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COMPANY PROFILE

Colcom has its origins in a farmer-owned Co-operative which was set up to assist in the marketing of their pigs. The then Cold Storage Commission (CSC) acted as their agents until the Co-operative's first factory was built on the present site in Harare.

This was followed by further processing, sales and distribution facilities in other centres.

In 1993 it was decided to change from a Co-operative to a public quoted company and Colcom Holdings Limited was successfully floated on the Zimbabwe Stock Exchange.

In addition to refurbishing and updating its existing facilities, Colcom developed new wholesale and retail outlets and entered into an associate venture in Zimbabwe with the Freddy Hirsch Group. The venture manufactures and supplies natural and synthetic sausage casings, ingredients supporting the meat industry, and butchery equipment and provides training for persons in the meat business.

In line with international trends Colcom also vertically integrated its operations in 1998 in a world class state of the art joint venture pig unit, Triple C Pigs, which has a 2,200 sow breeding herd. Operated under stringent bio-security and utilizing the latest genetics and management techniques, Triple C Pigs supplies 920 pigs per week to Colcom and became wholly owned by Colcom in 2004.

In late 2001 Colcom acquired Danmeats, which had modern meat processing facilities and cold rooms and a reputation for quality processed products. The inherent synergies between Colcom and Danmeats led to a significant rationalisation process. This facility is currently being moth-balled due to viability concerns.

Colcom has been diversifying its activities in recent years. These include changing the slaughter line to beef in Bulawayo and the initiation of Associated Meat Packers (AMP) to process this diversification, as well as other meats. The emphasis is on tailor-made bulk order business, marketed under "Butchers Best".

Colcom itself is a long established household brand name in Zimbabwe, synonymous with quality and hygiene. Together with Danmeats, these brands have developed a fine reputation in export markets in central and southern Africa. Exports were based on a combination of strict veterinary standards and controls, export rated factory facilities and high temperature cooking of processed and canned products.

Pig based products include fresh pork, hams, bacons, fresh and cooked sausages, pies, cold meats, polonies and canned products. Cognisant of differing market requirements a "Value Brand" group of products has been developed. A range of

fresh and processed beef based products are produced and the company's wholesale and retail outlets, (renamed Colcom Pork Shop) sell other meat protein foods as well.

Innsco Africa is the majority shareholder in Colcom Holdings Limited with 79.27%. This relationship has proved to be mutually beneficial.

The Colcom Holdings Limited Group restructured in 2005/6, resulting in the creation of autonomous business units and some joint ventures. Restructuring facilitated streamlining and more focus on various aspects of the business.

MISSION STATEMENT

OUR MISSION

Great Food, Great Taste, Great Value By

- Great Brands
- Great Manufacturing Practice
- Great Distribution
- Great Customer Care

OUR VISION

To be the leading and most profitable Fast Moving Consumer Goods company in Zimbabwe.

OUR VALUES

Quality and Hygiene

To maintain the highest level of hygiene and quality in all we do, ensuring our customers receive products that exceed their expectations.

Customer Care

To deliver customer satisfaction by providing high quality products and excellent service.

Teamwork

To actively encourage participation from, and teamwork between, all employees.

Environment

To create a positive and encouraging environment where all employees are respected, and treated fairly and equally.

Innovation

To encourage creativity and learning to promote dynamic service and product delivery.

Business Appreciation

To ensure employee awareness of our business, structures and policies.

Accountability and Empowerment

To empower our employees allowing pro-activity and decision making, whilst promoting responsibility and accountability.

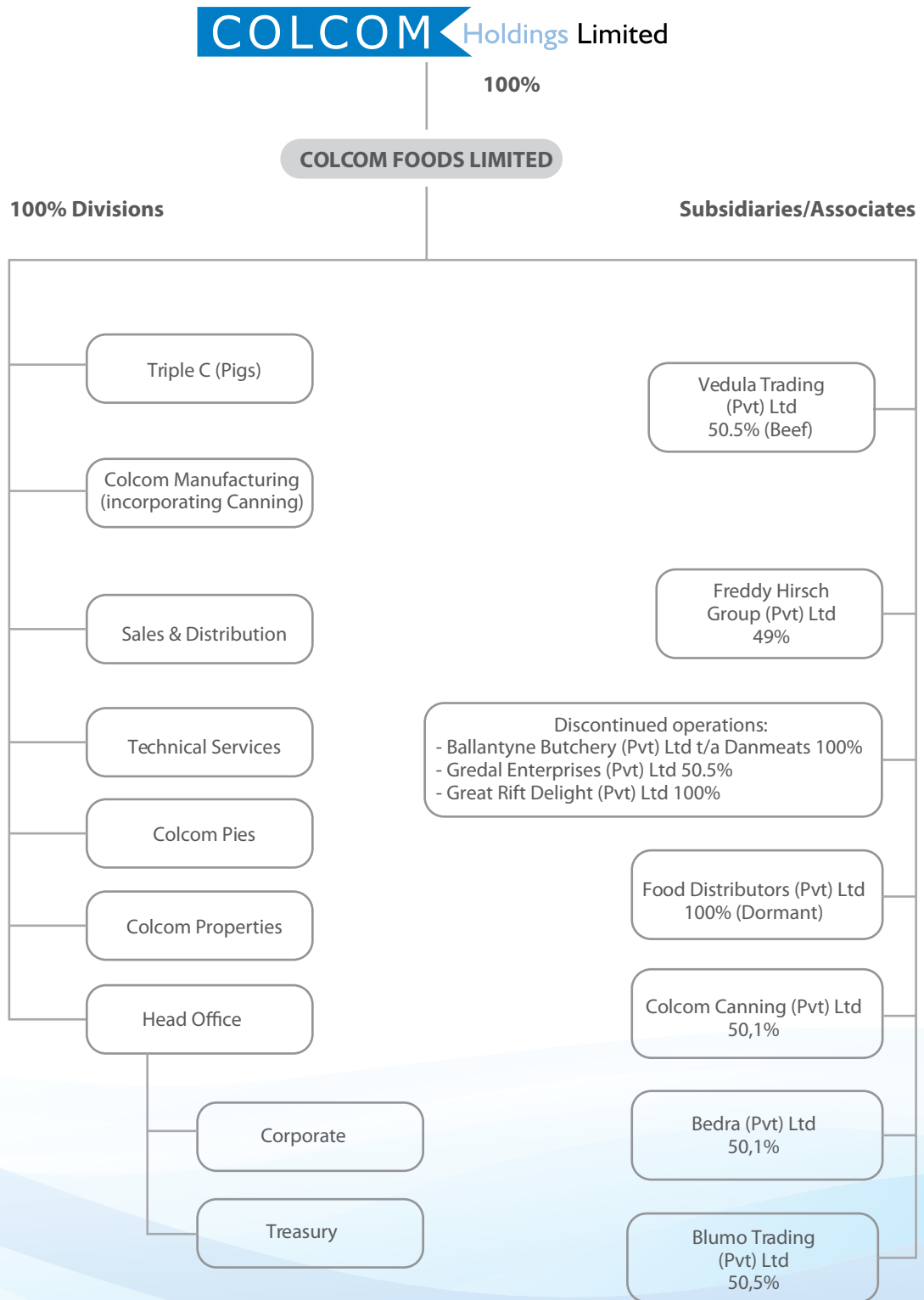
Reward Performance

To recognise and reward employees appropriately, and in relation to overall wealth generation for all stakeholders.

Open Communication

To support open communication and allow information and ideas to flow across all levels.

GROUP STRUCTURE



FINANCIAL HIGHLIGHTS

for the year ended 30 June 2011

	Group	
	2011 USD	2010 USD
Consolidated results		
Revenue	46,200,305	41,882,636
Profit for the year	4,656,414	4,729,662
Total assets	32,320,734	29,931,216
Operating cashflow	5,098,508	3,827,171
Capital expenditure	2,700,024	1,734,544
Ordinary share performance		
Basic earnings per share- cents	3.12	2.82
Net assets per share- cents	14.55	12.92
Market price per share - year end- cents	42.00	25.00
Financial ratios		
Gearing ratio %	10.5%	11.4%
Interest cover (times)	55	67
Return on investment %	22%	23%

DIRECTORATE, EXECUTIVE MANAGEMENT AND CORPORATE INFORMATION

BOARD OF DIRECTORS

NON - EXECUTIVE

R.E. Davenport (Chairman)
T.W. Brown
P. Chapendama (Mrs)
C. Davenport
D. Long
J.P. Schonken

EXECUTIVE

T.T. Kumalo
K. Horonga
N. Adams

BOARD COMMITTEES

Audit Committee

P. Chapendama (Chairperson)
T.T. Kumalo
J.P. Schonken

Remuneration Committee

R.E. Davenport (Chairman)
T.W. Brown
T.T. Kumalo

SENIOR MANAGEMENT

Theophilus Kumalo	Group Chief Executive Officer
Kenias Horonga	Group Finance Director
Norita Adams	Group Sales and Marketing Director
Portia Marufu	Group Company Secretary/Treasurer
Zvitendo Matsika	Group Human Resources Executive
Mandy Mutiro	Group Finance Manager
Tonderayi Nyayera	Chief Engineer - Colcom Services
Jan Van As	Chief Executive - Manufacturing
Ian Kennaird	Chief Executive - Triple C Pigs
Lester Jones	Chief Executive - Vedula Trading t/a Associated Meat Packers

Secretary

P. Marufu (Mrs)

Auditors

Ernst & Young
Chartered Accountants (Zimbabwe)

Principal Bankers

FBC Bank Limited
MBCA Bank Limited
CBZ Bank Limited
Standard Chartered Bank Limited

Registered office

1/3 Coventry Road
Workington
(P O Box 2474)
Harare
Zimbabwe
Fax No : 263-4-750723
Tel No : 263-4-751051/9
Website: www.colcomfoods.com

Transfer Secretaries

Corpserve (Private) Limited
4th Floor Intermarket Centre
Cnr First Street/Kwame Nkrumah Avenue
Harare
Zimbabwe
Tel No : 263-4-758193

CHAIRMAN'S STATEMENT

INTRODUCTION

Although the country has had a relatively long period of economic stability, the market is still experiencing liquidity challenges which are limiting consumer spending power and aggregate demand. The recent 2011 Mid-term Fiscal Policy Review has shown that Government is prepared to tackle some of the issues affecting the economy and this will hopefully see some sustained economic growth going forward. During the period under review, the Group continued to show both pleasing profitability growth and cash generation.

