COLCOM Holdings Limited

The Board of Directors of Colcom Holdings Limited is pleased to announce the Reviewed Abridged Financial Results For The Year Ended 30 June 2016

Commentary

Directors' Responsibility
The Directors of Colcom Holdings Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. The abridged annual Group financial results are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listings Requirements for provisional annual financial statements (preliminary reports). The abridged annual Group financial results have been prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS). The accounting policies applied in the preparation of these financial results are, except where stated, consistent with those applied in the previous annual financial statements.

Audit Statement
The Group's external auditors, Ernst & Young, have issued an unmodified review conclusion on the abridged annual Group financial results for the year ended 30 June 2016. The audit of the Group's consolidated financial statements is substantially complete pending the finalisation of the annual report. The unmodified review report is available for inspection at the Company's registered office.

Financial
The Group recorded revenue of USD59.90 million, 7% down on the previous financial year. Within that result, Colcom Foods Limited (incorporating Triple C Pigs and Colcom Foods Division) reported a 5% decrease whilst the Associated Meat Packers subsidiary (trading through AMP, Texas Meats and Texas Chicken) recorded a 12% decrease in revenue. Production efficiencies at the Triple C Pigs production units yielded improved margins that were partly offset by margin reduction at the Colcom Foods Division resulting from pricing decisions made during the course of the year. This margin reduction was itself compensated for by disciplined management of operating expenses (reducing by 9% from the previous financial year) allowing the Group to deliver an operating profit of USD9.09 million, a growth of 1% on the previous financial year. The Group recorded increased depreciation charges of USD422 627 on the back of investments in fixed assets over the previous two years. The Group's associated company, Freddy Hirsch, produced equity accounted earnings of USD224 860, a decline of 33%. The resulting profit before tax (PBT) of USD7.23 million is 7% behind that recorded in the previous financial year.

From a cash flow perspective, the Group invested USD4.45 million in working capital. Of this, USD769 658 was invested in current biological assets through increasing the size of the pig herd by 25% from the previous financial year-end and USD2.11 million was invested in stock, primarily securing strategic reserves of stock feeds. The Group generated USD4.91 million from operating activities of which USD2.73 million was invested in property, plant and equipment and a further USD453 199 was invested in long-term biological assets. After settling USD456 587 in borrowings and paying a dividend of USD4.03 million the Group retained USD4.90 million in cash at the end of the financial year.

Operational
Triple C Pigs has continued to yield excellent results with pig deliveries increasing by 40% over the previous year. Of this, the auxiliary pig unit developed over the past 24 months delivered 27% of the growth. As per the phased expansion plan, this unit further increased production from 300 to 450 pigs per week from March 2016. The additional 13% growth in deliveries was received from a purchased herd. Although some deliveries are taken from independent producers, Colcom is currently able to satisfy the requirement of pork from pigs produced by its own facilities.

The new pie factory was commissioned in August 2015 and is operating to its designed specification. Pie production has doubled since the pricing decisions effected in February 2016, with the factory putting on a second shift to meet demand. Year on year pie production has increased by 38%.

The Group recorded an overall increase in sales volumes of 4% over the previous year. Colcom Foods Division increased volumes by 14% but registered a significant shift in sales mix from processed to fresh meat. The Foods Division entered into a series of strategic pricing decisions during the financial year and whilst certain products responded well to the price decreases, others did not generate the volume increases expected. The result of these actions was a negative impact on revenue and margins.

Within the AMP business, sales volumes declined by 10% against prior year off low consumer demand resulting from tight liquidity in the market despite beef prices being up to 15% below those trading in the previous financial year. Heavy competition in the chicken industry has also driven price and margin down for that offering over the past year. AMP opened a new Texas Meats outlet in Bindura in December 2015 and continues to improve yield efficiencies in its cutting and processing plant.

The Group's retail outlets have experienced a decline in sales directly attributable to the depressed state of the economy and the consequent lack of liquidity.

Future prospects
With regard to Colcom's pig production the Group intends to maintain production volumes at the current levels with focus on efficiencies to reduce the cost per kg of pork produced. The Group maintains strategic reserves in maize and will continue to monitor regional developments in maize production to determine the source of future requirements. The poor maize harvest achieved in the past season has necessitated the Group importing the majority of its maize requirements, resulting in an associated increase in production costs.

Management will continue to monitor the effectiveness of pricing strategies on volumes and adjust appropriately to suit the relevant product categories. Managing production and operational efficiencies at all levels in the organisation will be paramount to the success of the business.

Since year-end AMP has opened a Texas Meats outlet in Makoni, Chitungwiza and plans to open an additional four Texas Meats outlets outside of Harare. Texas Chicken will open one additional outlet in Harare.

Dividend
The Board is pleased to declare a final dividend of 0.49 US cents per share payable in respect of all ordinary shares of the Company. This dividend is in respect of the financial year ending 30th June 2016 and will be payable in full to all the shareholders of the Company registered at the close of business on 14th of October 2016. The payment of this dividend will take place on or about 28th October 2016. The shares of the Company will be traded cum – dividend on the Zimbabwe Stock Exchange up to the market day of 7th of October 2016 and ex – dividend as from the 10th of October 2016.

