

Farmers House PLC

Financial Statements  
31 March 2001

**FARMERS HOUSE PLC**

**REGISTERED OFFICE:**

Farmers House, Stand 2713  
Cairo Road  
P O Box 30012, Lusaka, Zambia  
Telephone 227722

**DIRECTORS**

R D Frost (Chairman)  
R P S Miller (Managing Director)  
M C Galaun  
A R B Landless  
M A Miller (Mrs)  
R Daya

**TRANSFER SECRETARIES**

Grant Thornton Associates Limited  
P O Box 30885  
Lusaka

**AUDITORS**

Grant Thornton  
P O Box 30885  
Lusaka

**ALTERNATES**

P M d'Elbee  
A T S Miller  
K C Parakh  
G N H Robinson  
I T S Miller  
N H Pallister

**SOLICITORS**

Musa Dudhia & Co.  
P O Box 31198  
Lusaka

Sharpe & Howard  
P O Box 32587  
Lusaka

**BANKERS**

Standard Chartered Bank Zambia  
Limited  
Main Branch  
P O Box 32238  
Lusaka

Grindlays Bank (Jersey) Limited  
P O Box 80, West House,  
West's Centre, Peter Street,  
St Helier, Jersey, JE4 8PT  
Channel Islands

## FARMERS HOUSE PLC

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**DIRECTORS' REPORT**

It is my pleasure to present the Directors' report for the year ended 31 March 2001.

**Financial results**

In the year under review, I am pleased to announce that the turnover of the company has increased by 27.8% to over K2 billion (2000 – K1.56 billion) under rather difficult economic conditions. The company recorded a profit before tax and exceptional items of K641 million (2000 – K811 million), following a charge for depreciation of K187 million (2000 – K10 million) on new plant, equipment, furniture and fittings added to the Cairo Road property. The Cairo Road redevelopments have resulted in an increase in the assets value of the company from K11.71 billion at 31 March 2000 to K17.49 billion at 31 March 2001, an increase of K5.78 billion. The valuation of your company on a net asset basis is currently K1,218 per share. In limited trading during the year, the company's share price was in the K500 range. This represents a rather significant discount of approximately 59% to the net asset value of the company.

**Final dividend**

Notwithstanding the major development efforts underway by the company the board has recommended a final dividend of K15 per share. While there was no interim dividend declared as the board wished to see the year end results in light of these new developments, this final dividend is a further demonstration of the financial performance of the company, its solid current and projected earnings basis and the strength of its balance sheet.

**Cairo Road Site – Phase I – completed and fully let**

Last year I reported on the start of the redevelopment of the Cairo Road property. Phase I of the project, the rehabilitation of the existing Cairo Road building, is complete and fully tenanted. The success of the rehabilitation is reflected by the blue-chip tenants that have been attracted to the building. We welcome Aon Minet, Barclays Bank, Intermarket Discount House, La Patisserie, Pangaea/EMI Securities, Standard Chartered Bank, The Lusaka Stock Exchange and the Zambia Revenue Authority amongst others as new tenants in the building. The board projects substantial additional revenue attributable to the Farmers House building in the ensuing year.

**Cairo Road Site – Phase II – under construction**

The company's plans to develop the Cairo Road site as Lusaka's financial and business centre, to be named Central Park, continue and Phase II of the project began construction in May 2001. The construction of two new buildings is forecast to be complete before the 31 March 2002 financial year end. Plans are in hand for Phase III of the project which is likely to see the Cairo Road site fully developed in succeeding years.

**Corporate Bond issue – US\$1,000,000 – fully subscribed**

I am pleased to confirm the tremendous success of Zambia's first ever Corporate Bond issue by a listed company on the Lusaka Stock Exchange. The company made an offering of 2,000 US\$500 Corporate Bonds, and being fully subscribed, raised US\$1,000,000 from the issue. In this regard, I would particularly like to mention the participation of the National Pension Scheme Authority as underwriter to the issue, and furthermore for their subscription and allotment to the offer along with several other financial institutions. It is extremely encouraging to note that 85% of the issue was taken up by local institutional investors, whilst 15% was taken up by individual investors. We believe that this reflects great confidence both in the company and in Zambia's rapidly developing capital market.

Our thanks also go to the Securities and Exchange Commission and the Lusaka Stock Exchange for the professional manner in which authorisation and approval were provided to the company for this first ever Corporate Bond issue.

