Corporate Profile

Dairibord Holdings Limited is a manufacturer and marketer of quality milk, foods and beverages. The company is listed on the Zimbabwe Stock Exchange (ZSE). It is a prime example of successful privatisation by the Government of Zimbabwe as it was originally a state owned enterprise established for the purposes of processing and marketing milk products .

Dairibord Holdings has 100% ownership in Martindale Trading (Private) Limited t/a Lyons, Lavenson Investments (Private) Limited, NFB Logistics (Private) Limited, Kutal Investments (Private) Limited, 68.4% shareholding in Dairibord Malawi Limited and 40% in M E Charhon (Private) Limited. Kutal Investments is a property holding company which leases its properties to Group companies. Dairibord Malawi (Private) Limited has 100% ownership in Mulanje Peak Foods (Private) Limited. Lavenson Investments (Private) Limited has a 100% ownership in Dairibord Zimbabwe (Private) Limited.

The Group produces an extensive range of products which include liquid milks (short and long shelf life milk), foods (yoghurt, ice creams, cheese, ice cream cone shells, condiments and spreads) and beverages (cordials, ready-to-drink dairy and non dairy, teas, mineral water) which are marketed in both the domestic and export markets. As at December 2011, Dairibord Holdings had a staff compliment of 1,041 permanent employees and 613 contract employees. The complement of independent vendors stood at 1,079.

Dairibord Holdings Limited is one of the largest manufacturing and marketing companies in Zimbabwe with over 50 brands. The Group has factories in Harare, Chitungwiza, Bulawayo, Gweru, Kadoma, Mutare and Chipinge. The operations in Malawi are located in Blantyre and Mulanje District

Vision, Mission and Values Statement

VISION

To be the best and most successful food company in Africa, commanding a position of sustainable growth driven by technology and market share leadership.

MISSION

To be the most sought after marketer of nutritious foods and beverages with domestic dominance and regional presence.

VALUES

- Innovation: We are committed to innovation and addressing changing customers' needs and we will continuously develop our processes to produce a wide variety of quality new products and services.
- Commitment: Customer satisfaction is the yardstick against which our company's performance in all spheres will be measured. Exceeding our customer needs and expectations will be a commitment shared by every person in the company.
- Professionalism: We will recruit and develop a well-trained work force in which job competence, performance and succession stability are the primary objectives.
- Integrity: Our integrity will be displayed to our customers, suppliers, employees, shareholders and to the environment.
- Responsibility: As a corporate citizen, Dairibord Holdings Limited is committed to discharging itself responsibly in all its dealings with stakeholders.
- Sensitivity: We will provide a safe and positive working environment for our employees. Openness, two way communication, personal development, trust and recognition of achievement will be fostered to achieve our mission. Our goal is to be responsible and accountable to our shareholders through value creation in which sustainable profitability is a key requisite. We have developed and maintained a well-documented management system supported by an internationally recognised up-to-date enterprise wide management system.
- Fairness: We will be fair in all our dealings
- Zero tolerance to corruption: Our strategies and operations are anchored on principles of sound corporate governance. To this end, the Group operates on a zero-tolerance-to-corruption policy.

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Cascade and Quick Brew 2011 Superbrand Awards

DAIRIBORD
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THE FAMILY CHOICE

NFB
LOGISTICS
Your Logical Choice

Corporate Policy Statements

Quality Policy

At Dairibord Holdings Limited we strive to:
'Provide safe food and beverages that satisfy our customers' expectations and comply with regulatory requirements, both nationally and internationally'.

In our operations we adhere to stringent hygienic practices and, where necessary, emphasize on maintenance of the cold chain to assure the quality of the products that we present to our customers. Through active planning and control of every function, we strive to provide products and services that consistently meet all quality, quantity, timing and cost objectives.

Furthermore, we are dedicated to continually improving the quality of our products and services in order to sustain market share leadership by regularly determining the current and future needs of our customers and reviewing our processes in order to satisfy these needs.
Through the implementation of ISO 9001:2000 and ISO22000:2005 Quality management systems, we aim to achieve quality excellence, the foundation for the management of our business. ISO 22 000: 2005 is a combination of ISO 9001:2000 and Hazard Analysis Critical Control Points (HACCP). HACCP is a food safety standard that operates on a framework of a structured management system that is incorporated into the overall management activities of the organization. The Standards Association of Zimbabwe (SAZ) ISO 22 000:2005 specifies requirements for food safety management systems where an organization in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe at the time of human consumption. Since food safety hazards can be introduced at any stage of the food chain, adequate control throughout the food chain is essential.

Our quality objectives are documented in the company's strategic plan and are reviewed annually through a management review process. Through our performance management system each employee of the company translates these objectives into desired actions and values.

The company policy is displayed openly as a sign of our commitment. The policy is presented to all employees in our quality orientation awareness training and is continuously reinforced by management to ensure understanding and commitment at all levels.

Health And Safety Policy

Dairibord Holdings Limited is committed to providing a safe environment for all employees by fulfilling the following:

- To provide adequate health and safety training for each employee in terms of the location and function of their job.
- To regularly review the design of the factories and equipment in order to implement measures which will improve the safety of the workplace.
- To provide First Aid Equipment for use in the factories as well as First Aid Training to designated members of the workforce
- To comply with the Factories and Works Act concerning health and safety in the workplace.
- To run awareness training programs on HIV/AIDS targeted at all employees.

These matters are covered comprehensively in our Health and Safety manual, which is available to all employees.

Corporate Policy Statements

Environmental Policy

At Dairibord Holdings Limited we are genuinely and deeply concerned about the global destruction and damage to the environment.

We are committed to a continual reduction of our negative environmental effect. In line with the company's commitment to environmental responsibility, we have a policy wherein:

- We will actively move towards compliance with relevant environmental legislation and regulations.
- We will publish the environmental policy in English, Shona, and Ndebele where it can be viewed by all employees of the company. The policy will, on request be available to all externally interested parties. Environmental training will be used as a tool to spread environmental responsibility on a personal level throughout the company
- We will allocate resources to the setting and achievement of environmental objectives and targets for the company and for management. Programs will be publicly displayed.
- We will maintain continuous efforts to achieve continuous improvements in our environmental performance policies, programs and operations taking into account technical developments, scientific understanding, customer and community expectations. Our starting point is to comply fully with the requirements of ISO 14001:1996. Environmental probity will play a large part in process development, particularly packaging of products and natural resources (energy consumption)
- We will work with and advise suppliers and contractors in order to minimize the impact of their operations on the environment.
- We will foster openness and dialogue with employees and all interested parties anticipating and responding to their concerns about potential hazards and impacts to Dairibord's Operations.
- We will measure environmental performance by conducting regular environmental audits. The company's compliance to legislation and its own requirements as a responsible corporate citizen will be regularly assessed and used as a basis of determining future action on environmental relevance.

LYONS

GREAT FLAVOUR • GREAT TASTE

Directorate & Professional Advisors

DAIRIBORD HOLDINGS LIMITED BOARD OF DIRECTORS
Timothy Chiganze - Chairman
Anthony S Mandiwanza - Group Chief Executive
Cleton Mahembe
Fungai Mungoni
Herbert Makuwa
Josphat Sachikonye
Mercy R Ndoro - Executive
Sibusisiwe Chindove
Sibusisiwe P Bango
Thompson Mabika -Executive

DAIRIBORD ZIMBABWE (PRIVATE) LIMITED BOARD OF DIRECTORS
Anthony S Mandiwanza - Chairman
David Hasluck
David Mills
Fungai Mungoni
Mercy R Ndoro
Sibusisiwe P Bango
Thompson Mabika - Executive

MARTINDALE TRADING (PRIVATE) LIMITED (T/A LYONS) BOARD OF DIRECTORS
Anthony S Mandiwanza - Chairman
Fungai Mungoni
Mercy R Ndoro
Tracey Mutaviri - Executive
Adiel Karima

DAIRIBORD MALAWI LIMITED BOARD OF DIRECTORS
Anthony S Mandiwanza - Chairman
Constance Msiska
Elizabeth V Chulu
Maziko Sauti-Phiri
Misheck Esau
Theodora N Nyamandi - Executive
Wilfred G Lipita

NFB LOGISTICS (PRIVATE) LIMITED BOARD OF DIRECTORS
Anthony S Mandiwanza - Chairman
Herbert Makuwa
Mercy R Ndoro
Patrick Makanza
Thompson Mabika -Executive
David Hasluck
Chisina Nduku

DAIRIBORD HOLDINGS LIMITED COMMITTEES

FINANCE AND AUDIT COMMITTEE
Fungai Mungoni - Chairman
Cleton Mahembe
Herbert Makuwa

REMUNERATION COMMITTEE
Timothy Chiganze - Chairman
Fungai Mungoni

NOMINATIONS COMMITTEE
Timothy Chiganze
Josphat Sachikonye
Sibusisiwe P Bango
Sibusisiwe Chindove

SECRETARY & REGISTERED OFFICE
Mercy R Ndoro
ZB Life Towers
9th Floor
77 Jason Moyo Avenue
P O Box 587, Harare, Zimbabwe
E-mail: ndorom@dairibord.co.zw
Telephone Numbers: 263 4 790801-7, +263 4 731071-8
Fax Number: +263 4 795220

AUDITORS
Ernst & Young Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare

PRINCIPAL BANKERS
Standard Chartered Bank Zimbabwe Limited
Barclays Bank Zimbabwe Limited

TRANSFER SECRETARIES
Corpserve (Private) Limited
4th Floor, ZB Centre
Cnr 1st Street and Kwame Nkrumah Avenue
Harare
Zimbabwe

Board of Directors

Timothy Chiganze
CHAIRMAN

Anthony S Mandiwanza
EXECUTIVE

Thompson Mabika
EXECUTIVE

Mercy R Ndoro
EXECUTIVE

Herbert Makuwa

Cleton Mahembe

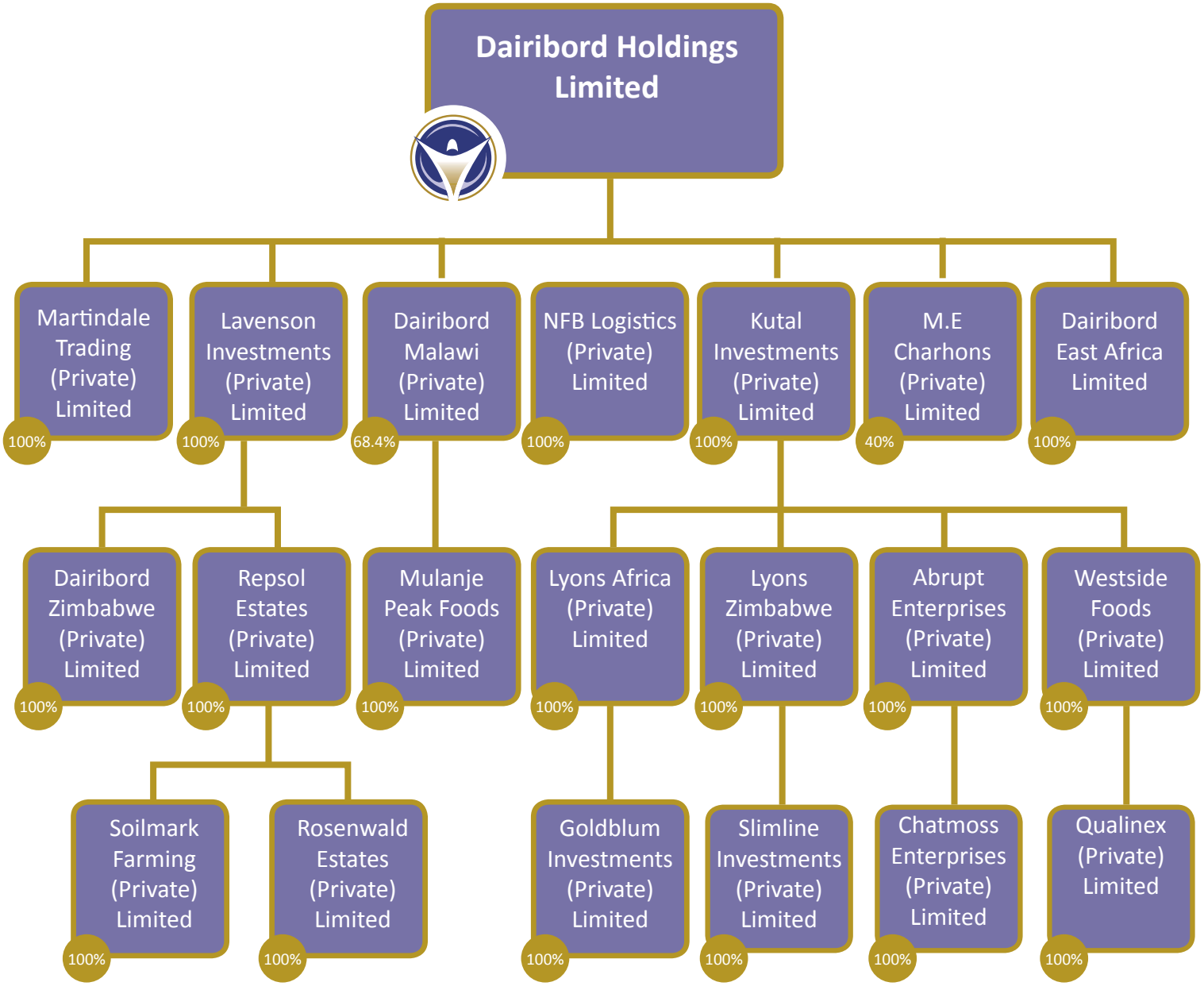
Sibusisiwe Chindove

Sibusisiwe P Bango

Josphat Sachikonye

Fungai Mungoni

Group Structure



Group Brands

Product Category	Product Type	Brands		
		Dairibord Zimbabwe	Lyons	Dairibord Malawi
Liquid Milks	Long Shelf Life	Dairibord Steri Dairibord Chimombe Dairibord Super Milk		Dairibord Ching'ombe
	Cultured	Dairibord Lacto		Dairibord Chambiko
	Short Shelf Life	Dairibord Fresh Milk		Dairibord Fresh Milk
	Cream			Dairibord Fresh Cream
Foods	Yoghurts	Dairibord Yummy Yoghurt Dairibord Froot Scoop Yoghurt		Dairibord Yoghurt Dairibord Yogie
	Ice Cream Sticks	Nutty Squirrel Skippy Choc Bigger Bear Super Split Plus20 Monsta Mouse Green Giant Mello ice	Lyons Maid Quench	Dairibord ice lollies
	Bulk Ice Creams	Dairibord Bulk ice creams	Lyons Maid	Dairibord Bulk ice creams
	Cheese	Dairibord Gouda		Dairibord Gouda Dairibord Cheddar
	Sauces and Condiments		Rabroy Tomato Sauce Rabroy Salad Cream Rabroy Mayonnaise Lyons Peanut Butter	
Beverages	Ready to Drink	NutriPlus Fun 'n Fresh	Cascade	Family Choice Juices
	Crushes and Cordials		Quench Orange Crush Quench Cordials Xtra Value	Family Choice
	Mineral Water	Dairibord Aqualite		Dairibord Aquamadzi
	Tea Bags		Quick Brew	
	Loose Tea		Inyanga Tea	
	Drinking Chocolate		Lyons Drinking Chocolate	
Logistics	Refrigerated Insulated Tankers Flat Decks Passenger			