FINANCIAL REVIEW

The financial year ending 30 June 2011 provides the first period after dollarisation where comparative figures for the statement of comprehensive income, the statement of cash flows and statement of changes in equity are meaningful. As such, the Group has posted some pleasing results for the period under review.

During the period, the Group achieved revenue of USD46.2 million, which represented a 10% increase from prior year. Margins were impacted by utility cost increases as well as an inefficient and outdated meat utilisation monitoring system which had allowed for weaknesses in the control systems. The installation of a new system helped to improve manufacturing processes in the second half of the year. Profit before taxation increased by 5% to USD6.1 million albeit showing a declining margin from 13.8% to 13.1%. Basic earnings per share for the year amounted to 3.12 US cents. The Group generated USD3.4 million from operations, and from this invested USD2.7 million into capital expenditure of which USD1.6 million was for expansion projects.

OPERATIONAL REVIEW

Pork Business

Animal performance at Triple C continued at a high level resulting in a 4% increase in live weight produced. The genetics renewal programme was hampered by the outbreak of foot and mouth disease in South Africa which resulted in a temporary ban on the exportation of live animals from that country. Subsequent to year-end, the ban was lifted and the programme resumed. Stockfeed supply was adequate throughout the year under review. Automatic feeding systems were installed towards the end of the financial year and this will enhance the efficient utilisation of feed.

The programme to upgrade equipment in the factory continued, and this together with increased throughput saw improvements in overhead absorption and efficiencies taking place. Pork sales volumes increased by 7% against prior year, enhanced by new products introduced during the course of the year.

The Pies and Canning divisions' performances were affected by reduced margins and some operational inefficiencies. These two Divisions were subsequently restructured back into the Manufacturing Division to rationalise operations.

Other Business

The Associated Meat Packers unit continued to grow volumes in the second half of the year resulting in an overall 29% revenue growth year-on-year. Profitability at the unit was also impacted by utility cost increases resulting in reduced profit margins. The Group's associate company, Freddy Hirsch Zimbabwe, also performed well and contributed positively to the overall results.

FUTURE PROSPECTS

The Group's emphasis to improve operational efficiencies throughout the entire supply chain is beginning to bear fruit. The real-time meat utilisation and tracking system is now fully operational and benefits in the form of improved stock control and yield management have already begun to show. The refrigeration systems in the factory are currently being upgraded, whilst new technology in sausage production is also being installed, enhancing production capacity. These initiatives, together with the strong Colcom brand, will see continued growth in profitability in the forthcoming financial year.

DIRECTORATE

Mr Gavin Sainsbury, the former Group Chief Executive Officer, resigned from the Board with effect from 31 December 2010 after serving the Group for 12 years. The Board expresses its sincere gratitude for his positive contribution during the term of his office.

Mr Theophilus Kumalo was appointed Group Chief Executive Officer with effect from 1 January 2011, whilst Mrs Norita Adams was appointed to the Board in the role of Group Sales and Marketing Director with effect from the same date.

APPRECIATION

I would like to express my thanks to the Group Chief Executive, Theo Kumalo, my Board colleagues, management and staff for their sterling effort and support during the year in producing these excellent results.



R E Davenport
CHAIRMAN

11 October 2011

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

As recorded in the financial statements the Directors recognise that they are responsible for the preparation and integrity of the Company's financial and non-financial reporting.

In order to fulfil this responsibility, a system of internal accounting controls has been developed and continues to be maintained. There are limits inherent in all systems of internal control based on the recognition that the costs of such systems should be related to the benefits to be derived. We believe the Group's systems provide this appropriate balance.

The annual financial statements have been examined by the Group's external auditors and their report is presented on page 13.

The Directors, after reviewing the Company's financial projections, have no reason to believe that the Company will not continue as a going concern in the year ahead.

AUDIT COMMITTEE

The Company has an audit committee comprising representation by non-executive Directors and is chaired by a non-executive Director. The external auditors have unrestricted access to the committee and in addition, a representative attends all audit committee meetings. The audit committee meets three times a year. The committee reviews the effectiveness of internal controls in the Group with reference to the findings of internal and external auditors. Other areas covered include the review of important accounting issues, specific disclosures in the financial statements, financial reports and major audit recommendations.

DIRECTORATE AND EXECUTIVE MANAGEMENT

The Board of Directors includes non-executive Directors who are chosen for their business skills and acumen and whose number is sufficient for their views to carry weight in the Board's decision. The Chairman is a non-executive member of the Board.

The Board meets regularly to review strategy, operational performance, acquisition and disposal of assets, pig producer and other stakeholder issues as well as any material matters relating to the achievement of the Company's objectives. The Board is also responsible for monitoring the performance of executive management.

All Directors have access to the advice and services of the Company Secretary and in appropriate circumstances, at the Company's expense, may seek independent professional advice concerning its affairs.

REMUNERATION COMMITTEE

The Company has a remuneration committee which consists mainly of non-executive Directors. The committee is responsible for the review and approval of remuneration and terms of employment of executive Directors and executive management and this is chaired by a non-executive director.

MANAGEMENT REPORTING

There are comprehensive management reporting disciplines in place which include the preparation of annual targets. Monthly results are reported against approved targets and compared to the previous year. Profit forecasts are updated regularly and working capital requirements and borrowings are monitored on an ongoing basis.

ETHICS

Directors and employees are required to conduct all business affairs in accordance with the highest ethical standards. In this regard, the Company has implemented a formal Code of Ethics.

EQUAL OPPORTUNITY

The Group is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender.

EMPLOYEE PARTICIPATION

The Group employs a variety of participative structures to deal with issues which affect employees directly and materially which includes collective bargaining mechanisms and a Workers' Committee, structures to drive productivity improvements etc. They are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

RATIOS AND STATISTICS

Group

	June	June 2011	June 2010	2009
PROFITABILITY				
Operating margin	(%)	12	13	11
Return on investment	(%)	22	23	6
Return on net worth	(%)	20.66	24.07	15.84
Effective tax rate	(%)	23.11	19.33	(46.60)
SOLVENCY				
Financing ratio	(%)	70	66	63
Total liabilities/total assets	(%)	28	31	34
Interest-bearing debt	(USD)	2,429,406	2,341,402	602,525
Gearing ratio	(%)	10.5	11.4	3.6
Interest cover	(times)	55	67	897
LIQUIDITY				
Current ratio	(times)	3.0	3.0	2.3
Acid test ratio	(times)	1.5	1.7	1.3
Operating cash inflow	(USD)	5,098,508	3,827,171	353,743
ACTIVITY				
Net asset turnover	(times)	0.58	0.59	0.99
Net current asset turn (excluding short term loans)	(times)	0.61	0.62	1.02
Total asset turnover	(times)	0.70	0.71	1.27
PRODUCTIVITY				
Turnover per employee	(USD)	41,177	35,524	16,230
ORDINARY SHARE PERFORMANCE				
Number of ordinary shares in issue		159,040,884	159,040,884	157,595,884
Weighted average shares in issue		159,040,884	158,474,761	157,595,884
Basic earnings per share	Cents	3.12	2.82	0.59
Earnings yield	(%)	1,346	886	5,639
Dividend per share	Cents	1.04	1.25	-
Dividend cover	(times)	3	2	-
Dividend yield	(%)	2.5	5.0	-
Price earnings ratio	(times)	13.5	8.9	56.4
Net asset value per share	USD	0.15	0.3	0.10
Net Operating cash flow per share	USD	0.03	0.02	0.00
Market capitalisation	USD	66,797,171	39,760,221	52,006,642
Market value per share	Cents	42	25	33
OTHER				
Number of employees		1,122	1,179	1,216
Number of shareholders		2,336	2,408	2,363

RATIOS AND STATISTICS (continued)

DEFINITIONS

Operating margin

Income from operations as a percentage of turnover.

Return on investment

Profit for the year attributable to equity holders of the parent as a percentage of equity attributable to equity holders of the parent

Financing ratio

Shareholders' funds as a percentage of total assets.

Interest cover

Profit before tax before interest payable, divided by interest payable

Gearing ratio

Interest-bearing debt as a percentage of shareholders' funds.

Operating cash flow

Net cash from operating activities before interest and tax.

Net operating cash flow per share

Net operating cash flow divided by the number of ordinary shares in issue

Headline earnings

Income attributable to shareholders excluding unusual or non-recurring items.

