ANNUAL REPORT

2009

BORDER TIMBERS LIMITED - GROUP

A Subsidiary of

RADAR HOLDINGS LIMITED

Contents

INDEX

Notice of Annual General Meeting

Time	9 00 am
Date	Friday 27th November 2009
Place	Radar Holdings Limited,4th Floor, Tanganyika House, Corner Kwame Nkrumah and Third Street, Harare.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Border Timbers Limited will be held in the Board Room of Radar Holdings Limited, 4th Floor, Tanganyika House, Corner Kwame Nkrumah and Third Street, Harare , to conduct the following business:

1. To receive and consider the audited financial statements for the year ended 30th June 2009, together with the reports of the directors and auditors.

2. To re-appoint retiring directors.

3. To determine the remuneration of the non - executive directors.

4. To confirm the remuneration of the auditors for past services and to appoint auditors for the ensuing year.

5. To transact such other business as may be transacted at an Annual General Meeting.

In accordance with the requirements of the Companies Act, members of the Company are notified that they are entitled to appoint one or more proxies to attend, speak and vote at the meeting on their behalf. A proxy need not be a member of the Company. Proxies must be lodged with the Secretaries not less than forty eight hours before the meeting.

By order of the Board
Radar Investments (Private) Limited
Secretaries

Tanganyika House
Cnr Kwame Nkrumah
Avenue/third Street
Harare

Harare
21st October 2009

	2009 US$
Statement of Comprehensive Income	
Turnover	7,553,609
Operating profit	155,100
Net interest paid	(64,277)
Profit before taxation	90,823
Loss after taxation	(601,109)
Statement of Financial Position	
Equity attributable to equity holders of parent company	112,762,927
Net Cash Resources	96,686
Interest-Bearing Debt	1,486,715
Statement of Cash Flow	
Increase in cash & cash equivalents	96,686
Ordinary Share Performance	
Basic loss per share	(0.01)
Headline loss per share	(0.01)
Market price per share at 30 June	$0.60
Shares in issue (Shares)	42,942,487
Other	
Profit before interest and taxation return on total assets	0.12%
Profit after tax return on shareholders' funds	-
Net asset value per share (US$)	2.99
Debt to equity	0.01%
Current ratio	1.37:1
Interest cover	2.41
Number of employees	2,419
Value Added per employee (US$)	4,347.28
Employment cost per employee	1,260.11

Shareholders' Calendar in respect of year to June 2009

Financial reports	
Interim results announced	29th February 2009
Year-end results announced	18th September 2009
Annual report posted to shareholders'	6th November 2009
Annual general meeting	27th November 2009

Shareholders are reminded to notify Radar Investments (Private) Limited, P O Box 10455, Harare, of any change of address.

DIRECTORS	P W T Chipudhla	(Chairman)
	K R R Schofield	(Deputy Chairman)
	J Gadzikwa	(Managing - Resigned 30 June 2009)
	C Amira	
	P Nyemba	(Finance)
	L Nyathi	(Marketing - Resigned 31 December 2008)
	H B A J von Pezold	
	R von Pezold	
	J H Mortimer	
OPERATIONS BOARD	J Gadzikwa	(Chairman - Resigned 30 June 2009)
	C Amira	
	P Nyemba	
	G Bottger	
	C Carlsson	
	T Kachale	
	L Nyathi	(Resigned 31 December 2008)
	S Sena	
	M Gratwicke	
SECRETARIES	Radar Investments (Private) Limited	
AUDITORS	Ernst & Young	
ATTORNEYS	Henning Lock Donagher & Winter, Honey & Blackenberg and Wintertons	
REGISTERED OFFICE	5th Floor, Charter House Leopold Takawira Avenue/Fort Street P O Box 2346 Bulawayo	
BANKERS	Kingdom Bank Limited MBCA Bank Limited Stanbic Bank Limited NMB Bank Limited	
POSTAL ADDRESS	P O Box 458 Mutare	
PERIOD OF FINANCIAL STATEMENTS	Year ended 30 June 2009	
DATE FINANCIAL STATEMENTS AUTHORISED FOR ISSUE	21st October 2009	

General Principles

The Board affirms its commitment to the principles of openness, integrity and accountability and to the provision of timeous, relevant and meaningful reporting to all stakeholders.

The Board

The Board of Directors currently comprises three executive and six non-executive directors. This structure concurs with the principles set out in the King II Report, where a preferred majority of non-executive directors is mandated.

The executive directors generally have responsibility for making and implementing operational decisions on running the Group's businesses.

Non-executive directors complement the skills and experience of the executive directors, contributing to the formation of policy and decision making through their knowledge and experience of other businesses and sectors. All directors bring an independent judgement to the issues of strategy, performance and resources, including key appointments and standards of conduct.

The roles of Chairman and Managing Director are separate, with responsibilities divided between them.

All directors are subject to retirement and re-election by shareholders' in accordance with the Articles of Association, which provide that all directors are subject to election at the first annual general meeting following their appointment and thereafter one third of the directors retire by rotation, with the exception of the managing director, whose appointment is set for a renewable period of five years in terms of Article 118. The Board meets at least every quarter to review operational strategies and monitor management performance.