DAIRIBORD DAIRY DELIGHTS DAIRIBORD Zimbabwe (Private) Limited

LYONS GREAT FLAVOUR • GREAT TASTE

DAIRIBORD MALAWI THE FAMILY CHOICE

NFB LOGISTICS Your Logical Choice

Management

CORPORATE MANAGEMENT

Anthony Mandiwanza	-	Group Chief Executive
Mercy R Ndoro	-	Group Finance Director
Bernard Chakeredza	-	Group Chief Internal Auditor
Tinashe Mhembere	-	Group Finance Manager
Lawrence Chikwehwa	-	Group Marketing Manager
Anna Dhlamini	-	Group Information Systems Manager
Dennis Dzikiti	-	Group Procurement Manager
Gabriel Matanga	-	Group Chief Engineer
Imelda S Shoko	-	Group Corporate Communications Manager
Sam Chauke	-	Group Human Resources Manager
Obey Machechesa	-	Business Analyst

OPERATIONS

Dairibord Zimbabwe (Private) Limited

Thompson Mabika	-	Managing Director
Themba Mutsvairo	-	Chief Operating Officer
Samson Tazvitya	-	Financial Controller
Washington Kabanda	-	Sales and Marketing Executive
Daphne Bope	-	Human Resources Manager
Stanley Mandizha	-	General Manager - Milk Supply Development Unit
Lindiwe Ndlovu	-	Research and Development Manager

NFB Logistics (Private) Limited

Thompson Mabika	-	Managing Director
Leo Gandiya	-	General Manager
Peter Kiropasi	-	Financial Controller
Lovemore Chokoza	-	Sales and Marketing Executive
George Mashayahanya	-	Logistics Manager
Thomas Chuma	-	Workshop Foreman

Martindale Trading (Private) Limited t/a Lyons

Tracey Mutaviri	-	Managing Director
Maurice Karimupfumbi	-	Financial Controller
Costa Manyika	-	Technical Operations Executive
Ishmael Mtema	-	Marketing Services Manager
Sharon Makanyanga	-	Research and Development Manager
Basil Mabuza	-	Marketing Operations Manager

Dairibord Malawi Limited

Theodora Nyamandi	-	Managing Director
Godfree Nzuma	-	Financial Controller
Kenneth Mapingire	-	Sales and Marketing Executive

Dairibord Malawi Limited sponsored the Ching'ombe National Athletics Championships in Malawi.

Financial Highlights

	2011 US$	2010 US$	Increase
Group Summary			
Revenue	95,983,037	74,981,719	28%
Operating profit	10,846,038	7,800,176	39%
Profit before tax from continuing operations	9,967,304	8,153,597	22%
Profit for the year attributable to owners of parent from continuing operations	6,932,861	6,081,875	14%
Net cashflows from operating activities	6,046,411	2,967,475	104%
Net assets	43,574,385	36,002,118	21%
Share information			
Ordinary shares in issue at the end of period	355,980,858	347,167,858	3%
Weighted average number of shares	351,896,108	344,834,525	2%
Share performance			
Earnings per share (US cents)			
-Basic	1.97	1.76	12%
-Diluted	1.96	1.75	12%
Closing market price (US cents)	19.01	17.00	12%
Market capitilisation	67,671,961	59,018,536	15%
Net asset vale per share (US cents)	12.24	10.37	18%

Chairman's Statement

"Investments in plant and equipment made thus far will positively impact on volumes, plant efficiencies and margins."

Timothy Chiganze
CHAIRMAN

I am pleased to report the Group's results for the year ended 31 December 2011.

OPERATING ENVIRONMENT

The Zimbabwe economy which grew by 8.4% in 2010 is estimated to have grown by 9.3% in 2011 on the back of a relatively stable macro-economic and political environment. Annual inflation reached 4.9% as at 31 December 2011, mainly driven by seasonal food inflation, food import duty reinstatement and electricity tariff hike. Recovery of the manufacturing sector remained sluggish due to the negative impact of utilities supply constraints and limited access to long term finance to recapitalize operations.

The operating environment in Malawi remained difficult, notably due to low external donor support, foreign currency and fuel shortages and electricity availability challenges. Year on year inflation for December 2011 was 9.8%.

OPERATIONS

Sales volumes increased by 20% over 2010, driven by 15% growth in beverages, 19% in foods and 26% growth in liquid milks. Overall growth in volumes was a result of increased demand and capacity arising from strategic investments carried out in plant and equipment over the past two years.

Raw milk intake increased by 16% over the prior year. Malawi recorded 26% volume growth and a 13% increase was recorded in Zimbabwe. The Group continues to make efforts through the Milk Supply Development Unit to support farmers to increase volumes of good quality raw milk.

FINANCIALS

Revenue increased by 28% to $95.983 million in 2011, driven by increased volumes and realised average prices. The increase in average prices per litre of product sold was due to an improvement in the proportion of value added products in the sales mix. Volumes of high value foods and liquid milks increased faster than volumes of low value beverages. A marginal consumer price adjustment was effected in the second half of the year in response to rising costs of production while maintaining market competitiveness.

Operating profit for the year was $10.846 million, representing 39% growth over the prior year. The operating profit margin for the year at 11%, compared favourably with 10% achieved in the prior year. The investments in plant and equipment, coupled with improved procurement and logistics resulted in improved productivity and margins.

Chairman's Statement (continued)

The Group recorded a profit after tax of $7.187 million for the year. The profit was weighed down by the poor performance of the associate company as well as an increase on the tax charge.

Performance of the Associate

The associate company, M.E. Charhon (Pvt) Limited contributed a loss of $512 362 for the year, up from a loss of $200 503 in 2010. The funding plan for the company has been protracted and this has continued to negatively affect operations. The continued losses have reduced the carrying amount of the Group's investment in the company to $247 909. The Board has resolved to exit from the investment in Charhons and the consummation of the deal is underway.

Financial Position

Total assets grew by 19% above prior year to $64.525 million on the back of increases in non-current assets and working capital. Interest bearing borrowings amounted to $5.729 million, a 6% increase on the 2010 balance of $5.379 million. The average all-in cost of the loans was 10.6%.

The Group secured a $4 million five-year facility with PTA bank at a total cost of 11% per annum. The purpose of the loan is to recapitalise the operations as well as substituting some of the short-term loans.

Shareholding in Dairibord Malawi Limited

Following a shareholder restructuring exercise, Dairibord Holdings Limited increased its shareholding in Dairibord Malawi Limited through the acquisition of additional 8.4% equity. The purchase was funded from a dividend declared by the company. The new shareholding of the company now stands as follows: Dairibord Holdings Limited 68.4%, National Investment Trust of Malawi 22.8% and Dairibord Malawi Employee Share Ownership Trust 8.8%.

Mulanje Peak Foods (Private) Limited

The Group resolved to dispose of Mulanje Peak Foods (a 100% subsidiary of Dairibord Malawi Limited) due to difficulty in realising real growth and profitability. As at the end of December 2011, negotiations for the sale were in progress. No loss is expected to be realised from the disposal.

CAPITAL PROJECTS

Investments in capital projects amounted to $6.281 million. Several anchor projects were completed during the year. The Cascade processing and packing plant was successfully commissioned in the first half of the year. This was followed by the processing and packing plant for Nutriplus which was commissioned in the third quarter of the year at the Chitungwiza factory. A new Yoghurt plant was commissioned in the last quarter of the year. In order to improve production efficiencies and reduce repairs and maintenance costs, two packing machines for Chimombe were installed in the last quarter of the year at the Harare and Bulawayo factories. Commercial vehicles were acquired to improve the Group's distribution capacity.

Support services were enhanced through the purchase of generators and compressors. The management information system was upgraded and commissioned in September 2011.

SUSTAINABLE DEVELOPMENT

The Group's key areas of focus and priority are to do with the environment, community investment as well as our people at the work place.

In the Community

The Group's partnerships with the community remained solid with sustainable programmes that are aimed at giving value to the underprivileged members of our society. Education and assistance to the sick, orphans, as well as the elderly, and employee wellness remain the key focus areas.

Environment

The Group pays attention to the environment in which it operates and through its Environmental Policy aims to ensure that all its operations are environmentally sustainable. Dairibord Zimbabwe (Private) Limited and Lyons became members of the PET Recycling Company (PETCO) whose objective is to facilitate PET waste collection and recycling.

Roll out of the SAZ ISO22000:2005 certification for the remaining plants is underway. The Gweru, Chipinge and Mutare factories were certified during the year, complementing the Harare and Bulawayo factories which were certified in 2010.

Chairman's Statement (continued)

Human Resources

Cordial industrial relations continued to prevail across the Group. The productivity based remuneration system has been fully rolled out. The skills pool continues to be strengthened by the implementation of deliberate training and intervention programmes aimed at ensuring that the Group is sufficiently resourced in all its functions.

OUTLOOK

Growth in advanced economies is likely to remain sluggish with reduced commodity demand and rising unemployment. In Zimbabwe, year 2012 is likely to be characterised by economic stability with positive but relatively lower output growth trends in the face of the likelihood of an unfavourable agriculture season, continued erratic supply and rising cost of utilities and liquidity constraints.

Investments in plant and equipment made thus far will positively impact on volumes, plant efficiencies and margins. Capital projects worth $10 million are lined up for 2012. Strategic procurement and enhancement of logistics will continue to underpin the Group's cost containment strategy.

Brand building programmes and investments in consumer marketing will continue to receive management attention. Strategies to increase milk supply are currently underway and this will result in increased volumes going forward. In the short term, the gap in the supply of raw milk will be mitigated by milk reconstitution. The Group will continue to focus on its human capital.

DIRECTORATE

Mr David Hasluck retired from the Board at the Annual General Meeting held in April 2011, after having served the company for thirteen years. I want to take this opportunity to once again thank him for his devotion to the company and all the invaluable contributions that he made over the years. On behalf of the Group, we wish him the best in future endeavours.

DIVIDEND ANNOUNCEMENT

I am pleased to announce that the directors have declared a dividend of 0.44 US cents per share. The dividend is payable on or around 27 April 2012 to shareholders registered in the books of the company at the close of business on 20 April 2012.

APPRECIATION

I express appreciation to our valued stakeholders for their continued support. I would also like to extend my sincere appreciation to my fellow directors, the management team, led by Anthony Mandiwanza, and staff for their tireless effort in contributing to the continued positive performance of the Group.

T. Chiganze
Chairman
27 February 2012

Group Chief Executive's Report

Anthony Mandiwanza
GROUP CHIEF EXECUTIVE

It is with pleasure that I present to you the Group's performance for 2011 which reflects growth and profitability across all our operating subsidiaries and product portfolios achieved under a challenging environment.

ENVIRONMENTAL OVERVIEW

ZIMBABWE

The operating environment in 2011 leveraged on the momentum built since dollarisation in 2009. A fairly stable political environment as well as the use of multi-currencies contributed towards the realisation of a 9.3% Gross Domestic Product (GDP) growth rate, despite inflation ending the year higher at 4.9% driven mainly by wage pressures and the re-introduction of import duty on food stuffs. The major challenges affecting the business during the year were as follows:

- The erratic supply and high cost of key utilities such as electricity and water.
- High cost of capital due to low liquidity in our local markets and the stringent conditions on offshore loans.
- Low disposable incomes resulting in subdued demand.
- Lack of investor confidence arising from the uncertainty on elections as well as inconsistent policy pronouncements by Government.
- Pressure for wage increases impacting on the cost of labour.

MALAWI

The operating environment in Malawi was characterised by severe foreign currency shortages due to:

- The continued existence of a managed exchange rate,
- The 40% retention on exports proceeds,
- Dwindling donor support.

The official exchange rate ended the year at US$1:MK167.87, while the alternative market rate was US$1:MK250. The 10% devaluation of the Malawi currency in August 2011 had no impact as the gap between the official and parallel market rate remained wide.

National headline inflation ended the year high at 9.8% while interest rates remained unsustainably high at 17.75%.

Fuel and electricity shortages persisted and had a debilitating impact on the cost of doing business.

Group Chief Executive's Report (continued)

GROUP PERFORMANCE

Group performance in the year under review was driven by a sustainable business model underpinned by strong brands, prudent working capital management, effective cost management and robust human capital and talent development programmes to enhance value creation.

Consequently, turnover for the period was $95,983 million representing a growth of 28% above 2010. Profit before tax was $9,967 million compared to $8,154 million in prior year, after accounting for $512 362 share of loss from associate and net finance costs of $366 372. Profit for the year increased by 15% to $7,074 million, from $6,142 million in 2010.

STRATEGIC BUSINESS UNIT (SBU) PERFORMANCE

Dairibord Zimbabwe (Private) Limited (DZPL)

The flagship SBU, DZPL, contributed 54% to Group revenue in 2011 compared to 50% in 2010. Overall DZPL revenues and volumes grew by 35% and 29% respectively. The major drivers of growth were:

- A growth of 32% in revenue and 28% in volumes compared to 2010 for liquid milks benefitting from increased milk reconstitution and a 13% growth in raw milk intake volumes.
- A growth of 45% in revenue and 32% in volumes for foods. The benefits from the investment in the ice cream sticks line positively impacted on the portfolio's performance.
- A growth of 40% in revenue and 29% in volumes for beverages against prior year powered by increased output from the new Nutriplus machine commissioned at Chitungwiza.

Martindale Trading (Private) Limited t/a Lyons

Business growth was driven by a 24% increase in revenues and a 16% increase in volumes, reflecting prudent product mix management. The significant revenue drivers of the unit were the increased volumes arising from the Cascade plant as well as increased demand in the other high value lines. Portfolio revenues were a 41% growth for foods and an 18% growth for beverages against prior year whilst volumes grew by 14% for foods and 16% for the beverages segment.

Dairibord Malawi Limited (DML)

The performance of the unit comprised of a 16% growth in revenue and an 18% increase in volumes. Portfolio revenues grew by 36% for liquid milks, 24% for foods and dropped by 33% for beverages against prior year while volumes grew by 38% for Liquid milks, 4% for foods and dropped by 32% for beverages. Full potential growth for beverages was not realised due to supply constraints of key raw materials. There were constraints in the processing and packaging lines for pasteurised and UHT long life milk and as a result a new plant was installed and commissioned in December 2011.

Mulanje Peak Foods

Following four years of negative performance, the Board resolved to divest out of Mulanje Peak Foods as a strategic repositioning of the Group.

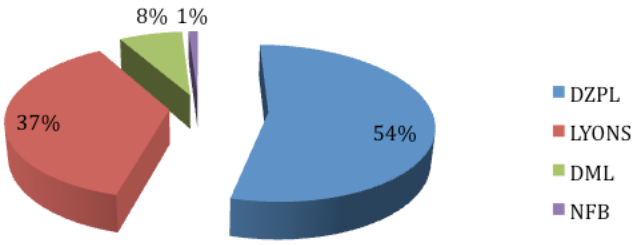
NFB Logistics

The unit achieved a growth of 31% in third party volumes and 30% in third party revenue. Full potential was not realised due to inadequate capacity in terms of the size of the fleet. While investments in more trucks were made in the second half of the year to increase capacity, there is still need to boost capacity. Of the total revenue achieved, 86% was from intercompany sales while 16% was from third party business.