Net asset value per share

Shareholders' funds divided by number of shares in issue at year end.

Price earnings ratio

Market price at year end divided by earnings per share.

Current Ratio

Current assets divided by current liabilities

Acid test ratio

Current assets less stock and biological assets, divided by current liabilities

Dividend cover

Earnings per share divided by dividends per share.

Dividend yield

Dividend per share as a percentage of market price per share at year end

Earnings yield

Market price at year end as a percentage of earnings per share.

Return on networth

Profit for the year as a percentage of equity attributable to holders of the parent

Net asset turnover

Total assets less current liabilities divided by turnover

Net current asset turn

Total assets less current liabilities other than borrowings divided by turnover

Turnover per employee

Turnover divided by number of employees

Market capitalisation

Market value per share times number of shares in issue

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report, together with the audited financial statements for the year ended 30 June 2011.

Nature of business

The Company is listed on the Zimbabwe Stock Exchange and is engaged in the processing and marketing of pork and food products.

Share capital

The authorised share capital of the Company was 200 000 000 ordinary shares. The issued share capital was 159 040 884 ordinary shares.

Reserves

The current year movement in the reserves of the Group are shown in the Consolidated Statement of Changes in Equity and in the Notes to the Financial Statements.

Group results

	2011 USD	2010 USD
Profit before taxation	6,056,169	5,786,848
Taxation	(1,399,755)	(1,057,186)
Profit for the year	<u>4,656,414</u>	<u>4,729,662</u>
Non-Controlling Interest	<u>307,687</u>	<u>(256,014)</u>
Profit attributable to equity holders of the parent	<u><u>4,964,101</u></u>	<u><u>4,473,648</u></u>

Dividends

An interim dividend of 0.50 US cents per share was paid during the year. A final dividend of 0.54 US cents per share was declared and paid after year end, bringing the total dividend paid out of the profits for the year ended 30 June 2011 to 1.04 US cents per share.

Directors

Mr G A Sainsbury, the former Group Chief Executive Officer, resigned from the Board with effect from 31 December 2010 after serving the Group for 12 years. The Board expresses its sincere gratitude for his positive contribution during his term of office.

Mr Theophilus Kumalo was appointed Group Chief Executive Officer with effect from 1 January 2011, whilst Mrs Norita Adams was appointed to the Board in the role of Group Sales and Marketing Director with effect from the same date.

Messrs T Brown, J P Schonken and Mrs P Chapendama retire from the Board by rotation. Being eligible, they offer themselves for re-election.

Directors' Fees

Members will be asked to approve the payment of Directors' fees in respect of the year ended 30 June 2011.

Auditors

Members will be asked to re-appoint Ernst and Young as Auditors to the Company for the ensuing year.

By order of the board

11 October 2011



P MARUFU
Company Secretary

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors of the Colcom Holdings Limited are required by the Companies Act to maintain adequate accounting records and to prepare financial statements for each financial year that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cashflows for the period in line with International Financial Reporting Standards. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used and consistently applied, and reasonable and prudent judgments and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. Colcom maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which includes assessments of the relevant strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of Colcom it may be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the Directors in respect of the period under review.

The financial statements for the year ended 30 June 2011, which appear on pages 14 to 42, were approved by the Board of Directors and are signed on its behalf by:



R Davenport
Chairman



T T Kumalo
Group Chief Executive Officer

Harare
11 October 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COLCOM HOLDINGS LIMITED

We have audited the financial statements of Colcom Holdings Limited as set out on pages 14 to 42, which comprise the statement of financial position at 30 June 2011 and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96). The responsibility includes: designing, implementing and maintaining internal controls 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 these 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 the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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 judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the overall presentation of the financial statements.

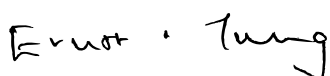
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Colcom Holdings Limited at 30 June 2011, and its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards.

Report on the other legal and regulatory requirements

In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young
Chartered Accountants (Zimbabwe)
HARARE
11 October 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Notes	Group	
		2011 USD	2010 USD
Revenue	3	46,200,305	41,882,636
Cost of sales		(23,218,476)	(21,236,274)
Gross profit		22,981,829	20,646,362
Other income	4.4	1,553,424	1,430,048
Distribution and selling costs		(1,532,507)	(1,433,871)
Administration expenses		(11,027,347)	(9,424,738)
Other operating expenses		(6,337,079)	(5,671,067)
Operating profit	4	5,638,320	5,546,734
Net finance income	5	169,559	16,052
Share of profit from associates	6	248,290	224,062
Profit before taxation		6,056,169	5,786,848
Taxation	7	(1,399,755)	(1,057,186)
Profit for the year		4,656,414	4,729,662
Other comprehensive income		-	-
Total comprehensive income		4,656,414	4,729,662
Attributable to:			
Equity holders of the parent		4,964,101	4,473,648
Non-Controlling Interests		(307,687)	256,014
		4,656,414	4,729,662
Basic and diluted earnings per share- cents	9	3.12	2.82
Headline earnings per share- cents	9	2.96	2.81

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2011

	Notes	Group			Company		
		2011 USD	2010 USD	2009 USD	2011 USD	2010 USD	2009 USD
ASSETS							
Non-current assets							
Property, plant and equipment	11	14,474,145	13,284,170	12,352,386	-	-	-
Investment in subsidiary		-	-	-	1,575,959	1,575,959	1,575,959
Investments in associated companies	12	634,693	425,603	278,764	-	-	-
		<u>15,108,838</u>	<u>13,709,773</u>	<u>12,631,150</u>	<u>1,575,959</u>	<u>1,575,959</u>	<u>1,575,959</u>
Current assets							
Biological assets	13	2,303,050	2,208,182	1,942,793	-	-	-
Inventories	14	6,519,834	5,131,557	3,566,182	-	-	-
Accounts receivable	15	4,157,261	4,118,505	2,660,943	14,450	14,450	-
Other investments	16	86,206	647	114,786	-	-	-
Cash and cash equivalents	17	4,145,545	4,762,552	1,106,913	-	-	-
		<u>17,211,896</u>	<u>16,221,443</u>	<u>9,391,617</u>	<u>14,450</u>	<u>14,450</u>	<u>-</u>
Assets of disposal group classified as held for sale	8	-	-	3,029,863	-	-	-
		<u>17,211,896</u>	<u>16,221,443</u>	<u>12,421,480</u>	<u>14,450</u>	<u>14,450</u>	<u>-</u>
		<u>32,320,734</u>	<u>29,931,216</u>	<u>25,052,630</u>	<u>1,590,409</u>	<u>1,590,409</u>	<u>1,575,959</u>
Total assets							
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	18	1,590,409	1,590,409	-	1,590,409	1,590,409	-
Non-distributable reserves	20	8,972,075	8,972,075	10,548,034	-	-	1,575,959
Distributable reserves		11,979,837	9,083,268	5,325,304	-	-	-
Equity attributable to equity holders of the parent		<u>22,542,321</u>	<u>19,645,752</u>	<u>15,873,338</u>	<u>1,590,409</u>	<u>1,590,409</u>	<u>1,575,959</u>
Non-Controlling Interests		600,597	908,284	652,270	-	-	-
Total Equity		<u>23,142,918</u>	<u>20,554,036</u>	<u>16,525,608</u>	<u>1,590,409</u>	<u>1,590,409</u>	<u>1,575,959</u>
Non-current liabilities							
Deferred taxation	21	2,691,410	2,869,787	3,040,957	-	-	-
Long term borrowings	22	586,992	1,124,840	-	-	-	-
		<u>3,278,402</u>	<u>3,994,627</u>	<u>3,040,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities							
Accounts payable	23	4,019,111	3,820,393	2,276,329	-	-	-
Short term borrowings	24	1,842,414	1,216,562	602,525	-	-	-
Taxation		37,889	345,598	61,816	-	-	-
		<u>5,899,414</u>	<u>5,382,553</u>	<u>2,940,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities directly associated with the assets classified as held for sale	8	-	-	2,545,395	-	-	-
		<u>5,899,414</u>	<u>5,382,553</u>	<u>5,486,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>32,320,734</u>	<u>29,931,216</u>	<u>25,052,630</u>	<u>1,590,409</u>	<u>1,590,409</u>	<u>1,575,959</u>
Total equity and liabilities							

DIRECTORS



 R Davenport
Harare
11 October 2011



TT Kumalo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	Share capital	Non-distributable reserves	Distributable reserves	Total	Non-controlling interest	Total
	USD	USD	USD	USD	USD	USD
GROUP						
Balance at 30 June 2009	-	10,548,034	5,325,304	15,873,338	652,270	16,525,608
Transfer of reserves to share capital	1,575,959	(1,575,959)	-	-	-	-
Issue of shares	14,450	-	-	14,450	-	14,450
Total comprehensive income	-	-	4,473,648	4,473,648	256,014	4,729,662
Dividends paid	-	-	(715,684)	(715,684)	-	(715,684)
Balance at 30 June 2010	1,590,409	8,972,075	9,083,268	19,645,752	908,284	20,554,036
Total comprehensive income	-	-	4,964,101	4,964,101	(307,687)	4,656,414
Dividends paid	-	-	(2,067,532)	(2,067,532)	-	(2,067,532)
Balance at 30 June 2011	1,590,409	8,972,075	11,979,837	22,542,321	600,597	23,142,918

