

The Board of Directors of Colcom Holdings Limited is pleased to announce the audited results for the six months ended 30 June 2005.

## CONSOLIDATED INCOME STATEMENT

	Historical Cost			Inflation Adjusted		
	Audited 6 months 30 June 2005 \$000	Unaudited 6 months 30 June 2004 \$000	Audited Year 31 December 2004 \$000	Audited 6 months 30 June 2005 \$000	Unaudited 6 months 30 June 2004 \$000	Audited Year 31 December 2004 \$000
<b>TURNOVER</b>	194 739 523	53 327 803	168 460 446	253 383 121	165 275 701	414 871 156
- Local	174 056 887	48 001 827	147 837 231	226 472 144	148 769 223	364 081 921
- Export	20 682 636	5 325 975	20 623 215	26 910 977	16 506 478	50 789 235
Operating income before interest	96 291 122	16 490 794	48 837 741	63 564 930	28 483 246	77 172 365
Net interest (receivable)/payable	8 009 146	(5 185 804)	(1 667 710)	10 421 009	(16 072 058)	(4 107 094)
Operating income from ordinary activities	104 300 268	11 304 990	47 170 031	73 985 939	12 411 188	73 065 271
Income from associate	2 755 857	537 908	1 827 016	3 585 753	1 667 107	4 499 435
Loss on net monetary position	107 056 125	11 842 897	48 997 047	77 571 692	14 078 296	77 564 706
	(26 943 029)	(3 364 000)	(11 549 200)	(29 856 050)	(12 760 791)	(49 274 966)
Taxation	107 056 125	11 842 897	48 997 047	47 715 642	1 317 505	28 289 740
Income after taxation	(26 943 029)	(3 364 000)	(11 549 200)	(1 716 079)	3 081 199	(12 973 754)
Preference dividend	80 113 096	8 478 898	37 447 847	45 999 563	4 398 704	15 315 986
	(2 865)	(2 865)	(5 730)	(2 865)	(7 573)	(10 072)
Income attributable to ordinary shareholders	80 113 096	8 478 898	37 447 847	45 999 563	4 398 704	15 315 986
	(2 865)	(2 865)	(5 730)	(2 865)	(7 573)	(10 072)
Shares in issue	157 596	104 947	157 596	157 596	104 947	157 596
Weighted average shares in issue	125 015	92 294	125 015	125 015	92 294	125 015
Basic earnings per share (dollars)	640,80	91,84	300	367,93	47,58	122,43
Operating income/turnover	49,45%	30,92%	28,99%	25,09%	17,23%	18,60%

## CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income	96 291 122	16 490 794	48 837 741	63 564 930	28 483 246	77 172 365
Non cash items	1 223 653	1 777 863	2 784 418	11 043 482	15 713 651	21 244 197
	97 514 775	18 268 657	51 622 159	74 608 412	44 196 897	98 416 562
Monetary loss	-	-	-	(29 856 050)	(12 760 791)	(49 274 966)
Decrease/(increase) in working capital	(86 146 191)	368 260	(20 789 611)	(44 430 198)	43 669 680	32 760 582
<b>Operating cash flow</b>	11 368 584	18 636 917	30 832 548	322 164	75 105 786	81 902 178
Net interest	8 009 146	(5 185 804)	(1 667 710)	10 421 009	(16 072 058)	(4 107 094)
Taxation paid	(8 803 130)	(2 466 187)	(4 175 714)	(8 101 788)	(10 754 898)	(14 167 054)
<b>Cash generated from operations</b>	10 574 600	10 984 926	24 989 124	2 641 384	48 278 830	63 628 030
Dividends received	-	-	206 099	-	-	376 296
Dividends paid	-	(5 730)	(5 730)	-	(23 442)	(23 441)
<b>Net cash from operating activities</b>	10 574 600	10 979 196	25 189 493	2 641 384	48 255 388	63 980 886
CASH FLOWS FROM INVESTING ACTIVITIES						
Net expenditure on property, plant equipment and vehicles	(18 908 483)	(1 569 340)	(10 412 479)	(24 597 827)	(4 824 799)	(25 156 899)
Increase/(decrease) in investments	-	(1 744 962)	110 919	-	(5 286 356)	453 769
Cash cost of business acquired	-	(5 729 040)	(5 729 040)	-	(23 437 458)	(17 640 300)
<b>Net cash used in investing activities</b>	(18 908 483)	(9 043 342)	(16 030 600)	(24 597 827)	(33 548 612)	(42 343 431)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of share capital	-	6 012 588	19 131 607	-	18 386 748	50 047 383
(Decrease)/increase in short term loan	(7 800 000)	6 412 693	2 412 693	(13 710 093)	9 149 406	(8 329 377)
Lease hire rentals and hire purchase instalments paid	-	(2 913 409)	(2 768 787)	-	(8 864 102)	(9 225 210)
<b>Net cash used in financing activities</b>	(7 800 000)	9 511 872	18 775 513	(13 710 093)	18 672 052	32 492 796
<b>Net increase/(decrease) in cash and cash equivalents</b>	(6 133 883)	11 447 726	27 934 406	(35 666 536)	33 378 828	54 130 251
<b>Cash and cash equivalents at beginning of period</b>	25 778 730	(2 155 676)	(2 155 676)	45 311 383	(8 818 839)	(8 818 868)
<b>Cash and cash equivalents at end of period</b>	9 644 847	9 292 050	25 778 730	9 644 847	24 559 989	45 311 383