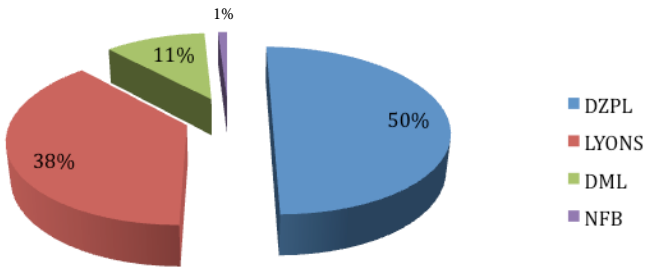
M E Charhon (Private) Limited (Associate)

The continued losses that have been incurred by Charhon have reduced the carrying amount of the Group's investment in the company to $247 909. Recapitalisation plans have failed to materialise and the Board has resolved to dispose of its stake in Charhon and the consummation of the deal is underway.

2011 Revenue contributions by SBU are follows:



2010 Rvenue contributions by SBU



DETAILED PORTFOLIO REVIEW

Milks

Milks contributed 36% of total revenues and 37% of total volumes. Volumes grew by 26% over 2010 driven by a 16% increase in raw milk intake and increased milk reconstitution. A recapitalisation programme was undertaken which included the procurement of Almix machines and two Chimombe packaging lines at the Harare

Group Chief Executive's Report (continued)

and Bulawayo factories to enhance product supply, quality and cost management. In spite of these investments, demand was in excess of supply resulting in imports of the brand Ching'ombe from Dairibord Malawi Limited to bridge the gap between demand and supply.

Demand for Steri Milk continues to firm up and capital investments are going to be made to support this demand.

Foods

This is a major and growing segment with high value. The benefit of strategic investments made in 2010 to enhance plant capacity were felt in 2011 leading to foods contributing 31% to total revenue and 16% of total volume. Demand potential for ice cream sticks was largely met by increased production capacity following the investment in the ice cream stick line. The growth in ice cream sticks was a whopping 75%. A yoghurt plant was commissioned in December 2011 and benefits from this investment are expected in 2012. Supply was constrained on the condiments lines where investments will be made in the first half of 2012 to enhance capacity and quality.

Beverages

Beverages contributed 32% of total revenue and 46% of total volume. Volumes grew by 15% over prior year. The relatively lower growth in beverages was on account of the late commissioning of the Cascade machine which only happened at the end of the first half of the year. The Nutriplus plant was commissioned in the second half of the year at Chitungwiza and the brand has been well received in the market registering significant market share growth.

Logistics

Third party turnover grew by 30% as greater efforts were made to capture non-Group business to grow shareholder value. Investments have been made to capacitate the logistics business.

MILK SUPPPLY DEVELOPMENT UNIT (MSDU)

Group raw milk intake volume was 16% above prior year comprised of a 13% volume growth in Zimbabwe and a 26% volume growth in Malawi. Strategies to support growth and enhance raw milk supply being implemented include:

- Thrust to improve raw milk quality at farm level through the Quality Premium Scheme;
- Roll out of the Drug Procurement Facility & Farm equipment scheme as part of extension services to assist farmers;
- Working on implementing the Dairibord Heifer Importation Program (DHIP)
- Resuscitating dairy co-operatives

INFORMATION SYSTEMS

In line with emerging business trends and challenges, the Group invested in a management information system upgrade from SAP 4.7 to SAP ECC6 to enhance real time business management and create cross functional efficiencies. The full benefits of this strategic investment will be felt in the ensuing years.

BRAND BUILDING

The Group recognises that brands are its key assets for effective sustainable competitive advantage. The fiercely competitive environment demands that investments be made in brands to ensure that they remain competitive and relevant. Investments in brand building and consumer marketing are at the epicenter of programs aimed at ensuring the growth of the company's brands.

In line with this thrust, investments undertaken during the year to enhance brand performance and consumer appeal focused on:

- The re-launch of Dairibord Froot Scoop real fruit yoghurt
- The re-launch of Dairibord Nutriplus, a ready to drink beverage

Feedback from the market has been overwhelmingly positive. A number of new product launches across all product categories are lined up in 2012 while brand enhancements and re-launches for selected key brands will be undertaken to boost product appeal. The focus remains on tapping into current, latent as well as emerging demand.

Some of our leading brands which include Cascade and Quick Brew were well received as reflected in the Superbrand Awards for 2011 wherein these brands scooped top prizes.

HUMAN CAPITAL MANAGEMENT

To ensure sustainable business growth, the Group's human capital development and management practices are guided by the strategic imperatives to attract, develop and retain the best people with world class skills through providing an environment where staff can achieve career growth and personal fulfilment.

The performance of the Group in 2011 was a product of a team of skilled, committed, innovative and high performing staff.

In order to attract and retain its workforce, the Group provides competitive market related remuneration packages.

Talent development programmes were developed to address the skills gaps identified in a Skills Audit conducted during the year as

Group Chief Executive's Report (continued)

well as to build a strong leadership succession pool resulting in the following interventions being pursued:

- Development of managerial and entrepreneurial skills through the MBA program
- Development of technical skills, particularly in food science through a partnership with the Harare Institute of Technology (H.I.T).
- Internal training through the Graduate Trainee programme.

Individual employee and team performance is rigorously managed through monitoring and evaluation using the Balanced Scorecard tool. The use of the productivity incentive scheme is a key instrument in enhancing productivity.

The Group is strategically positioned to deal with HIV and AIDS issues through the HIV and AIDS policy and the implementation of programmes under the policy such as enhanced appreciation to know one's status, greater access to medication as well as support structures for the affected employees.

The Group provided medical aid cover, medical, recreational and nutritional facilities in a wellness programme designed to have a healthy workforce for enhanced productivity.

SUSTAINABILE DEVELOPMENT

Overview

The United Nations (UN) defines sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The Board and management of the company believe that the Group has an important role to play in achieving sustainable development as enunciated by the United Nations.

The company recognises that improving its economic, environmental and social performance is key to the long term viability of the business enterprise and as such a strategic commitment has been made towards sustainable development.

The Group supports sustainable development through the following;

- Developing and implementing policies which provide guidance on systems and procedures to be followed in our operations
- Investment in projects that support the minimisation, mitigation and remediation of the harmful effects of our operations and products
- Measure and report on the key variables that reflect the harmonisation of the Group's operations and sustainable development
- Benchmark performance with global standards as a tool for continuous improvement

The following have been identified as key areas of focus;

i. Environmental management
ii. Employee welfare
iii. Consumer safety
iv. Investments in the community through corporate social responsibility programmes.

i. Environmental Management

The Group has an Environmental Policy which provides guidance on how its operations should interact with the environment. The company focuses on improving its environmental policies, programmes and operations taking into account technical developments, scientific understanding, customer and community expectations.

The nature of our operations and processes emits the following:

- Milk solids, plastic packaging and scrap metal
- Liquid waste in the form of effluent and oils
- Carbon emissions from boilers and vehicles
- Noise from the machines that we operate in our factories
- Refrigerants from our cold chain facilities

The following are waste management initiatives being pursued by the Group:

(a) Solid Waste

- Dairibord Zimbabwe (Private) Limited and Lyons became members of the PET Recycling Company (PETCO) whose objective is to facilitate PET waste collection and recycling
- As a response to litter in the urban areas in which the company does business, 176 bins were made available for use by the City of Harare. These bins which are strategically located will contribute towards promotion of a cleaner environment
- Waste collection bins at our factories are now divided into plastic and non-plastic material to facilitate disposal and recycling.
- Further efforts to reduce environmental pollution by the use of

Group Chief Executive's Report (continued)

plastic materials resulted in the use of lightweight plastic bottles for some of our products.

- Other programmes which include the collection and disposal of ice cream packaging materials were implemented during the year.
- Organised sale of scrap metal arising from our plant and equipment is a permanent feature for disposal

(b) Liquid Waste

- Product research & development aimed at reducing environmental pollution through the disposal of by-products of milk resulted in new products that use whey protein.
- Further improvements to manage waste disposal will be given financial resources.

(c) Boiler Emissions

To minimise carbon emissions into the environment, the company makes extensive use of combustion catalysts to improve the breakdown of Carbon dioxide into water and oxygen.

All the company's boilers meet the minimum statutory requirements and each site has a responsible engineer to enhance features of safety.

(d) Motor Vehicle Emissions

Effective vehicle maintenance, skilled manpower, disposal of non-economic vehicles and sale of used oils helps reduce the emissions from the Group's motor vehicles.

The capital expenditure budget for 2012 includes the procurement of emission measurement and deterrent equipment.

(e) Hazardous Chemicals

In its various operations, the company generates limited chemicals such as hydrogen peroxide. To manage this emission, catalytic converters are used whilst employees are provided suitable protective clothing.

(f) Refrigerants

To further enhance environmental management, the operations of its subsidiaries converted to the use of environmentally friendly refrigerants. The Group is moving from chlorofluorocarbons (CFC) based refrigerants to hydrofluorocarbons (HFC) based refrigerants. Strict maintenance schedules are also adhered to.

ii. Employment

(a) Employment and Sustaining Livelihoods

The Group employs permanent and fixed term employees. Total employment is 2,000 people. In addition, independent vendors are contracted to drive the vending channel. The company enjoys a wide distribution network throughout the country which is managed by franchisee holders who create downstream employment of over 500 people.

One of the Millennium Development Goals (MDG's) is to ensure gender equity. To that extent, 32% of senior management are female. To ensure effective human resource renewal and business continuity, various programs are implemented which include graduate trainees and in service training programmes for both junior and senior management. In partnership with the National Manpower Development Programme, the company participates in a comprehensive apprenticeship training programme. The Group hires Graduate Trainees who, on successful completion of their training programmes, have the opportunities for placement within the Group. In 2011, 25 Apprentices and 14 Graduate Trainees were taken on board.

(b) Health and Safety

The Group is committed to building a healthy workforce operating in a hazard free environment. To facilitate this, the company has the following policies in place;

- Health and Safety Policy
- HIV/AIDS policy

Arising from these policies, the following initiatives are in place;

- Provision of First Aid Equipment for use in the factories as well as First Aid training to designated members of the workforce.
- Safety committees are everywhere in our operational sites and play a pivotal role in facilitating safety issues
- Tracking health and safety performance indicators
- Carrying out awareness training programs on HIV/Aids targeted at all employees

iii. Consumer Safety

The company places value to its consumers who are the pillars of the business.

Group Chief Executive's Report (continued)

They shape our overall strategy and underpin our brand innovation and marketing strategy. The company recognises that its consumer focused approach adds value by offering a positive consumer experience which builds brand loyalty, the key to continued success. Our policies and actions on food safety are tailor made to provide our consumers with healthy foods and beverages with no side or after effects.

We have a food safety policy which stipulates the principles and procedures that our operations must measure up to in order to provide good quality, safe food and beverages that satisfy our customers' expectations as well complying with statutory and regulatory requirements, both nationally and internationally. To enhance food safety, the company implemented ISO 22000:2005 Food Safety Management Systems and was the first company in Zimbabwe to be accredited with the Standards Association of Zimbabwe (SAZ) ISO 22000:2005 status for food certification in 2010 and has been successfully renewing it annually through the Standards Association of Zimbabwe.

iv. Investment in the Community

It is within our ethos that it is good corporate citizenship to support the needs of the communities within which the company conducts its business. To operationalize this goal, the company undertook the following initiatives during the year:

- Two children's hospitals based at the major referral hospitals in the country, Harare and Mpilo Central Hospitals, received linen, benches for the wards, blood giving sets and orthowool from Dairibord Holdings.
- Dairibord Holdings donated mattresses to the Society of the Destitute and Aged (SODA) in Highfield as well as the Rekai Tangwena Orphanage in Nyanga. Through funding sourced from Voluntary Service Organisation, a computer was donated to Rekai Tangwena orphanage. SODA and Rekai Tangwena continue to receive monthly supplies of the company's products towards the nutrition of residents at the homes.
- DZPL through its beverage brand Fun 'n Fresh entered into a three (3) year partnership with the Zimbabwe Olympic Committee (Z.O.C) wherein the brand Fun 'n Fresh sponsored the "13-15 Fun 'n' Fresh Athletics Explosion", a programme that nurtures and identifies athletics talent in schools. This programme is also being used as preparation for the 2012 summer Olympic Games to be held in London

Dairibord Holdings Limited donated benches to the paediatric wing at the Harare Central Hospital

- Dairibord Malawi Limited (DML) sponsored the Athletics Association of Malawi's National Marathon, the Dairibord Ching'ombe National Cross Country Championships. This competition has proved to be the springboard for athletes who have gone on to represent Malawi in international competitions.
- Through the Group's Education Trust, talented but disadvantaged children in primary, secondary and tertiary education institutions get financial support to realise their full potential. Some of the beneficiaries have completed their programmes and are now placed in various sectors of employment while others are studying at various Universities and tertiary institutions in Zimbabwe

OUTLOOK FOR 2012

The Zimbabwe economy is expected to continue on an upward trend on the back of a relatively stable political environment and the continued use of multiple currencies. However, power supply challenges, liquidity constraints and pressure for wage increases will negatively affect growth.

In Malawi, the official exchange rate is expected to depreciate whilst the rate on the alternative market will continue to weaken against major currencies. The devaluation of the exchange rate is expected to put pressure on the rate of inflation. 40% retention on exports proceeds is expected to remain in force widening the gap between supply and demand for foreign currency.

The Group's capital expenditure for 2012 is projected to be about $10 million for growth and replacement purposes. This expenditure is aimed at capacitating constrained lines and support services to enhance revenue growth.

Group Chief Executive's Report (continued)

Distribution capacity enhancements through investing in requisite capacity in the form of holding chillers, trade freezers and trade chillers as well as support facilities like generators and compressors will be rolled out in 2012.

Research and Development, brand building and consumer marketing programmes will be strengthened so as to develop brands that match the ever-changing consumer tastes and preferences.

The Group's Milk Supply Development Unit (MSDU) will upscale its extension services to farmers so as to ensure that the Group receives good quality raw milk to support the Group's growth objectives. The MSDU will scout for partnerships that will increase the dairy herd, improve access to inputs by dairy farmers as well as enhance the quality of the raw milk.

Milk powders and butter oil importation programmes will be supported further so as to augment locally available milk via milk reconstitution.

In Malawi, the thrust is on growing export volumes to hedge against shortage of foreign currency. Efforts are underway to increase export volumes in the region for Ching'ombe long life milk as well as the value added lines.

Management will be seized with ensuring prudent risk management practices, focusing on cash generating strategies, investments in brand equity enhancement, procuring to best advantage, cost containment initiatives and increases in capacity utilisation so as to grow shareholder value sustainably.

A S Mandiwanza
Group Chief Executive
27 February 2012

The Managing Director of Dairibord Zimbabwe (Pvt) Limited (DZPL) Mr Thompson Mabika handing over litter bins from DZPL and Lyons to the Mayor of Harare Mr Muchadeyi Masunda.

Corporate Governance

The board of directors is responsible for the direction and control of the company, setting its strategic aims, providing leadership to put them into effect, supervising management and reporting to shareholders on their stewardship. To that end it has established appropriate policies and procedures to govern the conduct of the company's business and deliberations of the board. The company developed a Corporate Governance Manual based on the following codes of practice; Principles of Corporate Governance in Zimbabwe, The King II Report on Corporate Governance for South Africa – 2002, Organisation for Economic Cooperation and Development (OECD 1999) principles of corporate governance, and Principles of Corporate Governance in the Commonwealth (CACG Guidelines 1999). This manual is used as reference point for the company's corporate governance practices. The following is a broad review of the present structure and practices.

