

COLCOM Holdings Limited

The Board of Directors of Colcom Holdings Limited is pleased to announce the audited results for the year ended 31 December 2004.

CONSOLIDATED INCOME STATEMENT

	Historical Cost		% change	Inflation Adjusted	
	Audited Year ended 31 Dec 2004 \$000's	Audited Year ended 31 Dec 2003 \$000's		Audited Year ended 31 Dec 2004 \$000's	Audited Year ended 31 Dec 2003 \$000's
TURNOVER	168 460 446	44 362 620	280%	236 030 128	226 413 298
– Local	147 837 231	34 575 160	328%	207 134 917	198 695 396
– Export	20 623 215	9 787 460	111%	28 895 211	27 717 902
Operating income before interest	48 837 741	20 954 047	133%	43 905 205	65 952 527
Net interest payable	(1 667 710)	(4 885 719)	-66%	(2 336 624)	(16 608 526)
Operating income from ordinary activities	47 170 031	16 068 328	194%	41 568 581	49 344 001
Income from – associate	1 827 016	775 172	136%	2 559 836	4 153 033
– joint venture	–	2 717 216	-100%	–	(2 935 393)
	48 997 047	19 560 716	150%	44 128 417	50 561 641
Monetary loss	–	–		(28 033 707)	(15 153 070)
	48 997 047	19 560 716		16 094 710	35 408 571
Taxation	(11 549 200)	(4 153 436)	178%	(7 381 079)	(14 034 322)
Income after taxation	37 447 847	15 407 280	143%	8 713 631	21 374 249
Preference dividend	(5 730)	(8 044)		(5 730)	(18 722)
Income attributable to ordinary shareholders	37 442 117	15 399 236	143%	8 707 901	21 355 527
Shares in issue	157 596	81 124		157 596	81 124
Weighted average shares in issue	125 015	80 486		125 015	80 486
Earnings per share (dollars)	238	190		55	263
Earnings per share – weighted (dollars)	300	191		70	266
Operating income/turnover	28,99%	47,23%		18,60%	29,13%

CASH FLOW STATEMENT

	Historical Cost		Inflation Adjusted	
	Audited Year ended 31 Dec 2004 \$000's	Audited Year ended 31 Dec 2003 \$000's	Audited Year ended 31 Dec 2004 \$000's	Audited Year ended 31 Dec 2003 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income before monetary loss	48 837 741	20 954 047	43 905 205	65 952 527
Monetary loss	–	–	(28 033 707)	(15 153 070)
Non cash items	2 784 418	757 722	12 086 332	10 192 841
	51 622 159	21 711 769	27 957 830	60 992 298
(Increase)/decrease in working capital	(20 789 611)	(16 776 518)	18 638 279	(5 451 757)
Operating cash flow	30 832 548	4 935 251	46 596 109	55 540 541
Net interest	(1 667 710)	(4 885 719)	(2 336 624)	(16 608 526)
Taxation paid	(4 175 714)	(297 038)	(8 059 976)	(6 033 126)
Cash generated from operations	24 989 124	(247 506)	36 199 509	32 898 889
Dividends received	206 099	–	214 084	–
Dividends paid	(5 730)	(238 437)	(13 336)	(2 508 100)
Net cash from operating activities	25 189 493	(485 943)	36 400 257	30 390 789
CASH FLOWS FROM INVESTING ACTIVITIES				
Net expenditure on property, plant equipment and vehicles	(10 412 479)	(5 327 010)	(14 312 362)	(26 084 445)
Decrease/(increase)/ in investments	110 919	(98 237)	258 160	(1 023 953)
Cash cost of business acquired	(5 729 040)	–	(10 035 989)	–
Net cash used in investing activities	(16 030 600)	(5 425 247)	(24 090 191)	(27 108 398)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	19 131 607	3 934	28 473 154	41 029
Short term borrowings raised	2 412 693	4 174 304	(4 738 782)	(7 188 344)
Lease hire rentals and hire purchase installments paid	(2 768 787)	(609 769)	(5 248 443)	(4 194 259)
Net cash used in financing activities	18 775 513	3 568 469	18 485 929	(11 341 574)
Net increase/(decrease) in cash & cash equivalents	27 934 406	(2 342 721)	30 795 995	(8 059 183)
Cash and cash equivalents at beginning of period	(2 155 676)	187 045	(5 017 265)	3 041 918
Cash and cash equivalents at end of period	25 778 730	(2 155 676)	25 778 730	(5 017 265)
Represented by:				
Cash and cash balances	25 778 730	111 109	25 778 730	258 603
Bank overdraft	–	(2 266 785)	–	(5 275 868)
	25 778 730	(2 155 676)	25 778 730	(5 017 265)

BALANCE SHEET

	Historical Cost		Inflation Adjusted	
	Audited 31 Dec 2004 \$000's	Audited 31 Dec 2003 \$000's	Audited 31 Dec 2004 \$000's	Audited 31 Dec 2003 \$000's
ASSETS				
Non-current assets				
Property, plant equipment & vehicles	22 595 700	7 237 361	98 465 281	79 443 110
Associated company	1 690 495	634 125	13 359 494	11 578 285
Investment in joint venture	–	3 010 313	–	17 262 978
Investments	–	110 919	–	258 160
	24 286 195	10 992 718	111 824 775	108 542 533
Current assets				
Stocks and stores	51 506 804	16 550 286	61 655 616	55 495 769
Debtors	14 844 777	7 507 547	14 844 777	17 473 572
Cash resources	25 778 730	111 109	25 778 730	258 603
	92 130 311	24 168 942	102 279 123	73 227 944
Total assets	116 416 506	35 161 660	214 103 898	181 770 477