## FARMERS HOUSE PLC

## DIRECTORS' REPORT (CONTINUED)

**Board meetings**

The Board has met four (4) times during the year and continues to direct the company's affairs in a prudent manner. During the year the Board appointed an Audit Committee of Directors to oversee the financial management of the company. This and the Executive Committee were extremely busy overseeing the operational and financial affairs of the company.

I sadly wish to report the resignation from the Board of Mr G J Barnhurst who has left the country, and of Mr N Mbazima who has been appointed to a senior executive position with Konkola Copper Mines Limited. Their valued input to Board proceedings will be missed, and I wish both resigning directors all the best in their future endeavours.

Mr M C Galaun and Mr R Daya are retiring from the Board at the Annual General Meeting but being eligible, offer themselves for re-election.

**Directors' interest**

Name of director	No. of shares	
	Beneficial	Non beneficial
R D Frost		791,870
M A Miller		1,312,431
M C Galaun	1,106,787	
R P S Miller	Nil	
A R B Landless		83,577
R L Daya	Nil	

Contracts in which Directors have an interest are as follows:

Farmers House PLC holds a management and administration contract with City Investments Limited, of which Mr R P S Miller is the Managing Director and Mrs M A Miller is a Director.

## FARMERS HOUSE PLC

## DIRECTORS' REPORT (CONTINUED)

## Unissued share capital

In terms of a resolution of members, the unissued 40,200,479 ordinary shares of the company at 31 March 2001 (31 March 2000 - 40,200,479) are under control of the directors subject to authorisation of an Annual General Meeting. Of the unissued shares, 100,000 shares (31 March 2000 - nil) were held in reserve to be issued in terms of the Farmers House Executive Share Incentive Scheme.

## Farmers House Executive Share Incentives Scheme

	Ordinary Shares
Options granted during the year	100,000
Options exercised during the year	-
Options lapsed during the year	-
Options exercisable at the end of the year	<u>100,000</u>

The interests of the directors relate to options to acquire 100,000 ordinary shares by the Managing Director, Mr R P S Miller. In terms of the Executive Share Incentive Scheme the options are exercisable subject to the fulfilment of certain performance criteria within a ninety days (90) calendar period following the approval by the Board of Directors of the annual audited accounts.

## Five year financial summary

Year ended 31 March	2001 K'000	2000 K'000	1999 K'000	1998 K'000	1997 K'000
Income	2,000,402	1,564,172	1,498,039	1,220,583	1,018,004
Expenditure	1,359,305	683,472	633,434	535,953	427,439
Exceptional items	382,560	168,121	234,960	-	-
Profit before taxation	258,537	712,579	629,645	684,630	590,565
Taxation	124,155	147,949	105,792	219,233	182,173
Profit after taxation	134,382	564,630	523,853	465,397	408,392
Dividend	146,993	215,589	215,612	176,391	117,594
Fixed assets	1,756,624	10,320	17,531	15,945	15,720
Investment properties	11,610,000	9,826,195	8,590,000	7,340,000	6,051,535
Investments	3,460	110	-	-	-
Other long term assets	895,299	528,061	-	-	-
Current assets	3,221,365	1,342,046	1,761,258	1,382,658	929,456
Current liabilities	2,281,130	427,857	558,524	441,121	265,651
Shareholders' funds	11,940,178	11,278,399	9,809,358	8,288,295	6,721,137
Long term indebtedness	3,035,000	-	-	9,187	9,923
Deferred taxation	230,440	476	907	-	-

R D Frost  
Chairman

**FARMERS HOUSE PLC****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing such financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1994. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board of directors confirm that in their opinion

- (a) the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit and cash flows for the year then ended;
- (b) at the date of this statement there were reasonable grounds to believe that the company will be able to pay its debts as and when these fall due; and
- (c) the financial statements are drawn up in accordance with applicable accounting standards.

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

Signed at Lusaka on 04 JUN 2001



DIRECTOR



DIRECTOR

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
FARMERS HOUSE PLC**

We have audited the financial statements on pages 8 to 18.

**Respective responsibilities of directors and auditors**

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

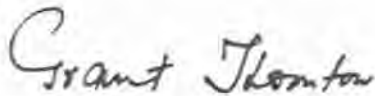
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1994 and, the accounting and other records and registers have been properly kept in accordance with the Act.