BOARD COMPOSITION

The present board comprises of seven non-executive directors (including the chairman) and three executive directors. A non executive director chairs the board. The board meets at least quarterly.

DIRECTORS' INTERESTS:

Directors are required to declare any dealings in the shares of the company. They must also declare any other interests that may materially affect the company.

APPOINTMENT AND RETIREMENT OF NON-EXECUTIVE DIRECTORS:

In terms of the articles of association, a third of the non-executive directors retire from office by rotation at every annual general meeting and are eligible for re-election.

FINANCE AND AUDIT COMMITTEE:

The committee monitors the company's overall control procedures, risk management, and external financial reporting. It provides direct oversight and liaison on behalf of the board with both internal and external auditors. It operates and reports under written terms of reference. This committee is also mandated to review and provide guidance on investment strategies as and when there are investment proposals requiring board attention. Its membership comprises four non-executive directors and its meetings are attended, by invitation, by the Group Chief Executive, Group Finance Director, Group Chief Internal Auditor and a partner from the company's external auditors. There is unrestricted access between the committee and both internal and external auditors.

REMUNERATION COMMITTEE:

This committee is responsible for reviewing the company's remuneration policies and approving remuneration packages for senior executives. It comprises of two non-executive directors.

NOMINATIONS COMMITTEE:

This committee searches and receives nominations, carries out background and reference checks and makes recommendations on candidates for board membership. It reviews the adequacy of the expertise, relevance and independence of the board, and co-ordinates the evaluation of the performance of the board. It comprises of four non-executive directors. The Chairman of the board is a member of this committee.

RISK MANAGEMENT

Risk management is practiced within the group in order to protect assets and earnings against losses. Dairibord uses a risk analysis framework to identify, assess, manage, monitor and report on the major risks faced by the group. The Finance and Audit Committee reviews all significant Group risks, as well as risk mitigation initiatives and their effectiveness on a quarterly basis.

PROFESSIONAL ADVICE:

It is Board policy that provided the board agrees that there is a justifiable case directors shall be entitled to seek independent professional advice at company's expense in the furtherance of their duties.

EMPLOYEE COMMUNICATIONS:

At the operational level, there are formally constituted Workers Councils, and Union Committee structures, which provide a means of effective communication between management and employees on matters that affect the company and welfare of the employees.

Statement of Directors' Responsibility

The directors are required by the Companies Act (Chapter 24:03) to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company and the Group as at the end of the financial period and of the profit and cash flows for the same period.

The directors are responsible for maintaining adequate records, which disclose with reasonable accuracy the financial position of the company and the Group, and enable them to ensure that the consolidated financial statements comply with the Companies Act (Chapter 24:03). They are also responsible for safeguarding the assets of the Group, preventing and detecting fraud and other irregularities. The directors consider that in the preparation of these financial statements, reasonable and prudent judgements and estimates have been made. International Financial Reporting Standards have been followed where applicable with suitable accounting policies having been used and applied consistently.

The directors recognize and acknowledge their responsibility for the Group's systems of internal control. These systems are adequate to provide reasonable assurance that assets are safeguarded and accurate records necessary for preparation of the financial statements are maintained.

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 believe that the preparation of these financial statements on a going concern basis is appropriate.

The financial statements for the year ended 31 December 2011 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Mr T. Chiganze and Group Chief Executive Mr A S Mandiwanza.

T. Chiganze
Chairman

A. S. Mandiwanza
Group Chief Executive

27 February 2012

Report of the Directors

The directors have pleasure in submitting their seventeenth Annual Report together with Audited Financial Statements of the Group for the year ended 31 December 2011.

NATURE OF BUSINESS

The company is listed on the Zimbabwe Stock Exchange and is engaged in the manufacturing and marketing of dairy products, foods and beverages. The group operates in the geographical areas of Zimbabwe and Malawi.

GROUP RESULTS

The Group results for the period attributable to owners of the parent are as follows:

	US$
Retained earnings at beginning of year	10,586,528
Profit for the year	6,932,861
Retained earnings at end of year	**17,519,389**

INVESTMENTS

During the year, the directors resolved to dispose of Mulanje Peak Foods (Pvt) Limited, a 100% subsidiary of Dairibord Malawi Limited due to difficulty in realizing real growth and profitability from the investment. As at 31 December 2011, the disposal was yet to be completed, but negotiations for sale were in progress, and the directors classified the asset as held for sale.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Expenditure on property, plant, equipment and intangible assets during the period was US$6,281 million. Expenditure for the year January to December 2012 is planned at US$10 million. This expenditure is to be financed from borrowings and the Group's own resources.

SHARE CAPITAL

The authorized share capital is 425,000,000 shares all in ordinary shares of US$0.0001 each. The issued shares increased by the allotment of 8 813 000 ordinary shares in accordance with the share option schemes and now total 355,980,858 shares.

RESERVES

Movements in reserves are shown in the financial statements.

DIVIDEND

The board declared a final dividend of 0.44 US cents per share for the year ended 31 December 2011. This dividend will be paid to shareholders on or about 27 April 2012 to shareholders registered in the books of the company at the close of business on 20 April 2012.

DIRECTORS

In accordance with article 100 of the company's Articles of Association, Mrs. S.R. Chindove and Mr. H. Makuwa retire by rotation and being eligible will offer themselves for re-election.

Mr. David Hasluck retired from the board on 20 April 2011 after serving the board for thirteen years.

Report of the Directors (continued)

BOARD ATTENDANCE

The Nominations and Remuneration committees were re-constituted during the year.

			Committees					
	Main Board		Finance and Audit		Nominations		Remuneration	
Name of Director	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
Mr T Chiganze	4	4			1	1	1	1
Mr A Mandiwanza	4	4						
Ms S P Bango	4	4			3	4		
Mrs S R Chindove	3	4			3	4		
Mr D Hasluck	2	2	1	1	2	2	1	1
Mr T Mabika	4	4						
Mr C Mahembe	4	4	4	4				
Mr H Makuwa	3	4	3	4	3	3		
Mr F Mungoni	4	4	4	4				
Ms M Ndoro	4	4						
Mr J Sachikonye	4	4			1	1		

AUDITORS

Members will be asked to re-appoint Ernst and Young, Chartered Accountants (Zimbabwe) as Auditors of the company for the ensuing year.

M.R. Ndoro
Company Secretary
27 February 2012

Newly commisioned machines : Top picture - NutriPlus machine (Chitungwiza factory)
Bottom picture - Yoghurt machine (Harare factory)

An array of Dairibord Zimbabwe (Pvt) Limited brands in the trade

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare

Tel.: +263 4 750905 / 750979
Fax: +263 4 750707 / 773842
Email: admin@zw.ey.com

TO THE MEMBERS OF DAIRIBORD HOLDINGS LIMITED

We have audited the annual consolidated and company financial statements of Dairibord Holdings Limited, as set out on pages 32 to 67, which comprise the statements of financial position at 31 December 2011 and the income statements, the statements of comprehensive income, the statements of changes in equity and statements 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). This 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 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 auditor's 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 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 appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

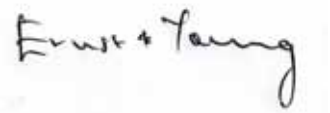
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dairibord Holdings Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the consolidated and company 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),



ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
Harare
27 February 2012

Statements of financial position

as at 31 December 2011

	Notes	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
Assets					
Non-current assets					
Property, plant and equipment	10	36,335,816	34,173,001	789,194	440,071
Intangible assets	11	833,970	357,266	-	-
Investment in subsidiaries	12.1	-	-	17,698,182	17,581,285
Investment in an associate	12.2	247,909	760,268	760,268	760,268
Other non-current financial assets	13	994,374	392,036	199,856	124,157
Deferred tax asset	22	-	531	-	531
		38,412,069	**35,683,102**	**19,447,500**	**18,906,312**
Current assets					
Inventories	14	11,854,387	9,928,573	-	-
Amounts owed by group companies	15.1	-	-	1,044,378	698,237
Trade and other receivables	16	11,392,711	6,934,860	152,229	45,267
Cash and cash equivalents	17	2,254,549	1,677,906	359,192	12,865
		25,501,647	18,541,339	1,555,799	756,369
Assets classified as held for sale	18	611,038	-	-	-
		26,112,685	**18,541,339**	**1,555,799**	**756,369**
Total assets		**64,524,754**	**54,224,441**	**21,003,299**	**19,662,681**
Equity and liabilities					
Equity					
Share capital	19.1	35,598	34,717	35,598	34,717
Share premium	19.2	1,135,244	159,600	1,135,244	159,600
Non - distributable reserves	19.3	23,962,243	24,038,355	17,089,519	17,108,100
Retained earnings		17,519,389	10,586,528	313,196	290,968
Equity attributable to owners of the parent		**42,652,474**	**34,819,200**	**18,573,557**	**17,593,385**
Non - controlling interests		921,911	1,182,918	-	-
Total equity		**43,574,385**	**36,002,118**	**18,573,557**	**17,593,385**
Non-current liabilities					
Interest - bearing borrowings	20.1	1,391,854	321,176	-	-
Deferred tax liability	22	4,265,852	4,348,418	28,079	-
		5,657,706	**4,669,594**	**28,079**	**-**
Current liabilities					
Trade and other payables	23	9,816,214	8,139,455	1,022,678	976,636
Interest - bearing borrowings	20.2	4,337,245	5,057,560	1,344,245	805,000
Amounts owed to group companies	15.2	-	-	-	225,313
Income tax payable		1,125,801	355,714	34,740	62,347
		15,279,260	13,552,729	2,401,663	2,069,296
Liabilities directly associated with assets classified as held for sale	18	13,403	-	-	-
		15,292,663	**13,552,729**	**2,401,663**	**2,069,296**
Total liabilities		**20,950,369**	**18,222,323**	**2,429,742**	**2,069,296**
Total equity and liabilities		**64,524,754**	**54,224,441**	**21,003,299**	**19,662,681**

T CHIGANZE
Chairman

A.MANDIWANZA
Group Chief Executive

27 February 2012

Statements of comprehensive income

for the year ended 31 December 2011

	Notes	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
Continuing operations					
Revenue		95,983,037	74,981,719	-	-
Cost of sales		(64,842,034)	(51,071,625)	-	-
Gross profit		31,141,003	23,910,094	-	-
Other operating income	3	235,139	112,196	3,930,127	3,171,563
Selling and distribution costs		(9,492,936)	(5,587,868)	-	-
Administration expenses		(11,037,168)	(10,634,246)	(3,726,134)	(3,066,579)
Operating profit	4	**10,846,038**	**7,800,176**	**203,993**	**104,984**
Net profit on disposal of financial assets		-	414,120	-	414,120
Reclassification adjustment for gains on financial assets		-	429,343	-	429,343
Finance costs	5	(507,326)	(310,407)	(154,904)	(48,623)
Finance income	6	140,954	20,868	62,465	2,202
Impairment of investment in associate		-	-	-	(200,503)
Share of loss of associate		(512,362)	(200,503)	-	-
Profit before taxation from continuing operations		**9,967,304**	**8,153,597**	**111,554**	**701,523**
Taxation	7	(2,780,290)	(1,875,564)	(89,326)	(74,190)
Profit for the year from continuing operations		**7,187,014**	**6,278,033**	**22,228**	**627,333**
Discontinued operation					
Loss after tax for the year from discontinued operation	18	(112,898)	(136,249)	-	-
Profit for the year		**7,074,116**	**6,141,784**	**22,228**	**627,333**
Other comprehensive income:					
Exchange differences on translating foreign operations		(204,961)	(86,973)	-	-
Impairment of assets		(73,354)	-	-	-
Available-for-sale financial assets: reclassification adjustment		-	(429,343)	-	(429,343)
Income tax relating to components of other comprehensive income		22,006	4,294	-	4,294
Other comprehensive income for the year, net of tax		(256,309)	(512,022)	-	(425,049)
Total comprehensive income for the year		**6,817,807**	**5,629,762**	**22,228**	**202,284**
Profit attributable to:					
Owners of the parent		6,932,861	6,081,875	22,228	627,333
Non-controlling interests		141,255	59,909	-	-
		7,074,116	**6,141,784**	**22,228**	**627,333**
Total comprehensive income attributable to:					
Owners of the parent		6,757,545	5,585,601	22,228	202,284
Non-controlling interests		60,262	44,161	-	-
		6,817,807	**5,629,762**	**22,228**	**202,284**
Earnings per share (cents)	8				
Basic, profit for the year attributable to ordinary equity holders of the parent		1.97	1.76		
Diluted, profit for the year attributable to ordinary equity holders of the parent		1.96	1.75		
Earnings per share for continuing operations					
Basic, profit from continuing operations attributable to ordinary equity holders of the parent		1.99	1.79		
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		1.98	1.78		

Statements of cashflows

for the year ended 31 December 2011

	Notes	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
Operating activities					
Profit before tax from continuing operations		9,9 67,304	8,153,597	111,554	701,523
Loss before tax from discontinued operations		(111,226)	(136,249)	-	-
Profit before tax		9,856,078	8,017,348	111,554	701,523
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment of property plant and equipment	10	2,509,883	2,277,334	195,316	111,925
Armotisation of intangible assets	11	32,769	6,820	-	-
Reclassification adjustment on available-for- sale- financial assets		-	(429,343)	-	(429,343)
(Profit)/loss on disposal of property, plant and equipment		(68,552)	5,365	(23,047)	(6,604)
Profit on disposal of financial assets		-	(414,120)	-	(414,120)
Finance income		(140,954)	(20,924)	(62,465)	(2,202)
Dividend received		-	-	(129,884)	-
Share based payment transaction expense		208,839	108,300	208,839	108,300
Impairment of investment in associate		-	-	-	200,503
Share of loss of associate		512,362	200,503	-	-
Finance costs		507,340	310,407	154,904	48,623
Working capital adjustments :					
Increase in inventories		(1,964,398)	(4,326,120)	-	-
Increase in trade and other receivables		(4,517,871)	(2,463,834)	(106,962)	(39,543)
Increase in amounts owed by group companies		-	-	(346,142)	(141,306)
Decrease in amounts owed to group companies		-	-	(225,313)	(1,283,384)
Increase in trade and other payables		1,689,411	2,208,872	46,043	190,251
		8,624,907	5,480,608	(177,157)	(955,377)
Finance costs		(507,340)	(310,407)	(154,904)	(48,623)
Income tax paid		(2,071,156)	(2,202,726)	(88,324)	(14,560)
Net cashflows from / (used in) operating activities		**6,046,411**	**2,967,475**	**(420,385)**	**(1,018,560)**
Investing activities					
Acquisition of plant and equipment	10	(5,771,412)	(3,892,137)	(629,888)	(378,233)
Acquisition of intangible assets		(509,473)	(364,086)	-	-
Increase in other non-current financial assets		(602,338)	(392,036)	(75,700)	(124,157)
Proceeds from sale of financial assets		-	843,464	-	843,464
Proceeds from sale of property, plant and equipment		287,946	66,039	108,496	12,938
Dividend received		-	-	129,884	-
Purchase of additional interest in subsidiary	12.1	(116,895)	-	(116,895)	-
Interest received		140,954	20,924	62,465	2,202
Net cashflows (used in) / generated from investing activities		**(6,571,218)**	**(3,717,832)**	**(521,638)**	**356,214**
Financing activities					
Proceeds from borrowings		5,649,597	5,343,294	951,243	805,000
Repayment of borrowings		(5,242,789)	(4,097,049)	(412,000)	-
Proceeds from exercise of share options		749,105	160,000	749,105	160,000
Dividend paid		(86,589)	-	-	-
Net cashflows from financing activities		**1,069,324**	**1,406,245**	**1,288,348**	**965,000**
Net increase in cash and cash equivalents		544,517	655,888	346,327	302,654
Effects of exchange rate changes		33,601	21,979	-	-
Cash and cash equivalents at 1 January		1,677,906	1,000,039	12,865	(289,789)
Cash and cash equivalents at 31 December	17	**2,256,024**	**1,677,906**	**359,192**	**12,865**

