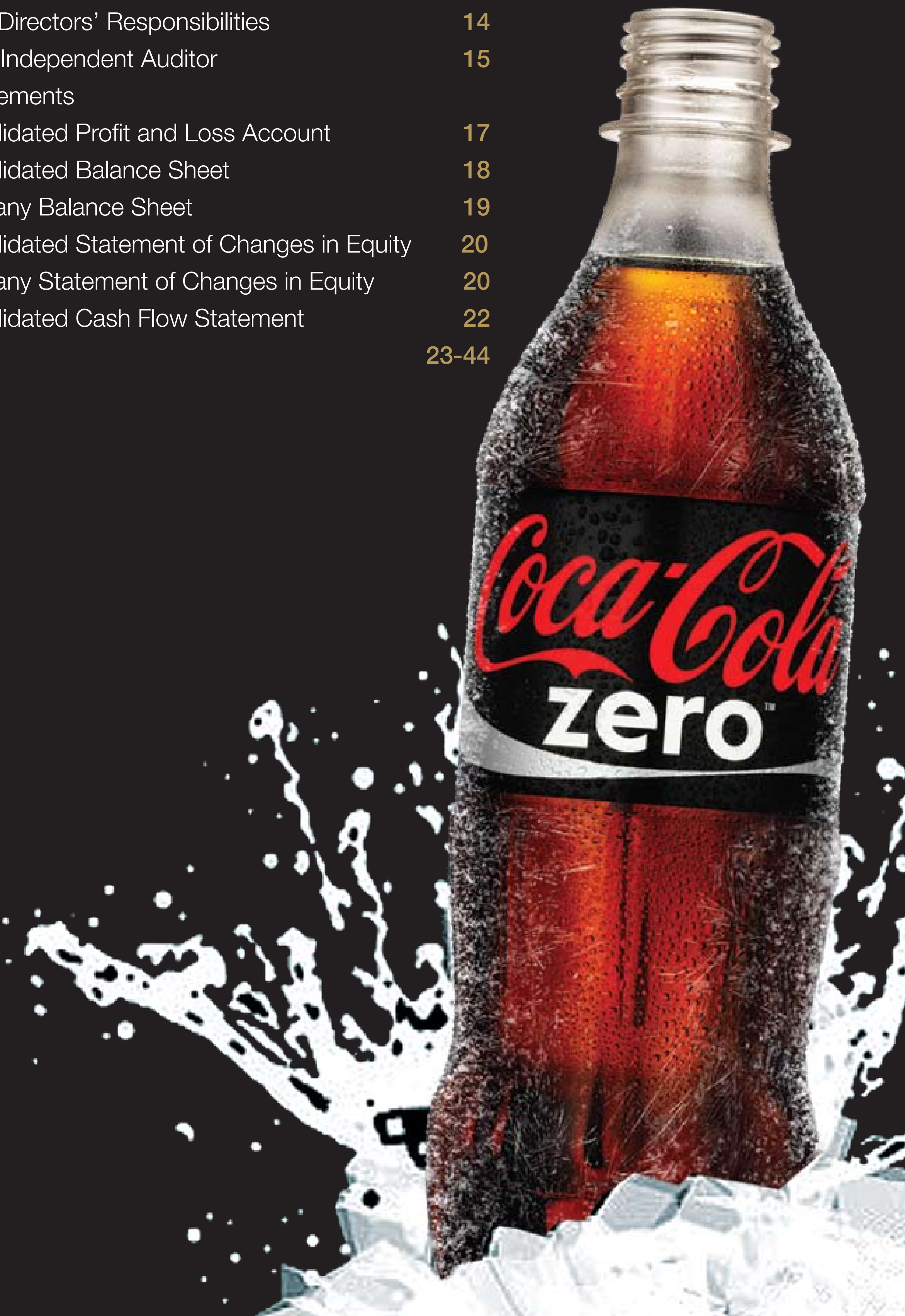
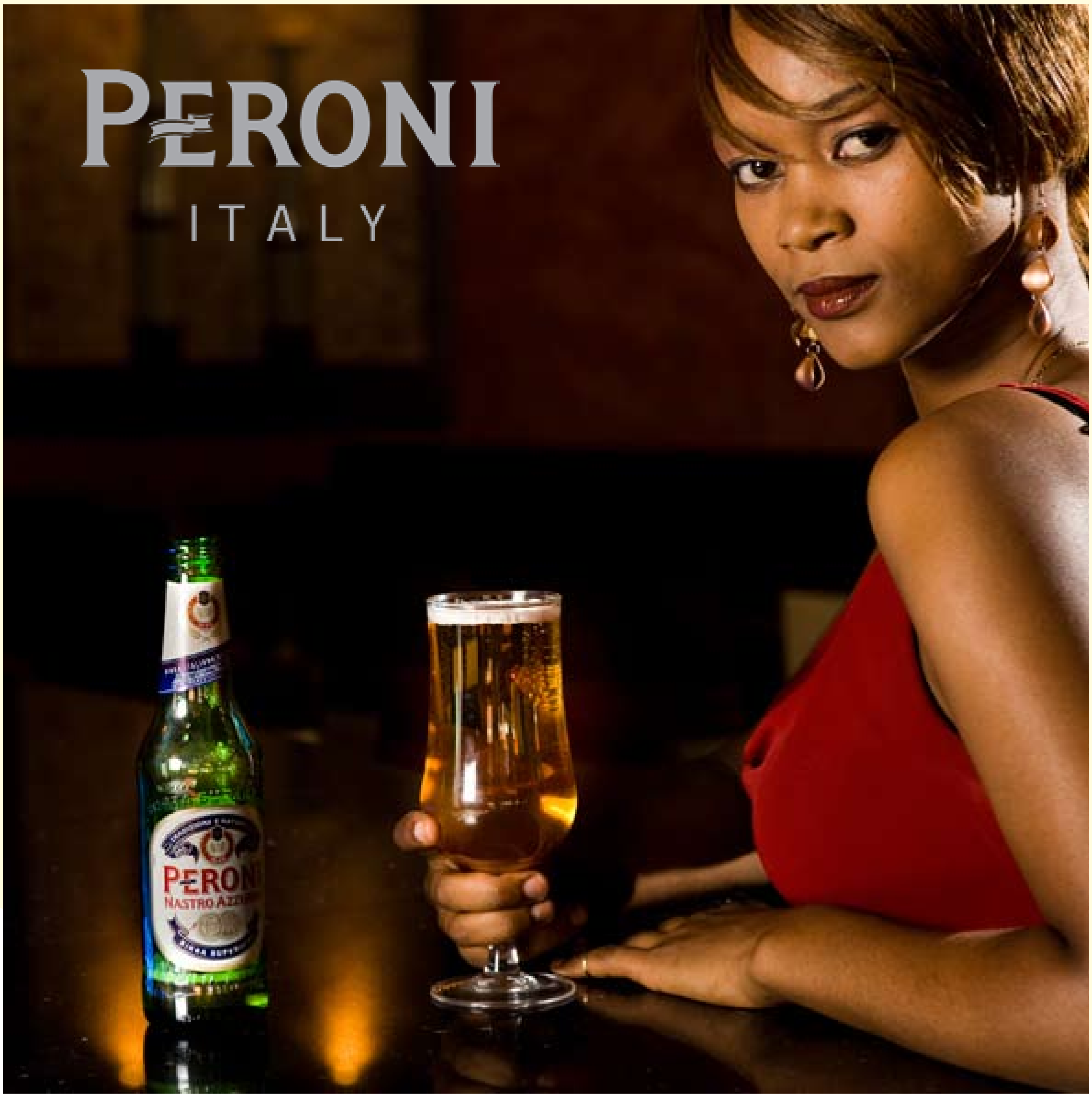


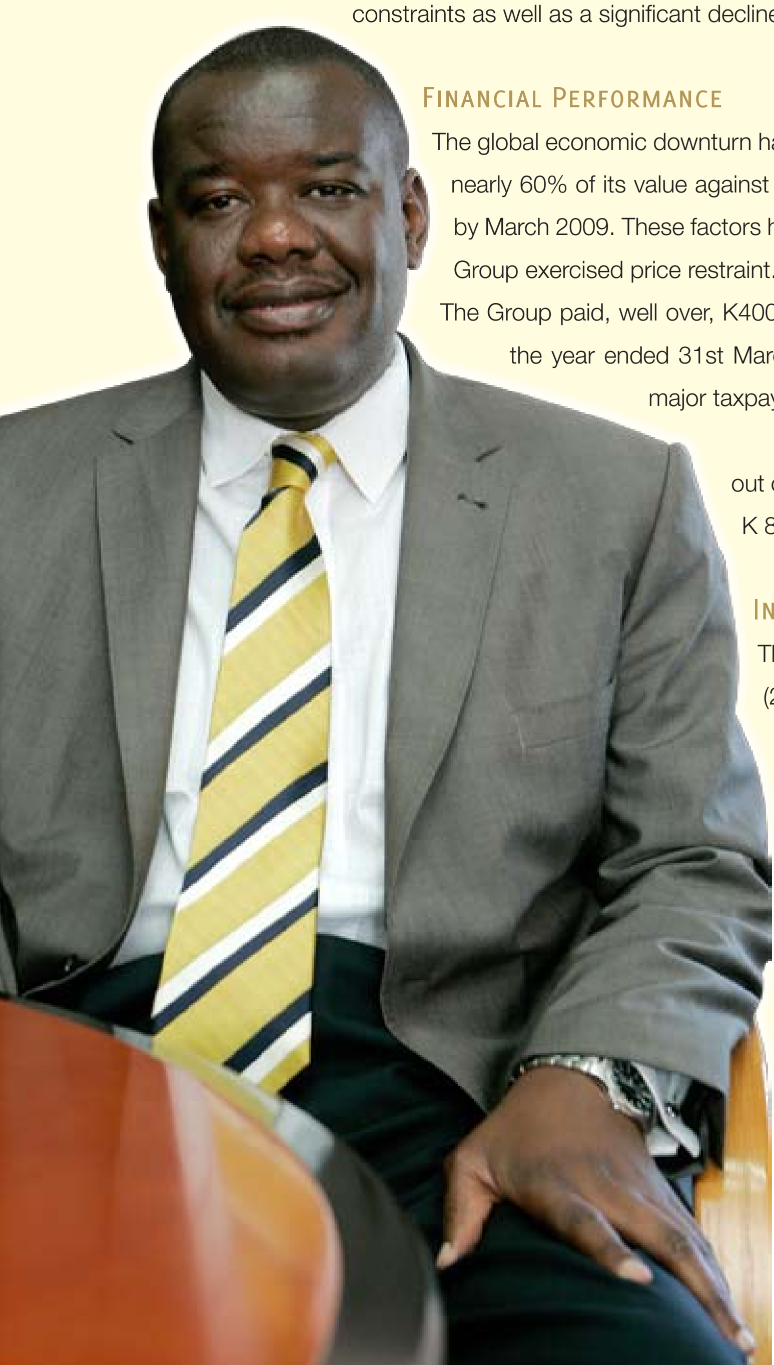
K' million	2005	2006	2007	Restated 2008	2009
Group turnover	451,465	479,847	516,371	629,742	**673,086**
Operating profit	61,403	75,096	69,526	98,208	**93,314**
Profit before taxation	56,748	69,042	63,713	89,298	**73,476**
Profit after taxation	33,394	40,690	44,259	56,228	**44,092**
Total assets	305,644	354,983	381,401	427,311	**706,455**
Current liabilities	133,955	166,463	151,153	157,641	**423,625**
Shareholder's interest	157,661	174,327	190,103	208,603	**210,558**



Dear Shareholders,

I have pleasure in presenting my report for the financial year ending March 2009. This report is being made against the backdrop of the worst global recession in over 50 years, the impact of which has not yet been fully appreciated. The collapse in commodity prices, particularly copper, and the volatility of the local currency has posed particular challenges for Zambia over the past year and this situation is seen as remaining for the year ahead.