COMPANY

Balance at 30 June 2009	-	1,575,959	-	1,575,959	-	1,575,959
Transfer of reserves to share capital	1,575,959	(1,575,959)	-	-	-	-
Issue of shares	14,450	-	-	14,450	-	14,450
Balance at 30 June 2010 and 30 June 2011	1,590,409	-	-	1,590,409	-	1,590,409

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2011

		Group	
	Notes	2011 USD	2010 USD
OPERATING ACTIVITIES			
Profit before interest and tax adjusted for non-cash items	25	6,460,278	6,405,568
Net increase in working capital	26	(1,361,770)	(2,578,397)
Operating cash flow		5,098,508	3,827,171
Net finance income		169,559	16,052
Taxation paid	27	(1,885,841)	(779,793)
<i>Net cashflows from operating activities</i>		<u>3,382,226</u>	<u>3,063,430</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment			
- replacement		(1,111,504)	(1,278,511)
- expansion		(1,588,520)	(456,033)
Proceeds on disposal of property, plant and equipment		726,670	60,263
Proceeds from disposal of non-current biological assets		-	836,156
Purchase of non-current biological assets		-	-
Purchase of quoted investments		(86,206)	-
Dividends received from associate		39,200	-
Proceeds on disposal of investments		655	207,152
<i>Net cashflows used in investing activities</i>		<u>(2,019,705)</u>	<u>(630,973)</u>
FINANCING ACTIVITIES			
Issue of shares		-	14,450
Proceeds from borrowings		1,388,246	2,921,133
Repayment of borrowings		(1,300,242)	(1,182,256)
Dividends paid		(2,067,532)	(715,684)
<i>Net cashflows (used in)/from financing activities</i>		<u>(1,979,528)</u>	<u>1,037,643</u>
Net(decrease)/ increase in cash and cash equivalents		(617,007)	3,470,100
Cash and cash equivalents at the beginning of the year	17	4,762,552	1,292,452
Cash and cash equivalents at the end of the year	17	<u>4,145,545</u>	<u>4,762,552</u>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company and its subsidiaries are incorporated in Zimbabwe. The Group's main activity is the production, processing and marketing of pork and food products.

The consolidated financial statements of Colcom Holdings Limited for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 11 October 2011. Colcom Holdings Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange.

2. STATEMENT OF COMPLIANCE

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, promulgated by the International Accounting Standards Board (IASB).

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for biological assets which are stated at fair value.

Transition to IFRS

The Group is resuming presentation of IFRS financial statements after early adoption of Revised IFRS1 First-time Adoption of International Financial Reporting Standards issued on 20 December 2010. The Group failed to present IFRS compliant financial statements for the financial year ended 30 June 2009 due to the effects of severe hyperinflation exemption.

The effect of the application of this amendment is to render the opening statement of financial position, prepared on 30 June 2009 (date of transition to IFRS) IFRS compliant. The opening statement of financial position was reported in the prior year as not being compliant with International Accounting Standards (IAS) 21 The Effects of Changes in Foreign Exchange Rates and IAS29 Financial Reporting in Hyperinflationary Economies. The Group's previous functional currency, the Zimbabwe dollar (ZW\$), was subject to severe hyperinflation before the date of transition to IFRS because it had both the following characteristics:

- a) a reliable general price index was not available to all entities with transactions and balances in ZW\$; and
- b) exchangeability between the ZW\$ and a relatively stable foreign currency did not exist.

The Group changed its functional currency to United States dollar (US\$) with effect from 1 February 2009 and adopted 30 June 2009 as the effective date of transition to reporting in terms of International Financial Reporting Standards.

Deemed cost exemption

The Group elected to measure certain items of property, plant and equipment, trade and other receivables, inventories and trade and other payables at fair value and to use the fair values as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

Comparative financial information

The financial statements comprise three statements of financial position, two statements of comprehensive income, changes in equity and cashflows as a result of the retrospective application of the Amendments to IFRS1.

Reconciliation of previously prepared financial statements to IFRS compliant financial statements

In preparing its opening IFRS statement of financial position, the Group has not adjusted amounts previously determined in accordance with the Guidance on Change in Functional Currency 2009. As amounts have not changed, reconciliations have not been presented.

Basis of Consolidation

The consolidated financial statements consist of the financial statements of Colcom Holdings Limited and its subsidiaries, as at 30 June 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2.2 Changes in accounting policy and disclosures

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2010:

IFRIC 19 Extinguishing Financial Liabilities with equity instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

IAS 24 Related Party Disclosures (Amendment)

This amendment clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

IFRS 5 Non-current assets Held For Sale and Discontinued Operations (effective from 1 January 2010) This clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The standard did not impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial statements (effective from 1 January 2010)

This amendment clarifies that the terms of a liability that could at any result in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its current or non-current classification.

IFRS 3 Business Combinations (effective from 1 January 2010)

Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. The amendment clarifies that the amendments to IFRS 7 Financial instruments: Recognition and Measurement, that eliminate the exemption of contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applied retrospectively.

The amendments also limits the scope of the measurement choices only to the components of non-controlling interests which entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation. Other opponents of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

2.3 Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments where relevant resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Issued in May 2008

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position or financial performance of the Group.

Issued in April 2009

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** clarifies that the disclosures required in respect of non-current assets and disposal Groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The standard is not relevant to the Group and did not impact on the financial position or performance of the Group.

- **IFRS 8 Operating Segments:** clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 5.

- **IAS 7 Statement of Cash Flows:** States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent

NOTES TO THE FINANCIAL STATEMENTS (continued)

consideration on the business combination completed in 2010 upon cash settlement.

- IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Issued in April 2009

- IFRS 2 Share-based Payment
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 34 Interim Financial Reporting
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

2.4 Standard and Interpretations in issue not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

IAS 1 Financial Statement Presentation (Amendment)
The amendment is effective for annual periods beginning on or after 1 January 2012 and requires that items of other comprehensive income be grouped in

Items that would be reclassified to profit or loss at a future point and items that will never be reclassified. This amendment only affects the presentation in the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment, derecognition and hedge accounting.

The completion of this project is expected during 2011. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, it is not practical to quantify the effect.

IFRS 10 Consolidated Financial Statements; IFRS 11 joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The changes will require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are within a group.

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings which may create some confusion as to whether there are significant changes. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which is accounted for on the equity method (no more proportional consolidation).

NOTES TO THE FINANCIAL STATEMENTS (continued)

IFRS 12 includes all the disclosures that were previously in IAS 27 related to consolidated financial statements as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investments in Associates. A number of new disclosures are also required. The Group will need to consider the new definition of control to determine which entities are controlled or jointly controlled and then to account for them under the new standards.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement when fair value is required or permitted by IFRS, IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Group will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Group 1 July 2013.

IFRS 10, 11, 12 and 13 will be effective for the Group 1 July 2013.

Improvements to IFRSs (issued in May 2010)

The IASB issued improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after 1 January 2011.

IFRS 7 Financial Instruments : Disclosures

IAS 1 Presentation of Financial Statements

IAS 34 Interim Financial Reporting

IFRIC 13 Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other value added taxes or duty. The following specific recognition criteria must always be met before revenue is recognised:

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Other income:

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the lease term.

Investments in associates

The Group's investment in the associate is accounted for using the equity method of accounting. The associate is an entity in which the Group exercises significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is initially carried at cost. Subsequently, the investment in associate is carried at cost plus post-acquisition changes in the Group's share of the reserves of the associate less dividends received from the associate. Goodwill relating to an associate is included in the carrying amount of the investment. The statement of comprehensive income reflects the share of profits after tax of the associate attributable to the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit in associate" in the statement of comprehensive income.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered

NOTES TO THE FINANCIAL STATEMENTS (continued)

through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income prior year comparative, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment once classified as held for sale are not depreciated.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency translation

The Group's financial statements are presented in United States dollars, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date and all differences are taken to profit or loss. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined.

Taxes

Current Income Tax

Current assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit

NOTES TO THE FINANCIAL STATEMENTS (continued)

will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Value Added Tax included. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost include the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment

losses. Depreciation is calculated on a straight line basis over the expected useful lives of the assets such that the cost is brought to the residual values of the assets. The various rates of depreciation are listed below:

Furniture, fittings and equipment	20%
Plant and machinery	3%-20%
Buildings and improvements	2.5%-20%
Motor vehicles	10%-30%

The carrying values of property, plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The assets residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and adjusted if necessary, on an annual basis.

Impairment of assets

The Group assesses impairment of assets at each reporting date, or whenever there are indications that impairment exists. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use. Where the assets carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of time value of money and the risks peculiar to the asset. Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

At each reporting date, the Group assesses whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not

NOTES TO THE FINANCIAL STATEMENTS (continued)

occurred. Such reversal is taken to the statement of comprehensive income. After the reversal, the depreciation charged is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Biological assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group are cattle and pigs. At initial recognition, biological assets are valued at fair value. Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Changes in the carrying value of biological assets are taken directly to the statement of comprehensive income.

Financial assets

Financial assets include trade and other accounts receivable, cash and cash equivalents and investments.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in financial income.

Financial assets may be designated at initial recognition as at fair value through profit and loss if the following criteria are met:

- (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) the financial asset contains an embedded derivative that would need to be separately recorded. Investments in equity instruments held by the Group at year end are classified as financial assets at fair value through profit and loss.