Statements of changes in equity

for the year ended 31 December 2011

Group	Attributable to equity holders of the parent						
	Share Capital US$	Share Premium US$	Non - distributable reserves (note 19.3) US$	Retained earnings US$	Total US$	Non-controlling interests US$	Total equity US$
As at 1 January 2010	**-**	**-**	**24,460,646**	**4,504,653**	**28,965,299**	**1,138,757**	**30,104,056**
Profit for the period	-	-	-	6,081,875	6,081,875	59,909	6,141,784
Other comprehensive income	-	-	(496,274)	-	(496,274)	(15,748)	(512,022)
Redenomination of share capital	34,317	-	(34,317)	-	-	-	-
Exercise of share options	400	159,600	-	-	160,000	-	160,000
Share-based payment transactions	-	-	108,300	-	108,300	-	108,300
As at 31 December 2010	**34,717**	**159,600**	**24,038,355**	**10,586,528**	**34,819,200**	**1,182,918**	**36,002,118**
Profit for the period	-	-	-	6,932,861	6,932,861	141,255	7,074,116
Other comprehensive income	-	-	(175,315)	-	(175,315)	(80,994)	(256,309)
Dividend paid	-	-	-	-	-	(86,589)	(86,589)
Purchase of interest from minority (note 12)	-	-	117,784	-	117,784	(234,679)	(116,895)
Exercise of share options	881	975,644	(227,420)	-	749,105	-	749,105
Share-based payment transactions	-	-	208,839	-	208,839	-	208,839
As at 31 December 2011	**35,598**	**1,135,244**	**23,962,243**	**17,519,389**	**42,652,474**	**921,911**	**43,574,385**

Company	Share Capital US$	Share Premium US$	Non - distributable reserves (note 19.3) US$	Retained earnings US$	Total US$
As at 1 January 2010	**-**	**-**	**17,459,166**	**(336,365)**	**17,122,801**
Profit for the period	-	-	-	627,333	627,333
Other comprehensive income	-	-	(425,049)	-	(425,049)
Redenomination of share capital	34,317	-	(34,317)	-	-
Exercise of share options	400	159,600	-	-	160,000
Share-based payment transactions	-	-	108,300	-	108,300
As at 31 December 2010	**34,717**	**159,600**	**17,108,100**	**290,968**	**17,593,385**
Profit for the period	-	-	-	22,228	22,228
Exercise of share options	881	975,644	(227,420)	-	749,105
Share-based payment transactions	-	-	208,839	-	208,839
As at 31 December 2011	**35,598**	**1,135,244**	**17,089,519**	**313,196**	**18,573,557**

Notes to the financial statements

1. Corporate information

The consolidated financial statements of Dairibord Holdings Limited for the year ended 31 December 2011 were authorised for issue on 27 February 2012 in accordance with a resolution of the directors.

Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange. The Group's principal activities are the manufacturing, processing, marketing and distribution of milk products, foods and beverages.

2.1 Basis of preparation

The consolidated financial statements are based on the statutory records that are maintained under the historical cost convention, except for property and financial instruments that have been measured at fair value. Historical cost is generally based on the consideration given in exchange for assets.

Statement of compliance

The consolidated 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).

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of Dairibord Holdings Limited, its subsidiaries and associate as at 31 December 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, income and expenses, unrealised gains and losses and dividends resulting from intra – group transactions are eliminated in full.

Total comprehensive income is attributed to the owners of the parent and to the non – controlling interest even if this results in the non – controlling interest having a deficit balance.

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non – controlling interest.
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the profit and loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as at the dates stated below:

- IAS 24 Related party disclosures effective from 1 January 2011;
- IFRS 1 *Severe hyperinflation and removal of fixed dates for first-time adopters* – Amendments to IFRS 1 effective from 1 July 2011 (early adopted);
- IFRS 7 *Financial instruments: Disclosures* – Transfers of financial assets effective from 1 July 2011 (early adopted);
- IFRIC 14 *Prepayments of a minimum funding requirement effective* from 1 January 2011.

The adoption of the standard or interpretation is described below:

IAS 24 – Related party disclosures

IAS 24 has been revised to simplify the definition of a 'related party' and confirm the application of disclosure requirements in environments where government control is pervasive.
The key revisions made by the IASB are to:

- provide a partial exemption for government-related entities; and
- simplify the definition of a related party and remove inconsistencies.

Under the previous version of IAS 24, if a government controlled, or significantly influenced, an entity, the entity

Notes to the financial statements (continued)

was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised standard eliminates some of these requirements and requires disclosure about such transactions only if they are individually or collectively significant.

The changes made to the definition of a related party principally impact the consideration of relationships with associates and joint venture, and ensure reciprocity in disclosure requirements.

IFRS 1 *First-time adoption of International Financial Reporting Standards amendments* - Severe hyperinflation and removal of fixed dates for first-time adopters

The Group early adopted amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards ('IFRS') issued on December 2010, effective for accounting periods beginning on or after 1 July 2011.

The first amendment replaces reference to a fixed date of '1 January 2004' with 'the date of transition to IFRS', which eliminated the need for entities adopting IFRSs for the first time to restate de-recognition transactions that occurred before the date of transition to IFRS. The amendment therefore provides relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs.

The second amendment creates an additional exemption when an entity that has been subject to severe hyperinflation, was unable to present IFRS compliant financial statements resumes presenting financial statements in accordance with IFRS. The exemption allows an entity to measure certain assets and liabilities at their fair values, and to use that fair value as the deemed cost in the opening IFRS statement of financial position.

IFRS 7 –*Transfers of financial assets* – Amendments to IFRS 7 *financial instruments: Disclosures*

The Group early adopted this amendment which requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the consolidated financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011 but were early adopted. In the first year of application, an entity need not provide comparative information for the disclosures required by the amendments for periods beginning before 1 July 2011. Earlier application is permitted.

Amendments to IFRIC 14 – *Prepayments of a minimum funding requirement*

The amendment was made to remove an unintended consequence when an entity is subject to minimum funding requirements ("MFR") and makes an early payment of contributions to cover those requirements. If a pension asset cannot be recovered by a refund, its carrying value is restricted to the amount recoverable through reduced future contributions. When an entity is subject to MFR for future service, the amount recoverable is currently defined as the present value of:

- future current service costs (net of employee contributions), less
- the part of the future MFR that relates to future service (as distinct from the part of the MFR that relates to past service).

In some jurisdictions, the MFR are set on much more prudent basis than the IAS 19 measure of service cost, with the result that no asset was recognised. The problem identified in practice relates to the ability, in some jurisdictions, to prepay the future MFR. Such a prepayment results in an increase in plan assets, with IAS 19's restriction, then applying to the higher surplus. If it is the case that no asset can be recognised, a loss is recorded in the period the prepayment is made. The amendment therefore requires entities to treat the benefit of an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.

The revised IFRIC 14 is effective for annual periods beginning on or after 1 January 2011, with early application permitted.

Notes to the financial statements (continued)

2.4 Improvements to IFRSs

In May 2010, 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 resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- IFRS 1 – First-time adoption of International Financial Reporting Standard (effective 1 January 2011):
  - Accounting policy changes in year of adoption – If a first-time adopter changes its accounting policies or its use of exemptions in IFRS 1 after it has published interim reports in accordance with IAS 34, it must explain those changes and update reconciliations to previous GAAP.
  - Revaluation basis as deemed cost – Allows first-time adopters to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but before the first IFRS financial statements are issued.
  - Use of deemed cost for operations subject to rate regulation – The amendment allows entities with rate-regulated activities to use the carrying amount of their property, plant and equipment and intangible balances from their previous GAAP as its deemed cost upon transition to IFRS. These balances may include amounts that would not be permitted for capitalisation under IAS 16, IAS 23 and IAS 38.

- IFRS 7 – Financial instruments: Disclosures (effective 1 January 2011): Clarification of disclosures – Amendments to quantitative and credit risk disclosures:
  - Clarifies that only a financial asset whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
  - Requires, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
  - Removes the disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
  - Removes the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
  - Clarifies that the additional disclosure required for financial assets, obtained by taking possession of collateral or other credit enhancements, are only applicable to assets still held at the reporting date.

- IAS 1 – Presentation of financial statements (effective 1 January 2011): Clarification of statement of changes in equity – Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- IAS 34 – Interim financial reporting (effective 1 January 2011): Significant events and transactions – Provides guidance to illustrate how to apply disclosure principles in IAS 34.
- IFRIC 13 – Customer loyalty programmes (effective 1 January 2011): Fair value of award credits – Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated 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 end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that

Notes to the financial statements (continued)

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:

i. 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. Residual values were reassessed during the year and adjustments for depreciation were done in current year.

ii. Revaluation of property, plant and equipment

The Group measures freehold land and buildings and plant at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value as at the following dates:

- Freehold land and buildings and plant – 31 December 2009.

iii. Share based payments

The Group measures the cost of equity – settled transactions with employees by references to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payments are disclosed in note 18.

2.6 Prior period adjustment – Intangible assets disclosed as tangible assets

Included incorrectly in the furniture and fittings balance for 2010 was an amount of USD 364,086 for the cost of purchasing SAP Software licenses. The 2010 financial statements have been restated to show the SAP Software license costs correctly under intangible assets instead of Property, Plant and Equipment. The effect of the restatement on those financial statements is summarised below.

Effect on prior year financial statements:

Description	USD
(Decrease) in property, plant and equipment	(364,086)
Increase in Intangible assets	364,086
Decrease in accumulated depreciation	6,820
(Increase) in accumulated amortisation	(6,820)

There is no effect in 2011.

2.7 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the

Notes to the financial statements (continued)

amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a 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 this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Investment in an associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at deemed cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in other comprehensive income or equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of comprehensive income or statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit or losses of associate is shown on the face of the income statement. This is the profit or loss attributable to equity holders of the associate and therefore is profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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 income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

The consolidated financial statements are presented in United States Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised through other comprehensive income into the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Notes to the financial statements (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

The assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised through other comprehensive income into the income statement.

d) Revenue recognition

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 value added tax. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c) the amount of revenue can be measured reliably;
d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividend income

Revenue is recognised when the Group's right to receive payment is established.

e) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the statement of financial position date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax

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

- Where the deferred 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 and associates, and interest 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.

Notes to the financial statements (continued)

Deferred tax assets are recognised for all deductable 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 deductable temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred 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.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred 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 tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or in profit or loss.

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

- 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.

f) Pensions and other post employment benefits

Retirement benefits are provided for Group employees through independently administered defined contribution funds, including the National Social Security Authority Scheme in Zimbabwe and National Social Security Fund in Malawi. Contributions to the defined contribution fund are charged to income as they fall due. The cost of retirement benefits applicable to the National Social Security Authority Scheme and National Social Security Fund is determined by the systematic recognition of legislated contribution.

g) Share-based payment transactions

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity – settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer.

Notes to the financial statements (continued)

The cost of equity – settled transactions is recognised together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (' the vesting date').

The cumulative expense recognised for equity – settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movements in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of the earnings per share **(note 8).**

h) Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade dates i.e. the date that the Group commits to purchase or sell the asset

The Group's financial assets include cash and short term deposits, trade and other receivables, loans and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment.

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 EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Impairment of financial assets

The Group assesses at each reporting date whether there is any indication that a financial asset or 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 have occurred after initial recognition of the asset (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of 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 indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Notes to the financial statements (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Derecognition 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 derecognised 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 of 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.

i) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interests bearing borrowings

After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) 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 EIR. The EIR amortisation is included in finance costs in the income statement. Other classifications of financial liabilities are not applicable to the Group.

Notes to the financial statements (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in **Note 27.3.**

j) Property, plant and equipment

Property and plant, is measured at fair value less subsequent accumulated depreciation and subsequent impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Furniture, fittings, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Cost includes the cost of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of property plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. 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 repairs and maintenance costs are recognised in the income statement as incurred.

The Group's policy is to depreciate property, plant and equipment evenly over the expected life of each asset, with the exception that no depreciation is charged on land and assets under construction and not yet in use. The expected useful lives of the property, plant and equipment are as follows:

Freehold Buildings	40 years
Plant	3 -10 years
Furniture, fittings and equipment	3 – 10 years
Motor vehicles	
- Light	3 years
- Heavy vehicles and trailers	5 years

The carrying amounts of property, plant and equipment are reviewed at each reporting date to assess if they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amounts, assets are written down to their recoverable amounts.

An asset's recoverable amount is the higher of an asset'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

Notes to the financial statements (continued)

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 assessment of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. 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 assets) is included in the income statement in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Adjustments are made prospectively as a change in accounting estimate.

k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sale 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 or CGU 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 values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated, by valuation multiples, quoted public share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group cash generating units, to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the functions of the impaired assets, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income, up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date, as to whether there is any indication that previous recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

l) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Group as a lessee

Operating lease payments are recognised as an operating expense in the income statement on a straight line basis over the lease term.

Notes to the financial statements (continued)

m) Borrowing costs

Borrowing costs 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.

n) Inventories

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

Raw materials, spares and general consumables are valued at the purchase cost on a weighted average basis.

Finished goods and work in progress are valued at the direct materials costs, labour and an appropriate portion of manufacturing overheads.

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

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less net of outstanding bank overdrafts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and 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. Where the Group expects some or all of a 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 the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

q) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at lower of their 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 principally 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 statement of comprehensive income, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after that sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

r) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Notes to the financial statements (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

s) Research and development costs

Research costs are expensed as incurred.

2.8 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated 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 effects the presentation in the financial statements.

IAS 12 Income taxes (Amendment)

The amendment is effective for annual periods beginning on or after 1 January 2012 and introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed a use basis should be adopted. This amendment will have no impact on the Group after initial application.

IAS 19 Post employee benefits (Amendment)

The amendments are effective for annual periods beginning on or after 1 January 2013. There are changes to post employee benefits in that pension surpluses and deficits are to be recognised in full (no more deferral mechanisms) and all actuarial gains and losses recognised in other comprehensive income as they occur with no recycling to profit or loss. Past service costs as a result of plan amendments are to be recognized immediately.

Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method

Notes to the financial statements (continued)

to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 1 First-time Adoption of international Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

The amendment is effective for annual periods beginning on or after 1 July 2011. The IASB has provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to severe hyperinflation. A further amendment to the standard is the removal of the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions have also been removed. The standard now has these dates coinciding with the date of transition to IFRS.

IFRS 7 Financial Instruments: Disclosures - Transfer of financial assets (Amendment)

The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, where:

Financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)

Financial assets are not derecognised in their entirety - The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date.

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 and hedge accounting. The completion of this project is expected by the end of 2011 or the first half of 2012. 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 but will potentially have no impact on classification and measurements of financial liabilities. 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, and 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 with a new definition of control 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).