The year under review started very well with good prospects for economic growth, however by the last quarter these prospects had dissipated. The Christmas / New Year peak period was very subdued as consumers diverted the bulk of their expenditure to food. A price reduction effected on beer as a result of a welcome reduction in excise duty helped in driving volumes in the last two months of the year and the Group experienced a modest growth in beer volume when compared with prior year. A decline in soft drink sales was however experienced due to supply constraints as well as a significant decline in demand during the last quarter.



FINANCIAL PERFORMANCE

The global economic downturn has had a negative impact on the local economy. The Kwacha lost nearly 60% of its value against the US dollar during the financial year and inflation rose to 13% by March 2009. These factors had the combined effect of putting margins under pressure as the Group exercised price restraint. As a result, attributable profit is down on last year.

The Group paid, well over, K400 billion in various taxes to the Zambia Revenue Authority during the year ended 31st March 2009; 46% of which was excise duty. Our significance as a major taxpayer and contributor to the economy cannot be doubted.

The Board has, therefore, recommended a final dividend pay out of K 49.76 per share. This brings the total dividend for the year to K 85.76 per share.

INVESTMENT

The Group's capital investment was K238 billion for the year, (2008: K68 billion). Major capital projects include a soft drink bottling line and a reverse osmosis water treatment plant in Ndola, a new cellars block in Lusaka, new glass bottles and crates as well as a new fleet of distribution vehicles. These investments are designed to enhance operational efficiencies, offer the consumer quality products and meet anticipated growing demand for the future.

During the year the Soft Drinks bottling operation in Kitwe was transferred to Ndola and the site converted to a distribution centre for both beer and soft drinks. I am pleased to advise shareholders that this move was accomplished without any loss of jobs. The Group has further plans to redevelop the brewery in Ndola and the Kitwe Distribution Centre so as to better serve the Copperbelt region.

Government engagement

We are grateful to Government for heeding our call to reduce excise duty on beer in the 2009 budget. There is need to reduce this further to a level that is at par with our trading neighbours in order to discourage the smuggling of beer into the country. The Group has been subjected to unfair competition over the years from smugglers who bring in beer and dump it on the market at cheap prices. The sale of beer in public markets is not consistent with the laws of the country and therefore should not be allowed. We welcome fair competition as it gives the consumer choice but it must be lawful. We remain hopeful that government will address these issues.

Corporate Social Responsibility

The Group is committed to good corporate citizenship and as such is engaged in a range of activities designed to benefit the community within which we operate. During the course of the year under review a number of donations were made to charities and worthy causes and in addition we have, through the provision of credit and training, assisted a number of entrepreneurs to set up small businesses in the compounds to distribute our soft drinks. Another major area of engagement with the community has been our ongoing support, in partnership with other stakeholders, of small scale farmers growing sorghum for use in the production of Eagle Lager. All these initiatives go some way in alleviating unemployment.

Another major area of community involvement has been the sponsorship of sport in Zambia. In particular, our association with football goes back several decades and this year has seen us committing substantial resources for the support of the National Soccer team. A number of smaller sponsorships were provided to other sports in Zambia.

Finally, we continue to be concerned about the AIDS pandemic and have availed facilities to our employees, their spouses and children to access free Anti Retro Virals. All our employees also have free access to Voluntary Counseling and Testing.

Corporate Governance

The Group, through the board of directors, places emphasis on the maintenance of a sound corporate governance environment and ensures compliance with key governance codes. All employees are expected to abide by the Group's Ethics Policy which provides guidance on ethical standards when dealing with various stakeholders. This policy has also been brought to the attention of all suppliers of goods and services.

Prospects for the Future

The Zambian Breweries Group offers a wide range of affordable high quality beverages to Zambian consumers and is well positioned to continue supplying the market with good value products that meet the consumer's expectations. Our Capital Investment programme will continue in the year ahead, though at a reduced pace due to the current unstable environment. We expect the trading environment to be challenging for most of 2009 with many consumers being hard pressed due to the high cost of living.

Valentine Chitalu

Chairman

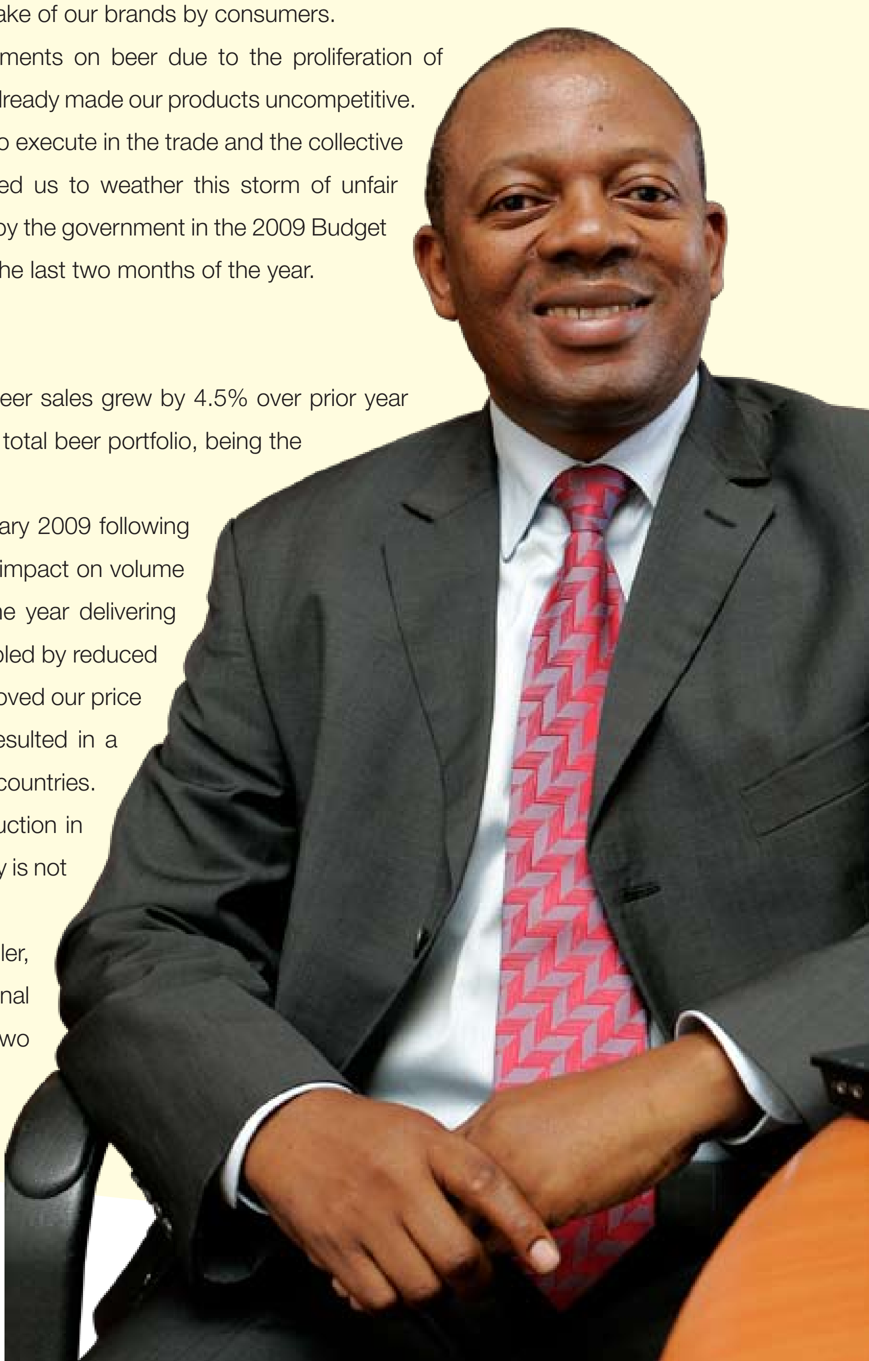
I am pleased to report to you the Group's operational performance for the year ending March 2009. The year under review was very much a year of two distinct halves with the first half showing strong growth and strong performance of the economy while the second half saw a significant weakening as the effects of the global economic situation began to be felt in Zambia.

Economy

The global financial and economic crisis have impacted on Zambia in a significant way through the massive falls in demand and price for copper. As a consequence of this the Kwacha depreciated markedly against the US dollar towards the end of 2008 and this depreciation had a significant impact on the cost of imported raw materials and spares. Inflation which started at 9.6% in March 2008 had increased to 13.1% a year later.

Significant increases in cost of major agricultural commodities such as sugar, malt, hops and maize were registered during the year and the closure of mines on the Copperbelt, with related job losses, undoubtedly impacted on our business through reduced uptake of our brands by consumers.

We were unable to take price adjustments on beer due to the proliferation of smuggled product on the market as high taxes already made our products uncompetitive. However the strength of our brands, our ability to execute in the trade and the collective efforts of our distributors and customers helped us to weather this storm of unfair competition. An excise duty reduction effected by the government in the 2009 Budget brought some welcome relief but only affected the last two months of the year.



Performance - Beer

Despite the difficulties described above, total beer sales grew by 4.5% over prior year with Eagle Lager, which constituted 14% of the total beer portfolio, being the major driver of this growth in volumes.

Beer prices were reduced on 1 February 2009 following a reduction of excise duty by government. The impact on volume was immediate with the last two months of the year delivering growth of 7%. The reduction in local prices enabled by reduced excise and the depreciation of the Kwacha improved our price competitiveness significantly and this in turn resulted in a sharp decline in smuggling from neighboring countries. It should be noted, however, that a further reduction in excise is required to ensure that the local industry is not subject to unfair competition in the future.

Through its major shareholder, SABMiller, the Group has access to a wide range of international beer brands and during the year we introduced two further international brands, Carling Black Label which is brewed and bottled under license at our Lusaka plant and Grolsch which is imported from Holland. These brands join our existing range of locally produced and imported beers and offer our local consumer unsurpassed choice from a single supplier. On the local front, both Castle and Mosi received a "facelift" with the introduction of a stylish new 375 ml returnable glass bottle and revised labeling. In addition our Mosi Lager brand was comprehensively repositioned during the year with an all new marketing campaign. Mosi is now available as draught, in 330ml cans, 375ml "calabash" returnable glass bottles and in 340ml non returnable glass bottles.