BALANCE SHEET (continued)

	Historical Cost		Inflation Adjusted	
	Audited 31 Dec 2004 \$000's	Audited 31 Dec 2003 \$000's	Audited 31 Dec 2004 \$000's	Audited 31 Dec 2003 \$000's
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	157 596	81 124	157 596	81 124
Non distributable reserve	22 276 829	232 008	19 135 049	79 914
Adjustments to share capital	–	–	118 228 487	108 886 940
Distributable reserve	54 181 419	16 739 302	7 692 962	(1 014 939)
Shareholders' funds	76 615 844	17 052 434	145 214 094	108 033 039
Minority interest	19 100	19 100	1 278 715	1 278 715
Non-current liabilities				
Deferred taxation	5 129 119	1 237 776	32 958 646	33 235 426
Long term liabilities	–	1 271 411	–	2 959 168
	5 129 119	2 509 187	32 958 646	36 194 594
Current liabilities				
Creditors	21 003 036	4 787 267	21 003 036	11 142 209
Short term borrowings	7 800 000	5 595 075	7 800 000	13 022 355
Bank overdraft	–	2 266 785	–	5 275 868
Taxation	5 843 677	2 926 082	5 843 677	6 810 361
Proposed preference dividend	5 730	5 730	5 730	13 336
	34 652 443	15 580 939	34 652 443	36 264 129
Total equity and liabilities	116 416 506	35 161 660	214 103 898	181 770 477
Long term liabilities/shareholders' funds	0,00%	7,46%	0,00%	2,74%
Net asset value per share (dollars)	486,2	210,2	921,4	1 331,7
Current ratio	2,7	1,6	3,0	2,0

SUPPLEMENTARY INFORMATION

These financial statements include inflation adjusted information as required by International Accounting Standard 29 and 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
31 December 2004	56 753.2	1,0000
31 December 2003	24 384.1	2,3275
31 December 2002	3 489.7	16,2631

	Historical Cost		Inflation Adjusted	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Capital expenditure	10 587 553	6 772 930	13 462 035	31 332 449
Depreciation charge	1 668 258	154 034	10 271 886	8 416 460
Commitments for capital expenditure				
Contracted for	–	–	–	–
Approved but not contracted for	–	–	–	–
	–	–	–	–
Long term borrowings	–	1 271 411	–	2 959 168
Finance lease rentals	–	4 548 717	–	10 586 991
Finance charges allocated to future periods	–	(3 069 538)	–	(7 144 250)
Less: Current portion included in short term borrowings	–	(207 768)	–	(483 573)
Short term borrowings				
Current portion of long term liabilities	–	207 768	–	483 573
Other	7 800 000	7 654 092	7 800 000	17 814 650
	7 800 000	7 861 860	7 800 000	18 298 223

COMMENTARY

The gains made in the second quarter continued for the remainder of the year. As more stable macro economic conditions prevailed, the group was able to grow sales volumes during the period albeit at reduced margins on certain product lines. Key to the volume growth was the group's strategic investment in stockfeeds, which assisted in stabilising prices of pork products. However, beef prices in particular increased dramatically during this period, which has a corresponding effect on producer prices of all other proteins.

Export margins continued to be under pressure as exchange rate movements did not keep up with local inflation. Consequently profitability at the Ruwa EPZ did not match overall group performance.

Triple C Pigs has again produced excellent results, and the quality and consistency of carcass continues to be in high demand in the region.

In a bid to stabilise stockfeed supplies the group embarked together with other stakeholders on a joint venture in supporting new farmers with inputs for Maize and Soya to the tune of \$2,3 billion. It is estimated that the group should secure approximately one third of its cereal and 100% of its Soya requirements through this arrangement.

The Ostrich Breeding Project remains on schedule and positive cash flows from this investment are expected in the 2006 financial year.

Our associate company the Freddy Hirsch Group recorded results in line with group results.

The Rights Issue has successfully recapitalised the group and interest charges have been reduced accordingly.

FUTURE PROSPECTS

The latest monetary and fiscal policies announced recently provide a conducive environment for growth. In response our focus is on growing volumes throughput through our facilities at the lowest possible cost. A more competitive exchange rate would assist this drive, as there is strong regional demand for our products.

Subsequent to the year-end the major shareholders, Innscor Africa Limited, increased their stake in the group to 76% following their offer to minority shareholders. This significant development will add the catalyst to the further growth of the Colcom Group. Key to this growth is investment into the pig industry at primary productive stage so as to regain throughput levels and consolidate the group position as the dominant meat processor in Zimbabwe. Further, the group's strong balance sheet should allow for more investments in stockfeeds, a factor critical to assuring competitive prices for the group's products.

Management is therefore confident that your group is well positioned to face the challenges and take advantage of the opportunities that will arise now and in the future.

DIVIDEND

Cognisant of the significant capital investment and working capital required to expand the pig base, your Board have deemed it prudent not to declare a dividend for the year ended 31 December 2004.

By order of the Board
3 March 2005

T Musikavanhu
Company Secretary