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgements made to determine whether it controls another entity.

Notes to the financial statements (continued)

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 10, 11 and 12 will be effective from 1 July 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) 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 from 1 July 2013.

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

2.9 General disclosures

The following exchange rates were used in the preparation of these financial statements:

One United States dollar (USD 1)	*Statement of financial position*	*Statement of comprehensive income*
Malawi Kwacha	165.39	158.57

Notes to the financial statements (continued)

		Group		Company	
		2011 US$	2010 US$	2011 US$	2010 US$
3	**Other operating income**				
	Management fees	-	-	2,833,449	2,240,153
	Royalties	-	-	900,000	900,000
	Dividends received	-	-	129,884	-
	Profit/(loss) on disposal of property, plant and equipment	68,552	(5,365)	23,047	6,604
	Profit on disposal of scrap	110,837	-	-	-
	Bad debts recovered	23,980	-	23,980	-
	Sundry income	31,770	117,561	19,767	24,806
		235,139	**112,196**	**3,930,127**	**3,171,563**
4	**Operating profit is stated after charging the following:**				
	Audit fees	200,978	198,050	27,372	49,444
	Depreciation of property, plant and equipment	2,509,883	2,265,565	195,316	111,925
	Armotisation of intangible asset	32,769	6,820	-	-
	Impairment loss on property, plant and equipment	-	11,769	-	-
	Share based payment transactions expense	208,839	108,300	208,839	108,300
	Directors emoluments for services as directors	72,750	60,100	-	-
	Employee benefits expense				
	-Salaries and wages	15,168,651	7,105,053	697,075	689,139
	-Pension costs	250,579	262,505	62,410	53,737
		15,419,230	7,367,558	759,485	742,876
5	**Finance costs**				
	Interest on borrowings	507,326	310,407	154,904	48,623
6	**Finance income**				
	Interest on loans to staff	140,954	20,868	62,465	2,202
7	**Taxation**				
	Current income tax:				
	- Current income tax charge	2,729,066	1,833,963	34,739	74,721
	- Prior year under provision	23,024	-	-	-
	Deferred tax	2,223	8,432	28,610	(531)
	Withholding tax	25,977	33,169	25,977	-
	Income tax expense reported in the statement of comprehensive income	2,780,290	1,875,564	89,326	74,190
	Tax rate reconciliation				
	Standard rate	25.75%	25.75%	25.75%	25.75%
	Tax effect of loss from associate	1.32%	0.63%	0.00%	0.00%
	Prior year income tax charge under provision	0.06%	0.00%	0.00%	0.00%
	Non-taxable/non deductible items	0.76%	(3.38)%	54.32%	(15.17)%
	Effective tax rate	27.89%	23.00%	80.07%	10.58%

Notes to the financial statements (continued)

8 Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2011 US$	2010 US$
Net profit attributable to ordinary equity holders of the parent from continuing operations	7,010,083	6,163,625
Loss attributable to ordinary equity holders of the parent from discontinued operation	(77,222)	(81,750)
Net profit attributable to ordinary equity holders of the parent for basic earning	6,932,861	6,081,875
	2011 No.	2010 No.
Weighted average number of ordinary shares for basic earnings per share*	351,896,108	344,834,525
Effect of dilution:		
Share options	1,513,623	2,309,589
Weighted average number of ordinary shares adjusted for the effect of dilution*	353,409,731	347,144,114

*The weighted average number of shares take into account the weighted average effect of changes in share transactions during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

To calculate earnings per share amounts for the discontinued operations (Note 18), the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit amount used:

	Group	
	2011 US$	2010 US$
Net loss attributed to ordinary equity holders of the parent from a discontinued operation for the basic and diluted earnings per share calculations.	**(77,222)**	**(81,750)**

9 Dividends proposed

Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December 2011).		
Proposed dividend per share for 2011: 0.44 cents (2010: nil).	1,566,316	-

Notes to the financial statements (continued)

10 Property, plant and equipment

	GROUP					COMPANY		
	Land and buildings US$	Plant & Machinery US$	Furniture fittings and equipment US$	Motor vehicles US$	Total US$	Furniture fittings and equipment US$	Motor vehicles US$	Total US$
Cost								
At 1 January 2010	18,613,803	14,169,028	437,899	1,964,794	35,185,524	19,143	205,147	224,290
Additions	-	2,692,348	133,875	1,065,914	3,892,137	38,056	340,177	378,233
Disposals	(5,673)	-	-	(85,482)	(91,155)	-	(16,500)	(16,500)
Exchange adjustments	(40,330)	(125,159)	(33,242)	(76,259)	(274,990)	-	-	-
At 31 December 2010 - restated	**18,567,800**	**16,736,217**	**538,532**	**2,868,967**	**38,711,516**	**57,199**	**528,824**	**586,023**
Additions	160,476	3,849,541	493,495	1,267,900	5,771,412	325,963	303,925	629,888
Disposals	-	-	(98,382)	(404,271)	(502,653)	(1,560)	(138,188)	(139,748)
Discontinued operations (Note 18)	(346,118)	(367,845)	(26,418)	(40,292)	(780,673)	-	-	-
Exchange adjustments	(92,953)	(283,075)	(29,168)	(46,908)	(452,104)	-	-	-
At 31 December 2011	**18,289,205**	**19,934,838**	**878,059**	**3,645,396**	**42,747,498**	**381,602**	**694,561**	**1,076,163**
Depreciation and impairment								
At 1 January 2010	(320,66)	(1,214,151)	(295,608)	(585,551)	(2,415,976)	(3,836)	(40,357)	(44,193)
Charge for the year	(335,840)	(1,335,968)	(99,728)	(494,029)	(2,265,565)	(10,921)	(101,004)	(111,925)
Impairment	-	(11,769)	-	-	(11,769)	-	-	-
Disposals	-	-	-	19,751	19,751	-	10,166	10,166
Exchange adjustments	4,423	30,969	30,036	69,616	135,044	-	-	-
At 31 December 2010 - restated	**(652,083)**	**(2,530,919)**	**(365,300)**	**(990,213)**	**(4,538,515)**	**(14,757)**	**(131,195)**	**(145,952)**
Depreciation charge for the year	(339,461)	(1,441,218)	(147,515)	(581,689)	(2,509,883)	(55,500)	(139,816)	(195,316)
Impairment	-	(73,354)	-	-	(73,354)	-	-	-
Disposals	-	-	97,732	185,527	283,259	910	53,389	54,299
Discontinued operations (Note 18)	58,285	144,719	26,418	40,292	269,714	-	-	-
Exchange adjustments	9,267	91,830	27,763	28,237	157,097	-	-	-
At 31 December 2011	**(923,992)**	**(3,808,942)**	**(360,902)**	**(1,317,846)**	**(6,411,682)**	**(69,347)**	**(217,622)**	**(286,969)**
Net book value								
At 31 December 2011	**17,365,213**	**16,125,896**	**517,157**	**2,327,550**	**36,335,816**	**312,255**	**476,939**	**789,194**
At 31 December 2010 - restated	**17,915,717**	**14,205,298**	**173,232**	**1,878,754**	**34,173,001**	**42,442**	**397,629**	**440,071**

10.1 Reconciliation of opening and closing carrying amounts

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Net carrying amount at 1 January	**34,173,001**	**32,769,548**	**440,071**	**180,097**
Cost	38,711,516	35,185,524	586,023	224,290
Accumulated depreciation	(4,538,515)	(2,415,976)	(145,952)	(44,193)
Movement for the year:				
Additions	5,771,412	3,892,137	629,888	378,233
Net carrying amount of disposals	(228,532)	(71,404)	(85,449)	(6,334)
Depreciation charge for the year	(2,509,883)	(2,265,565)	(195,316)	(111,925)
Impairment	(73,354)	(11,769)	-	-
Discontinued operations	(510,959)	-	-	-
Exchange adjustments	(285,869)	(139,946)	-	-
Net carrying amount at 31 December	**36,335,816**	**34,173,001**	**789,194**	**440,071**
Cost	42,748,165	38,711,516	1,076,163	586,023
Accumulated depreciation	(6,412,349)	(4,538,515)	(286,969)	(145,952)

10.2 Property secured against borrowings

Property, plant and equipment with a carrying amount of $13,347,285 (2010:$8,333,732) is encumbered against interest bearing borrowings (Note 20).

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
11 Intangible assets				
Cost				
At 1 January	364,086	-	-	-
Additions	509,473	364,086	-	-
At 31 December	873,559	364,086	-	-
Armortisation				
At 1 January	(6,820)	-	-	-
Charge for the year	(32,769)	(6,820)	-	-
At 31 December	(39,589)	(6,820)	-	-
Net book value	833,970	357,266	-	-
Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	357,266	-	-	-
Cost	364,086	-	-	-
Accumulated depreciation	(6,820)	-	-	-
Movement for the year:				
Additions	509,473	364,086	-	-
Armortisation	(32,769)	(6,820)	-	-
Net carrying amount at 31 December	833,970	357,266	-	-
Cost	873,559	364,086	-	-
Accumulated depreciation	(39,589)	(6,820)	-	-

The intangible assets consist of computer software.

12 Investments

12.1 Investments in subsidiaries

Lavenson Investments (Private) Limited	-	-	6,259,870	6,259,870
Dairibord Malawi (Private) Limited	-	-	1,207,807	1,090,910
Kutal Investments (Private) Limited	-	-	9,153,012	9,153,012
NFB Logistics (Private) Limited	-	-	1,077,493	1,077,493
	-	-	17,698,182	17,581,285

Acquisition of additional interest in Dairibord Malawi Limited

Following a shareholder restructuring exercise, on 31 March 2011, the Group acquired an additional 8.4% interest in the voting shares of Dairibord Malawi Limited, increasing its ownership interest to 68.4%. The purchase was funded from a dividend declared by the company through which a consideration of US$116,895 was paid to the non-controlling interest shareholders. The carrying value of the net assets of Dairibord Malawi Limited at the acquisition date was U$2,793,800, and the carrying value of the additional interest acquired was US$234,679. The difference of US$117,784 between the consideration and the carrying value of the interest acquired has been recognised in equity.

12.2 Investment in associate company

The company holds 250 000 “C” ordinary shares and 150 000 ordinary shares of the issued share capital of M . E Charhon (Private) Limited that represent a 40% interest. M.E Charhon manufactures confectionary in Zimbabwe and is a private company that is not listed on any public exchange. The following table illustrates summarised financial information of the Group’s investment in M.E Charhon :

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Share of the associate's statement of financial position :				
Non- current assets	1,188,130	1,482,426		
Current assets	51,820	419,384		
Non-current liabilities	(266,118)	(446,194)		
Current liabilities	(725,923)	(695,348)		
Equity	247,909	760,268		
Additional information on associate company				
Share of the associate's revenue and loss				
Revenue	**1,412,136**	**1,645,248**		
Loss	**512,362**	**200,503**		
Carrying amount of the investment	**247,909**	**760,268**	**760,268**	**760,268**
13 Other non current financial assets				
Loans	994,374	392,036	199,856	124,157
This represents the non-current portion of loans that were issued to staff in a motor vehicle scheme.				
14 Inventories				
Finished goods	1,668,452	1,447,151	-	-
Packaging and raw materials	8,121,955	6,692,299	-	-
Spares and general consumables	2,063,980	1,789,123	-	-
Total	**11,854,387**	**9,928,573**	**-**	**-**
The amount of write-down of inventories recognised as an expense is US$925,322 (2010: US$212 446).				
15 Group companies				
The following balances arise from normal trading activities and there is no interest charge:				
15.1 Amounts owed by group companies				
Dairibord Zimbabwe (Private) Limited	-	-	75,853	559,476
NFB logistics (Private) Limited	-	-	137,736	80,966
Martindale Trading (Private) Limited	-	-	657,910	57,795
Kutal Investments (Private) Limited	-	-	76,164	-
Dairibord Malawi Limited	-	-	96,715	-
	-	-	1,044,378	698,237
15.2 Amounts owed to group companies				
Kutal Investments (Private) Limited	-	-	-	13,416
Dairibord Malawi Limited	-	-	-	211,897
	-	-	-	225,313

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
16 Trade and other receivables				
Trade receivables	7,431,738	4,982,172	-	-
Other receivables	3,960,973	1,952,688	152,229	45,267
	11,392,711	6,934,860	152,229	45,267

As at 31 December 2011, trade receivables of $598,895 (2010:$221 022) were provided for.

The following is a movement in the provision for doubtful debts:

At 1 January 2010	13,293
Charge for the year	207,729
At 31 December 2010	221,022
Charge for the year	377,873
At 31 December 2011	598,895

The ageing analysis of trade receivables is as follows :

	Total US$	Neither past due nor impaired US$	Past due but not impaired 30-60 days US$	60 +days US$
At 31 December 2011	7,431,738	5,171,962	1,649,011	610,765
At 31 December 2010	4,982,172	4,666,320	248,242	67,610

See note 27.1 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
17 Cash and cash equivalents				
Cash at banks and on hand	2,254,549	1,677,906	359,192	12,865
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at 31 December:				
Cash at banks and on hand	2,254,549	1,677,906	359,192	12,865
Cash at banks attributable to a discontinued operations (note 18)	1,475	-	-	-
	2,256,024	1,677,906	359,192	12,865

Notes to the financial statements (continued)

18 Discontinued operation

The business of Mulanje Peak Foods (Private) Limited has consistently not been operating profitably making it difficult for management to derive any growth from it. On 18 November 2011, the Board of Directors of Daribord Malawi Limited made a decision to dispose of the company. The disposal of Mulanje Peak Foods (Private) Limited is yet to be completed. As at 31 December 2011, final negotiations for the sale were in progress and Mulanje Peak Foods (Private) Limited was classified as held for sale and as a discontinued operation. The results of Mulanje Peak Foods (Private) Limited) for the year are presented below:

	GROUP	
	2011 US$	2010 US$
Revenue	175,710	204,830
Expenses	(289,438)	(247,235)
Operating loss	(113,728)	(42,405)
Other income/(loss)	2,502	(93,844)
Loss before tax from discontinued operation	(111,226)	(136,249)
Tax income		
-Related to current pre-tax loss	(1,672)	-
Loss for the period from discontinued operation	(112,898)	(136,249)
The major classes of assets and liabilities of Mulanje Peak Foods (Private) Limited classified as held for sale as at 31 December 2011 are as follows:		
Assets:		
Property, plant and equipment (Note 10)	510,959	-
Inventory	38,584	-
Trade and other receivables	60,020	-
Cash and cash equivalents	1,475	-
Assets classified as held for sale	611,038	-
Liabilities		
Trade and other payables	13,403	-
The net cashflows incurred by Mulanje Peak Foods (Private) Limited are as follows:		
Operating	(130,155)	90,643
Investing	-	-
Financing	(15)	(93,596)
Net cash outflow	(130,170)	(2,953)
Loss per share (cents):		
Basic loss for the year, from discontinued operation	(0.022)	(0.024)
Diluted loss for the year, from discontinued operation	(0.022)	(0.024)

Notes to the financial statements (continued)

	GROUP AND COMPANY	
19 Issued capital and reserves	**No.**	**No.**
19.1 Share capital		
Authorised shares		
Ordinary shares at US$0.0001 per share	425,000,000	425,000,000
	No.	US$
Issued and fully paid shares		
At 1 January 2010	343,167,858	-
Share options exercised during the year	4,000,000	400
Redenomination of share capital	-	34,317
At 31 December 2010	347,167,858	34,717
Share options exercised during the year	8,813,000	881
At 31 December 2011	355,980,858	35,598

Subject to the limitations imposed by the Companies Act (Chapter 24:03) in terms of a resolution passed by the company in general meeting, the unissued shares have been placed at the disposal of the directors.