Performance: Sparkling Soft Drinks

Sparkling Soft Drinks sales volume was 4.25% down on prior year. There were a number of reasons for this performance including delays in commissioning of the new Ndola bottling line which, when fully commissioned, will increase soft drink production capacity by 50%. We also suffered setbacks due to shortages of glass bottles and a long and sometimes unreliable supply chain for critical raw materials.

These all negatively impacted on production capacity and hence product availability. As with beer, a strong Kwacha made our product relatively expensive when compared with neighboring countries and traders took advantage of the arbitrage opportunity presented, to bring in product, particularly from Malawi. Cheap product from Malawi was evident in Chipata and Lusaka in significant volumes, especially during the early part of the year. The depreciation of the Kwacha has improved our competitiveness somewhat, as has improved product availability, and as a result the incidence of imported product has declined towards the last quarter of the year.

The process of replacing the soft drink bottle float has begun with the introduction of the new "ultra light" returnable glass bottle in Ndola and the replacement will proceed in Lusaka in the new financial year. The ultra light bottle offers significant savings in the cost of bottles and is also more environmentally friendly. Zambia was also the first Coca Cola bottler on the continent to introduce a 300 ml PET package for soft drinks. The "energy drink" Burn was launched during the year along with a new range of soft drink flavors under the Fanta label.

Distribution initiatives

At the centre of our Sales and Distribution strategy is the promise to offer our customers and consumers the highest quality brands and service. To this end, the Group invested more than K35 billion in developing our Sales and Distribution capabilities. Apart from the purchase of new distribution vehicles, merchandising coolers and other point of sale equipment, significant investments in time and effort were made in developing our "Go to Market Strategy" in order to enhance customer service.

Three (3) new depots (in Mansa, Mpika and Mongu) were opened during the year to reduce replenishment cycle time for customers and improve the overall standard of service delivery in these areas.

Following the integration of Kitwe and Ndola manufacturing facilities, the Kitwe site will now be redeveloped as a modern Distribution Depot for both beer and soft drinks and this will certainly improve efficiency and customer service in the area serviced by this depot.

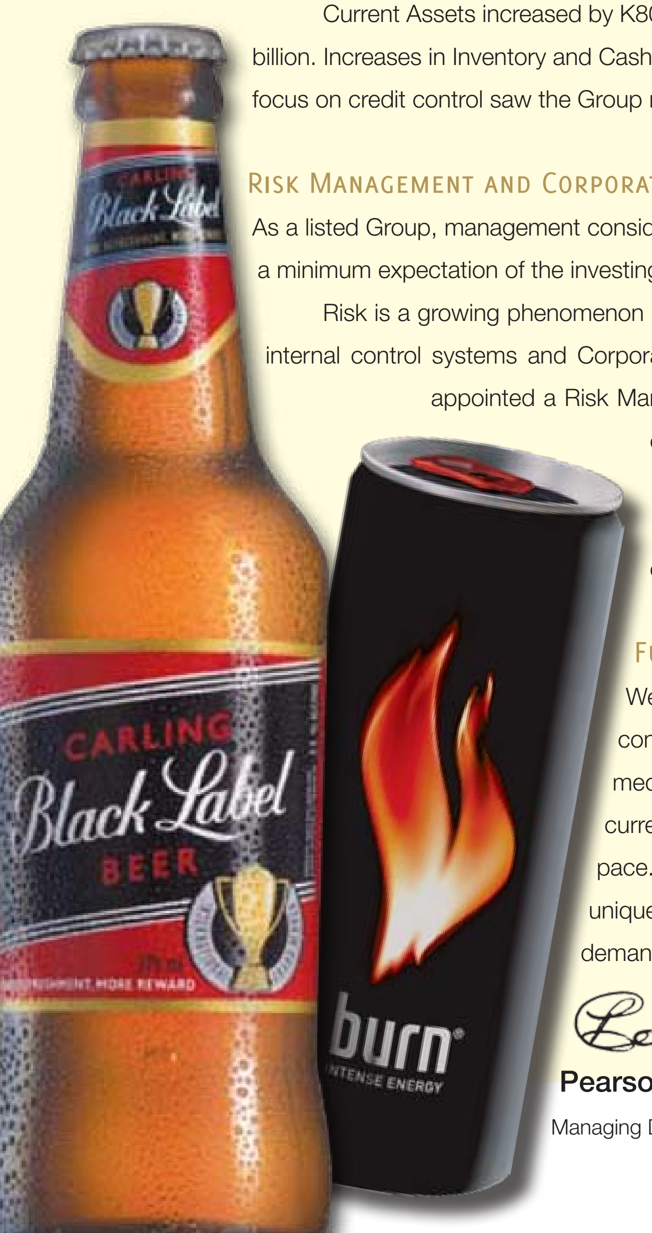
Financial performance

Total volume for the Group was flat compared with the previous year and, given the rise in both input and operating costs, this year's profit is below last year.

Finance charges have increased substantially reflecting the Groups' commitment to Capital Investment in key areas such as manufacturing, sales and distribution and marketing capability. With this investment the Group has maintained a strong Balance Sheet with Tangible Fixed Assets for the year increasing by (K231 billion). The main increases on Property, Plant and Equipment were capital expenditure on Containers (K71 billion), New Ndola Bottling line (K80 billion), Fermentation Vessels at Lusaka (K38 billion) and Lusaka Line 2 (K9 billion). In view of the ongoing Capital expenditure programme, it is envisaged that liabilities will increase in line with borrowings that are targeted at financing these activities. Unfortunately the investment in plant and equipment made in Ndola had minimal impact on the results in the current year due to delays in commissioning but will provide a significant upside for the business going forward.

In addition to heavy investment in Capital expenditure a deliberate decision was taken to increase our marketing expenditure in support of our brand portfolio since a strong market position is a prerequisite for future growth and we are confident that our brands will be the consumer's first choice.

Current Assets increased by K80 billion from a figure of K120 billion in 2008 to close the year at K200 billion. Increases in Inventory and Cash and cash equivalents were the main contributing factors. Continued focus on credit control saw the Group registering a reduction in Trade Receivables by close of the year.



Risk Management and Corporate Governance

As a listed Group, management considers the adherence to the dictates of sound corporate governance as a minimum expectation of the investing public.

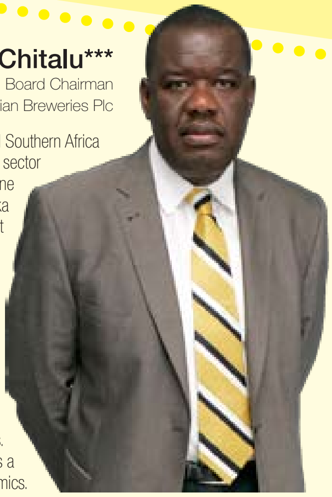
Risk is a growing phenomenon in business, the management of which is a critical component of our internal control systems and Corporate Governance. To ensure sound management of risk, the Group appointed a Risk Manager during the year who submits a report to the Audit Committee of the main Board on a quarterly basis. Further, the Internal Audit Department undertakes audits that are aimed at mitigating the risks that the Group is exposed to by continually reviewing the internal control environment and reporting to the Audit Committee.

Future Outlook

We take a long term view of the country's economic outlook and are convinced that the macroeconomic fundamentals will stabilise in the medium term and the Group will be back on a growth trajectory. Our current reinvestment in the business will continue albeit at slightly reduced pace. We have a strong portfolio of beer and soft drink brands and are uniquely positioned to take advantage of any future upswing in consumer demand.

Pearson Gowero

Managing Director



Valentine Chitalu***
Board Chairman
Zambian Breweries Plc

Valentine (44) is an entrepreneur in Zambia and Southern Africa specialising in private equity and local private sector development. Until December 2003, Valentine worked for CDC/Actis in London and Lusaka specialising in deals origination throughout Southern Africa and portfolio management in Zambia and Malawi. Valentine was previously Chief Executive Officer at the Zambia Privatisation Agency where he was responsible for the divestiture of over 240 enterprises. He also worked for KPMG Peat Marwick in the United Kingdom in the early part of his career. Valentine holds several board positions in Zambia, South Africa and the United Kingdom and is Chairman of several international corporate organisations. Valentine is a qualified Accountant and holds a Masters Degree in Development Economics.

Pearson Gowero*
Managing Director
Zambian Breweries Plc

Pearson (50) joined the Delta Corporation of Zimbabwe (a subsidiary of SABMiller) in 1997, holding a variety of positions in marketing and general management before being promoted in 2003 to the position of Executive Director of the Beverage Division where he had responsibility for clear beer, soft drinks and opaque beer. Pearson holds a BSc (Econ) from the University of Zimbabwe and an MBL from UNISA, and he joined the Zambian Breweries Group as Managing Director on 1 September 2006.

George Sokota***
Non-Executive Director
Zambian Breweries Plc

George (61) is a professional accountant and financial consultant in private practice. He is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a fellow of the Association of Certified Accountants, United Kingdom and fellow of the Zambia Institute of Certified Accountants. He sits on a number of notable boards, several of which he chairs.

David Kvalsvig**
Financial Director
Zambian Breweries Plc

Dave (47) joined SABMiller in 1989 where he has held several senior financial positions within the Africa & Asian Divisions of the Group. Prior to joining Zambian Breweries on 1 July 2008, he was Financial Director at Swaziland Beverages Limited.

Mark Bowman**
Managing Director
SABMiller Africa

Mark (42) was appointed Managing Director of SABMiller Africa in October 2007. He joined SABMiller's beer division in 1993 and has held various senior positions in the Group. He has also held various positions in logistics, sales, distribution, IT and corporate strategy within the group.

Wesley John Tiedt**
Managing Director
National Breweries Plc

Wes (57) joined SABMiller in 1998 in Botswana as Managing Director of Botswana Breweries Limited. He joined National Breweries in Lusaka in May 2003 as Managing Director and was appointed a Director of Chibuku Products Limited of Malawi from May 2003. Wes has over 30 years experience in opaque beer and related products.

