

# COLCOM Holdings Limited

The Board of Directors of Colcom Holdings Limited is pleased to announce the Unaudited Interim Results for the six months ended 31 December 2009



## COMMENTARY

### Salient Features

	USD
Turnover	20,973,710
Operating profit	3,601,783
Profit before taxation	3,171,699
Basic earnings per share (cents)	1.34

### Introduction

In response to the improved economic environment, the Group continued to build on the gains made in the final quarter of the previous financial year.

### Financial

In line with the guidance issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange and, with the exception of the Statement of Financial Position as at 30 June 2009, no comparative financial information has been disclosed. Comparative figures prior to that date were subject to distortion due to multiple exchange rates prevailing at that time, and consequently would be misleading.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards with the exception of non-compliance with IAS1 (Presentation of Financial Statements) in terms of the non-disclosure of certain comparatives.

The Group experienced increases in overall volumes of 42% over the second half of the previous financial year resulting in a turnover of USD20.9 million and an operating profit before interest and depreciation of USD3.6 million. Pre-tax margin at 15% was higher than targeted due to lower stockfeed prices and improved overhead absorption rates than was previously budgeted for.

The Group took a position in stockfeeds during the period whilst prices were lower than import parity. This resulted in increased inventory levels which were partially funded by additional third party debt. However, despite this, the net cash position for the Group still remains positive at USD1.37 million at the end of the period.

### Review of Operations

#### Pork Business

Improved supply and quality of stockfeed ingredients have resulted in animal performance returning to expected levels. Consequently number of animals and slaughter weights into the factory have improved and stabilised. Although lower maize and soya prices have resulted in improved profitability at farm level, they are still higher than regional prices making the export of pig products uneconomic.

The improved level of demand that was experienced at the end of the last financial year continued into the period under review with volumes growing 44% over the last half of the previous financial year. This has led to greater throughput into the processing factory in particular, which in turn has led to improved profitability through greater absorption of fixed overheads.

Similarly pie volumes grew 40% over the last half of the previous financial year. During this period the division reached 100% of its capacity and in response to this, new equipment was installed at the end of the period under review. However, increased costs of raw materials have put pressure on margins.

Canning recorded a modest growth but additional volume is still required in order for the division to meaningfully contribute to profitability.

#### Other Business

In line with the Group's focus on its core business of pig production and processing, the Group's cattle herd was disposed of during the period.

At the Associated Meat Packers division, volumes of manufactured beef products increased by 30% over the last half of the previous financial year which resulted in improved profitability.

#### Future Prospects

As outlined in the previous year-end commentary, meaningful growth of the Group will continue to be aligned to the overall rate of macro-economic revival in Zimbabwe. This is still dependent on substantial inflows of foreign direct investment coupled with additional lines of credit and access to long term finance at affordable interest rates.

At Group level, management will continue to focus its efforts on ensuring market saturation of its products, minimising input costs whenever possible, and looking to make all of its key business processes more cost effective and efficient. This will, however, involve investment in new technology and capital renewal and replacement.

These measures should ensure that the momentum achieved during the current period under review should be maintained for the remainder of the financial year.

#### Directorate

The Board records with sadness the untimely death of the Group Deputy Chairman, Mr Eric Kahari. As a founding director at the Group's floatation, he served the Group with unwavering loyalty and distinction for 17 years and his wise counsel will be sorely missed.

Mr MJ Fowler resigned from the Board during the period. The Group expresses its sincere gratitude for his positive contribution during his term of office.

#### Dividend

Given the improvement in trading conditions and the positive financial position of the Group, the Board has declared an interim dividend of 0.45 US cents per share in respect of the year ending 30 June 2010.

The dividend will be payable on 8 April 2010 to shareholders registered in the books of the Company at the close of business on 26 March 2010. The transfer books and register of members will be closed from 26 March 2010 to 1 April 2010 both dates inclusive.