Chartered Accountants



Sujit N Maitra  
Partner

Lusaka

Date 04 JUN 2001



## FARMERS HOUSE PLC

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2001

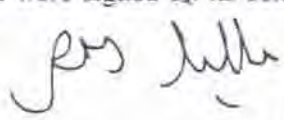

	Note	2001 K'000	2000 K'000
Income	3	<u>2,000,402</u>	<u>1,564,172</u>
Profit before exceptional items	4	641,097	880,700
Exceptional items	5	<u>(382,560)</u>	<u>(168,121)</u>
Profit before taxation		258,537	712,579
Taxation	6	<u>(124,155)</u>	<u>(147,949)</u>
Profit for the year		134,382	564,630
Retained profits at 1 April 2000		1,651,904	1,302,863
Dividends paid		-	(97,995)
Dividends proposed (gross)		<u>(146,993)</u>	<u>(117,594)</u>
Retained profits at 31 March 2001		<u>1,639,293</u>	<u>1,651,904</u>

## FARMERS HOUSE PLC

## BALANCE SHEET - 31 MARCH 2001

	Note	2001 K'000	2000 K'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets	7	1,756,624	10,320
Investments properties	8	11,610,000	9,826,195
Investments	9	3,460	110
Long term loans	10	895,299	528,061
		<u>14,265,383</u>	<u>10,364,686</u>
<b>Current assets</b>			
Stock	11	-	755
Debtors and prepayments	12	318,740	141,519
Bank balances and cash		2,746,507	1,194,112
Taxation recoverable		156,118	5,660
		<u>3,221,365</u>	<u>1,342,046</u>
<b>Total assets</b>		<u>17,486,748</u>	<u>11,706,732</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	9,800	9,800
Investment revaluation reserve	14	10,061,085	9,386,695
Capital reserve	15	230,000	230,000
Retained profits		1,639,293	1,651,904
Shareholders' funds		<u>11,940,178</u>	<u>11,278,399</u>
<b>Non - current liabilities</b>			
Corporate bonds	16	3,035,000	-
Deferred taxation	6(b)	230,440	476
		<u>3,265,440</u>	<u>476</u>
<b>Current liabilities</b>			
Creditors	17	2,078,827	271,982
Dividends payable		202,303	155,875
		<u>2,281,130</u>	<u>427,857</u>
<b>Total equity and liabilities</b>		<u>17,486,748</u>	<u>11,706,732</u>

The financial statement on pages 8 to 18  
were approved by the Board of Directors  
on 04 JUN 2001  
and were signed on its behalf by:

} DIRECTORS

## FARMERS HOUSE PLC

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2001

	Note	2001 K'000	2000 K'000
Net cash inflow from operating activities	18	2,123,876	528,549
<b>Returns on investments and servicing of finance</b>			
Finance charges and other interest		(9,189)	(7,840)
Interest on bond		(91,948)	-
Interest on overdraft		(345)	(267)
Interest receivable		54,111	57,847
Dividends paid		<u>(100,565)</u>	<u>(201,759)</u>
Net cash outflow on returns on investments and servicing of finance		<u>(147,936)</u>	<u>(152,019)</u>
<b>Taxation</b>			
Income tax paid		(44,649)	(179,023)
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(1,933,893)	(3,079)
Payments on investment properties		(1,109,415)	(116,195)
Investments made during the year		(3,350)	(110)
Investments in long term loans		<u>(367,238)</u>	<u>(528,061)</u>
Net cash outflow on investing activities		<u>(3,413,896)</u>	<u>(647,445)</u>
Net cash (outflow)/inflow before financing		(1,482,605)	(449,938)
<b>Financing</b>			
From issue of corporate bond		<u>3,035,000</u>	-
Net cash inflow from financing		<u>3,035,000</u>	-
Increase/(decrease) in cash and cash equivalents	19	<u>1,552,395</u>	<u>(449,938)</u>

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001

1. **Principal activity**

The company's principal activity is that of investment in real property.

2. **Accounting Policies**

As in previous years, the financial statements are prepared in accordance with the historical cost convention as modified by the inclusion of investment properties at a valuation. The following is a summary of the more important accounting policies used by the company:-

(a) **Investment properties**

Investment properties are included in the financial statements at their open market value as determined periodically by independent valuers but updated annually by the directors using either appropriate indices or with the assistance of independent professional advice.