***Zambian, **South African, *Zimbabwean.

EXECUTIVE MANAGEMENT COMMITTEE

Pearson Gowero Managing Director
Dave Kvalsvig Financial Director
Patrick Lead Marketing Director
Anthony Grendon Sales & Operations Director
Ian Mackintosh Technical Director
Nyangu Kayamba Human Resource Director
Chibamba Kanyama Corporate Affairs Director
Yves Le Boulenge Commercial Director

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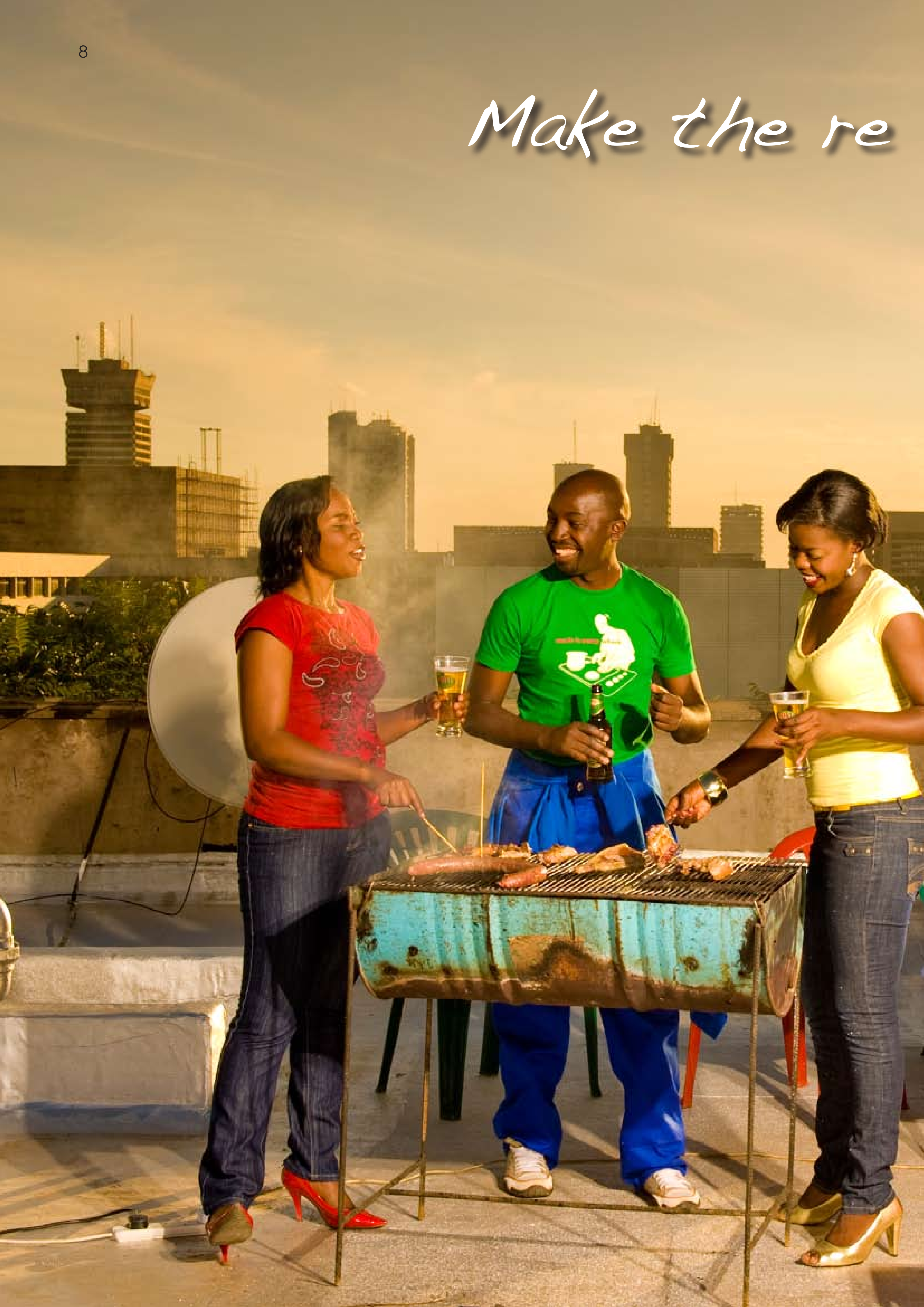

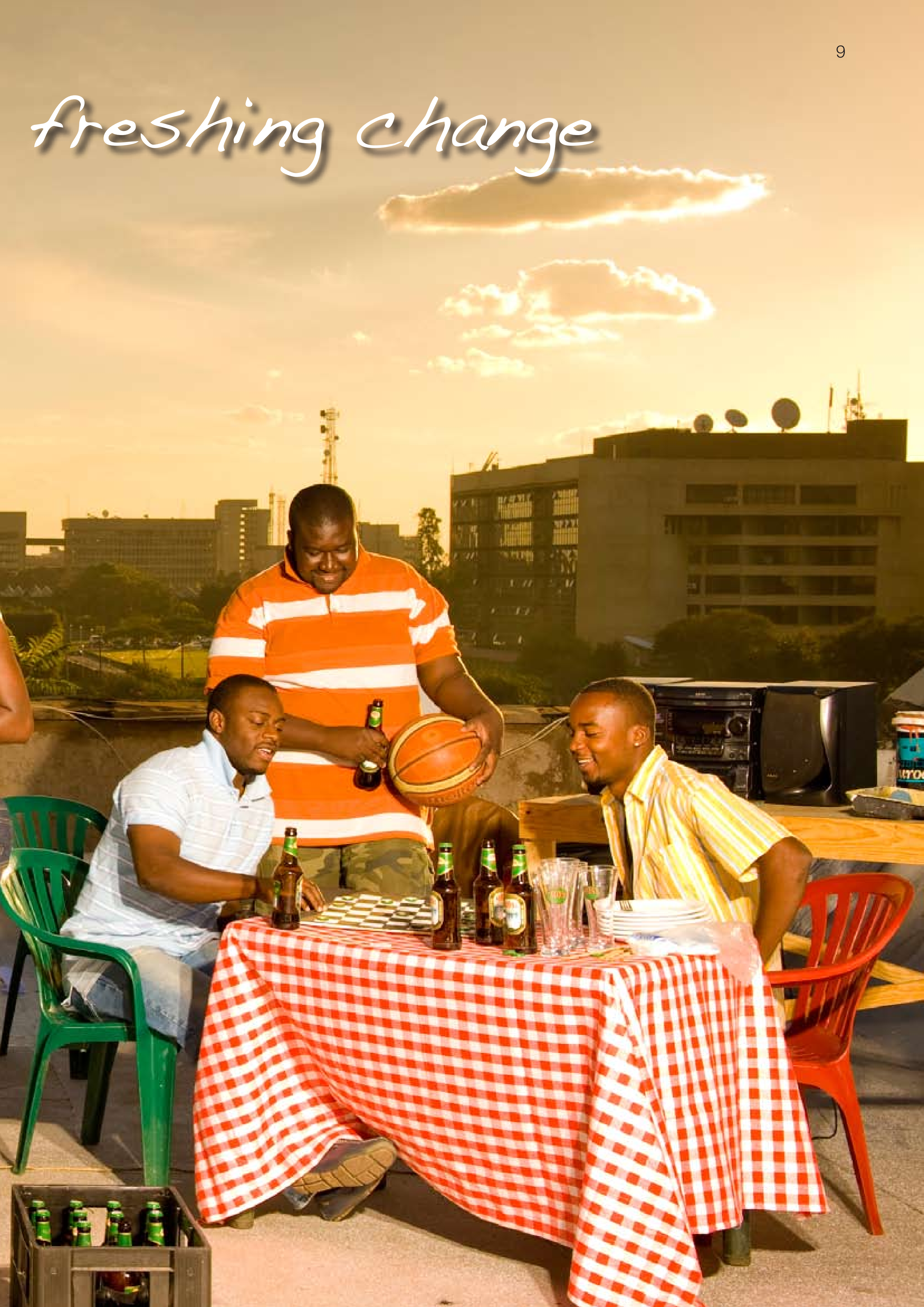
freshing change

The Directors submit their report together with the audited financial statements for the year ended 31 March 2009, which disclose the state of affairs of Zambian Breweries Plc ('the Company') and its subsidiaries (together 'the Group').

Principal activities

The principal activities of the Group are the production and distribution of clear beer and soft drinks. In the opinion of the Directors, all the activities of the Group substantially fall within the beverage industry.

Share capital

There were no changes in share capital during the year.

Operating results and dividends

	2009 K'million	2008 K'million
Revenue	**486,651**	450,516
Profit for the year after tax	**44,092**	56,228

During the year an interim dividend of K36.00 per share (2008: K36.00) was paid. The directors recommend the approval of a final dividend of K49.76 per share.

Number of employees and remuneration

The total remuneration of employees during the year amounted to K58,661 million (2008: K53,010 million) and the average number of full time equivalent employees (including contract employees) was as follows:

MONTH	NUMBER
April	1,162
May	1,171
June	1,126
July	1,114
August	1,113
September	1,121
October	1,089
November	1,090
December	1,053
January	1,059
February	1,194
March	1,161

The Group recognises its responsibility regarding the occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

Gifts and donations

During the year the Group made charitable donations totaling K530 million (2008: K1,500 million).

Exports

No goods were exported from Zambia during the year (2008: nil).

Property plant and equipment

The Group purchased property, plant and equipment amounting to K238,489 million (2008: K67,578 million) during the year.

In the opinion of the Directors, the carrying value of property, plant and equipment is not more than it's market value.

Research and development

No research and development costs were incurred by the Group during the year (2008: nil).

Directors

The Directors who held office during the year and to the date of this report were:

Valentine Chitalu	-	Non-executive Chairman
George Sokota	-	Non-executive Director
Pearson Gowero	-	Managing Director
Robin Goetzsche	-	Non-executive Director (resigned 31 December 2008)
Mark Bowman	-	Non-executive Director (appointed 1 January 2009)
Roy Cornish	-	Financial Director (resigned 30 June 2008)
David Kvalsvig	-	Financial Director (appointed 1 July 2008)
Wesley Tiedt	-	Non-executive Director

Auditors

The Group's auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office. In accordance with section 171 (3) of the Companies Act, a resolution for their reappointment will be proposed at the annual general meeting.

By order of the Board

E Sekele

Company Secretary

Date 22 June 2009

Good corporate governance ensures that a positive working relationship exists between the company and all its key stakeholders. It is for this reason that the Board of directors and management of Zambian Breweries Plc attach great importance to corporate governance.

The Lusaka Stock Exchange corporate governance code sets the standards which listed companies are supposed to comply with. During the year, the Group complied with the requirements of the code, as follows:

Board Charter

The Board Charter sets the minimum standards, duties and responsibilities of the Board of Directors and some of which are listed below:

Responsibilities

Strategic planning and approving annual budgets, and measurement of actual company performance against set plans.

Risk Management

Approval of Material transactions such as Capital Expenditure and borrowing facilities.

Board Structure

The board of directors ensures that an adequate board composition exist at all times. This requires a balance in number between the non-executive and executive directors. The non-executive members are in majority.

The board has one sub-committee called the Audit Committee and maintains an Audit Committee Charter which sets the responsibilities of the members. The Chairman of the Audit Committee is a non-executive member and is fully qualified to undertake such a role.

The position of the Managing Director and Chairman of the board is held separate.

The board of directors are permitted to obtain professional advise from Outside Advisors at the expense of the company, as long as the information being sought for is for the benefit of the company.

Ethics Policy

The company rolled out the Ethics Policy, during the year, and this was extended to suppliers and distributors.

The policy sets the required conduct of our employees and those of our external stakeholders.

Board Meeting

The board met three (3) times during the year. Sufficient information was made available to all board members prior the meeting.

A meeting attendance register is maintained by the company secretary. All board members attended the 3 meetings which were set for the year.

Executive and Non-Executive Directors

Non-Executive directors are individuals with the necessary skill and experience that is required to bring an external and independent mind to bear at board level.

Management ensures that adequate information is made available to the non-executive members.

Director Compensation

Disclosure of director fees and remuneration is made in the Annual report.