Subsequent measurement

After initial measurement, financial assets through profit and loss are subsequently measured at fair value with realised gains or losses recognised as comprehensive income in financial income. Fair value is based on price quotations at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Trade and other accounts receivable

Trade and other accounts receivable are measured at fair value. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts. Allowances for credit losses are made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are written off when identified.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cashflows of the financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any certain reimbursements.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a borrowing cost

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Financial liabilities

Financial liabilities include trade and other accounts payable and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest rate method and amortisation process. Gains or losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Retirement benefits

Retirement benefits are provided for Group employees through various independently administered defined contribution pension schemes, including the National Social Security Authority.

The group's contributions to the defined contribution plan are charged to the statement of comprehensive income in the year in which they relate. The cost of retirement benefits applicable to the National Social Security Authority is determined by the systematic recognition of legislated contributions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads related to stage of manufacture. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs of completion and the estimated costs necessary to make the sale.

Investments in Subsidiaries

Investments in subsidiaries in the company statement of financial position are stated at cost.

Operating lease commitments- Group as lessor

The Group has commercial property lease on its owner occupied property. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the property, and so accounts for the contract as operating lease. Income from operating lease is recognised on a straight line basis over the lease term.

2.6 Significant accounting judgments, estimates and assumptions

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

(1) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. No changes to the useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

(2) Fair valuation of biological assets

The Group estimates the slaughter weights of the pig grower herd based on a 21 week profile. Pigs aged between 0 - 5 weeks are not fair valued and are stated at nil value at the reporting date. The Group also estimates average slaughter weights for the breeding herd. The average live weight of cattle is used in determining fair value. Biological assets are valued at a price determined on the local market.

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Group	
		2011 USD	2010 USD
3.	REVENUE		
	In respect of sale of goods:		
	Local	46,200,305	41,874,741
	Export	-	7,895
		46,200,305	41,882,636
4	OPERATING PROFIT		
	Operating profit is arrived at after taking into account the following:		
4.1	Auditors remuneration		
	Current year	122,573	92,186
	Prior year under provision	12,781	1,109
		135,354	93,295
4.2	Depreciation on property, plant and equipment		
	Depreciation - current year	1,033,640	938,811
4.3	Staff costs		
	- Salaries and wages	9,195,337	7,776,075
	- Social security costs	91,346	110,502
	- Pension costs	347,024	239,348
		9,633,707	8,125,925
4.4	Other income		
	Slaughter and storage fees	170,125	22,516
	Profit on disposal of investments	(7)	15,137
	Exchange gains	15,096	120,725
	Profit on sale of property, plant and equipment	250,264	18,322
	Fair value adjustments : Livestock	13,604	221,874
	Fair value gains on financial assets at fair value through profit or loss	-	360
	Rental income	293,359	190,484
	Consignment profit	216,422	178,520
	Sundry income	594,561	662,110
		1,553,424	1,430,048
5	NET FINANCE INCOME		
	Interest receivable	282,538	103,567
	Interest payable	(112,979)	(87,515)
		169,559	16,052
	All interest payable is on short term and long term bank loans.		
6	SHARE OF PROFIT FROM ASSOCIATES		
	Associated companies	248,290	224,062
7	TAXATION		
	Income tax charge		
	Current income tax charge	1,578,132	1,063,575
	Deferred tax credit	(178,377)	(6,389)
		1,399,755	1,057,186

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Group	
		2011 USD	2010 USD
7.1	Reconciliation of tax charge on current profits		
	Notional tax at statutory rates	25.75%	25.75%
	Change in tax rate	-	6.00%
	Permanent differences	(2.64%)	(13.48%)
	Effective tax rate	<u>23.11%</u>	<u>18.27%</u>

8 DISCONTINUED OPERATIONS

The Board of Directors of Colcom Holdings Limited made the decision to close down some of its operations due to lack of viability. Operations closed down were as follows:

Ballantyne Butchery (Private) Limited T/A Danmeats

The decision to close down this operation was made in November 2008. Danmeats had Export Processing Zone (EPZ) status and its products had ceased to be competitive on the export market.

Vedula (Private) Limited- Bulawayo operation

The decision to close down this operation was made in April 2009. The operation was involved in slaughter and processing of beef products. This line was no longer profitable due to high operational costs and lack of through put, hence the decision to close it down.

Gredal (Private) Limited

The decision to close down this operation was made in June 2009. The main operations of Gredal (Private) Limited, were cattle and ostrich breeding. Exports of ostrich meat and skin were carried out to Europe and the Far East. Again these products were no longer competitive in these foreign markets.

As at 30 June 2010, assets of this disposal group had not been disposed of and were accounted for as if they had not been classified as held for sale in the previous period. These were subsequently disposed of in the current financial year.

The results of the discontinued operations are presented below:

	2011 USD	Group 2010 USD	2009 USD
Revenue	-	-	4,105,904
Cost of sales	-	-	(3,049,903)
Gross Profit	-	-	1,056,001
Other income	-	-	11,323
Distribution and selling costs	-	-	(10,333)
Administration expenses	-	-	(2,074,397)
Other operating expenses	-	-	(1,344,997)
Operating loss	-	-	(2,362,403)
Finance costs	-	-	(11,210)
Loss before tax from assets held for sale	-	-	(2,373,613)
Taxation	-	-	668,177
Loss for the year from assets held for sale	<u>-</u>	<u>-</u>	<u>(1,705,436)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 DISCONTINUED OPERATIONS (Continued)

The major classes of assets and liabilities of the operations classified as held for sale as at 30 June 2009 are as follows:

	2011 USD	Group 2010 USD	2009 USD
Assets			
Property, plant and equipment	-	-	177,991
Investments	-	-	288
Biological assets- non current	-	-	840,438
Inventories	-	-	362,267
Accounts receivable	-	-	1,463,340
Cash and bank	-	-	185,539
Assets classified as held for sale	-	-	3,029,863
Liabilities			
Accounts payable	-	-	(2,710,176)
Deferred tax	-	-	164,781
Liabilities directly associated with assets classified as held for sale	-	-	(2,545,395)
Net assets directly associated with assets classified as held for sale	-	-	484,468
The net cashflows incurred by the discontinued operations are as follows:			
Operating	-	-	(590,799)
Investing	-	-	154,030
Financing	-	-	-
Net cash outflow	-	-	(436,769)
Earnings per share-cents	-	-	(0.01)

9 EARNINGS PER SHARE

9.1 Profit for the year attributable to equity holders of the parent

4,964,101	4,473,648
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9.2 Number of shares used in calculating earnings per share

Shares in issue 159,040,884 (2010: 159,040,884)

Weighted average shares in issue 159,040,884 (2010:158,474,761)

9.3 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9.4 Headline earnings per share

Headline earnings per share is calculated by dividing the headline earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year. The headline earnings are calculated as follows:

	Group	
	2011 USD	2010 USD
Net profit for the year attributable to ordinary equity holders of the parent	4,964,101	4,473,648
Profit on disposal of plant and equipment	(250,264)	(18,322)
Headline earnings	4,713,837	4,455,326
For services as directors	50,500	32,535
Otherwise in connection with management	587,081	633,797
	637,581	666,332

10 DIRECTORS' REMUNERATION

For services as directors
Otherwise in connection with management

11 PROPERTY, PLANT AND EQUIPMENT

Group

	Land USD	Buildings and Improvements USD	Plant and Machinery USD	Furniture, Fittings and Equipment USD	Motor Vehicles USD	Total USD
Carrying amount at 30 June 2009	808,281	5,068,807	5,717,120	95,763	662,415	12,352,386
Gross Carrying amount	808,281	5,433,790	9,419,941	298,544	2,302,824	18,263,380
Accumulated depreciation	-	(364,983)	(3,702,821)	(202,781)	(1,640,409)	(5,910,994)
Additions	-	50,114	1,280,405	121,514	282,511	1,734,544
Disposals at cost	-	-	-	-	(60,263)	(60,263)
Accumulated depreciation on disposals	-	-	-	-	18,323	18,323
Depreciation charge	-	(138,670)	(557,211)	(46,397)	(196,533)	(938,811)
Assets of disposal group classified as held for sale- cost	-	129,700	263,446	36,232	191,884	621,262
Accumulated depreciation on assets of disposal group classified as held for sale	-	(72,969)	(220,165)	(30,355)	(119,782)	(443,271)
Carrying amount at 30 June 2010	808,281	5,036,982	6,483,595	176,757	778,555	13,284,170
Gross Carrying amount	808,281	5,613,604	10,963,792	456,290	2,716,956	20,558,923
Accumulated depreciation	-	(576,622)	(4,480,197)	(279,533)	(1,938,401)	(7,274,753)
Additions	-	236,348	1,875,602	121,688	466,386	2,700,024
Disposals at cost	-	(69,752)	(489,331)	(39,646)	(330,278)	(929,007)
Accumulated depreciation on disposals	-	1,224	172,768	24,095	254,511	452,598
Depreciation charge	-	(147,412)	(598,885)	(102,670)	(184,673)	(1,033,640)
Carrying amount at 30 June 2011	808,281	5,057,390	7,443,749	180,224	984,501	14,474,145
Gross Carrying amount	808,281	5,780,200	12,350,063	538,332	2,853,064	22,329,940
Accumulated depreciation	-	(722,810)	(4,906,314)	(358,108)	(1,868,563)	(7,855,795)