(b) **Investments**

Investments in quoted and unquoted shares are stated at the lower of cost and directors' valuation taking into account any permanent diminution in value arising. The market value disclosed for quoted investments is based on the middle market price prevailing at the balance sheet date.

(c) **Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are:-

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

Investment properties and capital work in progress are not depreciated

(d) **Deferred taxation**

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

(e) **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into Zambian Kwacha at the rate of exchange ruling at the balance sheet date. Gains and losses on translation are dealt with through the profit and loss account.

3. **Income**

Income comprises gross rents receivable from properties let net of value added tax (VAT) and interest income and exchange differences realised on foreign currency translations.

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

	2001 K'000	2000 K'000
4. Profit before exceptional items		
Profit before exceptional items is stated after charging:-		
Depreciation	<u>187,589</u>	<u>10,290</u>
Directors' fees	<u>106,094</u>	<u>83,754</u>
and after crediting		
Exchange gains	<u>250,178</u>	<u>283,881</u>
5. Exceptional items		
These represent:		
Consultancy	38,309	96,137
Provision for terminal benefits	-	10,548
Repairs and maintenance	205,882	43,723
Directors fees	-	17,713
Bond issue expenses	<u>138,399</u>	-
	<u>382,560</u>	<u>168,121</u>
6. Taxation		
(a) The charge for taxation is made up as follows:-		
Income tax at the rate of 30% on the taxable profit for the year (2000 - 30%)	-	148,380
Overprovision in previous years	(105,809)	-
Deferred taxation	<u>229,964</u>	<u>(431)</u>
	<u>124,155</u>	<u>147,949</u>

No provision has been made for income tax in view of the company's carried forward tax loss of approximately K428.35 million.

(b) Details of provision made for deferred taxation and of the potential liability are set out below together with the movement on provision:-

	2001		2000	
	Full potential liability K'000	Provision made K'000	Full potential liability K'000	Provision made K'000
Accelerated tax allowances	<u>230,440</u>	<u>230,440</u>	<u>476</u>	<u>476</u>

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

6. Taxation (continued)  
(b) (continued)

	2001 K'000	2000 K'000
Movement in deferred tax provision:		
At 1 April 2000	476	907
Provision made during the year	229,964	-
Provision written back	-	(431)
At 31 March 2001	<u>230,440</u>	<u>476</u>

7. Fixed assets  
Summary

	Plant and equipment K'000	Furniture, Fittings and office equipment K'000	Motor vehicle K'000	Fixtures & fittings K'000	Capital work in progress K'000	Total K'000
<b>Cost</b>						
At 1 April 2000	19,836	25,795	6,000	-	-	51,631
Additions	<u>178,080</u>	<u>14,509</u>	-	<u>1,564,417</u>	<u>176,887</u>	<u>1,933,893</u>
At 31 March 2001	<u>197,916</u>	<u>40,304</u>	<u>6,000</u>	<u>1,564,417</u>	<u>176,887</u>	<u>1,985,524</u>
<b>Depreciation</b>						
At 1 April 2000	12,516	25,795	3,000	-	-	41,311
Charge for the year	<u>25,295</u>	<u>4,353</u>	<u>1,500</u>	<u>156,441</u>	-	<u>187,589</u>
At 31 March 2001	<u>37,811</u>	<u>30,148</u>	<u>4,500</u>	<u>156,441</u>	-	<u>228,900</u>
<b>Net book value</b>						
At 31 March 2001	<u>160,105</u>	<u>10,156</u>	<u>1,500</u>	<u>1,407,976</u>	<u>176,887</u>	<u>1,756,624</u>
At 31 March 2000	<u>7,320</u>	-	<u>3,000</u>	-	-	<u>10,320</u>

## 8. Investment properties

	2001 K'000	2000 K'000
At cost/valuation:		
At 1 April 2000	9,826,195	8,590,000
Additions during the year	1,109,415	116,195
Surplus on valuation	<u>674,390</u>	<u>1,120,000</u>
At 31 March 2001	<u>11,610,000</u>	<u>9,826,195</u>

- (a) The investment properties comprise the company's leasehold buildings. In accordance with note 2(a) these investment properties are to be revalued annually. The properties were revalued during the year by Anderson & Anderson, Valuation Surveyors, on the basis of open market value for their existing use. The surplus on valuation has been credited to investment revaluation reserve (note 14).
- (b) In the opinion of the directors, the value of the above investment properties are worth not less than the amount at which they are included in these financial statements.

