

ZIMPLLOW LIMITED



2008 Annual Report



Mission, Vision and Core Values

Mission

To provide quality, well engineered steel products.

Vision

To have a local presence in all African countries south of the Sahara for all our products by 2020 (36 by 2020)

UMBRELLA GOAL

Establish a regional entity in Zambia.

Core Values

Integrity

Being absolutely truthful and accepting responsibility for our actions.

Quality

Being professional and quality oriented in everything we do.

Teamwork

Working together to achieve a common goal.

Dependability

Our customers, employees and suppliers must be able to count on us.

Fun

Embracing a positive attitude and spontaneity.

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Directorship and Administration

DIRECTORS:	O M Chidawu (Chairman) A R Rowland* P Devenish N Kudenga Z Kumwenda* D Mkonto* B Mitchell* N Nhira P Whata * <i>Executive</i>
COMPANY SECRETARY:	D Mkonto
TRANSFER SECRETARIES:	Corpserve (Private) Limited Cnr 1st Street / Union Avenue Harare
AUDIT COMMITTEE:	N Kudenga (Chairman) P Devenish
REMUNERATION COMMITTEE:	O M Chidawu (Chairman) A R Rowland P Whata
EXECUTIVE COMMITTEE:	O M Chidawu A R Rowland Z Kumwenda D Mkonto B Mitchell P Whata
REGISTERED OFFICE:	39 Steelworks Road, Heavy Industrial Sites, PO Box 1059, Bulawayo
AUDITORS:	Ernst & Young Derry House 6th Avenue / Fife Street Bulawayo
BANKERS:	African Banking Corporation Limited Barclays Bank of Zimbabwe Limited Kingdom Bank Limited Merchant Bank of Central Africa
CURRENCY OF FINANCIAL STATEMENTS:	Zimbabwe Dollars
PERIOD OF FINANCIAL STATEMENTS:	Year ended 30 June 2008

Notice to Shareholders

FIFTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting of shareholders will be held at the CT Bolts Division Office, Falcon Street and Wanderer Road, Bulawayo on 19 November 2008 at 10.00 hours to transact the following business:

AGENDA

Ordinary Business

1. To approve the minutes of the Annual General Meeting held on 14 November 2007.
2. To receive and adopt the directors' report and audited financial statements for the year ended 30 June 2008.
3. To elect directors in place of Messrs Z. Kumwenda and A. R. Rowland, and Mrs D. Mkonto who retire from office by rotation. All being available, they offer themselves for re-election.
4. To approve the remuneration of directors for the year ending 30 June 2009.
5. To fix the auditors' remuneration for the year ended 30 June 2008.
6. To appoint auditors for the financial year ending 30 June 2009.

BY ORDER OF THE BOARD

D MKONTO (MRS)

Company Secretary

39 Steelworks Road

P.O. Box 1059

BULAWAYO

24 October 2008

A member entitled to attend and vote is entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in his stead. Such proxy need not be a member of the company. Proxy forms must be lodged at the registered office of the company not less than forty-eight hours before the time of the meeting.



Chairman's Review

Introduction

I am presenting this report, yet again, against a background of extreme hyper-inflation, political instability, an ever shrinking industrial base, delapidating infrastructure and a starving nation. I am also reporting at a time when the world is experiencing severe food shortage and ever increasing input costs, driven by surging oil prices.

Your group, however, continued to focus on retaining and growing export markets. This objective was achieved in 2008, and will remain a focus for your board going forward.

Group Operations and Financial Results

The group historical operating profit for the year of \$5,5 quadrillion is 7,5 million % ahead of the prior year. The increase falls short of the official inflation rate of 11,2 million % due to the deliberate undervaluation of exports by local monetary authorities.

Attributable earnings of \$14,3 quadrillion were enhanced by the inflationary growth of marketable securities.

Mealie Brand Division

Volume sales of full implements for this division increased by 64%. Export volumes grew by 59%, while the local market, which was bouyed by the Reserve Bank Mechanisation Programme, grew by 52%. The proportion of implements exported was 55% of total sales. The local distribution network was devastated by the government imposed price freeze and its deliberate exclusion from the Reserve Bank Mechanisation Programme.

CT Bolts

This division, which relies solely on the Zimbabwe market, experienced a severe contraction of its sales volumes. Volumes of mild steel bolts and nails dropped by 64% from the previous year. This is a direct result of the shrinking economy as well as the price freeze imposed by the government. Local manufacturing suppliers have been unable to feed this division.

Dividend

In light of the need to conserve cash in the business and the movements in inflation, interest rates and exchange rates, the Board has proposed to pass the payment of a dividend.

Balance Sheet

The group balance sheet was strong at year end with a current ratio of 2,9:1 being one of the best in the last five years. Your group is borrowed offshore to the tune of US\$500 000 which it expects to repay by January 2009.

Prospects

The business model for Mealie Brand will not change, but endeavour to consolidate and grow the regional markets. It will take a considerable length of time before the local market climbs back to its sales levels achieved in less adverse economic times.

While CT Bolts has been operating in a survival mode, the plan is to move into a growth mode based on offering regionally competitive prices and the ability to restock.

The economic decline in this country remains a huge obstacle for manufacturing businesses.

Skills and general employee retention will probably, be the biggest single challenge for businesses.

Despite the negative trends your group will remain focused on any opportunities that may avail themselves.

Acknowledgment

I would like to thank our people, customers, suppliers, and other stakeholders for the invaluable support and hard work during the year. I would also like to express my appreciation to management and fellow board members on achieving a good result under extremely difficult conditions.

A handwritten signature in black ink, appearing to read 'O M Chidawu', with a stylized flourish at the end.