Directorate
The Board wishes to advise all shareholders and stakeholders that at its Board meeting on 16th August 2016, Mr Antonio Fourie resigned as a Non–Executive Director of the company. The Directors and staff of Colcom sincerely thank Mr Fourie for his guidance and wise counsel during his period of service on the Colcom Board. On the same date Mr Godfrey Gwainda was appointed to the Board as a Non-Executive Director. Mr Gwainda is currently Financial Director of the Innscor Africa Limited Group. Mr Koumides has advised that as a consequence of his recent appointment as Chief Executive Officer of the newly listed Axia Corporation Limited, he intends to resign as a Non-Executive Director and as the Chairman of Colcom Holdings Limited at the end of the next board meeting, scheduled for 11th November 2016.

By order of the Board

J Koumides
Chairman
16 August 2016

Salient features

	USD		%
Revenue	59 898 763	▼	-7%
Operating profit	9 093 996	▲	2%
Profit before tax	7 230 815	▼	-7%
Basic earnings per share (cents)	3.16	▼	-7%
Headline earnings per share (cents)	3.13	▼	-8%
Dividends per share (cents)	1.05	▼	-54%
Interim dividends per share (cents)	0.56	▲	12%
Final dividends per share (cents)	0.49	▼	-29%
Extraordinary dividend per share (cents)	-	▼	-

Abridged Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Attributable to owners of the parent				
	Share capital USD	Distributable Reserves USD	Total USD	Non-Controlling Interests USD	Total USD
Balance at 30 June 2014	**1 590 409**	**28 185 646**	**29 776 055**	**1 416 673**	**31 192 728**
Transactions with owners in their capacity as owners	-	-	-	(107 000)	(107 000)
Profit for the year	-	5 389 928	5 389 928	465 091	5 855 019
Dividends paid	-	(3 801 077)	(3 801 077)	(99 800)	(3 900 877)
Balance at 30 June 2015	**1 590 409**	**29 774 497**	**31 364 906**	**1 674 964**	**33 039 870**
Transactions with owners in their capacity as owners	-	-	-	(6 967)	(6,967)
Profit for the year	-	5 030 527	5 030 527	396 507	5 427 034
Dividends paid	-	(3 753 365)	(3 753 365)	(278 975)	(4 032 340)
Balance at 30 June 2016	**1 590 409**	**31 051 659**	**32 642 068**	**1 785 529**	**34 427 597**

Abridged Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	30 June 2016 Reviewed USD	30 June 2015 Audited USD
Cash generated from operating activities	**4 906 766**	**9 236 068**
Net interest received	233 207	373 740
Taxation paid	(1 457 702)	(1 823 091)
Net cash flow from operating activities	**3 682 271**	**7 786 717**
Investing activities	**(2 564 708)**	**(5 095 848)**
Net cash inflow before financing activities	**1 117 563**	**2 690 869**
Financing activities	**(4 488 927)**	**(4 456 802)**
Net decrease in cash and cash equivalents	**(3 371 364)**	**(1 765 933)**
Cash and cash equivalents at the beginning of the year	**8 270 331**	**10 036 264**
Cash and cash equivalents at the end of the year	**4 898 967**	**8 270 331**

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	30 June 2016 Reviewed USD	30 June 2015 Audited USD
Revenue	**59 898 763**	**64 585 846**
Operating profit before depreciation, interest and fair value adjustments	**9 093 996**	**8 944 962**
Depreciation	(2 385 957)	(1 963 330)
Operating profit before interest and fair value adjustments	**6 708 039**	**6 981 632**
Fair value adjustments	64 710	106 645
Operating profit before interest and tax	**6 772 749**	**7 088 277**
Interest income	273 677	461 982
Interest expense	(40 471)	(88 242)
Equity accounted earnings	224 860	333 174
Profit before tax	**7 230 815**	**7 795 191**
Taxation	(1 803 781)	(1 940 172)
Profit for the year	**5 427 034**	**5 855 019**
Other comprehensive income	-	-
Total comprehensive income for the year	**5 427 034**	**5 855 019**
Total comprehensive income attributable to:		
Equity holders of the parent	5 030 527	5 389 928
Non-controlling interests	396 507	465 091
	5 427 034	**5 855 019**
Earnings per share		
Basic earnings per share (cents)	3.16	3.39
Headline earnings per share (cents)	3.13	3.40