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

## 9. Investments

The company's investments are as follows:-

	2001 K'000	2000 K'000
Shares at cost:		
At 1 April 2000	110	-
Investments made during the year	<u>3,350</u>	<u>110</u>
At 31 March 2001	<u>3,460</u>	<u>110</u>

Shares represent equity holdings in the following companies incorporated in Zambia:

	Cost K'000	Equity held %
Peckerwood Limited	2,000	100
Minerva Property Management Company Limited	860	43
Pegasus Property Development Company (Zambia) Limited	<u>600</u>	30
	<u>3,460</u>	

(a) The investments represent shares pending issue.

(b) In the opinion of the directors, the value of the above investments is worth not less than the amount at which they are included in these financial statements.

	2001 K'000	2000 K'000
10. Long term loans		
Peckerwood Limited	752,578	298,585
Minerva Property Management Company Limited	36,347	24,350
Pegasus Property Development Company (Zambia) Limited	<u>106,374</u>	<u>205,126</u>
	<u>895,299</u>	<u>528,061</u>
These loans are interest free and have no fixed repayment terms.		
11. Stock		
Building materials	<u>-</u>	<u>755</u>
12. Debtors and prepayments		
Trade debtors less provision	94,755	95,064
Deposits and prepayments	67,549	-
Other	<u>156,436</u>	<u>46,455</u>
	<u>318,740</u>	<u>141,519</u>

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

	2001 K'000	2000 K'000
13. Share capital		
Ordinary shares of K1 each		
Authorised	<u>50,000</u>	<u>50,000</u>
Issued and fully paid	<u>9,800</u>	<u>9,800</u>
14. Investment revaluation reserve		
	Investment properties K'000	Total K'000
At 1 April 2000	9,386,695	9,386,695
Surplus on valuation (note 8 (a))	674,390	674,390
At 31 March 2001	<u>10,061,085</u>	<u>10,061,085</u>
	2001 K'000	2000 K'000
15. Capital reserve		
Arising on acquisition of investment		
properties in exchange of properties held	224,000	224,000
Arising on capitalisation of motor vehicle	6,000	6,000
	<u>230,000</u>	<u>230,000</u>
16. Corporate bonds		
Issued during the year	<u>3,035,000</u>	-
	<u>3,035,000</u>	-

(a) Corporate bonds stated above, each of which with a total face value of US\$500, were issued as follows:-

Details	No. of bonds	Bond period	Amount on redemption of each bond US\$	Redemption date
Series 1 - 00	238	4 years	500	3 November 2004
Series 2 - 00				
Part A	1,762	3 years	250	3 November 2003
Part B	1,762	4 years	250	3 November 2004



## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

## 16. Corporate bonds (continued)

- (b) Interest is payable at ruling rate, on the issue date, on one (1) year U.S. Treasury Certificates plus two hundred (200) basis points (2%) per annum fixed for the succeeding one year period after which time the rate will be revised under the same terms and conditions for the succeeding one (1) year period. This process shall continue annually on each anniversary date until the bonds are redeemed.

Interest is payable quarterly in arrears on the following dates each year:-

3 February  
3 May  
3 August  
3 November

- (c) At its sole discretion, and with a minimum sixty (60) day notice period in writing to the bondholders, the company may redeem Part B of each Series 2 - 00 bond in three (3) years from the issue date. Should the company decide to exercise this early redemption option, the bondholder will also have the option to convert Part B of any Series 2 - 00 bond into ordinary shares of the company under the Conversion Option.

## (d) Conversion Option

For a sixty (60) day period immediately preceding each of the third and fourth anniversary dates of the bonds issue, the Option Periods, bondholders will have the option to convert bonds they hold into ordinary shares of the company as follows:-

**Series 1 - 00**

For a sixty (60) day period immediately preceding the fourth anniversary date of issue, any Series 1 - 00 bond may be converted into ordinary shares of the company.

**Series 2 - 00**

- i) For a sixty (60) day period immediately preceding the third anniversary date of issue, Part A of any Series 2 - 00 bond may be converted into ordinary shares of the company; and
- ii) For a sixty (60) day period immediately preceding the fourth anniversary date of issue, Part B of any Series 2 - 00 bond may be converted into ordinary shares of the company.