O M CHIDAWU

Chairman

24 October 2008



Report of the Directors

Your directors' report on the operations of Zimplot Limited for the year ended 30 June 2008 is as follows:

PROFIT AND APPROPRIATION

The profit and relative appropriations are as follows:

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
Profit after taxation	414,157,670	10,147,104	14,350,431	63
Equity dividend paid	(20,555)	–	(141)	–
Retained profit brought forward	14,581,839	4,434,735	63	–
Retained profit carried forward	<u>428,718,954</u>	<u>14,581,839</u>	<u>14,350,353</u>	<u>63</u>

DIVIDENDS

SHARE CAPITAL

During the year the authorised share capital was increased by Z\$ 10 000 by creation of 200 000 000 ordinary shares of Z\$0,00005 each.

The issued share capital of the company has been increased by 22 939 302 ordinary shares. A total of 22 939 302 ordinary shares were issued as fully paid bonus shares on 29 October 2007.

The total value of the issued share capital is therefore \$14 910.

The unissued ordinary shares of 201 789 575 have been placed under the control of the directors, in terms of Extraordinary General Meetings of Members held on 30 August 1989, 10 November 2004, 16 November 2005 and 14 November 2007.

FIXED ASSETS

Capital expenditure for the year ended 30 June 2008 totalled \$ 26 723 billion. Capital commitments for the year to 30 June 2009 amount to \$ 8,205,713 billion.

DIRECTORATE

The names of the directors and secretary are those in office at the time of the printing of this Notice (24 October 2008).

AUDITORS

Messrs Ernst & Young remain in office until the conclusion of the Annual General Meeting on 19 November 2008, at which members will be asked to fix their remuneration for the year under review and to appoint the auditors for the ensuing year. Messrs Ernst & Young have indicated their willingness to continue in office.

For and on behalf of the Board

D. Mkonto (Mrs)
Company Secretary

Corporate Governance

BOARD OF DIRECTORS

The board of directors consists of a non-executive chairman, four executive directors and five non-executive directors. The chairmen of the various committees are all non-executive directors. The board meets regularly to review results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance and certain functions and responsibilities have been delegated to the following committees, the terms of reference and composition of the membership of which are regularly reviewed.

AUDIT COMMITTEE

The audit committee liaises with the company's external auditors. The external auditors have unrestricted access to the audit committee. The annual and half yearly statements and financial reporting matters are reviewed by the committee at appropriate intervals.

REMUNERATION COMMITTEE

This committee sets the remuneration of the executive directors and approves guidelines for the company's pay reviews.

EXECUTIVE COMMITTEE

The executive committee sits in between board meetings to deliberate and consider detailed operational issues of the company which includes strategy implementation.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for:

1. Selecting appropriate accounting policies and then applying them consistently.
2. Making judgements and estimates that are both reasonable and prudent.
3. Stating whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
4. Preparing the financial statements on a "going concern" basis unless it is inappropriate to presume that the company will continue in business.
5. Safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.
6. Keeping proper accounting records.



Financial Highlights

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
Turnover	117,815,912	26,159,745	10,087,706	115
Profit before taxation	422,007,993	13,478,828	20,728,786	75
Profit after taxation	414,157,670	10,147,104	14,350,431	63
Total assets	476,792,379	50,690,351	71,482,023	385
Market capitalisation	298,210,000	115,860	298,210,000	1
Ordinary Share Performance	(\$ per share)	(\$ per share)	(\$ per share)	(\$ per share)
Basic earnings	1,388,812,145	34,026,706	48,121,897	211
Operating cash flow	(50,804,262)	9,996,821	(10,752,651)	77
	thousands	thousands	thousands	thousands
Average number of shares	298,210	298,210	298 210	298,210

Report of the Independent Auditors to the Members of Zimflow Limited

We have audited the inflation adjusted financial statements of Zimflow Limited as set out on pages 8 to 29 which comprise the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory notes. The historical cost financial statements on pages 8 to 29 are presented as supplementary information.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

Directors are responsible for the preparation and fair presentation of these inflation adjusted financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act. This responsibility includes: designing, implementing and maintaining internal control 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.

AUDITORS RESPONSIBILITY

Our responsibility is to express an opinion on these inflation adjusted financial statements based on our audit. We conducted our audit in accordance with International Standards of 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 purpose of expressing opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the inflation adjusted financial statements give a true and fair view of the financial position of Zimflow Limited as at 30 June 2008, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03).

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)

BULAWAYO

24 October 2008



Income Statement

for the year ended 30 June 2008

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
TURNOVER		117,815,912	26,159,745	10,087,706	115
– Domestic		56,363,237	23,723,744	344,872	109
– Export		61,452,675	2,436,001	9,742,834	6
Cost of sales		38,010,560	7,621,070	53,826	10
Gross profit		79,805,352	18,538,675	10,033,880	105
Net operating expenses		40,498,446	5,635,278	4,537,524	32
Operating profit	3	39,306,906	12,903,397	5,496,356	73
Finance revenue		2,592,847	527,475	5,131	2
Finance costs		(863,532)	(103,828)	(72,073)	–
Monetary gain		380,971,772	151,784	–	–
Fair value adjustment on equity investment		–	–	15,299,372	–
Profit before taxation		422,007,993	13,478,828	20,728,786	75
Taxation	5	(7,850,323)	(3,331,724)	(6,378,355)	(12)
Profit after taxation		414,157,670	10,147,104	14,350,431	63
Profit attributable to shareholders		414,157,670	10,147,104	14,350,431	63
Basic earnings per share (\$)	16	1,388,812,145	34,026,706	48,121,897	211