By Order of the Board  
P Marufu (Mrs)

Company Secretary  
19 February 2010

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 December 2009 USD
Turnover	20,973,710
Operating profit before depreciation and amortisation	3,601,783
Depreciation and amortisation	(510,963)
Operating profit before interest and fair value adjustments	3,090,820
Fair value adjustments	(15,259)
Operating profit before interest and tax	3,075,561
Net interest	(41,451)
Equity accounted earnings	137,589
Profit before tax	3,171,699
Taxation	(798,209)
Profit for the period	2,373,490
Profit attributable to:	
Equity holders of the parent company	2,124,016
Non-controlling interest	249,474
	2,373,490
Earnings per share	
Basic (cents per share)	1.34
Weighted (cents per share)	1.34

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December 2009 USD	Audited 30 June 2009 USD
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12,434,090	12,352,386
Investments	296,684	278,764
	12,730,774	12,631,150
<b>Current assets</b>		
Biological assets	1,965,372	1,942,793
Inventories	6,404,267	3,566,182
Accounts receivable	4,625,977	2,660,943
Other investments	-	114,786
Cash resources	2,881,785	1,106,913
	15,877,401	9,391,617
Assets of disposal group classified as held for sale	-	3,029,863
	15,877,401	12,421,480
<b>Total assets</b>	28,608,175	25,052,630
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital	1,590,409	-
Non distributable reserve	11,446,190	13,022,149
Distributable reserves	7,449,320	4,840,842
Amounts recognised in equity relating to non-current assets held for sale	-	484,462
Equity attributable to equity holders of the parent	20,485,919	18,347,453
<b>Non-controlling interest</b>	938,296	688,822
<b>Total Equity</b>	21,424,215	19,036,275
<b>Non-current liabilities</b>		
Deferred taxation	360,753	530,290
<b>Current liabilities</b>		
Accounts payable	4,807,312	2,276,329
Short term borrowings	1,506,971	602,525
Taxation	508,924	61,816
	6,823,207	2,940,670
Liabilities directly associated with the assets classified as held for sale	-	2,545,395
	6,823,207	5,486,065
<b>Total equity and liabilities</b>	28,608,175	25,052,630

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital USD	Non Distributable Reserves USD	Distributable Reserves USD	Non Current Assets held for Sale USD	Total USD	Non- controlling Interest USD	Total USD
Balance at 30 June 2009	-	13,022,149	4,840,842	484,462	18,347,453	688,822	19,036,275
Transfer of reserves to share capital	1,575,959	(1,575,959)	-	-	-	-	-
Amounts relating to non-current assets held for sale	-	-	484,462	(484,462)	-	-	-
Issue of shares	14,450	-	-	-	14,450	-	14,450
Profit for the period	-	-	2,124,016	-	2,124,016	249,474	2,373,490
Balance at 31 December 2009	1,590,409	11,446,190	7,449,320	-	20,485,919	938,296	21,424,215

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31 December 2009 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating profit before interest and tax	3,075,561
Non cash items	605,178
	3,680,739
Increase in working capital	(3,287,701)
Operating cash flow	393,038
Net interest paid	(41,451)
Taxation paid	(312,781)
Net cash from operating activities	38,806
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net expenditure on property, plant equipment	(411,672)
Proceeds from disposal of investments	207,147
Net proceeds from sale of non-current biological assets	836,156
Net cash used in investing activities	631,631
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issue of shares	14,450
Increase in short term loans	904,446
Net cash from financing activities	918,896
Net increase in cash and cash equivalents	1,589,333
Cash and cash equivalents at beginning of period	1,292,452
Cash and cash equivalents at end of period	2,881,785

## SUPPLEMENTARY INFORMATION

	Unaudited 31 December 2009 USD
Capital expenditure	414,672
Depreciation charge	510,963
Commitments for capital expenditure Approved by the Directors but not contracted for	1,331,320
<b>Borrowings</b>	
Short Term	1,506,971

### Accounting Standards

The principal accounting policies of the Group are consistent with those applied in previous year. In addition the Group has adopted those revised International Financial Reporting Standards that became effective from January 2009.