Share option Scheme 1

The directors are empowered to grant share options to certain employees of the company. The options granted are exercisable within 1 year from the date of grant.

Movements in the year

The following table illustrates the number of share options during the year :

	2011 No.	2010 No.
Outstanding at 1 January	**3,565,000**	**3,565,000**
Exercised during the year	(2,513,000)	-
Expired during the year	(1,052,000)	-
Outstanding at 31 December	-	3,565,000
Exercisable at 31 December	**-**	**3,565,000**

The fair value of the options granted at 15 April 2005 was measured at the grant date using the Black Scholes option pricing model, taking into account the terms and conditions upon which the instruments were granted. The shares vested after employees had served three years from date of grant.

The following table lists the inputs to the model used :

- The exercise price of the option (ZWD based therefore not disclosed)	
- The market price of the option at grant date (ZWD based therefore not disclosed)	
- The expected votality of the share price (%)	98
- The dividend yield (%)	17
- Rate of interest available in the market (%)	586
- The term of the option (years)	4

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Notes to the financial statements (continued)

19.1 Share capital (continued)

Share option Scheme 2

The directors are empowered to grant share options to certain employees of the company. The options granted are exercisable within 6 years from date of grant.

Movements in the year

The following table illustrates the number of share options during the year :

	2011 No.	2010 No.
Outstanding at 1 January	8,785,286	32,785,286
Cancelled during the year	-	(20,000,000)
Exercised during the year	(6,300,000)	(4,000,000)
Outstanding at 31 December	**2,485,286**	**8,785,286**
Exercisable at 31 December	**2,485,286**	**8,785,286**

The following table lists the inputs to the model used to value the options in 2010 :

- The exercise price of the option (US$)	0.085
- The market price of the option at grant date (US$)	0.085
- The expected votality of the share price (%)	72.21
- The dividend yield (%)	-
- Risk free interest rate (%)	5
- The term of the option (years)	6
- Utility factor	1.63
- Exit rate	-
- Vesting period (years)	1
Model Used	Hull-White

19.2 Share premium

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
At 1 January	159,600	-	159,600	-
Share options exercised during the year	975,644	159,600	975,644	159,600
At 31 December	**1,135,244**	**159,600**	**1,135,244**	**159,600**

Notes to the financial statements (continued)

19.3 Non-distributable reserves

Group

	Share Option reserve US$	Foreign currency translation reserve US$	Foreign currency conversion reserve US$	Available for sale reserve US$	Asset revaluation reserve US$	Other capital reserves US$	Total reserves US$
Balance at 1 January 2010	**-**	**(2,480,639)**	**18,675,687**	**425,049**	**7,840,549**	**-**	**24,460,646**
Other comprehensive income	-	(71,225)	-	(425,049)	-	-	(496,274)
Share-based payment transactions	108,300	-	-	-	-	-	108,300
Redenomination of share capital	-	-	(34,317)	-	-	-	(34,317)
Balance at 31 December 2010	**108,300**	**(2,551,864)**	**18,641,370**	**-**	**7,840,549**	**-**	**24,038,355**
Other comprehensive income	-	(140,194)	-	-	(35,121)	-	(175,315)
Share-based payment transactions	208,839	-	-	-	-	-	208,839
Exercise of share options	(227,420)	-	-	-	-	-	(227,420)
Purchase of interest from minorities	-	-	-	-	-	117,784	117,784
Balance at 31 December 2011	**89,719**	**(2,692,058)**	**18,641,370**	**-**	**7,805,428**	**117,784**	**23,962,243**

Company

	Share Option reserve US$	Foreign currency conversion reserve US$	Available for sale reserve US$	Total US$
Balance at 1 January 2010	**-**	**17,034,117**	**425,049**	**17,459,166**
Share-based payment transactions	108,300	-	-	108,300
Redinomination of share capital	-	(34,317)	-	(34,317)
Other comprehensive income	-	-	(425,049)	(425,049)
Balance at 31 December 2010	**108,300**	**16,999,800**	**-**	**17,108,100**
Share-based payment transactions	208,839	-	-	208,839
Exercise of share options	(227,420)	-	-	(227,420)
Balance at 31 December 2011	**89,719**	**16,999,800**	**-**	**17,089,519**

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

Foreign currency conversion reserve

The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar. It represents the residual equity in existence as at the change over period and has been designated as non - distributable reserve.

Available - for - sale reserve

This reserve records fair value changes on available - for - sale assets.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Other capital reserves

This reserve records the profit made on the acquisition of additional interest in Dairibord Malawi Limited.

Notes to the financial statements (continued)

		Borrowing cost %			GROUP		COMPANY	
		United States dollar	Malawi Kwacha	Maturity	2011 US$	2010 US$	2011 US$	2010 US$
20	**Interest bearing borrowings**							
20.1	**Long term borrowings -secured**							
a)	Debenture Malawi	6.0%		May 2011	-	275,801	-	-
b)	Bank loan Malawi		17.8%	April 2013	253,197	419,822	-	-
c)	Bank loan Malawi		19.8%	April 2013	14,568	25,257	-	-
d)	Bank loan Malawi		18.1%	July 2011	-	31,787	-	-
e)	Bank loan Malawi		19.8%	Oct 2012	41,117	85,056	-	-
f)	Bank loan Malawi		15.8%	May 2013	109,615	-		
g)	PTA Bank	11.0%		Dec 2016	1,287,597	-	-	-
					1,706,094	837,723	-	-
	Less : current portion of long term borrowings				(314,240)	(516,547)	-	-
					1,391,854	321,176	-	-
20.2	**Short term borrowings**							
h)	Bank loan Zimbabwe - secured	10.0%		Jan -March 2012	977,224	2,056,493	144,245	600,000
i)	Bank loan Zimbabwe - unsecured	9.0%		Feb- June 2012	1,683,000	2,484,520	200,000	205,000
j)	Bank loan Malawi - secured		17.5%	Jan 2012	362,781	-	-	-
k)	Debenture - Zimbabwe	11.5%		Jan 2012	1,000,000	-	1,000,000	-
	Current portion of long term borrowings				314,240	516,547	-	-
					4,337,245	5,057,560	1,344,245	805,000
	Total interest bearing borrowings				**5,729,099**	**5,378,736**	**1,344,245**	**805,000**

a) 6% Debenture

This loan of US$ 1,500,000 was utilised in financing the investment in Dairibord East Africa Limited. The loan repayment was completed in 2011.

b) 17.75% secured loan

This is made up of two loans totalling MK 109,118,622 (US$ 768,441) which were used in financing the acquisition of plant and equipment. The loans are repayable by 30 April 2013 in monthly instalments of MK 2,804,928 (US$ 18,418). The loan is secured over assets purchased.

c) 19.75% secured loan

This loan of MK4,636,760 (US$30,505) was used in financing the acquisition of plant and equipment. The loans are repayable by 30 April 2013 in monthly instalments of MK 172,216 (US$ 1,133). The loan is secured over assets purchased.

d) 18.08% secured loan

This loan of MK 21,408,440 (US$ 140,845) was utilised to purchase plant and equipment and was secured over the assets purchased.

e) 19.75% secured loan

This is made up of two loans totalling of MK19,570,152 (US$128 751) which are repayable in monthly installments of MK679,744 (US$4,472). The loan was utilised to purchase commercial vehicles. The loan is secured over the assets purchased.

f) 17.75% secured loan

This loan of MK 18,129,075 (US$ 109,615) was utilised to purchase plant and equipment and was secured over the assets purchased.

g) 11% PTA Secured-loan

This loan was utilised to purchase plant and equipment. The total loan facity amounts to $4,023,000 and is secured by immovable property of Kutal Investment (Private) Limited with a value of $ 6,480,000.

h) 10% secured loan

This is made up of various short term loans secured by immovable property of Kutal Investment (Private) Limited with a value of $4,417,179. The facility expires on 18 May 2012 and is subject to renewal. The loans were obtained by Dairibord Holdings Limited on behalf of Dairibord Zimbabwe (Private) Limited and Martindale Trading (Private) Limited .

Notes to the financial statements (continued)

i) 9.5% non secured - loan

This is made up of various short term loans. The facility expires on 12 August 2012 and is subject to renewal.

j) 17.5% unsecured loan

This loan of MK60,000,000 (US$362,781) was utilised for working capital financing.

k) 11.5% Debenture

This loan was used for working capital financing.

21 Borrowings powers

The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid up share capital of the company and the aggregate of the amounts standing to the credit of all the reserves accounts and share premium account.

Banking facilities

At 31 December 2011 , the banking facilities in place in Zimbabwe amounted to $6,500,000. The facilities expire between 8 May 2012 and 29 July 2012.

In Malawi the banking facilities amounted to MK 129,214,786 (US$ 781,278) The facilities expire by April 2013.

22 Deferred taxation

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
Deferred tax relates to the following:				
Property	331,843	197,997	-	-
Plant and equipment	3,326,888	3,470,948	28,079	(531)
Intangible assets	214,747	97,842	-	-
Accounts receivable	119,341	191,572	-	-
Unutilised tax loss	32,337	-	-	-
Prepayments	240,696	389,528	-	-
	4,265,852	4,347,887	28,079	(531)
Reflected in the statement of financial position as follows:				
Deferred tax assets	-	(531)	-	(531)
Deferred tax liabilities	4,265,852	4,348,418	28,079	-
Deferred tax liabilities net	4,265,852	4,347,887	28,079	(531)
Reconciliation of deferred tax				
Opening balance as of 1 January	4,347,887	4,350,005	(531)	6,480
Tax income recognised in other comprehensive income	(22,006)	(4,135)	-	(4,135)
Tax expense/ (income) recognised in profit or loss	2,223	33,169	28,610	(2,876)
Effect of exchange rate change	(62,252)	(31,152)	-	-
Closing balance as at 31 December	4,265,852	4,347,887	28,079	(531)
	-	-	-	-

23 Trade and other payables

Trade payables	6,237,533	4,223,365	-	-
Milk producers	780,251	750,376	-	-
Other payables	2,798,430	3,165,714	1,022,678	976,636
	9,816,214	8,139,455	1,022,678	976,636

Terms and conditions of the above financial liabilties :

Trade and milk producers payable are non - interest bearing and are on 14 - 30 day terms.

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$

24 Commitments and contigencies

Capital commitments :

Authorised and contracted for	1,599,702	83,320	-	-
Authorised and not contracted for	8,660,748	7,045,312	-	-
	10,260,450	7,128,632	-	-

The Group's capital expenditure will be financed from cash generated internally and loans.

Litigation
The Group is a respondent in various employee claims for unfair dismissal
The total estimated liability is US$182,000.

On the basis of legal advise the claims are not valid and there will be no outflow of resources.

Guarantees
A joint and several guarantee for $5,800,000 by all active group companies in Zimbabwe exists in respect of a loan facility of $5,800,000.

Operating lease commitments - Group as lessee
The Group entered into a commercial lease on a commercial building.
The lease is for a one year period with a renewal option included in the contract.
There are no restrictions placed upon the Group in entering into the lease.

Future minimum rentals payable under the operating leases as at 31 December are as follows :

Within one year	292,831	158,316	175,104	158,316

25 Related party disclosures

25.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited and the subsidiaries listed in the following table :

Name	Country of Incorporation	% equity Interest 2011	% equity Interest 2010
Dairibord Malawi Limited	Malawi	68.4	60
Martindale Trading (Private) Limited	Zimbabwe	100	100
Lavenson Investments (Private) Limited	Zimbabwe	100	100
NFB Logistics (Private) Limited	Zimbabwe	100	100
Kutal Investments (Private) Limited	Zimbabwe	100	100

25.2 Associate - M.E Charhon (Private) Limited

The Group has a 40% interest in M.E Charhon (Private) Limited
All transactions are carried out on terms consistent with those applied to dealings with unrelated parties.

Transactions with associate company	GROUP 2011 US$	GROUP 2010 US$	COMPANY 2011 US$	COMPANY 2010 US$
M.E Charhon (Private) Limited				
- Sales to related party	-	-	-	-
- Purchases from related party	60,803	116,759	-	-
- Amounts owing to associate	2,558	15,806	-	-

25.3 Compensation to key management personnel

Short term employee benefits	3,269,437	1,963,975	1,833,542	538,954
Pension contributions	34,405	36,734	17,026	7,928
Total compensation paid to key management personnel	3,303,842	2,000,709	1,850,568	546,882

Notes to the financial statements (continued)

26 PENSION AND RETIREMENT PLANS

26.1 Defined contribution funds

All employees of the company are eligible to be members of defined contributions funds.

26.2 National Social Security Authority Scheme

This is a defined contribution scheme estabilished under the National Social Security Authority Act (1989).
Contribution per employee is 3% per month up to a maximum pensionable salary of $200.

26.3 Pension costs charged to the income statement during the year

	GROUP		COMPANY	
	2011 US$	2010 US$	2011 US$	2010 US$
National Social Security Authority Scheme	101,864	92,891	666	424
Defined contribution funds	148,715	90,199	16,360	7,504
	250,579	**183,089**	**17,026**	**7,928**

27 Financial Risk Management objectives and policies

The Group's principal financial liabilities comprise trade payables and loans obtained. The main purpose of these financial instruments is to raise finance for the Groups's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows :

27.1 Credit risk

Credit risk is the risk that a counter party 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 (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk relating to trade receivables

Customer credit risk is managed by each business unit subject to the Group's establised policy , procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

27.2 Liquidity risk

The Group consistently moniters its risk to a shortage of funds.This requires that the Group considers the maturity of both its financial investments and financial assets e.g accounts receivables , other finanacial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

The table below summaries the maturity profile of the Group's financial liabilities as at 31 December 2011 based on contractual undiscounted payments:

Year ended 31 December 2011	On demand US$	0 to 3 months US$	3 to 12 months US$	1 to 5 years US$	+ 5 years US$	Total US$
Interest bearing borrowings	-	3,599,245	738,000	1,391,854	-	5,729,099
Trade and other payables	-	9,816,216	-	-	-	9,816,216
Income tax payable	-	1,125,801	-	-	-	1,125,801
	-	**14,541,262**	**738,000**	**1,391,854**	**-**	**16,671,116**
Year ended 31 December 2010						
Interest bearing borrowings	-	4,465,150	592,410	321,176	-	5,378,736
Trade and other payables	-	8,139,459	-	-	-	8,139,459
Income tax payable	-	355,714	-	-	-	355,714
	-	**12,960,323**	**592,410**	**321,176**	**-**	**13,873,909**

Notes to the financial statements (continued)

27.3 Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Financial assets and liabilities including loans to group companies and investments in subsidiaries which are intended either to be settled on a net basis or to be realised and settled simultaneously are offset and the asset or liability amounts reported in the Statement of Financial Position.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
	US$	US$	US$	US$
Financial assets				
Trade and other receivables	8,777,463	5,563,069	8,777,463	5,563,069
Cash and short term deposits	2,254,549	1,677,906	2,254,549	1,677,906
Assets classified as held for sale	611,038	-	611,038	-
Investment in associate	247,909	760,268	247,909	760,268
Financial liabilities				
Interest bearing borrowings	5,729,099	5,378,736	5,729,099	5,378,736
Trade and other payables	9,816,216	8,139,459	9,816,216	8,139,459

27.4 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 (when revenues or expenses are denominated in a different currency), and the Group's net investment in subsidiaries .