Balance Sheet

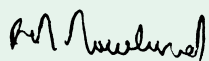
at 30 June 2008

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	6	–	–	–	–
Share premium		1,950,824	1,950,824	–	–
Adjustment to share capital		118,684	118,684	–	–
Revaluation reserve		23,505,685	14,423,320	27,015,603	153
Retained profit		428,718,954	14,581,839	14,350,353	63
		<u>454,294,147</u>	<u>31,074,667</u>	<u>41,365,956</u>	<u>216</u>
Non Current Liabilities					
Deferred tax liability	5.3	10,766,808	8,000,648	18,384,643	59
Current Liabilities					
Trade and other payables	10	5,457,430	6,127,460	5,457,430	58
Bank overdraft		2,584	20	2,584	–
Interest bearing loans and borrowings	12	6,232,661	4,019,409	6,232,661	38
Income tax payable		38,749	1,468,147	38,749	14
		<u>11,731,424</u>	<u>11,615,036</u>	<u>11,731,424</u>	<u>110</u>
TOTAL EQUITY AND LIABILITIES		<u>476,792,379</u>	<u>50,690,351</u>	<u>71,482,023</u>	<u>385</u>
ASSETS					
Non Current Assets					
Property, plant and equipment	7	42,499,327	24,829,499	39,105,654	224
Intangible assets		76,465	76,465	–	–
		<u>42,575,792</u>	<u>24,905,964</u>	<u>39,105,654</u>	<u>224</u>
Current Assets					
Inventories	8	6,471,035	13,976,392	1,220,633	50
Trade and other receivables	9	409,444,313	4,367,957	12,854,497	40
Financial assets		15,299,400	3,005,238	15,299,400	29
Cash and short term deposits	11	3,001,839	4,434,800	3,001,839	42
		<u>434,216,587</u>	<u>25,784,387</u>	<u>32,376,369</u>	<u>161</u>
TOTAL ASSETS		<u>476,792,379</u>	<u>50,690,351</u>	<u>71,482,023</u>	<u>385</u>



Chairman

O M CHIDAWU



Chief Executive Officer

A R ROWLAND

24 October 2008



Statement of Changes in Equity for the year ended 30 June 2008

INFLATION ADJUSTED	Share Capital \$billion	Adjustment to Share Capital \$billion	Share Premium \$billion	Revaluation Reserve \$billion	Retained Profit \$billion	Total \$billion
Balance at 30 June 2006	–	118,684	–	1,487,470	4,434,734	6,040,888
Net profit for the year	–	–	–	–	10,147,105	10,147,105
Revaluation of property, plant and equipment	–	–	–	18,501,173	–	18,501,173
Tax effect of revaluation of property, plant and equipment	–	–	–	(5,565,323)	–	(5,565,323)
Share premium at acquisition	–	–	1,950,824	–	–	1,950,824
Balance at 30 June 2007	–	118,684	1,950,824	14,423,320	14,581,839	31,074,667
Net profit for the year	–	–	–	–	414,157,670	414,157,670
Revaluation of property, plant and equipment	–	–	–	13,204,920	–	13,204,920
Tax effect of revaluation of property, plant and equipment	–	–	–	(4,122,555)	–	(4,122,555)
Equity dividend	–	–	–	–	(20,555)	(20,555)
Balance at 30 June 2008	–	118,684	1,950,824	23,505,685	428,718,954	454,294,147

HISTORICAL COST	Share Capital \$billion	Adjustment to Share Capital \$billion	Share Premium \$billion	Revaluation Reserve \$billion	Retained Profit \$billion	Total \$billion
Balance at 30 June 2006	–	–	–	–	–	–
Revaluation of property, plant and equipment	–	–	–	219	–	219
Tax effect of revaluation of property, plant and equipment	–	–	–	(66)	–	(66)
Net profit for the year	–	–	–	–	63	63
Balance at 30 June 2007	–	–	–	153	63	216
Net profit for the year	–	–	–	–	14,350,431	14,350,431
Revaluation of property, plant and equipment	–	–	–	39,086,115	–	39,086,115
Tax effect of revaluation of property, plant and equipment	–	–	–	(12,070,665)	–	(12,070,665)
Equity dividend	–	–	–	–	(141)	(141)
Balance at 30 June 2008	–	–	–	27,015,603	14,350,353	41,365,956

Cashflow Statement for the year ended 30 June 2008

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
CASH FLOWS FROM OPERATING ACTIVITIES				
Net operating income before dividends, interest and taxation	39,306,906	12,903,397	5,496,356	73
Adjustment for non cash items:				
Depreciation of property, plant and equipment	447,580	457,854	7,930	1
Exchange gain	(6,340,224)	(1,491,957)	–	(15)
Monetary gain	380,971,772	151,784	–	–
(Profit)/loss on disposal of property, plant and equipment	(11,093)	15,350	(2)	–
Operating income before working capital changes	414,374,941	12,036,428	5,504,284	59
Decrease/(increase) in inventories	7,505,357	(9,915,837)	(1,220,583)	(49)
Increase/(decrease) in trade and other receivables	(405,076,357)	(3,628,872)	(12,854,457)	(40)
(Decrease)/increase in trade and other payables	(670,030)	5,130,666	5,457,372	58
Cash generated by operating activities	16,133,911	3,622,385	(3,113,384)	28
Interest received	2,592,847	527,475	5,131	2
Interest paid	(863,532)	(103,828)	(72,073)	–
Taxation paid	(2,712,887)	(1,064,880)	(26,222)	(7)
Net cash flows from operating activities	15,150,339	2,981,152	(3,206,548)	23
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,927,092)	(1,239,056)	(26,723)	(5)
Proceeds on disposal of property, plant and equipment	27,978	102,750	2	–
Proceeds on disposal of shares	1,419,952	–	–	–
Investment in financial assets	(15,299,400)	(1,513,281)	–	(14)
Net cash invested	(18,778,562)	(2,649,587)	(26,721)	(19)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid to equity shareholders	(20,555)	–	(141)	–
Decrease/(increase) in cash and cash equivalents	(3,648,778)	331,565	(3,233,410)	4
Cash and cash equivalents at 1 July	415,372	83,807	4	–
Cash and cash equivalents at 30 June	(3,233,406)	415,372	(3,233,406)	4
Operating cash flow per share (\$)	(50,804,262)	9,996,821	(10,752,651)	77



Notes to the Financial Statements at 30 June 2008

1. Corporate information

The financial statements of Zimplow Limited for the year ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors on 24 October 2008.