Company Secretary

The company secretary is appointed by the board of directors and all board members have access to the services of the company secretary.

The company secretary ensures that the annual calendar for board meetings is circulated to all board members after approval.

Adequate information is provided to the members prior commencement of the board and sub-committee meetings.

Audit Committee

The Audit Committee is composed of three members, all of whom are independent of management. The Committee met three times during the year. The external auditors, the Managing Director and Finance Director were in attendance at each meeting by invitation.

Internal and External Audit

A fully staffed internal audit function was in operation through out the year. The Chief Internal Auditor has direct access to the Audit Committee Chairman.

External Auditors are appointed on the recommendation of the Audit Committee.

There were no non-audit services offered by the external auditors during the year.

The Audit Committee reviews the Financial Statements and recommend to the board for approval before they are released. This is done after a comprehensive External Audit review.

Risk Management

The Group's Risk Management system is subject to regular review to ensure maximum compliance with the requirements of the Lusaka Stock Exchange corporate governance code.

To improve focus in this area, the company appointed a Risk Manager who heads a Risk Management Steering Committee.

A report on the company risk profile is submitted to the Executive Committee and Board, at least once a quarter.

Staff Development, Training and Information Technology

The group is committed to staff development and training as this is critical to the continued sustainability of our operational capability.

In the area of Information Technology, the company continued to invest in key areas that included upgrade of the Financial and Management operational systems and acquisition of additional Hardware and IT equipment.

With the opening of the Depots in Mansa, Mpika, Mongu and Chipata the company had to electronically link the depots to the main head office in Lusaka. Appropriate IT ent was procured and installed by the close of the financial year.

By automating and linking the depots to the main head office, this will improve on information processing and decision making.

Legal and Compliance

The company, as part of its management structure, has a Legal Counsel. Matters pertaining to monitoring compliance with laws and regulations is done through the legal counsel.

The board and senior management are briefed, by the legal counsel, of any changes to the laws that are seen to impact on the business.

Statement of Directors' Responsibilities
For the year ended 31 March 2009

The Zambia Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Zambia Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

Signed on their behalf by:

Valentine Chitalu
Chairman
22 June 2009

Pearson Gowero
Managing Director
22 June 2009

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ZAMBIAN BREWERIES Plc

Report on the financial statements

We have audited the accompanying consolidated financial statements of Zambian Breweries Plc ("the company") and its subsidiaries (together, "the Group") for the year ended 31 March 2009 set out on pages 17 to 44. These financial statements comprise the consolidated balance sheet at 31 March 2009 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, together with the balance sheet of the company standing alone as at 31 March 2009 and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Zambia Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement 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 the 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 our audit to obtain reasonable assurance that 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 judgement, 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, 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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the company at 31 March 2009 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Zambia Companies Act.

Report on other legal requirements

The Zambia Companies Act requires that in carrying out our audit we consider whether the company has kept the accounting records and other records and registers required by this Act.

We confirm that in our opinion the accounting records and other records and registers required by the Zambia Companies Act have been kept by the company, so far as appears from our examination of those records.

PRICEWATERHOUSECOOPERS
Chartered Accountants **22 JUNE 2009**
Lusaka

Mark Libakeni
Partner

(all amounts are in millions of Kwacha unless otherwise stated)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 March 2009	Restated 2008
Turnover		673,086	629,742
Excise Duty		(186,435)	(179,226)
Revenue	5	486,651	450,516
Cost of sales		(255,136)	(232,731)
Gross profit		231,515	217,785
Other income	6	490	3,224
Distribution costs		(54,913)	(54,051)
Administrative expenses		(73,805)	(56,187)
Other expenses		(9,973)	(12,563)
		93,314	98,208
Net finance costs	9	(19,838)	(8,910)
Profit before income tax	7	73,476	89,298
Income tax expense	10	(29,384)	(33,070)
Profit for the year		44,092	56,228
Earnings per share for profit attributable to the equity holders of the Group			
- basic and diluted	11	121.13	154. 47
Dividends:			
Interim dividends paid in the year	12	13,104	13,104
Proposed final dividend for the year	12	18,113	29,033
		31,217	42,137

(all amounts are in millions of Kwacha unless otherwise stated)

CONSOLIDATED BALANCE SHEET

	Notes	At 31March 2009	Restated 2008
Non-current assets			
Property, plant and equipment	15	441,430	234,793
Investment property	14	220	228
Intangible assets	13	71,987	71,987
		513,637	307,008
Current assets			
Inventories	17	130,904	68,029
Receivables and prepayments	18	31,561	44,017
Current income tax	10	9,914	-
Cash and cash equivalents	19	20,439	8,257
		192,818	120,303
Current liabilities			
Payables and accrued expenses	20	272,862	113,006
Current income tax	10	-	13,226
Borrowings	21	150,763	31,409
		423,625	157,641
Net current liabilities		(230,807)	(37,338)
Net assets		282,830	269,670
Equity			
Share capital	23	364	364
Share premium	23	99,474	99,474
Retained earnings		110,720	108,765
Total equity		210,558	208,603
Non-current liabilities			
Borrowings	21	7,563	15,505
Deferred income tax	22	64,709	45,423
Deferred lease income		-	139
Total non-current liabilities		72,272	61,067
Total equity and non-current liabilities		282,830	269,670

The financial statements on pages 17 to 44 were approved for issue by the Board of Directors on 22 June 2009 and signed on its behalf by:

Valentine Chitalu
Chairman

Pearson Gowero
Managing Director

(all amounts are in millions of Kwacha unless otherwise stated)

COMPANY BALANCE SHEET

	Notes	At 31March 2009	Restated 2008
Non - current assets			
Property, plant and equipment	15	202,012	124,779
Investment in subsidiaries	16	115,990	115,990
		318,002	240,769
Current assets			
Inventories	17	75,669	33,640
Receivables and prepayments	18	145,319	18,385
Current income tax		15,444	-
Cash and cash equivalents	19	17,973	4,703
		254,405	56,728
Current liabilities			
Payables and accrued expenses	20	253,755	93,156
Current income tax		-	9,314
Borrowings	21	150,763	28,627
		404,518	131,097
Net current liabilities		(150,113)	(74,369)
Net assets		167,888	166,400
Equity			
Share capital	23	364	364
Share premium	23	99,474	99,474
Retained earnings		18,424	28,839
Total equity		118,262	128,677
Non-current liabilities			
Borrowings	21	7,563	15,505
Deferred income tax	22	42,063	22,079
Deferred lease income		-	139
Total non-current liabilities		49,626	37,723
Total equity and non-current liabilities		167,888	166,400

The financial statements on pages 17 to 44 were approved for issue by the Board of Directors on 22 June 2009 and signed on its behalf by:

Valentine Chitalu
Chairman

Pearson Gowero
Managing Director

(all amounts are in millions of Kwacha unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Retained earnings	Total equity
Year ended 31 March 2008 (Restated)					
At start of year					
-as previously stated		364	99,474	90,265	190,103
-prior year adjustment	28	-	-	(4,932)	(4,932)
As restated		364	99,474	85,333	185,171
Profit for the year		-	-	56,228	56,228
Total recognised income for 2008		-	-	56,228	56,228
Dividends:	12				
- Final for 2007 paid		-	-	(13,104)	(13,104)
- Interim for 2008 paid		-	-	(19,692)	(19,692)
At end of year		364	99,474	108,765	208,603
Year ended 31 March 2009					
At start of year					
-as previously stated		364	99,474	117,665	217,503
-prior year adjustment	28	-	-	(8,900)	(8,900)
As restated		364	99,474	108,765	208,603
Profit for the year		-	-	44,092	44,092
Total recognised income for 2008				44,092	44,092
Dividends:	12				
- Final for 2008 paid		-	-	(29,033)	(29,033)
- Interim for 2009 paid		-	-	(13,104)	(13,104)
At end of year		**364**	**99,474**	**110,720**	**210,558**

(all amounts are in millions of Kwacha unless otherwise stated)

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Retained earnings	Total equity
Year ended 31 March 2008 (Restated)					
At start of year					
-as previously stated		364	99,474	21,720	121,558
-prior year adjustment	28	-	-	(812)	(812)
As restated		364	99,474	20,908	120,746
Profit for the year		-	-	42,095	42,095
Total recognised income for 2008		-	-	42,095	42,095
Dividends:	12				
- Final for 2007 paid		-	-	(13,104)	(13,104)
- Interim for 2008 paid		-	-	(19,692)	(19,692)
At end of year		364	99,474	30,207	130,045
Year ended 31 March 2009					
At start of year					
-as previously stated		364	99,474	30,305	130,143
-prior year adjustment	28	-	-	(1,466)	(1,466)
As restated		364	99,474	28,839	128,677
Profit for the year		-	-	31,722	31,722
Total recognised income for 2008		-	-	31,722	31,722
Dividends:	12				
- Final for 2008 paid		-	-	(29,033)	(29,033)
- Interim for 2009 paid				(13,104)	(13,104)
At end of year		**364**	**99,474**	**18,424**	**118,262**

Zambian Breweries Plc
Consolidated Financial Statements
For The Year Ended 31 March 2009
(all amounts are in millions of Kwacha unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 31 March	
	Notes	**2009**	2008
Operating activities			
- Cash generated from operations	24	228,786	116,561
- Interest received	6	290	399
- Interest paid	9	(15,668)	(6,195)
- Income tax paid	10	(33,238)	(3,113)
Net cash generated from operating activities		180,170	107,652
Investing activities			
- Purchase of property, plant and equipment	15	(238,489)	(67,578)
- Proceeds from disposal of property, plant and equipment		1,366	422
Net cash used in investing activities		(237,123)	(67,156)
Financing activities			
- Repayments on Saturnia loan		(379)	(1,246)
- Finance lease principal payments		(139)	(3,636)
- Dividends paid to shareholders		(42,137)	(32,796)
Net cash used in financing activities		(42,655)	(37,678)
Net increase in cash and cash equivalents		(99,609)	2,818
Movement in cash and cash equivalents			
At start of year	19	(23,152)	(25,970)
Increase		(99,609)	2,818
At end of year	19	(122,761)	(23,152)

NOTES

1. General Information

Zambian Breweries Plc is incorporated in Zambia under the Zambia Companies Act as a public listed company and is domiciled in Zambia. The address of the registered office of Zambian Breweries Plc is:

Plot Number 6438, Mungwi Road
Heavy Industrial Area
Lusaka
Zambia.

2. Summary of significant accounting policies

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

a) Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, unless otherwise stated in the accounting policies below. The financial statements are presented in Zambian Kwacha (K), rounded to the nearest million.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b) Adoption of new and revised standards

In 2009 new and revised standards and interpretations became effective for the first time and have been adopted by the Group where relevant to its operations. The adoption of these new and revised standards and interpretations had no material effect on the Group's accounting policies or disclosures:

- *IAS 1 Amendment, Capital Disclosures.* The amendment to IAS 1 introduces disclosures about the level of the Company's capital and how it manages capital
- *IFRS 7, Financial Instruments: Disclosures.* IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

c) Standards and amendments to published standards that are not yet effective

The Group has not early adopted the following amendment to an existing standard and new standard that will be mandatory for the Group for accounting periods beginning on or after 1 April 2009:

- *IFRS 8 – Operating Segments* – from 1 January 2009
- *IAS 23 – Borrowing Cost* – from 1 January 2009

NOTES (continued)

The Directors have assessed the relevance of these amendments and interpretations with respect to the Group's operations and concluded that they are not relevant to the Group, with the exception of IAS 23 and IFRS 8.

d) Consolidation (subsidiaries)

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Zambia Kwacha, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other (losses)/gains – net'.