Partial conversions of Series 1 - 00 bonds, or Part A or Part B of Series 2 - 00 bonds are not permitted.

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

## 16. Corporate bonds (continued)

(e) The share price to be used at the time of conversion, under paragraph (d) above, will be the higher of:-

- i) a price which is equal to a ten percent (10%) discount to the volume weighted average U.S. Dollar share price on trades completed on the LuSE over the six month period immediately preceding each Option Period; or
- ii) a price which is equal to a forty percent (40%) discount to the company's net asset value per share based on an independent valuation to be commissioned by the company and completed within a sixty (60) day period immediately preceding each of the two Option Periods.

For purposes of calculating the share price in Kwacha at the time of exercising any of the Option by any bondholder, the Standard Chartered Bank selling rate for U.S. Dollars on the conversion date will be the ruling rate.

	2001 K'000	2000 K'000	
17. Creditors			
Trade creditors	1,574,879	-	
Rentals received in advance	163,947	112,449	
Accruals and provisions	132,732	97,859	
Other	<u>207,269</u>	<u>61,674</u>	
	<u>2,078,827</u>	<u>271,982</u>	
18. Reconciliation of operating profit to net cash inflow from operating activities			
Profit before taxation	258,537	712,579	
Finance charges	9,189	7,840	
Interest on bond	91,948	-	
Interest on overdraft	345	267	
Interest received	(54,111)	(57,847)	
Depreciation	187,589	10,290	
Decrease/(increase) in stock	755	(755)	
Increase in debtors and prepayments	(177,221)	(24,311)	
Increase/(decrease) in creditors	<u>1,806,845</u>	<u>(119,514)</u>	
Net cash inflow from operating activities	<u>2,123,876</u>	<u>528,549</u>	
19. Analysis of cash and cash equivalents as shown in the balance sheet			
	2001 K'000	2000 K'000	Change in the year K'000
Bank balances and cash	<u>2,746,507</u>	<u>1,194,112</u>	<u>1,552,395</u>
	<u>2,746,507</u>	<u>1,194,112</u>	<u>1,552,395</u>

## FARMERS HOUSE PLC

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (CONTINUED)

	2001 K'000	2000 K'000
20. <b>Capital commitments</b>		
Commitments in respect of contracts	<u>-</u>	<u>-</u>
21. <b>Contingent liabilities</b>		
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.		
22. <b>Events subsequent to balance sheet date</b>		
There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect substantially the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.		

## SCHEDULE

## FARMERS HOUSE PLC

DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2001

	2001 K'000	2000 K'000
<b>Income</b>		
Interest receivable	54,111	57,847
Rent receivable	1,696,113	1,222,444
Exchange gains	250,178	283,881
	<u>2,000,402</u>	<u>1,564,172</u>
<b>Less:</b>		
<b>Expenses</b>		
Advertising	15,656	2,709
Accounting fees	81,128	-
Audit fees	21,156	13,382
Administrative expenses	176,170	76,444
Cleaning materials	11,025	3,664
Commission	94,666	15,118
Computer expenses	-	1,809
Consumables	119	271
Depreciation	187,589	10,290
Directors' fees	106,094	83,754
Discount allowed	13,007	1,773
Electricity, water and refuse removal	49,673	54,988
Entertainment expenses	3,801	843
Fire protection	5,813	6,319
Finance charges	9,189	7,840
Insurance	14,336	16,946
Interest on overdraft	345	267
Interest on bond issue	91,948	-
Legal and professional fees	19,495	8,747
Management fees	165,304	153,913
Meeting expenses	583	545
Motor vehicle expenses and mileage claims	-	235
Postage and telephones	1,696	1,459
Printing and stationery	2,946	5,980
Provision for doubtful debts	30,639	2,424
Rates	32,909	30,319
Repairs and maintenance	90,337	89,759
Salaries and wages	-	10,788
Security	96,020	57,479
Subscriptions and donations	9,135	13,802
Staff Welfare	119	129

## SCHEDULE (CONTINUED)

## FARMERS HOUSE PLC

DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2001 (CONTINUED)

	2001 K'000	2000 K'000
Travel and subsistence	12,428	1,094
VAT unallowable	15,979	7,683
Workmens Compensation	-	2,699
	<u>(1,359,305)</u>	<u>(683,472)</u>
Profit before exceptional items	<u>641,097</u>	<u>880,700</u>