The company, which is incorporated in Zimbabwe, engages mainly in the manufacture of animal-drawn agricultural implements, hoes, distribution and manufacture of metal fasteners.

2.1 Basis of preparation

These financial statements are based on the historical cost approach and are restated to take account of the effects of inflation in accordance with International Accounting Standard 29 (IAS 29). The restated financial information forms the primary financial statements of the company.

Accordingly, the financial statements and the corresponding figures for the previous period have been restated to take account of changes in the general purchasing power of the Zimbabwe dollar. The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office. The indices and conversion factors used were as follows:

Date	Indices	Conversion Factors
30 June 2008	1,227,614,935,650.80	1
30 June 2007	11,668,608	105,223.56
30 June 2006	158,708.20	73.52

Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for the previous period are restated in the same terms.

The main procedures applied for the above-mentioned restatement are as follows:

Monetary assets and liabilities at the balance sheet date are not restated as they are already expressed in terms of the monetary unit current at the balance sheet date.

Non-monetary assets and liabilities not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the relevant monthly conversion factors.

Comparative financial statements are restated using general inflation indices in terms of the measuring unit, current at the balance sheet date.

All items in the income statement are restated by applying the relevant monthly, yearly average or year-end conversion factors.

The effect of inflation on the net monetary position of the company is included in the income statement as a loss on net monetary position.

Statement of compliance

The consolidated financial statements of Zimplow Limited have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The company has early adopted the following IFRS's during the year. Adoption of this standard did not have any effect on the financial performance or position of the company.

IFRS 8: Operating segments

This standard requires disclosure of information about the company's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the company.

Notes to the Financial Statements at 30 June 2008

The company determined that the operating segments were the same as the business segments previously identified under IAS 14: Segment Reporting.

Additional disclosures about each of the segments are shown in Note 4, including revised comparative information.

IAS 29 - Financial Reporting in Hyperinflationary Economies (Amended)

The standard requires disclosure of the description of measurement basis in financial statements. This new disclosure is included in Note 2.1.

Accounting Standards issued not yet effective

The company elected not to early adopt the following IFRS's that have been issued but are not yet effective. The company intends to adopt the Standards on 01 January 2009 when they become effective:

IAS 1 Revised - Presentation of Financial Statements

The revised standard has changed the titles of the primary statements but these new titles are optional in financial statements. The other changes are as follows:

- Separation of items previously disclosed in the statement of changes in equity between 'other comprehensive income' and 'statement of changes in equity' in order to separate owner and non-owner changes in equity.
- The Statement of comprehensive income is to include items of income and expense for the period (previously the income statement) plus 'other comprehensive income' i.e. items that previously were recognized directly in equity that do not relate to the owners.
- The revised standard requires dividends recognized as distributions to owners and related amounts per share to be presented in the statement of changes in equity or in the notes. The presentation of such disclosures in the statement of comprehensive income is not permitted.
- Where there has been a retrospective change in accounting policy, correction of a prior period error or reclassification, the entity will be required to present a statement of financial position (previously balance sheet) as at the beginning of the earliest comparative period i.e. a third statement of financial position is required in such cases.

IAS 23 - Revised - Borrowing Costs

The revised IAS 23 removes the option to capitalise or expense borrowing costs relating to qualifying assets. The standard now requires that the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of the asset. The company did not acquire, construct or produce any qualifying assets; the standard will not have an impact on the financial position or performance of the company.

IFRS 3 - Revised - Business Combinations

The IFRS requires the acquirer to disclose information that enables users of its financial statements to evaluate the nature and financial effect of business combinations that occurred during the current reporting period or after the reporting date but before the financial statements are authorised for issue. After a business combination, the acquirer must disclose any adjustments recognised in the current reporting period that relate to business combinations that occurred in the current or previous reporting periods. The company shall disclose all its future business combinations per the requirements of this standard.

IFRS 7 Revised - Financial Instruments: Disclosure

The IFRS requires finance costs to be disclosed per the requirements of IAS 1 Revised. The terminology used should be changed to be as per the requirements of IAS 1 Revised.



Notes to the Financial Statements at 30 June 2008

IAS 10 Revised - Events after the Reporting Period

The Standard states that for dividends declared after the end of the reporting period a liability cannot be raised at the end of the reporting period.

IAS 16 Revised - Property, Plant and Equipment

The Standard requires disclosure of the estimates used to determine recoverable amount. The company will in future have to disclose these estimates.

IAS 32 Revised - Financial Instruments: Presentation

The Standard requires certain financial instruments to be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities.

IAS 36 Revised - Impairment of Assets

The Standard requires disclosure of the estimates used to determine recoverable amount.

Other Standards effective 01 January 2009 which were revised or issued do not have an impact on the financial position or performance of the company.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the group financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Financial asset at fair value through profit and loss.

The company has invested in listed equity instruments as part of its investment portfolio. The company has determined that these investments are acquired for the purpose of selling in the near term and so accounts for the investments as financial assets at fair value through profit and loss.

Estimates and assumptions

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

Foreign currency translations

The company receives and settles some of its transactions in foreign currencies. When foreign currency transactions are made management must estimate the best exchange rate to use to translate the foreign currency transactions to local currency. As at year end the company used the interbank exchange rate to translate all foreign currency transactions to local currency. As at 30 June 2008 net exchange loss recognised amounted to \$ 3,064,303 billion.

Notes to the Financial Statements

at 30 June 2008

2.4 Summary of significant accounting policies

Foreign currency translation

Transactions in foreign currencies are translated to local currency at the interbank exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to local currency at the interbank exchange rate ruling at balance sheet date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currency are translated into local currency at the market exchange rate ruling at the date of the transaction. The functional and presentation currency is the Zimbabwe dollar.

Property, plant and equipment

Property and plant is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the assets revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Motor vehicles, office furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Such costs includes the cost of replacing part of the motor vehicles and equipment when that is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit and loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Buildings	50 years or remaining useful life
Plant and equipment	5 to 15 years
Motor vehicles	5 years
Office furniture	4 to 10 years

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 amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.



