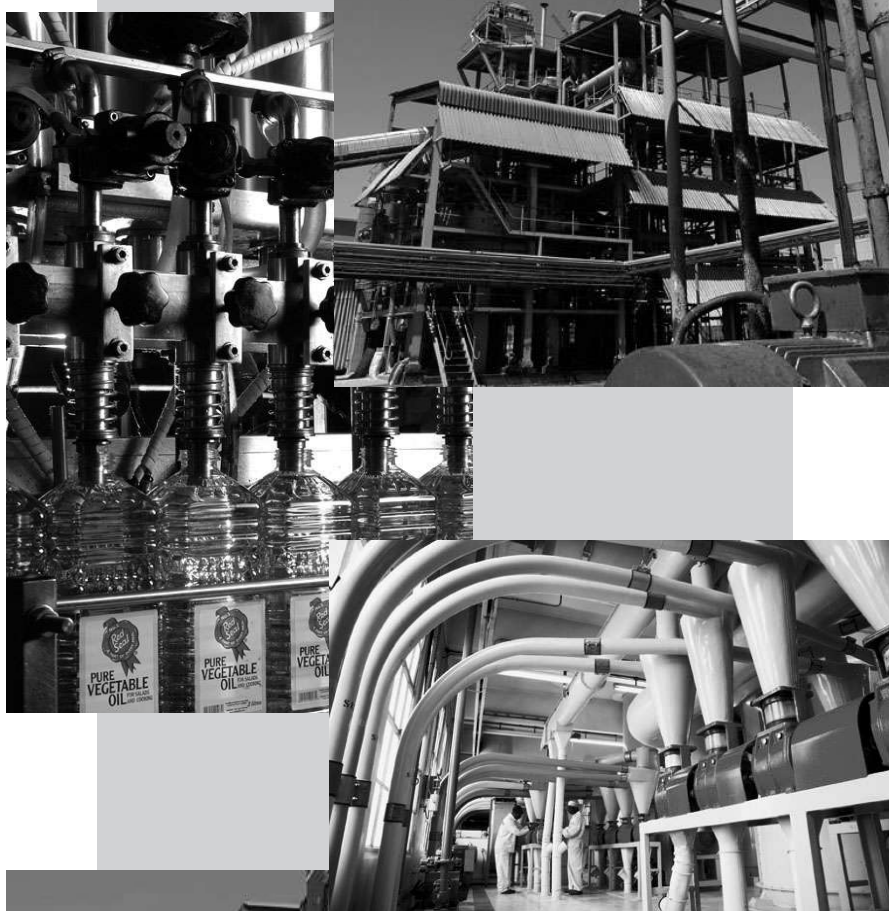


The Directors are pleased to present the Audited Financial Results of National Foods Holdings Limited for the year ended 30 June 2008



SALIENT FEATURES for the year ended 30 June 2008 - Historical Cost (New Currency)

Turnover	\$2 688 646	▲	3.9 million %
Operating profit	\$1 716 960	▲	7.8 million %
Profit before taxation	\$30 713 874	▲	159.4 million %
Basic earnings per share (cents)	0.36	▲	183.0 million %
Basic earnings per share exclusive of fair value adjustments (cents)	0.04	▲	22.9 million %



CHAIRMAN'S REVIEW

Our commentary is on the historical cost financial information and is denominated in new currency.

Turnover increased by 3.9 million % over the previous year to \$2,69m. Operating profit increased by 7.8 million % to \$1.72 m year on year.

Basic e.p.s, exclusive of fair value adjustments, grew by 229,000 times to 4c per share.

The trading year was characterized by price controls resulting, at times, in negative gross profit and by shortages of raw materials. Year on year our group volumes were down 25% to 184,600mt. By year end we were operating at 5% of capacity.

The creation of 9 strategic business units has been successful and positions the Group with more focus and a smaller more entrepreneurial structure.

Milling Division

Total volumes were down 71.4% year on year to 31,200mt. Milling is trading at ever increasing losses. Critical plant repairs and maintenance have been suspended which will in time affect production.

Oils Division

Despite a 3 month closure of the plant we managed to process 12,445mt of seed and bean which is 86% down year on year. Due to the non viability of retailing oil this business is now predominantly a toll processing unit. The fats plant in Bulawayo produced 72.5mt which is 90% down year on year. Our own stocks of product were 3,460mt at year end against an ideal of 8,000mt. The toll arrangements were profitable.

Natpak

This division traded at a loss due to shortage of raw materials and pricing constraints. Annual production was 10.4 million m² vs a target of 25.3 million m².

Stockfeeds

By June 2008 this business was operating at 3.2% of capacity and in the month produced 1,618mt vs 4,552mt in June 2007. With the unavailability of raw material, the business is currently focusing on toll manufacturing for those customers who are holding their own raw material stocks. Total production for the year was 50,000mt vs 89,000mt in 2007.