## BALANCE SHEET

	Historical Cost			Inflation Adjusted		
	Audited At 30 June 2005 \$000	Unaudited At 30 June 2004 \$000	Audited At 31 December 2004 \$000	Audited At 30 June 2005 \$000	Unaudited At 30 June 2004 \$000	Audited At 31 December 2004 \$000
<b>ASSETS</b>						
<b>Non-current assets</b>						
Biological assets	55 535 187	-	10 357 277	55 535 187	-	18 205 030
Property, plant equipment & vehicles	40 280 530	14 458 956	22 595 700	186 622 845	160 509 680	173 072 842
Associated company investments	3 594 792	1 005 819	1 690 495	26 216 233	21 578 948	23 482 039
	-	2 001 945	-	-	8 940 903	-
	99 410 509	17 466 720	34 643 472	268 374 264	191 029 531	214 759 911
<b>Current assets</b>						
Inventories	68 889 085	27 941 457	41 149 527	79 372 486	95 759 265	90 167 308
Accounts receivable	35 181 243	6 489 754	14 844 777	35 181 243	17 153 189	26 092 727
Cash resources	9 644 847	9 292 050	25 778 730	9 644 847	24 559 989	45 311 383
	113 715 175	43 723 261	81 773 034	124 198 576	137 472 443	161 571 418
<b>Total assets</b>	213 125 684	61 189 981	116 416 506	392 572 840	328 501 974	376 331 329
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	157 596	104 947	157 596	157 596	104 947	157 596
Non distributable reserve	22 276 829	-	22 276 829	19 135 049	6 068 679	19 135 049
Adjustment to share capital	-	-	-	222 428 832	203 886 873	222 428 831
Distributable reserves	134 291 650	34 425 814	54 181 419	59 518 650	2 607 175	13 521 952
<b>Shareholders' funds</b>	156 726 075	34 530 761	76 615 844	301 240 127	212 667 674	255 243 428
<b>Minority interest</b>	19 100	19 100	19 100	2 247 603	2 247 603	2 247 603
<b>Non-current liabilities</b>						
Deferred taxation	18 520 381	2 410 661	5 129 119	51 224 983	49 545 372	57 931 552
Long term liabilities	-	1 261	-	-	3 333	-
	18 520 381	2 411 922	5 129 119	51 224 983	49 548 705	57 931 552
<b>Current liabilities</b>						
Accounts payable	28 110 778	9 940 537	21 003 036	28 110 778	26 274 011	36 917 125
Short term borrowings	-	11 800 000	7 800 000	-	31 188 798	13 710 093
Taxation	9 740 755	2 484 796	5 843 677	9 740 755	6 567 610	10 271 456
Proposed preference dividend	8 595	2 865	5 730	8 595	7 573	10 072
	37 860 128	24 228 198	34 652 443	37 860 128	64 037 992	60 908 746
<b>Total equity and liabilities</b>	213 125 684	61 189 981	116 416 506	392 572 840	328 501 974	376 331 329
Net asset value per share (dollars)	994,5	329,0	486,2	1 911,5	2 026,4	1 619,6
Current ratio	3,0	1,8	2,4	3,3	2,1	2,7