Notes to the Financial Statements at 30 June 2008

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generation units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units. Each unit to which the goodwill is so allocated:

- represents the lowest level within the company at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the company's primary or the company's secondary reporting format determined in accordance with IFRS 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements

at 30 June 2008

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or 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.

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 , (iii) the financial asset contains an embedded derivative that would need to be separately recorded. As at 30 June 2008 financial assets designated as at fair value through profit and loss amounted to \$15,299,400 billion (2007;\$29 billion).Fair value was determined using quoted Stock Exchange market rates.

Inventories

Inventories are valued at the lower of weighted average cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - Purchase costs on weighted average cost
- Finished goods and work in progress - Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollected amounts. An estimate for doubtful debts is made when collection for the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short term deposits with an original maturity of one month or less.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received , excluding discounts, rebates, and other VAT or duty.The following specific recognition criteria must also 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.



Notes to the Financial Statements at 30 June 2008

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 instruments to the net carrying amount of the financial asset).

Taxes

Current income tax

Current income tax 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 balance sheet date.

Deferred income tax

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

Value Added Tax

Revenue expenses and assets are recognised net of the amount of value added tax.

Employee benefits

Current contributions to the Zimplo Pension Fund, which is a defined contribution fund and contributions to the National Social Security Authority, which are determined by legislation, are charged against trading profit when incurred. (See note 3.)

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the ability of resources to complete and the availability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Notes to the Financial Statements at 30 June 2008

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
3. OPERATING PROFIT				
The operating profit before taxation is arrived at				
After charging:				
Administration expenses	6,148,720	1,900,731	1,260,801	6
Auditors remuneration:				
Current year	111,938	91,229	111,938	1
Underprovision prior year	210,447	154	2	
	<u>322,385</u>	<u>91,383</u>	<u>111,940</u>	<u>1</u>
Depreciation of property, plant and equipment:				
Buildings	79,191	41,118	1,702	-
Plant and equipment	368,389	416,736	6,228	1
	<u>447,580</u>	<u>457,854</u>	<u>7,930</u>	<u>1</u>
Directors' emoluments:				
Fees	38,995	-	206	-
Other emoluments	402,898	-	3,674	-
	<u>441,893</u>	<u>-</u>	<u>3,880</u>	<u>-</u>
Discounts to customers	113,434	687,207	2	2
Provision for doubtful debts	-	-	1	-
Research and development costs	768	621	1	-
Selling expenses	2,347,018	766,056	131,571	2
Staff costs:				
Salaries and allowances	3,095,753	805,589	102,911	5
Contribution to pension fund	270,031	60,041	5,488	-
National Social Security Authority	73,957	78,097	339	-
	<u>3,439,742</u>	<u>943,727</u>	<u>108,738</u>	<u>5</u>
After crediting:				
Net Exchange gains/(loss)	6,340,224	1,491,957	-	15
(Loss)/Profit on disposal of property, plant and equipment	(11,093)	15,350	(2)	-
Other income	12,181,093	1,345,766	4,700	2
Gains on financial assets	15,299,372	-	15,299,372	-

Notes to the Financial Statements at 30 June 2008



4. SEGMENT INFORMATION

Operating segment

The primary segment reporting format is determined to be operating segments as the company's risks and rates of return are affected predominantly by differences in the products produced. The operating businesses are organised and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The CT Bolts segment is a manufacturer and distributor of metal fasteners to the mining, construction and agricultural industry.

The Mealie Brand segment is a manufacturer of animal drawn implements for the agricultural sector.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated on consolidation.

Notes to the Financial Statements at 30 June 2008

Operating segment

The following tables present revenue, profit and certain asset and liability information regarding the company's business segments for the year ended 30 June 2008.

INFLATION ADJUSTED	MEALIE BRAND	CT BOLTS	ELIMINATION	TOTAL OPERATIONS
Revenue				
External sales	113,171,571	4,644,341	–	117,815,912
Inter-segment sales	31,665	–	(31,665)	–
Total revenue	<u>113,203,236</u>	<u>4,614,341</u>	<u>(31,665)</u>	<u>117,815,912</u>
Results				
Segment results	39,270,249	51,264	(14,606)	39,306,906
Interest expense				(863,532)
Interest income				2,592,847
Monetary adjustment				380,971,772
Income taxes				(7,850,323)
Net profit attributable to shareholders				<u>414,157,670</u>
Other information				
Segment assets	456,648,451	20,222,895	(78,967)	476,792,379
Segment liabilities	22,322,910	181,024	(5,702)	22,498,232
Capital expenditure	4,926,170	922		4,927,092
Depreciation	409,313	38,267		447,580
HISTORICAL COST				
Revenue				
External sales	9,994,125	58,574	–	10,052,699
Inter-segment sales	7,218	39,072	(11,283)	35,007
Total Revenue	<u>10,001,343</u>	<u>97,646</u>	<u>(11,283)</u>	<u>10,087,706</u>
Results				
Segment results	5,474,104	31,118	(8,866)	5,496,356
Interest expense				(72,073)
Interest income				5,131
Fair value adjustment				15,299,372
Income taxes				(6,378,355)
Net profit attributable to shareholders				<u>14,350,431</u>
Other information				
Segment assets	68,461,990	3,031,871	(11,838)	71,482,023
Segment liabilities	11,640,005	94,392	(2,973)	11,731,424
Capital expenditure	26,718	5		26,723
Depreciation	7,252	678		7,930



Notes to the Financial Statements at 30 June 2008

Operating segment

The following tables present revenue, profit and certain asset and liability information regarding the company's business segments for the year ended 30 June 2007.