General Prepacks

The two key imported lines of rice and salt sold well and contributed significantly to the Group's performance. Strong management of stock and logistics proved invaluable along with co-operative suppliers who provided credit enabling us to hold stock in bond.

Properties Division

Continued rationalization and downsizing of space utilized by the Group freed up 12% of our real estate to be rented to 3rd parties. Of the 180,836m² available 90% was rented out at year end. The deferred repairs and maintenance to the buildings has artificially inflated this unit's contribution.

Transport Division

A massive shortage of spares and tyres meant that 113 out of 142 vehicles were out of service at the year end. Recapitalisation and reconfiguration of the fleet to suit current needs is essential. Strong demand exists for our services but foreign exchange shortages have curtailed the potential. We operated for the year at 15.6% of total capacity and 39.6% of available capacity.

Distribution and Retail

This unit was the hardest hit by inflation and price controls as it was unable to replace its stock. The Z\$ profit is offset by a substantial balance sheet loss in real terms. Seven depots were leased out to 3rd parties which is viewed as a positive development for our future ability to distribute product and purchase grains.

Future Prospects

Management focus will be on obtaining local and imported raw materials to increase throughput at the factories.

Although we lost over 300 employees during the year we do have a core of quality personnel intact whom we will endeavor to remunerate correctly.

Management will focus on finding methods to finance and import grains and oils to toll process.

Dividend

The Board has resolved that given the current trading environment, it is prudent to conserve all resources and consequently no dividend has been declared for the year.

Acknowledgement and Directorate

Mr J D Vezey has resigned from the Board of Directors and we welcome Mr M J Fowler from Inncor Africa Limited onto the Board.

We thank Mr Vezey for his services to the Board and the Audit Committee.

I would like to thank the management and staff for their hard work during the year.

Todd Moyo
Chairman
28 August 2008

GROUP INCOME STATEMENT

	Historical Cost (New Currency)	
	Year Ended 30 June 2008 audited	Year Ended 30 June 2007 audited
	Z\$	Z\$
Turnover	2 688 646	69
Operating profit before depreciation and amortisation	1 716 960	22
depreciation and amortisation	(3)	-
Operating profit before interest	1 716 957	22
net interest paid	(189 980)	(3)
exchange gains	3 117 238	-
fair value adjustments	26 069 659	-
Profit before taxation	30 713 874	19
taxation	(6 510 020)	(6)
Profit after taxation	24 203 854	13
EARNINGS PER SHARE (CENTS)		
Basic earnings per share	0.36	0.00
Basic earnings per share exclusive of fair value adjustments	0.04	0.00

GROUP BALANCE SHEET

	Historical Cost (New Currency)	
	At 30 June 2008 audited	At 30 June 2007 audited
	Z\$	Z\$
ASSETS		
Non-current assets		
property plant and equipment	74	-
other non-current assets	25 876 470	-
	25 876 544	-
Current assets		
cash resources	2 907 810	(11)
other current assets	7 988 774	49
	10 896 584	38
Total assets	36 773 128	38
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	-	-
non-distributable reserves	2 306 980	-
distributable reserves	24 203 867	13
Total shareholders' equity	26 510 847	13
Non-current liabilities		
deferred tax liability	5 849 725	-
interest bearing borrowings	279 082	-
	6 128 807	-
Current liabilities		
trade and other payables	3 475 174	21
current tax liability	658 300	4
	4 133 474	25
Total liabilities	10 262 281	25
Total equity and liabilities	36 773 128	38

GROUP CASH FLOW STATEMENT

	Historical Cost (New Currency)	
	Year Ended 30 June 2008 audited	Year Ended 30 June 2007 audited
	Z\$	Z\$
Cash generated from operating activities	2 627 601	(6)
net interest paid	(189 980)	(3)
taxation	(14 333)	(2)
Total cash available from operations	2 423 288	(11)
Investing activities	205 451	-
Dividends paid	-	-
Net cash inflow/(outflow) before financing activities	2 628 739	(11)
Financing activities	279 082	-
Net increase in cash	2 907 821	(11)
Cash balance at 30 June 2007	(11)	-
Cash balance at 30 June 2008	2 907 810	(11)

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Historical Cost (New Currency)	
	Year Ended 30 June 2008 audited	Year Ended 30 June 2007 audited
	Z\$	Z\$
Changes in share capital	-	-
Changes in non-distributable reserves	2 306 980	-
arising on the translation of foreign subsidiaries	2 306 980	-
Changes in distributable reserves	24 203 854	13
Net profit after taxation	24 203 854	13
Dividends declared	-	-
- prior year final	-	-
- current year interims	-	-
Shareholders' equity at 30 June 2007	13	-
Shareholders' equity at 30 June 2008	26 510 847	13