Abridged Consolidated Statement of Financial Position
As at 30 June 2016

	30 June 2016 Reviewed USD	30 June 2015 Audited USD
ASSETS		
Non-current assets		
Property, plant and equipment	20 750 544	20 594 783
Investment in Associate	1 735 511	1 627 224
Other non-current financial assets	181 373	181 373
Biological assets	1 607 026	1 611 960
	24 274 454	**24 015 340**
Current assets		
Biological assets	2 437 429	1 678 683
Inventories	8 447 480	6 517 043
Accounts receivable	4 636 369	3 779 970
Current tax asset	59 405	13 314
Cash and Bank	5 314 602	8 270 331
	20 895 285	**20 259 341**
Total assets	**45 169 739**	**44 274 681**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	1 590 409	1 590 409
Distributable reserves	31 051 659	29 774 497
Equity attributable to equity holders of the parent	**32 642 068**	**31 364 906**
Non-controlling interests	1 785 529	1 674 964
Total shareholders' equity	**34 427 597**	**33 039 870**
Non-current liabilities		
Deferred taxation	3 895 869	3 503 700
Interest bearing borrowings	-	452 225
	3 895 869	**3 955 925**
Current liabilities		
Interest bearing borrowings	449 272	446 667
Bank overdraft	415 635	-
Accounts payable	5 510 273	6 189 458
Provisions	471 093	642 761
	6 846 273	**7 278 886**
Total liabilities	**10 742 142**	**11 234 811**
Total equity and liabilities	**45 169 739**	**44 274 681**

Supplementary Information
For the year ended 30 June 2016

	30 June 2016 Reviewed USD	30 June 2015 Audited USD
1 Corporate information		
The company is incorporated and domiciled in Zimbabwe.		
2 Depreciation	**2 385 957**	**1 963 330**
3 Capital expenditure for the year	**2 731 995**	**5 219 144**
4 Earnings per share		
Profit for the year attributable to equity holders of the parent	5 030 527	5 389 928
Number of shares used in calculating earnings per share		
Shares in issue 159 040 884 (2015: 159 040 884)		
Weighted average shares in issue 159 040 884 (2015: 159 040 884)		
Basic earnings per share		
Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
Headline earnings per share		
Headline earnings per share is calculated by dividing the headline earnings for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
Profit for the year attributable to ordinary equity holders of the parent	5 030 527	5 389 928
(Profit)/loss on disposal of fixed assets	(44 597)	5 944
Loss on disposal of investments	-	12 054
Headline Earnings	**4 985 930**	**5 407 926**
5 Commitments for capital expenditure		
Contracts and orders placed	77 000	673 065
Authorised by directors but not contracted	3 525 613	7 718 875
	3 602 613	**8 391 940**
6 Future lease commitments - Group as lessee		
The Group has entered into commercial leases on certain properties. These leases have an average life of between six and ten years with renewal options included in some of the contracts. There are no restrictions placed upon the Group by entering		
Payable within 1 year	383 241	690 369
Payable within 2-5 years	1 056 985	961 328
Payable within 6-10 years	548 964	545 274
	1 989 190	**2 196 971**

7 Borrowings
The interest-bearing borrowings constitute of a bank loan from Standard Chartered Bank, which accrues interest at 9% per annum and is secured by guarantee by the parent company. The loan is repayable bi-annually over 3 years up to January 2017.

8 Segment analysis

Business Segments

30 June 2016	Colcom Foods USD	AMP USD	Other USD	Eliminations USD	Group USD
Revenue					
Inter - segment sales	2 006 703	56 777	-	(2 063 480)	-
External Sales	37 594 532	22 304 231	-	-	59 898 763
	39 601 235	22 361 008	-	(2 063 480)	59 898 763
Operating profit before depreciation	7 994 884	1 157 868	223 915	(282 671)	9 093 996
Depreciation on property, plant and equipment	2 049 945	336 012	-	-	2 385 957
Depreciation on biological assets	274 143	-	-	-	274 143
Equity accounted earnings	224 860	-	-	-	224 860
Profit before taxation	6 451 410	838 161	223 915	(282 671)	7 230 815
Segment Assets	40 697 997	4 879 099	14 550	(421 907)	45 169 739
Segment Liabilities	9 658 189	1 505 860	0	(421 907)	10 742 142
Capital Expenditure	2 395 050	336 945	-	-	2 731 995

30 June 2015	Colcom Foods USD	AMP USD	Other USD	Eliminations USD	Group USD
Revenue					
Inter - segment sales	1 700 271	585 042	-	(2 285 313)	-
External Sales	39 896 654	24 681 952	7 240	-	64 585 846
	41 596 925	25 266 994	7 240	(2 285 313)	64 585 846
Operating profit/(loss) before depreciation	8 903 086	1 527 080	(26 310)	(1 458 894)	8 944 962
Depreciation on property, plant and equipment	1 680 610	282 720	-	-	1 963 330
Depreciation on biological assets	198 297	-	-	-	198 297
Equity accounted earnings	333 174	-	-	-	333 174
Profit/(loss) before taxation	8 087 284	1 193 111	(26 310)	(1 458 894)	7 795 191
Segment Assets	40 003 911	4 653 843	130 264	(513 337)	44 274 681
Segment Liabilities	10 083 370	1 654 181	17 564	(520 304)	11 234 811
Capital Expenditure	4 594 941	624 203	-	-	5 219 144

9 Events after reporting date
There have been no significant events after reporting date which affect these financial statements as at the time of issuing this press statement.

10 Contingent liabilities
There are no contingent liabilities as at 30 June 2016.

DIRECTORS: J. Koumides (Chairman), P. Chapendama, B. Fairlie, G. Gwainda, D. E. Long, J. P. Schonken, C. Tumazos* (*Executive).