INFLATION ADJUSTED	MEALIE BRAND	CT BOLTS	ELIMINATION	TOTAL OPERATIONS
Revenue				
External sales	18,708,093	7,451,652	–	26,159,745
Inter-segment sales	56,792	–	(56,792)	–
Total revenue	<u>18,764,885</u>	<u>7,451,652</u>	<u>(56,792)</u>	<u>26,159,745</u>
Results				
Segment results	8,217,879	4,720,647	(35,128)	12,903,398
Interest expense				(103,828)
Interest income				527,475
Monetary adjustment				151,784
Income taxes				(3,331,724)
Net profit attributable to shareholders				<u>10,147,104</u>
Other information				
Segment assets	45,948,315	5,797,871	(1,055,834)	50,690,352
Segment liabilities	11,148,781	1,486,707	(1,020,452)	11,615,037
Capital expenditure	790,334	448,722		1,239,056
Depreciation	217,180	240,674		457,854
HISTORICAL COST				
Revenue				
External sales	96	19		115
Inter-segment sales				
Total Revenue	<u>96</u>	<u>19</u>		<u>115</u>
Results				
Segment results	60	13		73
Interest expense				
Interest income				2
Income taxes				(12)
Net profit attributable to shareholders				<u>63</u>
Other information				
Segment assets	355	40	(10)	385
Segment liabilities	106	14	(10)	110
Capital expenditure	3	2		5

Notes to the Financial Statements at 30 June 2008

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
5 TAXATION				
5.1 Charge based on income for the year				
Zimbabwe income tax	61,394	2,060,196	61,394	20
Deferred taxation – current year	6,644,272	732,446	6,313,397	(11)
Prior year deferred tax adjustment	(77,958)	157,077	–	1
Resident tax on interest	1,222,615	382,005	3,564	–
	<u>7,850,323</u>	<u>3,331,724</u>	<u>6,378,355</u>	<u>11</u>
5.2 Reconciliation of tax charge				
Tax on profit for the year at 20.06%	–	–	4,158,194	13
Permanent differences	–	–	2,216,597	(2)
Tax rate change	–	–	–	–
Prior year adjustment	–	–	1	–
Deferred tax on acquisition	–	–	–	–
Resident tax on interest	–	–	3,564	–
	–	–	<u>6,378,355</u>	<u>11</u>
Effective tax charge	–	–	<u>44.28%</u>	<u>15.64%</u>
In terms of section 139 of the Finance Act Chapter 23:04 the rate of income tax is 20% if a company exports 50% of its manufactured output in units. The company exported 55% of its manufactured output in the year under review.				
5.3. Deferred tax liability				
Key components of deferred tax:				
Accelerated wear and tear	1,099,556	3,363,307	3,557	–
Prepayments	934,469	21,273	5,705	–
Deferred Income	(144,208)	(47,669)	(17,044)	1
Gain on financial assets	–	290,054	4,727,564	3
Net exchange gain	4,754,456	(1,191,640)	1,593,616	(11)
Revaluation of property, plant and equipment to fair value	4,122,535	5,565,323	12,071,245	66
	<u>10,766,808</u>	<u>8,000,648</u>	<u>18,384,643</u>	<u>59</u>
6. SHARE CAPITAL	2008		2007	
6.1 Reconciliation of authorised and issued share capital	Shares		Shares	
Authorised	300,000,000		300,000,000	
Increase in ordinary shares	200,000,000	–	–	–
Ordinary shares at 0.00005 cents each	<u>500,000,000</u>	<u>–</u>	<u>300,000,000</u>	<u>–</u>
Ordinary shares issued and fully paid				
1 July 2008	275,271,123	–	262,162,963	–
Bonus issue	22,939,302	–	13,108,160	–
	<u>298,210,425</u>	<u>–</u>	<u>275,271,123</u>	<u>–</u>



Notes to the Financial Statements at 30 June 2008

6.2 Subject to the right of shareholders to take up any new shares in proportion to their existing holding, to Section 183 of the Companies Act (Chapter 24:03), and to the limitations of the Zimbabwe Stock Exchange, the unissued shares are under the control of the Directors, in terms of Extraordinary General Meetings of Members held on 30 August 1989, 10 November 2004, 16 November 2005 and 14 November 2007.

6.3 At 30 June 2008, the directors of the company held directly and indirectly, the following shares:

Name	2008	2007
O C Chidawu	1 213	2 187
P Devenish	1 213	2 187
N Kudenga	568 847	12 854
Z Kumwenda	15 609	484 251
D Mkonto	1 213	448 120
A R Rowland	329 859	263 032
B Mitchell	63 500 000	58 800 000

7. PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED	LAND & BUILDINGS FREEHOLD \$billion	PLANT MACHINERY & VEHICLES \$billion	OFFICE FURNITURE & EQUIPMENT \$billion	TOTAL \$billion
7.1 Cost/Valuation				
At 30 June 2007	7,636,938	16,808,256	650,280	25,095,474
Additions	237,178	4,467,687	223,981	4,928,846
(Impairment)/revaluation	(5,532,178)	18,378,380	–	12,846,202
Disposals	–	(170,619)	(1,985)	(172,604)
At 30 June 2008	2,341,938	39,483,704	872,276	42,697,918
Depreciation At 30 June 2007	–	192,536	73,439	265,975
Charge for the year	79,191	368,388	–	447,579
Disposals	–	(68,293)	(232)	(68,525)
Revaluation	(79,191)	(367,248)	–	(446,439)
At 30 June 2008	–	125,383	73,207	198,591
Net book amount at 30 June 2008	2,341,938	39,358,321	799,069	42,499,327
HISTORICAL COST	\$billion	\$billion	\$billion	\$billion
Cost/Valuation				
At 30 June 2007	72	150	2	224
Additions	5,008	21,543	172	26,723
Revaluation	2,030,928	37,047,810	–	39,078,738
Disposals	–	(31)	–	(31)
At 30 June 2008	2,036,008	37,069,472	174	39,105,654
Depreciation At 30 June 2007	–	–	–	–
Charge for the year	1,702	6,228	–	7,930
Revaluation	(1,702)	(6,228)	–	(7,930)
At 30 June 2008	–	–	–	–
Net book amount at 30 June 2008	2,036,008	37,069,472	174	39,105,654