The following table demonstrates the sensitivity to a reasonable possible change in the Euro and Rand exchange rate,

	Change in rates	Effect on profit before tax	Effect on equity
2011	+10%	(6,813)	(6,813)
	-10%	8,427	8,427
2010	+10%	(43,928)	(32,616)
	-10%	53,595	39,794

Because of the investment in Malawi, the Group's balance sheet can be affected siginificantly by movements in the Malawi Kwacha.

The following table represents the effect on profit before tax and equity to a reasonable change in the Malawi Kwacha to United States Dollar on the consolidation of Malawi operations:

	Change in rates	Effect on profit before tax	Effect on equity
2011	+10%	(61,974)	(265,222)
	-10%	75,746	324,160
2010	+10%	(22,714)	(268,845)
	-10%	27,393	328,588

27.5 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 manages its interest cost and risk by using fixed rate debts.

Notes to the financial statements (continued)

27.6 Capital management

The primary objective of the Group's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in the economic enviroment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders , return on capital to shareholders , or issue new shares. No changes were made to the objectives , policies or processes during the year ended 31 December 2011.

	GROUP	
	2011 US$	2010 US$
Interest bearing borrowings (Note 20)	5,729,099	5,378,736
Trade and other payables (Note 23)	9,816,216	8,139,459
Debt	15,545,315	13,518,195
Equity	43,574,385	36,002,118
Capital and debt	59,119,700	49,520,313
Gearing ratio	26.3%	27.3%

28 Segment Information

28.1 For management purposes , the Group is currently primarily organised into business units based on business activity and secondly by geographical location. The Group has four operating segments as follows:

Manufacturing - milk, foods and beverages
Distribution - logistical services and distribution of goods
Properties - leasing of properties
Corporate - management services

Management monitors the operating results of its business units separately for the purpose of making decisions about resourse allocation and performance assessment.

Year ended 31 December 2011	Manufacturing US$	Distribution US$	Properties US$	Corporate US$	Adjustments and eliminations US$	Group US$
Revenue						
External customers	95,168,672	814,365	-	-	-	95,983,037
Inter segment	3,120,545	4,130,580	706,512	-	(7,957,637)	-
Total Revenue	**98,289,217**	**4,944,945**	**706,512**	**-**	**(7,957,637)**	**95,983,037**
Results						
Depreciation	(1,732,798)	(265,556)	(316,213)	(195,316)	-	(2,509,883)
Operating profit	9,732,263	427,344	389,899	203,993	92,539	10,846,038
Segment assets	45,046,668	3,049,022	17,397,992	21,003,298	(21,972,226)	64,524,754
Segment liabilities	20,953,402	1,009,482	319,433	2,429,742	(3,761,690)	20,950,369
Capital expenditure	5,014,287	476,902	160,476	629,887	(667)	6,280,885
Year ended 31 December 2010						
Revenue						
External customers	74,354,565	627,154	-	-	-	74,981,719
Inter segment	1,515,898	3,281,061	24,000	-	(4,820,959)	-
Total Revenue	**75,870,463**	**3,908,215**	**24,000**	**-**	**(4,820,959)**	**74,981,719**
Results						
Depreciation	(1,667,496)	(181,598)	(311,366)	(111,925)	-	(2,272,385)
Operating profit	7,646,871	499,746	(288,040)	107,186	(187,068)	7,778,695
Segment assets	35,524,757	2,496,353	16,896,547	19,662,150	(20,355,893)	45,233,184
Segment liabilities	17,982,215	782,478	162,952	2,068,765	(2,774,614)	15,129,128
Capital expenditure	3,428,766	449,224	-	378,233	-	4,256,223

Notes to the financial statements (continued)

28.2 Geographic Information

Revenue from external customers	Group	
	2011 US$	2010 US$
Zimbabwe	88,615,495	68,073,609
Malawi	7,367,542	7,112,940
	95,983,037	75,186,549

The revenue information above is based on the location of the operations

Non-current assets		
Zimbabwe	32,921,546	31,465,396
Malawi	5,490,523	4,217,706
	38,412,069	35,683,102

Non-current assets consist of property, plant and equipment, intangible assets, financial assets and investments.

Shareholder analysis
31 December 2011

		Number of Shareholders	%	Issued Shares	%
Size of Shareholding					
1	- 5 000	5 252	90%	3,984,132	1%
5 001	- 10 000	144	2%	1,058,038	0%
10 001	- 25 000	141	2%	2,377,849	1%
25 001	- 50 000	105	2%	4,002,566	1%
50 001	- 100 000	73	1%	5,251,636	1%
100 001	- 200 000	46	1%	6,757,583	2%
200 001	- 500 000	34	1%	11,035,664	3%
500 001	- 1 000 000	17	0%	12,016,112	3%
1 000 001 +		42	1%	309,497,278	87%
		5 854	100.00	355,980,858	100.00
Trade Classification					
Local Nominee		102	1.7%	107,652,649	30.2%
Insurance Companies		17	0.3%	65,584,681	18.4%
Foreign Nominee		17	0.3%	46,024,497	12.9%
Pension Funds		170	2.9%	38,690,053	10.9%
New Non Resident		20	0.3%	38,530,966	10.8%
Local Individual Resident		5 105	87.2%	24,613,192	6.9%
Local Companies		309	5.3%	20,890,330	5.9%
Charitable And Trusts		71	1.2%	12,532,182	3.5%
Fund Managers		12	0.2%	727,199	0.2%
Foreign Companies		2	0.0%	550,000	0.2%
Investments		19	0.3%	149,709	0.0%
Deceased Estates		10	0.2%	35,400	0.0%
		5 854	**100.00**	**355,980,858**	**100.00**

Top Ten Shareholders		
Barclays Zimbabwe Nominees Public Limited -NNR	56,699,328	15.9%
Serrapin Investments (Private) Limited	54,712,750	15.4%
Old Mutual Life Assurance Co. Zimbabwe Limited	54,025,385	15.2%
Stanbic Nominees (Private) Limited NNR	21,825,081	6.1%
Fed Nominees (Private) Limited	17,467,178	4.9%
Remo Nominees (Private) Limited	13,091,145	3.7%
Scrimpton Investments (Private) Limited	12,638,097	3.6%
National Social Security Authority	10,282,425	2.9%
DZL Holdings Employee Share Trust	10,000,000	2.8%
Remo Nominees (Private) Limited NNR	10,000,000	2.8%
Other	95,239,469	26.8%
	355,980,858	100.00
Directors' Shareholding		
S.P Bango	9,500	
T.Chiganze	10,000	
S.Chindove	2,637,879	
T.Mabika	8,012,824	
C.Mahembe	138,575	
H.Makuwa	100	
A.S Mandiwanza	10,753,980	
J.H.K Sachikonye	266	
M.R Ndoro	3,275,253	
F. Mungoni	-	

Shareholder analysis
31 December 2010

Size of Shareholding		Number of Shareholders	%	Issued Shares	%
1					
5 001	- 5 000	5294	90.40	4,063,615	1.17
10 001	- 10 000	141	2.41	1,034,222	0.30
25 001	- 25 000	127	2.17	2,118,319	0.61
50 001	- 50 000	95	1.62	3,560,828	1.03
100 001	- 100 000	62	1.06	4,392,488	1.27
200 001	- 200 000	46	0.79	6,470,802	1.86
500 001	- 500 000	30	0.51	9,792,176	2.82
1 000 001 +		21	0.36	14,409,545	4.15
		40	0.68	301,325,863	86.80
		5 856	**100.00**	**347,167,858**	**100.00**

Trade Classification				
Local Companies	190	3.24	91,216,314	26.27
Investments & Trusts	205	3.50	79,227,331	22.82
Banks	143	2.44	45,094,932	12.99
Nominees Foreign	8	0.14	33,782,259	9.73
Nominees Local	62	1.06	28,221,557	8.13
Local Individual Residents	5,029	85.88	25,468,025	7.34
Pension Funds	133	2.27	17,402,619	5.01
New Non Resident	15	0.26	14,786,578	4.26
Employee Share Trust	2	0.03	10,000,000	2.88
Fund Managers	8	0.14	1,430,909	0.41
Other Organisation	40	0.68	393,086	0.11
Insurance Companies	5	0.09	88,004	0.03
Deceased Estates	10	0.17	35,400	0.01
Non Residents	5	0.09	14,310	0.00
Other	1	0.02	6,534	0.00
	5 856	**100.00**	**347,167,858**	**100.00**

Top Ten Shareholders		
Serrapin Investments (Private) Limited	59,366,592	17.10
Old Mutual Life Assurance Co. Zimbabwe Limited	52,145,758	15.02
Barclays Zimbabwe Nominees Public Limited -NNR	36,220,836	10.43
Remo Nominees (Private) Limited	20,329,076	5.86
Fed Nominees (Private) Limited	17,821,559	5.13
Stanbic Nominees (Private) Limited NNR	17,506,012	5.04
Scrimpton Investments (Private) Limited	14,988,615	4.32
Old Mutual Zimbabwe Limited	11,619,848	3.35
National Social Security Authority	10,008,335	2.88
DZL Holdings Employee Share Trust	10,000,000	2.88
Other	97,161,227	27.99
	347,167,858	**100.00**

Directors' Shareholding	
S.P Bango	9,500
T.Chiganze	10,000
S.Chindove	2,637,879
D.Hasluck	-
T.Mabika	8,537,469
C.Mahembe	138,575
H.Makuwa	100
A.S Mandiwanza	11,679,434
J.H.K Sachikonye	266
M.R Ndoro	1,782,543
F. Mungoni	-

Notice to shareholders

Notice is hereby given that the seventeenth Annual General Meeting of members of Dairibord Holdings Limited will be held in the Stewart Room, Meikles Hotel, on Friday 20 April 2012 at 11:00 am.

AGENDA

1. To receive and adopt the Financial Statements for the year ended 31 December 2011, together with reports of the Directors and Auditors thereon.
2. To elect Directors of the Company
   In accordance with article 100 of the company's Articles of Association,
   Mrs. S. R. Chindove and Mr. H. Makuwa retire by rotation and being eligible offer themselves for re-election.
3. To approve the remuneration of the auditors for the past audit and re-appoint Ernst and Young Chartered Accountants (Zimbabwe) as auditors for the current year.
4. To approve the remuneration of the directors for the past year.
5. To approve the final dividend of 0.44US cents per share declared on 27 February 2012.
6. As a SPECIAL RESOLUTION to approve a share by back scheme of the company's shares in accordance with the Zimbabwe's Stock Exchange regulations and any applicable statutory provisions

In terms of the Companies Act (Chapter 24:03) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.

By order of the board

M.R Ndoro
Company Secretary

27 February 2012

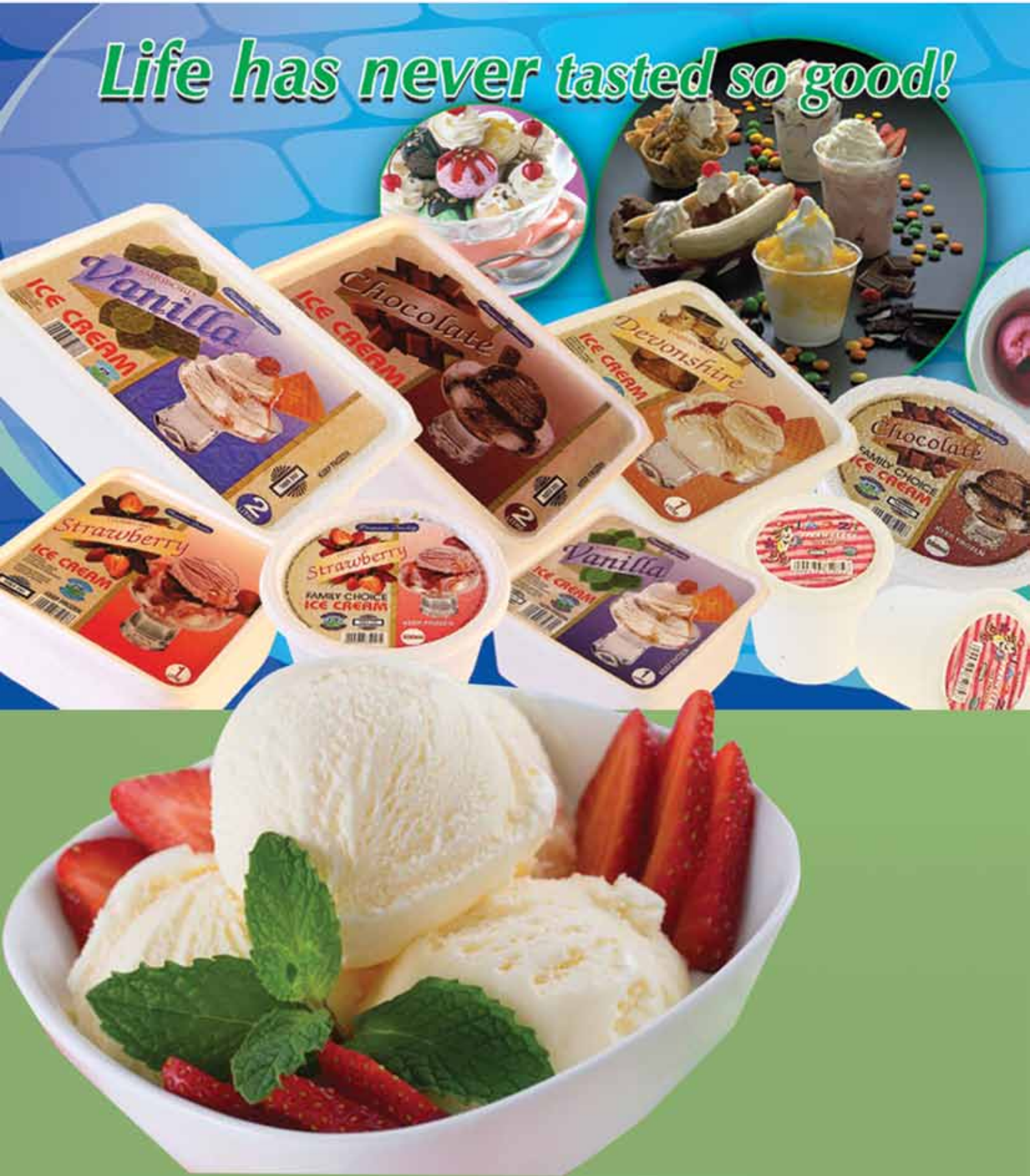
Shareholders' calendar

2011 Annual Report Published	-	March 2012
Seventeenth Annual General Meeting	-	20 April 2012
Dividend Payment	-	April 2012
Interim report for 6 months to 30 June 2012 and dividend announcement	-	August 2012
Financial Year End	-	31 December 2012
Publication of results for the 12 months ending 31 December 2012 and dividend announcement	-	March 2013

A vendor at work in the Harare Central Business District

DAIRIBORD MALAWI

THE FAMILY CHOICE



The Group Chief Executive Anthony Mandiwanza *(seated - fifth from left)* and the Group Finance Director Mercy Ndoro *(seated- sixth from left)* with the SAP ECC6 Project team and some members of senior management

Notes

Notes