NOTES TO THE FINANCIAL STATEMENTS (continued)

			2011 USD	Group 2010 USD	2009 USD
12	INVESTMENT IN ASSOCIATED COMPANIES				
	<i>Accounting date</i>	<i>Interest in equity capital</i>			
	Freddy Hirsch Group (Private) Limited				
	- Unlisted shares at cost	30 June 49%	148,700	148,700	148,700
	- Post-acquisition distributable reserve		485,993	276,903	50,858
			<u>634,693</u>	<u>425,603</u>	<u>199,558</u>
	Colcom Mutare				
	- Unlisted shares at cost	30 June 50%	-	-	84,057
	- Post-acquisition distributable reserve		-	-	(4,851)
			<u>-</u>	<u>-</u>	<u>79,206</u>
	Total investment in associated companies		<u>634,693</u>	<u>425,603</u>	<u>278,764</u>
12.1	Freddy Hirsch Group (Private) Limited is an entity involved in the manufacture and selling of spices and packaging.				
	Share of the associate's statement of financial position				
	Non-current Assets		111,926	54,841	56,771
	Current Assets		1,290,468	669,887	179,856
	Current Liabilities		(749,576)	(287,900)	(37,069)
	Non-current Liabilities		(18,125)	(11,225)	-
	Net Assets		<u>634,693</u>	<u>425,603</u>	<u>199,558</u>
	Share of associates revenue and profit				
	Turnover		2,715,552	1,689,870	418,715
	Profit after taxation		248,290	224,062	50,858
12.2	Colcom Mutare is involved in the distribution of Colcom products.				
	Share of the associate's statement of financial position:				
	Non-current Assets		-	-	82,469
	Current Assets		-	-	17,681
	Current Liabilities		-	-	(20,944)
	Net Assets		<u>-</u>	<u>-</u>	<u>79,206</u>
	Share of associates revenue and profit				
	Turnover		-	81,673	171,619
	Loss after taxation		-	(2,579)	(4,851)

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
13 BIOLOGICAL ASSETS			
13.1 NON-CURRENT			
Opening balance	-	-	938,533
Transfer from discontinued operations		840,438	-
Purchases	-	-	41,000
Sales	-	(840,438)	(331,050)
Direct expenses	-	-	133,845
Fair value adjustment	-	-	58,110
Discontinued operations	-	-	(840,438)
Closing balance	-	-	-
13.2 CURRENT			
Opening Balance	2,208,182	1,942,793	1,718,202
Purchases	159,741	35,388	105,000
Sales	(90,247)	-	(6,930,448)
Amortisation	(11,783)	-	-
Direct expenses	23,553	8,127	6,206,950
Fair value adjustment	13,604	221,874	843,089
Closing balance	2,303,050	2,208,182	1,942,793
Head Count			
Cattle	122	173	111
Pigs	25,185	26,080	26,928
Current biological assets movement is detailed below per livestock type:			
	Cattle USD	Pigs USD	Total USD
At 30 June 2009	43,005	1,899,788	1,942,793
Purchases	17,594	17,794	35,388
Direct expenses	8,127	-	8,127
Fair value adjustment	(9,650)	231,524	221,874
At 30 June 2010	59,076	2,149,106	2,208,182
Purchases	52,957	106,784	159,741
Sales	(90,247)	-	(90,247)
Amortisation	-	(11,783)	(11,783)
Direct expenses	23,553	-	23,553
Fair value adjustment	(2,020)	15,624	13,604
At 30 June 2011	43,319	2,259,731	2,303,050
14 INVENTORIES			
Fresh meat	1,639,609	1,970,678	1,474,973
Manufactured products	1,737,181	372,052	864,129
Engineering spares and tools	1,677,548	1,720,005	1,150,623
Other raw materials and packaging	1,465,496	1,068,822	76,457
Total inventories at the lower of cost and net realisable value	6,519,834	5,131,557	3,566,182

The amount of write down of inventories recognised as an expense is USD281,578 (2010: USD18,216) which is recognised in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
15 ACCOUNTS RECEIVABLE			
Trade receivables	2,781,901	3,085,936	1,836,519
Other receivables	1,375,360	1,032,569	824,424
	<u>4,157,261</u>	<u>4,118,505</u>	<u>2,660,943</u>
Debtors Aged analysis			
At 30 June			
Current	2,781,901	3,085,936	1,836,519
30 Days	2,120,613	2,334,227	1,623,146
60 Days	183,409	387,522	189,583
90 Days	2,383	94,741	19,440
	<u>475,496</u>	<u>269,446</u>	<u>4,350</u>
Trade debtors are non-interest bearing and generally on 30 days credit.			
As at 30 June 2011, there were no trade receivables that were past the due date that were not provided for.			
Allowance for credit losses			
Opening balance	477,510	-	-
Charge for the year	439,234	708,948	-
Utilised during the year	(623,824)	(231,438)	-
Closing balance	<u>292,920</u>	<u>477,510</u>	<u>-</u>
16 OTHER INVESTMENTS			
Quoted equities	86,206	647	114,786
The Group has designated the investments in quoted shares as financial assets at fair value through profit and loss.			
The fair value is based on quoted market prices as at year end.			
17 CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash at banks and in hand	3,343,751	3,457,580	1,106,913
Short-term deposits	801,794	1,304,972	-
	<u>4,145,545</u>	<u>4,762,552</u>	<u>1,106,913</u>
Cash at banks earn interest at floating rates based on daily bank deposit rates.			
For the purpose of the consolidated statement of cash flows and cash equivalents comprise the following:			
Cash at banks and in hand:			
Continuing operations	4,145,545	4,762,552	1,106,913
Assets of disposal group classified as held for sale	-	-	185,539
	<u>4,145,545</u>	<u>4,762,552</u>	<u>1,292,452</u>
18 SHARE CAPITAL			
The authorised share capital of the company was redenominated following a special resolution by shareholders at the Annual General Meeting held on 20 November 2009. An amount equivalent to the nominal share capital was subsequently transferred out of non-distributable reserves into share capital.			

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
18.1 Authorised			
200,000,000 ordinary shares of USD0.01 (2010: USD0.01), (2009: ZW\$0.00) each	2,000,000	2,000,000	-
18.2 Issued and fully paid			
Opening balance			
159,040,884 (2010 and 2009: 157,595,884) ordinary shares of USD0.01 (2010 and 2009: ZW\$0.00) each	1,590,409	-	-
Transfer of re-denominated share capital 157,595,884 ordinary shares of USD0.01 each	-	1,575,959	-
Issued during the year 1,445,000 ordinary shares of USD0.01 each	-	14,450	-
Closing balance			
159,040,884 (2010: 159,040,884), (2009: 157,595,884) ordinary shares of USD0.01 (2010: USD0.01), (2009: ZW\$0.00) each	1,590,409	1,590,409	-
18.3 Unissued shares			
40,959,116 (2010: 40,959,116)(2009: 42,404,116) ordinary shares of USD0.01 (2010: USD0.01),(2009: ZW\$0.00) each	409,591	409,591	-

In terms of the Articles of Association, but subject to the limitations imposed by the Companies Act (Chapter 24:03), and in terms of a special resolution of the company in general meeting, the unissued shares comprising 40,959,116 (2010: 40,959,116), (2009: 42,404,116) ordinary shares has been placed at the disposal of the directors for an indefinite period.

18.4 SHARES UNDER OPTION

In terms of share option schemes approved by a special resolution of the Company, The Board of Directors is empowered to grant share options to certain employees of the Company. Share options are granted for periods as set out in the rules, five years, at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the dealing day immediately preceding the day on which the options are granted. The options are exercised at nominal value.

There were no outstanding share options at 30 June 2011.

Details of the share options exercised are as follows:

	2011	Group 2010	2009
Number of shares			
Outstanding at beginning of year	-	1,445,000	-
New options granted during the year	-	-	1,445,000
Exercised during the year	-	(1,445,000)	-
Outstanding at end of year	-	-	1,445,000

A third share option scheme was approved by the shareholders in which the Directors may grant up to 20,000,000 share options.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
19 DIVIDENDS PAID AND PROPOSED			
Declared and paid during the year:			
Dividends on ordinary shares:			
Final dividend for 2010: 0.80 cents per share	1,272,327	-	-
Interim dividend 2011: 0.50 cents per share (2010: 0.45 cents per share)	795,204	715,684	-
	<u>2,067,531</u>	<u>715,684</u>	<u>-</u>
Proposed for approval at the annual general meeting (not recognised as a liability as at 30 June 2011)			
Dividends on ordinary shares:			
Final dividend for 2011: 0.54 cents per share (2010: 0.80 cents per share)	858,821	1,272,327	-
20 NON-DISTRIBUTABLE RESERVES			
The Non-distributable reserve arose as a result of change in functional currency from the Zimbabwe dollars to the United States dollar and represents the residual equity in existence as at the change over period.			
21 DEFERRED TAXATION			
21.1 Analysis			
At beginning of period	2,869,787	3,040,957	1,532,611
Arising from discontinued operations	-	(164,781)	164,781
Deferred tax adjustment	-	-	2,510,667
Deferred tax relating to temporary differences	(178,377)	472,974	(1,167,102)
Change in tax rate	-	(479,363)	-
At end of period	<u>2,691,410</u>	<u>2,869,787</u>	<u>3,040,957</u>
21.2 Analysis of deferred taxation			
Accelerated depreciation for tax purposes	2,926,559	3,005,785	3,594,915
Fair value adjustments on biological assets	(5,884)	(67,210)	(559,375)
Unrealised exchange differences	2,352	3,089	(10,224)
Prepayments	133,960	67,954	15,641
Assessed losses	(365,577)	(139,831)	-
	<u>2,691,410</u>	<u>2,869,787</u>	<u>3,040,957</u>
22 LONG TERM BORROWINGS			
Gross value	1,427,628	1,516,757	-
Short term portion	(840,636)	(391,917)	-
	<u>586,992</u>	<u>1,124,840</u>	<u>-</u>
This loan is from NORSAD Agency Fund which is secured by an on-demand guarantee by Innscor Africa Limited and is repayable over 4 years at an effective interest rate of 11%.			
23 ACCOUNTS PAYABLE			
Trade payables	1,803,355	1,301,283	2,035,137
Other payables	2,215,756	2,519,110	241,192
	<u>4,019,111</u>	<u>3,820,393</u>	<u>2,276,329</u>