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Non Distributable Reserve	Adjustment to Share Capital	Retained Earnings	Total
<b>Historical Cost</b>	\$000	\$000	\$000	\$000	\$000
<b>Balance at 1 January 2005</b>	157 596	22 276 829	-	54 181 419	76 615 844
Income attributable to shareholders	-	-	-	80 110 231	80 110 231
<b>Balance at 30 June 2005</b>	157 596	22 276 829	-	134 291 650	156 726 075
<b>Inflation Adjusted</b>					
<b>Balance at 1 January 2005</b>	157 596	19 135 049	222 428 832	13 521 952	255 243 429
Income attributable to shareholders	-	-	-	45 996 698	45 996 698
<b>Balance at 30 June 2005</b>	157 596	19 135 049	222 428 832	59 518 650	301 240 127

## SUPPLEMENTARY INFORMATION

### HYPERINFLATION

These financial statements include inflation adjusted information as required by International Accounting Standard 29. The restated financial statements are based on historical financial information. The financial statements have been prepared using the same accounting policies as the previous year. The indices used to restate these financials are given below:

Dates	Index	Conversion factor
30 June 2005	12,354.2	1.0000
31 December 2004	7,028.6	1.7577
30 June 2004	4,674.1	2.6431

	Historical Cost			Inflation Adjusted		
	Audited 6 months 30 June 2005 \$000	Unaudited 6 months 30 June 2004 \$000	Audited Year 31 December 2004 \$000	Audited 6 months 30 June 2005 \$000	Unaudited 6 months 30 June 2004 \$000	Audited Year 31 December 2004 \$000
<b>Capital expenditure</b>	19 046 444	1 606 498	10 587 553	24 597 827	4 824 799	23 662 276
<b>Depreciation charge</b>	1 357 178	677 376	1 668 258	3 726 307	9 849 071	6 356 113
<b>Commitments for capital expenditure</b>						
Contracted for	-	1 335 000	-	-	3 528 563	-
Approved by the Directors but not contracted for	144 000 000	-	-	144 000 000	-	-
	144 000 000	1 335 000	-	144 000 000	3 528 563	-
<b>Short term borrowings</b>						
Other	-	11 800 000	7 800 000	-	31 188 798	13 453 630
	-	11 800 000	7 800 000	-	31 188 798	13 453 630

## COMMENTARY

Relatively stable macro economic conditions in the First Quarter helped grow sales volumes in all product lines. However price increases in the Second Quarter, necessitated by surging stockfeed prices and resurgent inflation, resulted in volume decline during this period. Despite this, local volumes were still some 20% higher over the same period last year. Export margins continue to be marginal, as the movements of exchange rates did not keep pace with the rate of inflation. The recent exchange rate adjustment should however provide relief in this regard.

Stockfeed supply has been erratic and owing to poor climatic conditions the group managed to secure one quarter of its cereal requirements. The deficit is being met by weekly allocations from the Grain Marketing Board. The group records its appreciation to the GMB for its support to the Livestock Industry at this most difficult time.

Opportunities in the beef industry have seen the commencement of a joint venture to establish a commercial beef breeding herd. Over half of the planned 4000 breeding cows have been procured. This project, which is long-term in nature, will add significant value to the group and assist in making Colcom the leading protein company in Zimbabwe.

The Ostrich project remains on schedule and rising Euro prices for ostrich meat have seen a positive contribution to group profits earlier than expected.

The Freddy Hirsch group has performed exceptionally well, despite acute shortages of foreign currency, particularly in the second quarter.

## FUTURE PROSPECTS

Shortages of fuel and other inputs, together with resurgent inflation, will result in difficult trading conditions for all companies. Notwithstanding this, the group is well positioned to take advantage of the many opportunities that exist. The primary focus of the group will be to expand its agricultural operations using the generous facilities offered by the monetary authorities. In tandem with this, is the need to increase efficiencies at all the group's facilities, in order to ensure that the volume growth that has characterised the group over the last year continues into the future.

## YEAR-END

In order to align the financial year-end with the majority shareholder, Innscor Africa Limited, the year-end of the company has been changed from 31 December to 30 June. To give effect to this, the six month period, January 2005 to June 2005, will act as a full financial year. The new financial year commenced on 1 July 2005 and will conclude on 30 June 2006.

## BOARD OF DIRECTORS

The Hon. R J Kaukonde resigned from the Board to allow him to perform his duties as Resident Minister of Mashonaland East Province. The Board thanks him for his efforts during his time with the group and wishes him every success in his new position.

## DIVIDEND

In light of the significant investment and working capital required to expand agricultural operations, your board has deemed it inappropriate to declare a dividend for the period ended 30 June 2005.

## By order of the Board

15 September 2005