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

NOTES (continued)

f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities on the balance sheet.

h) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value are recognised in the profit and loss account over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

j) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of excise duty, value-added tax (VAT), returns, rebates and discounts and after eliminating sales within the Group.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and when specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the group delivers products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Dividends are recognised as income in the period in which the right to receive payment is established.

NOTES (continued)

k) Property plant and equipment

All categories of property, plant and equipment are initially recorded at cost. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on other assets is calculated using the straight line method to write down their cost to their residual values over their estimated useful lives, as follows:

Buildings	25 – 40 years
Plant and equipment	3 – 15 years
Returnable containers	1.5 – 5 years
Motor vehicles	5 years

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

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in the profit and loss account.

l) Investment property

Buildings, or part of a building, and land held for long term rental yields and/or capital appreciation and not occupied by the Group are classified as investment property under non-current assets. Investment property is carried at cost less depreciation and any impairment losses.

m) Intangible assets (goodwill)

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each reporting segment.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the Group's standard costing method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct cost and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

NOTES (continued)

o) Employee benefits

(i) Retirement benefit obligations

The Group operates defined contribution retirement benefit schemes for its employees. The Group and all its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees.

The Group's contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they fall due.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

p) Income tax

Income tax expense is the aggregate of the charge to the profit and loss account in respect of current income tax and deferred income tax. Tax is recognised in the profit and loss account unless it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither, accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

q) Dividends

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

NOTES (continued)

r) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

s) Share Capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

3. Financial risk management

The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Group exercises oversight through the Board of Directors and delegation from the Board to various sub-committees, notably the Audit Committee, which are organised in line with Group risk management policy.

An overview of the key aspects of risk management and use of financial instruments is provided below.

a) Market risk

The significant market risks to which the group is exposed are foreign exchange risk and interest rate risk

i) Foreign exchange risk

The Group's functional and reporting currency is Zambian kwacha ("ZMK"). As virtually all of the group's revenues are derived in ZMK and the majority of its business is conducted in ZMK, foreign exchange risk arises from transactions denominated in currencies other than ZMK. Sales are denominated in ZMK and the majority of operating expenses are denominated in ZMK. The group's primary foreign exchange exposures are to the US Dollar ("USD") and South African rand ("ZAR"); to the local currencies of suppliers who provide raw materials and capital equipment for project development, principally the US dollar ("USD") and South African rand ("ZAR").

As at 31 March 2009, with other variables unchanged,if the Kwacha had weakened/strengthened by 10% against the US dollar, with all other variables held constant, consolidated post tax profit for the year would have been K2,420 million higher/lower (2008: K4,756 million lower/higher), mainly as a result of the revaluation of US dollar denominated supplier balances .

At 31 March 2009, with other variables unchanged, if the Kwacha had weakened/strengthened by 10% against the South African Rand, with all other variables held constant, consolidated post tax profit for the year would have been K4,318 million higher/lower (2008: K1,019 million lower/higher), mainly as a result of the revaluation of Rand denominated supplier balances.

ii) Interest rate risk

The Group's interest rate risk arises primarily from the interest received on cash and short-term deposits and interest paid on floating rate borrowings. The floating rate deposits and borrowings expose the group to cash flow interest rate risk.

Deposits are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. To date no interest-rate management products are used in relation to deposits, as the deposits have provided a natural hedge against floating rate borrowings.

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

As at 31 March 2009, with other variables unchanged, a 1% change in the base interest rate would have no significant impact on net earnings resulting from the use of financial instruments.

b) Price risk

The company does not hold any financial instruments subject to price risk.

c) Credit risk

The Group does occasionally have funds on deposit at various banks but on those occasions when the amounts involved are material, the length of time that the funds are being held, is short. The Group's main credit risk therefore comes from its exposure to trade and other receivables but the Group does not have significant concentrations of credit risk in these areas.

Trade receivables are managed by the Group's Credit Control Manager. The Credit Control Manager assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual credit limits and terms are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits and the adherence to settlement terms are constantly monitored.

Collateral in the form of either bank guarantees or property title deeds is held for the vast majority of credit customers. As a rule, the Group tries to obtain collateral to a value of at least 50% of a customer's credit limit.

The Group's maximum exposure to credit risk at 31 March 2009 was as follows:

	2009	2008
Cash equivalents	8,657	5,197
Trade receivables	17,813	18,406
Other receivables	1,763	10,490
	28,233	34,093

None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

Past due but not impaired:		
- by up to 30 days	1,362	920
- by more than 31 days	1,480	1,679
Total past due but not impaired	2,842	2,599
Impaired	-	-
	2,842	2,599

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

d) Liquidity risk

The Group manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short term and long term obligations as and when they fall due. Group-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by exchange rate movements.

The table below analyses the group's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years
At 31 March 2009:		
- borrowings	152,927	8,490
- trade and other payables	272,862	-
	425,789	8,490
At 31 March 2008:		
- borrowings	49,015	-
- trade and other payables	113,006	-
- Forward foreign exchange contracts	-	29,058
	162,021	29,058

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

e) Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During the year Group's strategy, which changed from prior year's, was to maintain a gearing ratio less than 75%. The gearing ratio at 31 March 2009 was 40% (2008: 16%)

	2009	2008
Total borrowings	158,326	46,914
Less: cash and cash equivalents	(20,439)	(8,257)
Net debt	137,887	38,657
Total equity	210,558	208,642
Total capital	348,445	247,229
Gearing ratio	40%	16%

NOTES (continued)

4. Critical accounting estimates and judgements

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

- the classification of financial assets and leases
- whether buildings meet the criteria to be classified as investment property
- whether assets are impaired

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Property, plant and equipment Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. The rates used are set out in accounting policy (k) above.

Receivables Critical estimates are made by the Directors in determining the recoverable amount of impaired receivables.

Impairment of goodwill The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy (m). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Income taxes The Group is subject to income tax for the Company and in various subsidiaries. Significant judgment is required in determining the Group’s provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

5. Segment information

Primary reporting format – business segments

At 31 March 2009 the Group was organised throughout the country into two main business segments:
a) Alcoholic beverages
b) Non-alcoholic beverages

Year ended 31 March 2008

	Alcoholic Beverages	Non-alcoholic Beverages	Group total
Revenue	253,324	197,192	450,516
Operating profit	81,005	17,203	98,208
Finance costs – net	8,906	4	8,910
Profit before income tax	72,099	17,199	89,298
Income tax expenses	29,154	3,916	33,070
Profit for the year	42,945	13,283	56,228

Year Ended 31 March 2009

	Alcoholic Beverages	Non-alcoholic Beverages	Group total
Revenue	273,997	212,654	486,651
Operating profit	76,237	17,077	93,314
Finance costs – net	10,992	8,846	19,838
Profit before income tax	65,245	8,231	73,476
Income tax expenses	25,627	3,757	29,384
Profit for the year	39,618	4,474	44,092

Other segment items included in the profit and loss account are:

	2009			2008		
	Alcoholic beverages	Non-alcoholic beverages	Group	Alcoholic beverages	Non-alcoholic beverages	Group
Depreciation	13,668	9,559	23,227	14,934	9,488	24,422
Amortisation of containers	3,419	3,492	6,911	2,073	3,498	5,571
Impairment of trade receivables	427	128	555	252	109	361

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

The segment assets and liabilities at 31 March 2008 and capital expenditure for the year then ended are as follows:

	Alcoholic Beverages	Non-alcoholic Beverages	Group
Assets	297,497	129,586	427,083
Liabilities	99,040	13,966	113,006
Capital expenditure	24,639	42,939	67,578

The segment assets and liabilities at 31 March 2009 and capital expenditure for the year then ended are as follows:

	Alcoholic Beverages	Non-alcoholic Beverages	Group
Assets	556,963	139,358	696,321
Liabilities	266,778	6,084	272,862
Capital expenditure	69,283	169,206	238,489

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude current tax receivable and investment properties.

Segment liabilities comprise operating liabilities. They exclude current and deferred tax and corporate borrowings

Capital expenditure comprises additions to property, plant and equipment.

Secondary reporting format – geographical segments

The Group's two business segments operate in one main geographical area, Zambia.

6. Other income

	2009	2008
Interest income	290	399
Investment property – rental income	548	526
Profit on sale of shares	-	2,187
(Loss)/profit on disposal of property, plant and equipment	(348)	112
	490	3,224

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

7. Expenses by nature

	2009	2008
The following items have been charged/(credited) in arriving at the profit before income tax:		
Depreciation on property, plant and equipment (Note 15)	30,138	29,993
Receivables-provision for impairment losses	555	361
Employee benefits	58,661	53,010
Auditors' remuneration	550	496

8. Employee benefits expense

	2009	2008
The following items are included within employee benefits expense:		
Retirement benefits costs:		
- Defined contribution scheme	1,925	1,752
- National Pension Scheme Authority	1,602	1,583

9. Net finance costs

	2009	2008
Interest expense:		
- Bank borrowings	13,626	4,756
- Related party loans	2,042	1,303
- Finance leases	-	136
	15,668	6,195
Net foreign exchange loss	4,170	2,715
Net finance costs	19,838	8,910

10. Income tax expense

	2009	As restated 2008
Current income tax	10,098	31,010
Deferred income tax (Note 22)	19,286	2,943
Over provision of prior year current tax	-	(883)
Income tax expense	29,384	33,070

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Profit before income tax	73,476	89,298
Tax calculated at domestic rates applicable to profits - 35% (2008 – 35%)	25,717	31,254
Tax effect of:		
- Over provision of current tax in prior years	-	(883)
- Expenses not deductible for tax purposes	3,667	2,699
Income tax expense	29,384	33,070

Current income tax movement in the balance sheet:		
- At start of the year	13,226	(13,788)
- Charge for the year	10,098	31,010
- Prior year over provision	-	(883)
Paid during the year	(33,238)	(3,113)
At end of the year	(9,914)	13,226

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

Income tax assessments have been agreed with the Zambia Revenue Authority (ZRA) up to and including the year ended 31 March 2002. A self-assessment system for income tax was introduced for periods subsequent to 31 March 2002. Income tax returns have been filed with the ZRA for the years ended 31 March 2003, 2004, 2005 2006 and 2007. Quarterly tax payments for the years ended 31 March 2008 and 2009 were made on the due dates during those years.

11. Earnings per share

	2009	2008
Profit attributable to equity holders of the Group	44,092	56,228
Weighted average number of ordinary shares in issue (millions)	364	364
Basic earnings per share (K)	121.13	154.47

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares outstanding at 31 March 2009 or 2008. Diluted earnings per share are therefore the same as basic earnings per share.