Notes to the Financial Statements at 30 June 2008

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
7.2 Revaluation of assets				
Directors' valuation with the help of professional independent valuers were conducted as follows:				
a) Land and buildings - 30 June 2008 Open Market Value			-	-
b) Plant and machinery - 30 June 2008 Depreciated Replacement Value			-	-
7.3 Capital commitments				
Authorised but not yet contracted	8,205,713	22,594,916	8,205,713	215
Authorised and contracted	-	96,080	-	1
Capital commitments will be financed from funds generated by operations	<u>8,205,713</u>	<u>22,690,996</u>	<u>8,205,713</u>	<u>216</u>
8. INVENTORIES				
Raw materials	5,617,725	11,580,340	1,059,673	36
Finished whole goods, components and work in progress	853,310	2,396,052	160,960	14
	<u>6,471,035</u>	<u>13,976,392</u>	<u>1,220,633</u>	<u>50</u>
9. TRADE AND OTHER RECEIVABLES				
Local trade receivables	843,031	1,946,013	843,031	18
Foreign trade receivables	11,908,346	1,654,478	11,908,346	16
Other receivables and prepaid expenses	396,692,936	767,466	103,120	6
	<u>409,444,313</u>	<u>4,367,957</u>	<u>12,854,497</u>	<u>40</u>
Trade receivables are non-interest bearing and are generally on 3-7 days terms.				
10. TRADE AND OTHER PAYABLES				
Local trade payables	98,055	1,528,575	98,055	15
Foreign trade payables	4,085,757	4,084,187	4,085,757	38
Other payables and accrued expenses	1,273,618	514,698	1,273,618	5
	<u>5,457,430</u>	<u>6,127,460</u>	<u>5,457,430</u>	<u>58</u>
Trade payables and other payables are non-interest bearing and are normally settled on 7 day terms.				

Notes to the Financial Statements at 30 June 2008



	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
11. CASH AND SHORT TERM DEPOSITS.				
Local Cash at Bank and on hand	143,430	3,309,413	143,430	11
Foreign Cash at Bank	2,858,409	1,125,387	2,858,409	20
Short Term Deposits	–	–	–	11
	<u>3,001,839</u>	<u>4,434,800</u>	<u>3,001,839</u>	<u>42</u>
12. SHORT TERM BORROWINGS				
	Interest %	Due		
Unsecured				
– local	6.50 15/07/08	407,661	187,249	2
– foreign	7.22 26/10/08	5,825,000	3,832,160	36
		<u>6,232,661</u>	<u>4,019,409</u>	<u>38</u>

Notes to the Financial Statements

at 30 June 2008

BORROWING LIMITATIONS

The company's borrowings are limited by its Articles of Association to 100% of shareholders funds, excluding reserves created by the revaluation of any assets.

13. Related party disclosures.

The total amount of transactions which have been entered into with related parties for the financial year end 30 June 2008 are as follows:

Directors' loans

The company offers senior management housing loans repayable within one year from the date of disbursement. Such loans are unsecured and are at an interest rate of 16% . As at 30 June 2008 the amount of \$1 619 714 500 000 was due from directors. This amount is included in other receivables.

Compensation of key management personnel.

	INFLATION ADJUSTED	HISTORICAL
	2008	2008
	\$billion	\$billion
Short term employee benefits	855,110	7,942

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Treasury risk management

A treasury management policy is in place to maximise returns on available surplus funds and is controlled by management.

Foreign currency management

Foreign currency risk is managed within the constraints of the Reserve Bank regulations. Wherever possible export proceeds are used to settle import payments. Gains and losses originating from exchange rate fluctuations are accounted for in the relevant period.

Foreign debtors are covered by credit insurance where management deems necessary.

Interest risk management

The company policy is to adopt a non-speculative policy on managing interest rate risk. The company endeavours to maximise interest rates on investments and minimise interest rates on borrowings, using only sound financial institutions.

Liquidity risk management

The company has borrowing facilities of \$35 trillion, however, cash generated from activities is adequate to pay day-to-day expenses and meet current debt repayments. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and seven days, depending on the immediate cash requirements of the company and earn interest at the respective short term deposit rates.

Credit risk management

The company's credit risk is primarily short-term cash deposits with banks and financial institutions and trade debtors. The company has a comprehensive credit control policy.

Fair value of financial instruments

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

Notes to the Financial Statements at 30 June 2008



Capital management

The primary objective of the company in capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives policies or processes during the years end 30 June 2008 and June 2007.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital is the equity attributable to equity holders less the net unrealised gain reserve.

15. EVENTS AFTER THE BALANCE SHEET DATE

Non adjusting event.

After 1 August 2008 the Zimbabwe currency was debased by 10 000 000 000. The implication is \$10 billion is now equivalent to \$1.

On 1 July 2008, the Group acquired net assets of Tassburg, a company involved in the manufacture and distribution of veranda bolts, wood screws and high tensile bolts, for a consideration of 28 861 499 shares.

16. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity shareholders of the company by the weighted average number of ordinary shareholders outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	INFLATION ADJUSTED		HISTORICAL COST	
	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion	30 JUNE 2008 \$billion	30 JUNE 2007 \$billion
Net profit attributable to ordinary holders of the company	414,157,670	10,147,104	14,350,431	63
Number of shares for basic earnings per share (thousands)	298,210	298,210	298,210	298,210
Bonus issue (thousands)	23,939	23,939	23,939	23 939
Weighted average number of shares (thousands)	298,210	298,210	298,210	298,210
Basic earnings per share (\$)	1,388,812,145	34,026,706	48,121,897	211

On 29 October 2007 the company issued bonus shares on the basis of 1 ordinary share for 12 ordinary share outstanding at that date. Total number of ordinary shares issued were 22 939 302. There have been no other transactions involving ordinary shares or potential shares between the reporting date and the date of completion of these financial statements.

