

The Board of Directors of Colcom Holdings Limited is pleased to announce the audited results for the twelve months ended 30 June 2006. These results are stated in revalued currency.

FINANCIAL HIGHLIGHTS (Historical)

- Turnover up 700% to \$2,5 billion
- Local volumes down 13%
- Export volumes up 4%
- Operating margin increased from 40% to 45%
- Basic earnings per share up 962% to 733 cents
- Net cash inflow of \$130 million

COMMENTARY

INTRODUCTION

The macro-economic environment continued to deteriorate throughout the year. Inflation averaged 676% over the financial year ended 30 June 2006. Interest rates remained very high while the exchange rate was largely subdued during the year. Consumer disposable incomes were significantly eroded.

REVIEW OF OPERATIONS

Group Turnover increased by 700% in line with average inflation.

Due to a combination of pressures on the consumer dollar and essential price adjustments into the local market, local sales volumes decreased by 13%. Turnover growth on local sales at 675% impacted severely on cash flow as working capital requirements accelerated at a faster pace than turnover receipts.

Export volumes however increased particularly in the fourth quarter. Regional prices of pork are improving due to rising regional prices of maize and soya.

Operating margins increased from 40% in prior year to 45% mainly due to inflationary increases in stock values and general cost containment at manageable levels. IAS 41 adjustments arising from the fair valuation of livestock amounted to \$448 million.

Raw material availability was generally adequate with no major stock outs being recorded. Stockfeed availability was sufficient with appreciated assistance from the Grain Marketing Board to the livestock industry.

As reported at the half-year stage, to assist with stockfeeds security the Group again entered into a joint venture to support contracted farmers with inputs for maize and soya. This exercise went off well but unfortunately cash flow constraints limited the purchasing of the Group's full share of the crops.

Pig intake was satisfactory throughout the year with an increase of 4% being recorded. The cattle herd was expanded during the year via purchase from approximately 2 300 head to 4 000 head. The disappointing Ostrich performance experienced and referred to earlier in the half-year results, with yields per hen being below expectation, was corrected.

The joint venture with Freddy Hirsch achieved satisfactory results.

The Group embarked on and completed a business-restructuring programme during the year resulting in the creation of autonomous business units. This exercise will facilitate streamlining and more focus on the various aspects of the business.

FUTURE PROSPECTS

Despite the complex and inflationary economic operating environment during the past year, the Group's future prospects remain promising. The rising prices of pork products in the Region present an opportunity to increase exports significantly. The measures on foreign currency retentions and exchange rates announced recently by the Governor of the Reserve Bank of Zimbabwe are welcome. The diversification strategy in the areas of pigs, cattle and ostriches still remains vital to the Group as means of retaining and creating value in an inflationary period. The Group has adequate levels of stockfeed and will endeavour to maintain adequate reserves at all times. A new cold storage facility currently being built at Danmeats, Ruwa will be completed in the first half of the new financial year and this will handle the envisaged increase in regional exports.

YEAR-END

Shareholders will recall that in order to align the financial year-end with the majority shareholder, Innscor Africa Limited, the year-end of the Group was changed from 31 December to 30 June. Accordingly these financial statements reflect the audited twelve months ended 30 June 2006. This together with audited six months ended 30 June 2005, will be reported in the annual report as an 18 month period ended 30 June 2006.

DIRECTORATE

During the period Messrs C Jousse, A J Hermann, R Jaravaza, E M Moyo, T Musikavanhu and N R De Beer resigned from the Board. The Board expresses its sincere gratitude for their positive contributions during their tenure of office. Messrs J P Schonken, T Takavarasha and K Horonga, and Mrs P Chapendama were appointed to the Board during the period.

DIVIDEND

Due to the investment and working capital required to expand agricultural operations and the conditions of Agricultural Support Productivity Enhancement Facility loans received, the Board considers it prudent not to declare a dividend for the period ended 30 June 2006.