Trade and other creditors are non-interest bearing and are normally settled on 30 day terms. For terms and conditions relating to related parties, refer to note 30.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
24 SHORT-TERM BORROWINGS			
Short term portion of long term loan	840,636	391,917	-
Bank loans	1,001,778	824,645	602,525
	<u>1,842,414</u>	<u>1,216,562</u>	<u>602,525</u>
24.1 Borrowing powers			
Maximum permitted borrowings in terms of the Articles of Association	45,084,642	39,291,504	31,746,676
Total borrowings	(2,429,406)	(2,341,402)	(602,525)
Unutilised borrowing capacity	<u>42,655,236</u>	<u>36,950,102</u>	<u>31,144,151</u>
The maximum permitted borrowing is twice the equity attributable to equity holders of the parent			
Security			
Facilities are secured by guarantee by the parent company and a negative pledge of assets and attract interest at rates ranging from 8% to 10.75% per annum.			
Banking Facilities			
As at 30 June 2011, total banking facilities in place amounted to USD9,000,000 of which USD2,429,406 had been utilised.			
25 PROFIT BEFORE INTEREST AND TAX ADJUSTED FOR NON-CASH ITEMS			
Operating profit	5,638,320	5,546,734	
Depreciation	1,033,640	938,811	
Fair value adjustment on equities	-	(360)	
Fair value adjustment on biological assets	(13,604)	(221,874)	
Profit on sale of property, plant and equipment	(250,261)	(18,322)	
Loss on disposal of non-current biological assets	-	4,282	
Profit on disposal of equity investments	(8)	(15,137)	
Provisions charged to statement of comprehensive income	52,191	171,434	
	<u>6,460,278</u>	<u>6,405,568</u>	
26 NET INCREASE IN WORKING CAPITAL			
Increase in biological assets	(81,264)	(43,515)	
Increase in inventories	(1,388,277)	(1,203,114)	
(Increase)/decrease in accounts receivable	(38,756)	5,778	
Increase/(decrease) in accounts payable	146,527	(1,337,546)	
	<u>(1,361,770)</u>	<u>(2,578,397)</u>	
27 TAXATION PAID			
Charge per Statement of comprehensive income	(1,399,755)	(1,057,186)	
Movement in tax liability	(307,709)	283,782	
Movement in deferred tax liability	(178,377)	(6,389)	
Cash amount paid	<u>(1,885,841)</u>	<u>(779,793)</u>	
28 CONTINGENT LIABILITIES			
There are no material contingent liabilities.			

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
29 CAPITAL COMMITMENTS			
Contracts and orders placed	1,751,893	-	-
Approved by the Directors but not yet contracted for	3,208,262	2,235,607	1,314,853
	<u>4,960,155</u>	<u>2,235,607</u>	<u>1,314,853</u>

Expenditure will be funded from internal resources.

30 RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Colcom Holdings Limited and its subsidiary listed below:

	Nature of relationship	% equity interest
Colcom Foods Limited	Subsidiary	100%
Norsad Agency Fund	Shareholder	0,67%
Axeaq Investments (Pvt) Ltd t/a Fast Foods Harare	Fellow subsidiary	
Daymore Transport (Pvt) Ltd t/a Innscor Transport	Fellow subsidiary	
National Foods Limited	Associate of Holding Company	
Spar Harare (Pvt) Ltd t/a Spar DC	Fellow Subsidiary	

Innscor Africa Limited is the parent entity of Colcom Holdings limited.

	Sales to related parties USD	Purchases from related parties USD	Amounts owed by related parties USD	Amounts owed to related parties USD
Holding Company	-	360,000	-	-
Axeaq Investments (Pvt) Ltd t/a Fast Foods Harare	697,062	-	119,637	-
Daymore Transport (Pvt) Ltd t/a Innscor Transport	-	289,341	-	27,549
National Foods Limited	54,848	-	-	-
Spar Harare (Pvt) Ltd t/a Spar DC	1,562,060	-	150,580	-
Associate Company	-	-	-	-
Other directors' interests	-	1,930,944	-	76,039
	<u>2,313,970</u>	<u>2,580,285</u>	<u>270,217</u>	<u>103,588</u>

	2011 USD	2010 USD	2009 USD
Loans from Norsad Agency Fund	<u>1,427,628</u>	<u>1,516,757</u>	-

There were no loans to directors that were outstanding at the end of the year.

NOTE: Related party relationships exist between Directors, key management personnel and Associates, Subsidiary companies and joint ventures. All transactions are conducted on an arms length basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2011 USD	Group 2010 USD	2009 USD
30.1 Compensation to Key Management:			
Short term benefits:			
Executive Directors	587,081	633,797	-
Other key management	977,827	973,209	289,213
	1,564,908	1,607,006	289,213

Other key management are as outlined on page 6 of the annual report under Senior Management.

31 PENSION AND RETIREMENT PLAN

31.1 Colcom Pension Scheme and Innscore Africa Pension Fund

All employees are entitled to participate in a pension scheme administered by an insurance company. The pension schemes are defined contribution plans.

31.2 National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Authority Act (1989). Contributions by employees are 3% per month of pensionable monthly emoluments.

	2011 USD	Group 2010 USD	2009 USD
31.3 Pension costs charged to the Statement of comprehensive income during the year			
National Social Security Authority Scheme	93,745	110,502	37,984
Colcom Pension Fund - defined contribution	344,625	239,348	67,933
Innscore Africa Pension Fund- defined contribution	-	-	122
	438,370	349,850	106,039

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to variable short term overdraft rates. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

	Change in interest rate	2011 USD	Group 2010 USD	2009 USD
Effect on profit before tax	+5%	(844)	(803)	515
	-5%	844	803	(515)

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

32.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. Such exposure arises from the sale or purchase by an operating unit in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

The following table demonstrates the sensitivity to a reasonably possible change in the Rand exchange rate, with all other variables held constant, of the Group's profit before tax.

	Change in Rand rate	Group		
		2011 USD	2010 USD	2009 USD
Effect on profit before tax and equity	+10%	(56,238)	(16,818)	(61,216)
	-10%	56,238	16,818	61,216

32.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For export sales and prepayments, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments less the market value of any security held.

32.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts, bank loans and finance leases.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2011 based on contractual undiscounted payments.

Year ended 30 June 2011	Within 3 months USD	Between 4 to 12 months USD	More than 12 months USD	Total USD
Long term borrowings	-	-	840,636	840,636
Short term borrowings	1,296,739	292,031	-	1,588,770
Trade and other accounts payable	4,019,111	-	-	4,019,111
TOTAL	5,315,850	292,031	840,636	6,448,517

Year ended 30 June 2010

Long term borrowings	-	-	1,124,840	1,124,840
Short term borrowings	924,531	292,031	-	1,216,562
Trade and other accounts payable	3,820,393	-	-	3,820,393
TOTAL	4,744,924	292,013	1,124,840	6,161,795

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 30 June 2009	Within 3 months USD	Between 4 to 12 months USD	More than 12 months USD	Total USD
Short term borrowings	136,605	465,920	-	602,525
Trade and other accounts payable	2,276,329	-	-	2,276,329
TOTAL	2,412,934	465,920	-	2,878,854

32.5 Fair valuation risk

The Group is exposed to movement in fair value of listed equities. Investments in equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk.

The Group treasury office is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. They also monitor the performance of the current investment portfolio and reports to the Board of Directors.

32.6 Biological assets risk management policy

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include pigs and cattle.

These biological assets are exposed to various risks, which include, disease/infection outbreaks, theft of livestock and price fluctuations. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things, insurance against theft and natural deaths, vaccination to prevent infections and regular evaluation of prices.

The fair value of biological assets has been determined on the fair value less cost to sell in accordance to International Accounting Standard 41. In arriving at their estimates of fair value, the Directors have used their market knowledge, professional judgment and historical transactional comparables.

Pigs

Live weight estimates- kilograms 1,424,794

Cattle

Live weight estimates- kilograms 31,237

The analysis below presents the sensitivity of profit (loss) before tax due to change in assumptions. The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable, the negative impact on profit would be of a similar magnitude:

Pigs

Live weight 3% USD64,408

Cattle

Live weight 5% USD2,166

33 EXCHANGE CONTROL

Remittance of dividends is subject to Exchange Control approval.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated net fair values of all financial instruments, approximate the carrying amounts shown in the financial statements.

Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 June 2011

	Carrying amounts			Fair values		
	2011 USD	2010 USD	2009 USD	2011 USD	2010 USD	2009 USD
Financial assets						
Cash	4,145,543	4,762,552	1,292,452	4,145,543	4,762,552	1,292,452
Trade and accounts receivable	4,157,256	4,118,505	4,124,283	4,157,256	4,118,505	4,124,283
Held for trading investments	86,206	647	115,074	86,206	647	115,074
	8,389,005	8,881,704	5,531,809	8,389,005	8,881,704	5,531,809
Financial liabilities						
Long term borrowings	840,636	1,124,840	-	840,636	1,124,840	-
Short term borrowings	1,588,770	1,216,562	602,525	1,588,770	1,216,562	602,525
Trade and accounts payable	4,019,111	3,820,393	2,276,329	4,019,111	3,820,393	2,276,329
	6,448,517	6,161,795	2,878,854	6,448,517	6,161,795	2,878,854

35 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2009, 30 June 2010 and 30 June 2011.

	2011 USD	Group 2010 USD	2009 USD
Total borrowings	2,426,406	2,341,402	602,525
Total Equity	23,142,920	20,554,036	16,525,608
Gearing ratio %	10.5	11.4	3.6

36 SEGMENT ANALYSIS

For management purposes, the group is organised into business units based on their products and services and has three reportable operating segments as follows:

The pork business involves the production of pigs and pig based products.

The beef business is involved in slaughter and processing of beef products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing is managed on a group basis and is not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)

36 SEGMENT ANALYSIS (continued)

30 June 2011

Business Segments	Pork USD	Beef USD	Other USD	Eliminations USD	Group USD
Revenue					
Inter - segment sales	6,422,280	-	2,869,647	(9,291,927)	-
External Sales	38,150,339	5,616,637	2,433,329	-	46,200,305
	44,572,619	5,616,637	5,302,976	(9,291,927)	46,200,305
Operating Profit	5,114,501	306,755	180,600	36,464	5,638,320
Segment Assets	32,336,819	1,187,379	860,962	(2,133,684)	32,251,476
Segment Liabilities	4,649,712	639,836	472,854	(1,743,291)	4,019,111
Capital Expenditure	2,381,742	88,988	229,294	-	2,700,024
Depreciation	953,449	48,733	31,458	-	1,033,640
Interest revenue	348,384	-	-	(65,846)	282,538
Interest expense	121,333	-	57,493	(65,847)	112,979
Share of profits in associate	248,290	-	-	-	248,290
Taxation	1,411,175	78,333	(89,753)	-	1,399,755

30 June 2010

Revenue					
Inter - segment sales	37,875,707	-	2,441,043	(40,316,750)	-
External Sales	33,354,111	4,344,264	4,184,261	-	41,882,636
	71,229,818	4,344,264	6,625,304	(40,316,750)	41,882,636
Operating Profit	4,502,727	368,980	675,027	-	5,546,734
Segment Assets	26,204,923	1,060,324	2,665,969	-	29,931,216
Segment Liabilities	2,049,288	689,523	1,081,582	-	3,820,393
Capital Expenditure	1,263,620	244,810	226,114	-	1,734,544
Depreciation	769,864	51,111	117,836	-	938,811
Interest revenue	123,925	-	1,003	(21,361)	103,567
Interest expense	108,876	-	-	(21,361)	87,515
Share of profits in associate	224,062	-	-	-	224,062
Taxation	808,517	101,878	146,791	-	1,057,186

1. Inter-segment revenues are eliminated on consolidation.
2. Segment assets do not include deferred tax and loans to associates as these are managed on a Group basis.
3. Segment liabilities do not include deferred tax, current tax payable and loans as these liabilities are managed on a Group basis.
4. Capital expenditure consists of additions of property, plant and equipment.

SHAREHOLDER'S ANALYSIS

Shareholding Distribution

Range	Shares	%	Holders	%
1-5,000	1,913,484	1.21	2,003	85.83
5,001 - 10,000	990,070	0.62	139	5.95
10,001 - 25,000	1,547,098	0.97	99	4.24
25,001 - 50,000	1,310,327	0.82	39	1.67
50,001 - 100,000	1,616,651	1.02	23	0.98
100,001 - 200,000	1,923,245	1.21	14	0.60
200,001 - 500,000	2,533,321	1.59	9	0.39
500,001 - 1,000,000	1,801,253	1.13	3	0.13
1,000,001 and over	145,405,435	91.43	5	0.21
TOTAL	159,040,884	100.00	2,336	100.00

CATEGORY	June 2011		June 2010	
	No. of shares	%	No. of shares	%
Individuals	3,668,319	2.3	4,891,026	3.1
Companies	130,824,031	82.2	132,928,874	83.6
Banks and nominees	1,695,216	1.1	2,436,586	1.5
Insurance companies	15,584,441	9.8	15,665,321	9.9
Pension funds	4,401,377	2.8	3,096,414	1.9
Non-residents	2,867,500	1.8	22,663	0.0
	159,040,884	100.0	159,040,884	100.0

Included in the category of "500,001 shares and over" is Colcom Employees Investment Company (Private) Limited which holds 617,877 shares for the beneficial participation of 570 employees in the Company's profits.

TOP TEN SHAREHOLDERS

Name	June 2011		June 2010
	No. of shares	%	%
Innscore Africa Limited	126,071,739	79.27	79.27
Old Mutual Life Assurance Company Zimbabwe Limited	15,542,195	9.77	9.77
ZESA Staff Pension Fund	1,485,000	0.93	0.93
The Industrial Fund For Developing Countries	1,238,390	0.78	0.78
NORSAD Agency (NNR)	1,068,111	0.67	0.67
T F S Nominees (PVT) Ltd	650,851	0.41	-
Sainsbury Gavin	620,000	0.39	0.77
Colcom Employee Investments Company (Private) Limited	617,877	0.39	0.39
National Social Security Authority (NSSA NPS)	563,376	0.35	-
Local Authorities Pension Fund	558,059	0.35	0.35
Other	10,625,286	6.69	7.07
	159,040,884	100.00	100.00

SHAREHOLDER'S ANALYSIS (continued)

Directors' shareholding

At 30 June 2011, the Directors held directly or indirectly the following shares in the Company:

	Beneficial	Non beneficial
	June 2011	
N R Adams	-	-
T W Brown	-	-
P Chapendama	-	-
C Davenport	-	-
R E Davenport	200,005	-
K Horonga	-	110,000
TT Kumalo	-	-
D Long	-	-
J P Schonken	-	-

There have not been any changes in the Directors' interests in shares of the Company between 30 June 2011 and the date of this report.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Seventieth Annual General Meeting of the members of Colcom Holdings Limited will be held at the Registered Office of the Company at 1/3 Coventry Road, Workington, Harare on 18 November 2011 at 9.00 am for the following purposes:

ORDINARY BUSINESS

1. **Minutes**
To approve the Minutes of the previous Annual General Meeting held on 19 November 2010.
2. **Financial statements**
To receive and adopt the annual financial statements for the 12 months ended 30 June 2011, together with the report of the Directors and the auditors thereon.
3. **Election of directors**
Mrs N R Adams who was appointed since the last Annual General Meeting retire in accordance with the terms of the Articles of Association. Being eligible, she offers herself for re-election.

To re-appoint retiring Directors.
Messrs. T W Brown , J P Schonken, and Mrs P Chapendama retire from the Board by rotation.

Being eligible, they offer themselves for re-election.
4. **Directors' remuneration**
To fix the fees payable to Directors for the year ended 30 June 2011.
5. **Auditors**
To approve the Auditors' remuneration for the past year and to appoint auditors for the ensuing year.

SPECIAL BUSINESS

1. **Authorisation of loans to Executive Directors**
To resolve as an ordinary resolution, with or without amendments: "That the company be and is hereby authorised to make any loan to any executive director or to enter into any guarantee or provide any security in connection with a loan to such executive director for the purpose of enabling him to properly perform his duty as an officer of the company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the basic annual salary."
2. **Share buy back**
To resolve as an ordinary resolution, with or without amendments: "That the company be and is hereby authorized and empowered to purchase its own ordinary shares in issue up to 10% of the company's issued shares, at a purchase price of not less than the nominal value per share and not more than 105% of the weighted average of the market price for the shares for the five business days immediately preceding the date of purchase. This authority shall expire at the date of the Company's next Annual General Meeting."

After considering the effect of the maximum repurchase of shares, the Directors are confident that:

- a) The Company and the Group will be able to pay its debts for a period of 12 months after the date of the notice of the Annual General Meeting.
- b) The assets of the Company and the Group will be in excess of its liabilities of the Company and the Group.
- c) The share capital and reserves of the Company and the Group are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.
- d) The Company and the Group will have adequate working capital for a period of 12 months after the date of notice of the Annual General meeting.

BY ORDER OF THE BOARD



P. Marufu (Mrs)
Company Secretary

11 October 2011

Note: A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend and speak and, on a poll, to vote in his stead. A proxy need not be a member of the company. Forms of proxy must be lodged at the Registered Office of the Company not less than 48 (forty-eight) hours before the time of the holding of the meeting.

SHAREHOLDER'S CALENDAR

Seventieth Annual General Meeting 18 November 2011

ANTICIPATED DATES

Interim reports

- 6 months to 31 December 2011 March 2012

- 12 months to 30 June 2012 September 2012

Annual Report published October 2012

Seventy-first Annual General Meeting November 2012