12. Dividends per share

At the annual general meeting to be held on 29 June 2009, a final dividend in respect of the year ended 31 March 2009 of K49.76 per share amounting to a total of K18,113 million is to be proposed. These financial statements do not reflect this dividend payable. During the year an interim dividend of K36.00 per share, amounting to a total of K13,104 million was paid. The total dividend for the year is therefore K85.76 per share (2008: K115.76), amounting to a total of K31,217 million (2008: K42,137 million).

Payment of dividends is subject to withholding tax at the prevailing rates.

13. Intangible assets

Group	**2009**	2008
Cost	82,218	82,218
Accumulated amortisation	(10,231)	(10,231)
Net book amount	71,987	71,987

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the business segment as the entities operate in one geographical segment.

A segment-level summary of the goodwill allocation is presented below

	2009			2008		
	Alcoholic beverages	Non-alcoholic beverages	Group	Alcoholic beverages	Non-alcoholic beverages	Group
Zambia	17,061	54,926	71,987	17,061	54,926	71,987

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rates do not exceed the long-term average growth rates for the respective businesses in which the CGUs operate.

In calculating the value in use for the alcoholic and non alcoholic CGU's the group made the following assumptions:

- a weighted average growth rate of 3% to extrapolate cash flows beyond the budget period
- a pre-tax discount rate of 18.78% to the cash flow projections
- a budgeted gross margin of 35%.

14. Investment property-Group

	2009	2008
Net book value		
At start of year	228	236
Depreciation charge	(8)	(8)
At end of year	220	228
Analysed as follows		
Cost	244	244
Accumulated depreciation	(24)	(16)
Net book amount	220	228

In the opinion of the directors, the fair value of the investment property is approximately K11billion (2008: K7 billion)

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NOTES (continued)

15. Property, plant and equipment

(a) Group	Buildings	Plant, Containers &Vehicles	Capital Work in progress	Total
At 1 April 2007				
Cost	24,576	248,784	33,250	306,610
Accumulated depreciation	3,294	105,798	-	109,092
Net book amount	21,282	142,986	33,250	197,518
Year ended 31 March 2008				
Opening net book amount	21,282	142,986	33,250	197,518
Additions		16,251	51,327	67,578
Transfers	2,391	32,724	(35,115)	-
Disposals	-	(310)	-	(310)
Depreciation charge	(482)	(29,511)	-	(29,993)
Closing net book amount	23,191	162,140	49,462	234,793
At 31 March 2008				
Cost	26,967	296,736	49,462	373,165
Accumulated depreciation	3,776	134,596	-	138,372
Net book amount	23,191	162,140	49,462	234,793
Year ended 31 March 2009				
Opening net book amount	23,191	162,140	49,462	234,793
Additions	-	70,898	167,591	238,489
Transfers	4,002	79,580	(83,582)	-
Disposals	-	(1,714)	-	(1,714)
Depreciation charge	(535)	(29,603)	-	(30,138)
Closing net book amount	26,658	281,301	133,471	441,430
At 31 March 2009				
Cost	30,969	440,606	133,471	605,046
Accumulated depreciation	4,311	159,305	-	163,616
Net book amount	26,658	281,301	133,471	441,430

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

15. Property, plant and equipment (continued)

(b) Company	Buildings	Plant, Containers &Vehicles	Capital Work in progress	Total
At 31 March 2008				
Cost	18,172	157,901	15,905	191,978
Accumulated depreciation	2,845	64,354	-	67,199
Net book amount	15,327	93,547	15,905	124,779
At 31 March 2009				
Cost	19,167	219,448	16,905	255,520
Accumulated depreciation	3,301	50,207	-	53,508
Net book amount	15,866	169,241	16,905	202,012

16. Investment in subsidiaries

The Group's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the Company, were as follows:

	Country of Incorporation	% Interest held	2009 K'000	2008 K'000
Zambia Bottlers Limited	Zambia	100	55,646	55,646
Copperbelt Bottling Limited	Zambia	100	39,169	39,169
Northern Breweries Limited	Zambia	100	21,175	21,175
			115,990	115,990

17. Inventories

	Group		Company	
	2009	2008	**2009**	2008
Raw materials	77,750	45,060	44,802	19,508
Work in progress	5,186	2,279	3,654	1,509
Finished goods	29,051	5,680	14,481	2,640
General stores and consumables	18,917	15,010	12,732	9,983
	130,904	68,029	75,669	33,640

The cost of inventories recognised as an expense and included in consolidated 'cost of sales' amounted to K176,423 (2008: K159, 057).

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

18. Receivables and prepayments

	Group		Company	
	2009	2008	**2009**	2008
Trade receivables	17,813	18,406	4,676	10,854
Less: Provision for impairment losses	(2,175)	(1,886)	(1,386)	(1,022)
	15,638	16,520	3,290	9,832
Amounts due from subsidiaries	-	-	126,485	-
Other receivables and prepayments	15,923	27,497	15,544	8,553
	31,561	44,017	145,319	18,385

The fair values are based on cash flows discounted using a rate based on the group's borrowing rate.

Movements on the provision for impairment of trade receivables are as follows:

	2009	2008
At start of year	1,886	1,525
Provision in the year	555	361
Receivables written off during the year as uncollectible	(267)	-
At end of year	2,174	1,886

19. Cash and cash equivalents

	Group		Company	
	2009	2008	**2009**	2008
Cash at bank and in hand	20,439	8,257	17,973	4,703

The weighted average effective interest rate on short-term bank deposits at the year-end was 2 % (2008: 2%). These deposits have an average maturity of 30 days.
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2009	2008
Cash and bank balances as above	20,439	8,257
Bank overdrafts (Note 21)	(143,200)	(31,409)
	(122,761)	(23,152)

20. Payables and accrued expenses

	Group		Company	
	2009	2008	**2009**	2008
Trade payables	18,653	9,691	13,983	5,886
Amounts due to related companies (Note 25)	177,334	43,003	177,206	41,271
Other payables and accrued expenses	76,875	57,464	62,566	43,151
Revaluation of forward foreign exchange contracts	-	2,848	-	2,848
	272,862	113,006	253,755	93,156

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

21. Borrowings

	Group		Company	
	2009	2008	**2009**	2008
The borrowings are made up as follows:				
Non-current:				
- Saturnia Regna Pension Fund	7,563	15,505	7,563	15,505
Current:				
- Bank overdraft	143,200	31,409	143,200	28,627
- Saturnia Regna Pension Fund	7,563	-	7,563	-
	150,763	31,409	150,763	28,627
Total borrowings	158,326	46,914	158,326	44,132

Weighted average effective interest rates at the year end were:

	%	%	%	%
– Bank overdrafts	14	13	14	13
– Saturnia Regna Pension Fund	12	12	12	12

The Group has the following undrawn borrowing facilities:

Floating rate– expiring within one year	3,384	44,590

The borrowings from Saturnia Regina Pension Fund are denominated in Zambia Kwacha and are secured over certain of the land and buildings and are repayable in 2 years.

22. Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2008: 35%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2009	2008	**2009**	2008
At start of year				
-as previously stated	36,523	37,548	20,613	18,225
-prior year adjustment (Note 28)	8,900	4,932	1,466	812
As restated	45,423	42,480	22,079	19,038
Charge for the year	19,286	2,943	19,984	3,041
At end of year	64,709	45,423	42,063	22,079

NOTES (continued)

22. Deferred income tax (continued)

Consolidated deferred income tax assets and liabilities, deferred income tax charge/(credit) in the profit and loss account, and deferred income tax charge/(credit) in equity are attributable to the following items:

	1.4.2008	Charged/ (credited) to P/L	31.03.2009
Year ended 31 March 2009			
Deferred income tax liabilities			
Property, plant and equipment	45,423	20,746	66,169
	45,423	20,746	66,169
Deferred income tax assets			
Other deductible temporary differences	-	1,460	1,460
	-	1,460	1,460
Net deferred income tax liability	45,423	19,286	64,709

	1.4.2007	Charged/ (credited) to P/L	31.03.2008
Year ended 31 March 2008			
Deferred income tax liabilities			
Property, plant and equipment	42,480	2,943	45,423
	42,480	2,943	45,423

Company deferred income tax assets and liabilities are attributable entirely to timing differences on property, plant and equipment.

23. Share capital

	Number of shares ('000s)	**Share capital**	**Share premium**
Balance at 31 March 2009 and 2008	364,000	364	99,474

The total authorised number of ordinary shares is 400 million with a par value of K1.00 per share. All issued shares are fully paid.

(all amounts are in millions of Kwacha unless otherwise stated)

NOTES (continued)

24. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2009	2008
Profit before income tax	73,476	89,298
Adjustments for:		
- Interest income (Note 6)	(290)	(399)
- Interest expense (Note 9)	15,668	6,195
- Depreciation (Note 15)	30,138	29,993
- Depreciation on investment property	8	8
- Loss/(profit) on sale of property, plant and equipment	348	(112)
Changes in working capital		
– receivables and prepayments	12,455	(9,975)
– inventories	(62,874)	(9,170)
– payables and accrued expenses	159,857	10,723
Cash generated from operations	228,786	116,561