By Order of the Board

P Marufu (Mrs)
Company Secretary

CONSOLIDATED INCOME STATEMENT

	Historical Cost	
	Audited 12 months 30 June 2006 \$000's	Audited 12 months 30 June 2005 \$000's
TURNOVER	2 479 480	309 873
– Local	2 065 724	273 893
– Export	413 756	35 980
Operating income	1 116 875	122 638
Net interest receivable	31 130	11 533
Fair value adjustments	448 186	6 000
Income from associate	33 006	4 045
Income before taxation	1 629 197	144 216
Taxation	(470 289)	(35 128)
Income attributable to shareholders	1 158 908	109 088
Shares in issue – millions	158	158
Weighted average shares in issue – millions	158	158
Basic earnings per share (cents)	733	691
Operating income/turnover	45%	40%

BALANCE SHEET

ASSETS	Historical Cost	
	Audited At 30 June 2006 \$000's	Audited At 30 June 2005 \$000's
Non-current assets		
Biological assets	423 293	21 087
Property, plant equipment & vehicles	161 922	40 281
Associated company	26 402	3 595
	611 617	64 963
Current assets		
Inventories	773 366	68 889
Biological assets	376 259	34 448
Accounts receivable	249 331	35 181
Cash resources	140 517	9 645
	1 539 473	148 163
Total assets	2 151 090	213 126
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	158	158
Non-distributable reserve	22 277	22 277
Distributable reserves	1 293 199	134 291
	1 315 634	156 726
Shareholders' funds	1 315 634	156 726
Non-current liabilities		
Deferred taxation	210 762	18 520
	210 762	18 520
Current liabilities		
Accounts payable	366 974	28 139
Short-term borrowings	42 884	–
Taxation	214 836	9 741
	624 694	37 880
Total equity and liabilities	2 151 090	213 126
Net asset value per share (cents)	835	99
Current ratio	2,5	3,9

CASH FLOW STATEMENT

CASH FLOWS FROM OPERATING ACTIVITIES	Historical Cost	
	Audited 12 months 30 June 2006 \$000's	Audited 12 months 30 June 2005 \$000's
Operating income	1 116 875	122 638
Non cash items	5 824	2 231
	1 122 699	124 869
(Increase) in working capital	(874 739)	(101 311)
Operating cash flow	247 960	23 558
Net interest	31 130	11 533
Taxation paid	(62 754)	(10 513)
Cash generated from operations	216 336	24 578
Dividends received	–	206
Net cash from operating activities	216 336	24 784
CASH FLOWS FROM INVESTING ACTIVITIES		
Net expenditure on property, plant equipment and vehicles	(128 348)	(27 751)
Decrease in investments	–	1 856
Net cash used in investing activities	(128 348)	(25 895)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	–	13 119
Increase/(decrease) in loans	42 884	(11 800)
Lease hire rentals and hire purchase instalments paid	–	145
Net cash used in financing activities	42 884	1 464
Net increase in cash and cash equivalents	130 872	353
Cash and cash equivalents at beginning of period	9 645	9 292
Cash and cash equivalents at end of period	140 517	9 645

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Historical Cost			
	Share Capital \$000's	Non- distributable Reserve \$000's	Retained Earnings \$000's	Total \$000's
Balance at 1 July 2005	158	22 277	134 291	156 726
Income attributable to shareholders	–	–	1 158 908	1 158 908
Balance at 30 June 2006	158	22 277	1 293 199	1 315 634

	Historical Cost	
	Audited 12 months 30 June 2006 \$000's	Audited 12 months 30 June 2005 \$000's
Capital expenditure	128 348	28 027
Depreciation charge	5 824	2 348
Commitments for capital expenditure		
Approved by the Directors but not contracted for	1 047 887	144 000
	1 047 887	144 000
Borrowings		
Short-term	42 884	23 600
	42 884	23 600

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 2005. The Group has not produced hyperinflated results in this report but will do so in the annual report.