Statement of Value Added at 30 June 2008

Value added is a measure of the wealth the company has been able to create by adding value to the cost of raw materials, products and services purchased. The statement summarises the total wealth created and shows how it was shared by employees and other parties who contributed to the company's operations. The calculation takes into account the amount retained and reinvested in the company for the replacement of assets and further development of operations.

	INFLATION ADJUSTED				HISTORICAL COST			
	JUNE 2008 \$billion		JUNE 2007 \$billion		JUNE 2008 \$billion		JUNE 2007 \$billion	
Turnover	117,815,912		26,159,745		10,087,706		115	
Less: Cost of material and services	88,191,741		11,331,120		4,540,759		33	
	29,624,171		14,828,625		5,546,947		82	
APPLIED AS FOLLOWS:	%		%		%		%	
Employee remuneration/benefits	12	3,439,742	6	943,727	2	109,681	7	6
Government taxes	26	7,850,323	22	3,331,724	115	6,378,355	15	12
Providers of capital – dividends	–	20,555	–	–	–	141	–	–
Balance retained in the company	62	18,313,552	72	10,553,174	(17)	(941,089)	78	63
Depreciation		447,580		457,854		7,930		1
Fair value adjustment on equity		(15,299,372)		–		(15,299,372)		–
Monetary adjustment		(380,971,772)		(51,784)		–		–
Retained income		414,137,116		10,147,104		14,350,353		63
	100	29,624,171	100	14,828,625	100	5,546,947	100	82



Shareholders' Analysis at 30 June 2008

	Number of Shareholders	%	Number of Shares held	%
SIZE OF SHAREHOLDING:				
1 – 5 000	569	55.08	876,149	0.29
5 001 – 10 000	99	9.58	712,668	0.24
10 001 – 25 000	124	12.00	1,988,377	0.67
25 001 – 50 000	52	5.03	1,812,328	0.61
50 001 – 100 000	60	5.81	4,274,341	1.43
100 001 – 500 000	82	7.94	18,403,831	6.17
500 001 – 1 000 000	25	6.10	18,191,873	6.10
Over 1 000 000	22	2.13	251,950,858	84.49
	1,033	100.00	298,210,425	100.00

TYPE OF SHAREHOLDERS:

Foreign Companies	1	0.10	93,426,667	31.33
Investments and Trusts	40	3.87	66,386,551	22.26
Local Companies	196	18.97	60,999,021	20.46
Nominees Local	85	8.23	24,735,434	8.29
Insurance Companies	8	0.77	18,468,021	6.19
Local Individual Residents	596	57.70	14,295,856	4.79
Other Organisations	21	1.93	5,755,853	2.03
Pension Funds	31	3.00	4,184,478	1.40
Non Residents	14	1.36	3,575,777	1.20
New Non Residents	4	0.39	3,257,901	1.09
Fund Managers	26	2.52	1,271,818	0.43
Employee Share Trust	1	0.10	1,253,107	0.42
Banks	7	0.68	222,595	0.07
Deceased Estates	1	0.10	205,053	0.07
Nominees Foreign	1	0.10	160,160	0.05
London Control Acct	1	0.10	12,133	0.00
	1,033	100.00	298,210,425	100.00

LARGEST SHAREHOLDERS:

Metal and General Ltd	93,426,667	31.33
CTB Investments	65,500,000	21.39
Old Mutual Life Assurance Co. Zimbabwe Ltd	13,969,153	4.68
Scaiflow Investments (Pvt) Ltd	12,910,328	4.33
Carsan Investment Company (Pvt) Ltd	11,691,680	3.92
Syfrets Nominees (Pvt) Ltd	9,749,818	3.27
Second Nominees	7,533,270	2.53
Edwards Nominees (Pvt) Ltd	7,106,677	2.53
Chitepo Bernard Norman	4,417,803	1.48
Bard Nominees (Pvt) Ltd	4,187,295	1.40
	230,492,691	76.86

Financial Review 2004-2008 at 30 June 2008

HISTORICAL COST	JUNE 2008	JUNE 2007	JUNE 2006	JUNE 2005	JUNE 2004
SUMMARY OF RESULTS (\$millions)					
Turnover	10,087,706	115	-	-	-
Profit before tax	20,728,786	75	-	-	-
Taxation	6,378,355	12	-	-	-
Profit after tax	14,350,431	63	-	-	-
Return on investment (%)	29.00	19.36	45.24	28.17	67.95
FINANCIAL STATUS					
Current assets	32,376,369	161	-	-	-
Current liabilities	11,731,424	110	-	-	-
Net current assets	20,644,945	51	-	-	-
Current ratio	2.76	1.46	2.29	2.1	2.5
Total assets employed	71,482,023	385	-	-	-
Shareholders' funds	41,365,956	216	-	-	-
\$ PER ORDINARY SHARE					
Headline earnings	12,670,816	211	0.85	0.05	0.03
Basic earnings	48,121,897	211	0.86	0.05	0.03
Dividends	-	-	-	-	-
Income retained for the year	48,121,425	211	0.86	0.06	0.03
Net asset value	138,714,181	724	5	0.22	0.06
SHARES IN ISSUE					
No. of ordinary shares issued(000s)	298,210	298,210	262,162	193,000	193,000
Market price (\$) - highest (26/06/08)	1,000,000,000	4,000	0.01	0.25	0.18
Market price (\$) - lowest (8/01/08)	3,000	30	0.15	0.02	0.02
Market price (\$) - end of year	1,000,000,000	4,000	4.5	0.18	0.3
STAFF COMPLEMENT					
Average number of employees	378	455	388	375	344



Financial Calendar

Result and dividend announcement for the year ended 30 June 2008

3 September 2008

Annual General Meeting

19 November 2008

Dividends:

Interim statement and dividend announcement

February 2009

to be paid April 2009



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