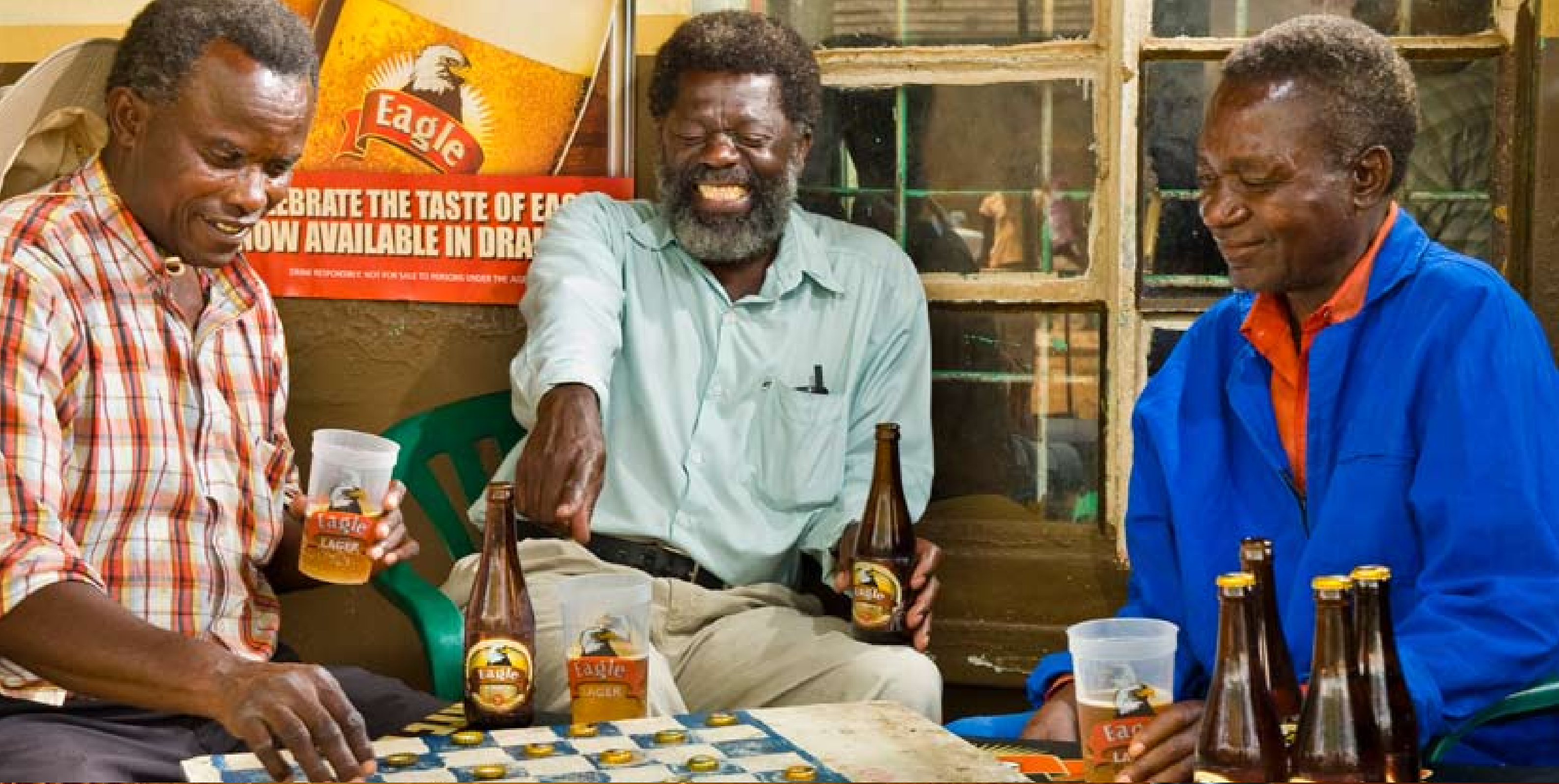
25. Related party transactions

The Group is controlled by SABMiller Africa and Asia BV incorporated in the Netherlands. The ultimate parent of the Group is SABMiller plc, incorporated in the United Kingdom. There are other companies that are related to Zambian Breweries Plc through common shareholdings or common directorships.

	2009	2008
Purchase of goods and services:		
From fellow subsidiaries:		
- SABMiller Africa & Asia (Pty) Limited	143,735	37,888
- South African Breweries Limited	3,572	1,089
- Sabmark International - a division of SABMiller Finance BV	20,063	16,994
- Bevman Services AG	13,204	12,736
- National Breweries - Zambia	-	37
- Swaziland Breweries	3,037	4,283
- Kgalagadi Breweries	14,146	12,900
	197,757	85,927

Directors' remuneration		
- Fees for services as director	140	120
- Other emoluments (included in key management compensation below)	1,233	1,046
Total	1,373	1,166
Key management compensation		
- Salaries and short term emoluments	3,249	2,756

	2009	2008
Outstanding balances arising from purchase of goods/services:		
Due to fellow subsidiaries:		
- SABMiller Africa & Asia (Pty) Limited	153,301	32,902
- South African Breweries Limited	700	207
- Sabmark International - a division of SABMiller Finance BV	9,152	4,093
- Bevman Services AG	6,848	3,020
- National Breweries - Zambia	-	2,026
- Swaziland Breweries	1,006	-
- Kgalagadi Breweries	6,327	755
	177,334	43,003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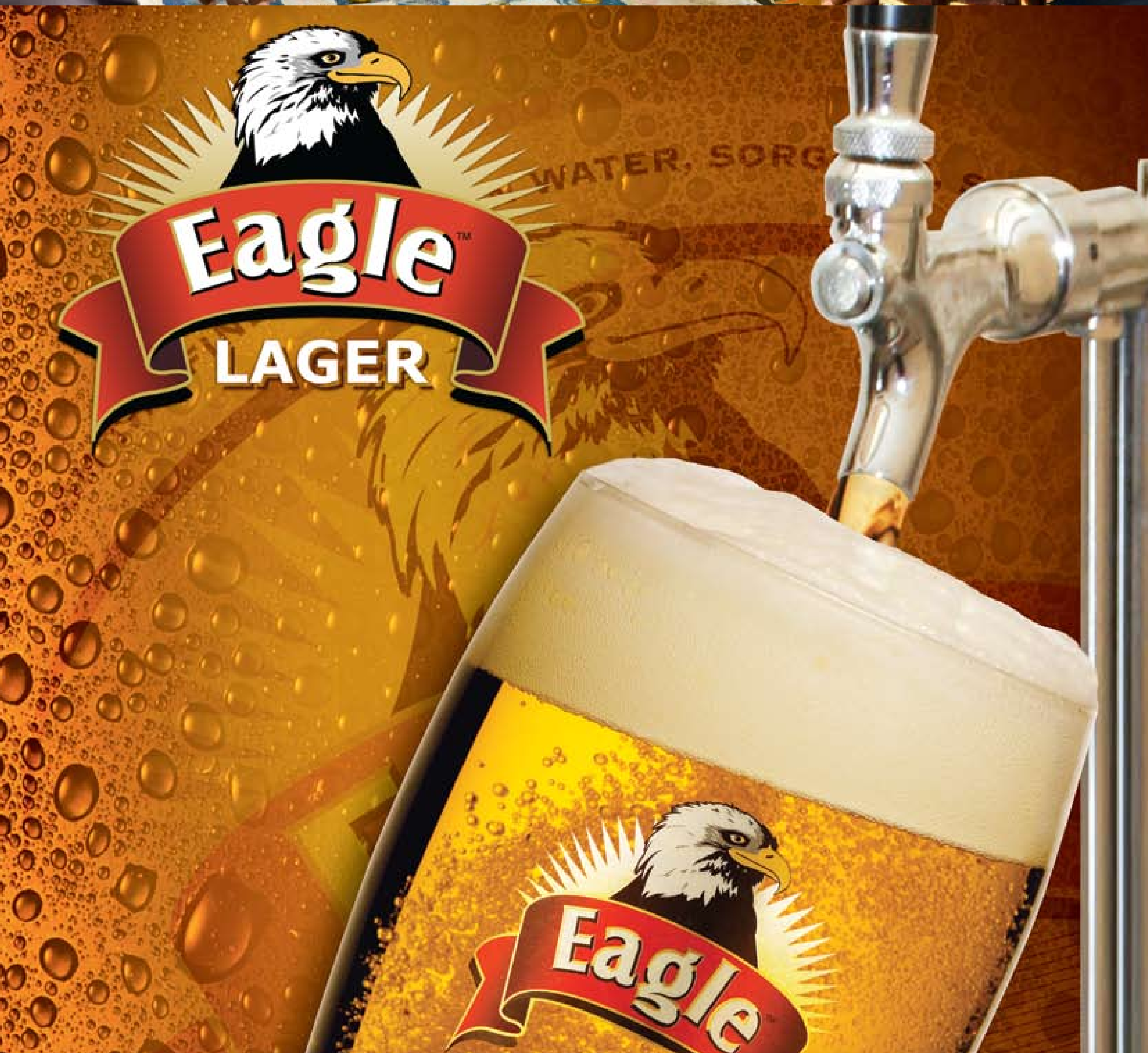
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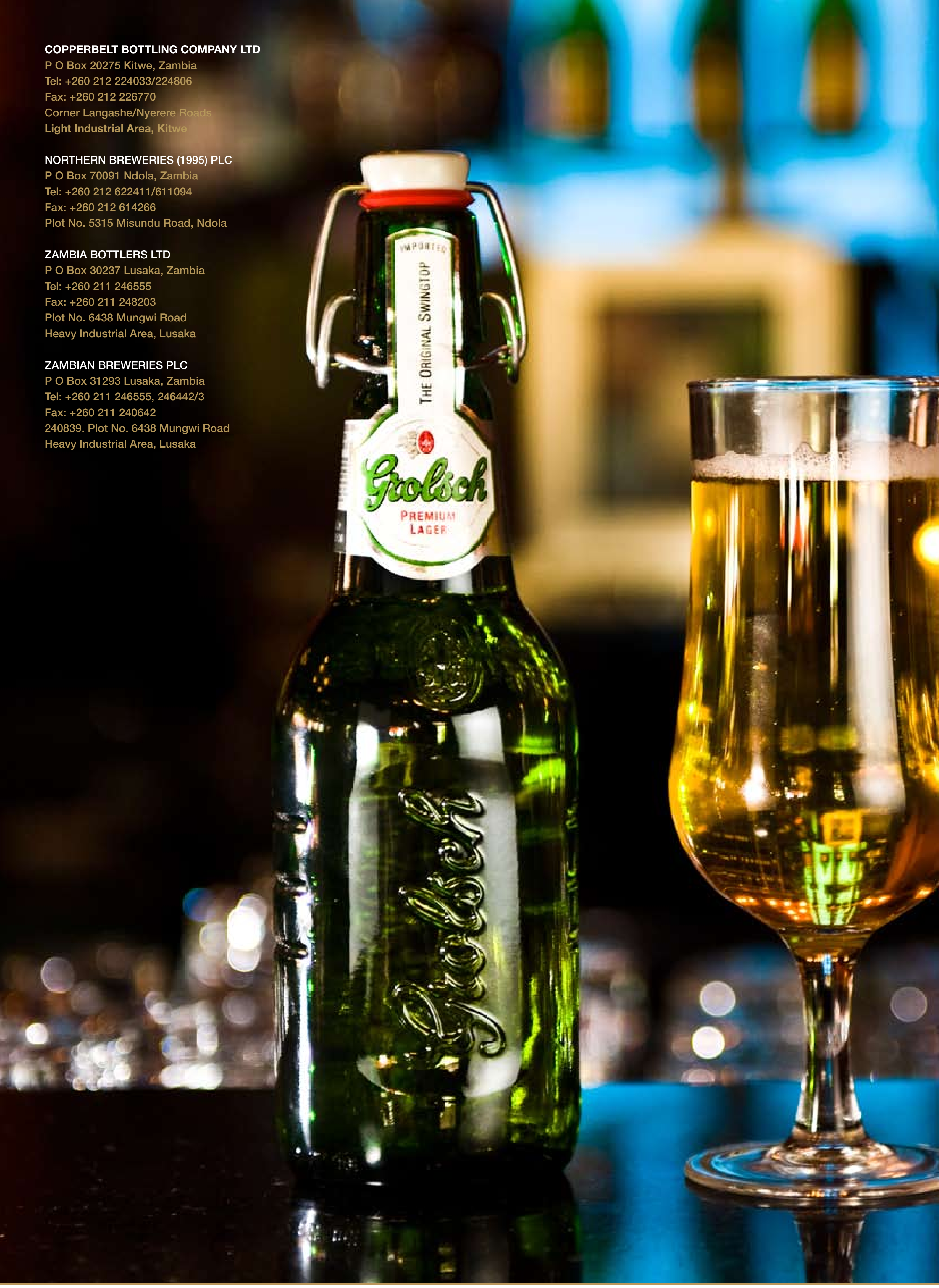

A subsidiary of SABMiller plc