The details of each director are as follows:

CHAIRMAN * - PWT Chipudhla - age 79
Appointed to the Board in September 1983 and appointed chairman in June 1989. He is deputy Chairman of Radar Holdings and Chairman of Radius Zimbabwe Limited. Mr Chipudhla is a Member of Radar Holdings Limited and Border Timbers Limited Compensation Committees.

DEPUTY CHAIRMAN - KRR Schofield - age 46
Appointed to the Board in March 2000 and appointed deputy chairman on 12 December 2002. He is the Chairman of Radar Holdings Limited and a Director of a number of other Zimbabwean companies outside the Radar Group.

DIRECTOR - HBA von Pezold - age 37
Appointed to the Board in December 1993. Mr von Pezold is also a non-executive director for Radar Holdings Limited and serves on many other local and international companies.

DIRECTOR * -C Amira - age 59
Joined the Group in April 2004 as the group chief executive officer and was appointed to the Board in May 2004. He is also a director of Radar Holdings Limited and serves on the boards of several other Zimbabwean companies.

DIRECTOR •- J Gadzikwa - age 42 (Resigned 30 June 2009)
Appointed to the Board in September 2001. He was appointed managing director of Border Timbers Limited in May 2000 and resigned on 30 June 2009.

DIRECTOR •- P Nyemba - age 39
Appointed to the Board in February 2009. He was appointed finance director of Border Timbers Limited in September 2006.

DIRECTOR •- L Nyathi - age 44 (Resigned 31 December 2008)
Appointed to the Board in April 2005 and resigned on 31 December 2008.

DIRECTOR - JH Mortimer - age 70
Appointed to the Board in May 2009.

DIRECTOR - R von Pezold - age 68
Appointed to the Board in May 1993.

• Executive Director
* Member of the Audit Committee

The Audit Committee

The Audit Committee, having a majority of non-executive directors, is chaired by Mr S Mattinson with its other non-executive member being Mr P W T Chipudhla. The committee meets three times a year. The Audit Committee meetings are attended by the external auditors, the managing director and Financial Director in addition to other members of the management team as required.

The Audit Committee reviews with management that adequate and appropriate internal controls are in place and are appropriate to meet current and future needs; that significant business, strategic, statutory and financial risks have been identified and are being monitored and managed; that appropriate standards of governance, reporting and compliance are in operation; and it advises the Board on issues relating to the application of accounting standards to published financial information.

It is anticipated that, in the continued turbulence in the economy, the Audit Committee will be required to remain ever vigilant in their role as guardians of the Group.

The Operations Board

The Group has established, as a sub-committee of the Board, an operations board designed to assist the chairman and managing director in managing the Group. Whilst the authority of the chairman and managing director are unrestricted as far as management is concerned, the Board, as a whole, sets the overall tenor and parameters necessary. This committee is designed to assist in the daily operation of the Group when the Board is not in session, but is subject to the prevailing statutory limits and terms of reference set out by the Board.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements. The financial statements have been prepared in accordance with the manner required by the Companies Act [Chapter 24:03].

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors are also responsible for the Group's systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going-concern basis. However, we draw your attention to note 23 and 26 in which the various economic factors affecting financial reporting in Zimbabwe are stated.

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of the statement of comprehensive income, statement of changes in equity and the statement of cash flow for decision-making purposes. However, the directors are of the opinion that the consolidated statement of financial position reveals a true picture of the assets and liabilities as at year end.

The financial statements set out on pages 16 to 52 were approved by the Board of Directors on 21st October 2009 and are signed on its behalf by:

P W T CHIPUDHLA	P NYEMBA
CHAIRMAN OF THE BOARD	FINANCE DIRECTOR

Certificate by Company Secretary

In terms of the Companies Act [Chapter 24:03], Radar Investments (Private) Limited, as Company Secretaries, we confirm that for the year ended 30 June 2009, the Group has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Radar Investments (Private) Limited
Company Secretary
Harare
21st October 2009

The activities and results of the Group are summarised in the Operational and Financial reviews. In addition the following statutory information is provided.

Authorised and Issued Share Capital

Details of the authorised and issued share capital at 30 June 2009 are included in note 10 to the consolidated financial statements.

Reserves

The movements in the reserves of the Group are shown in the Statement of Changes in Equity.

Results for the year	US$
Profit before taxation	90 823
Taxation	(691 932)
Loss for the year	(601 109)

Borrowing Facilities

Article 86 of the Company's Articles of Association provides that the Group may from time to time, at the discretion of the directors, borrow, raise or source borrowings up to half the value of the shareholders' equity, as reflected in the Statement of Financial Position of the annual report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

Directors

The following directors served during the year ended 30 June 2009:

PWT Chipudhla	Chairman	reappointed December 2006
J Gadzikwa	Managing Director	resigned 30 June 2009
KRR Schofield	Director	reappointed December 2005
C Amira	Director	reappointed December 2006
P Nyemba	Director	reappointed December 2007
L Nyathi	Director	re-signed 31 December 2008
R Von Pezold	Director	reappointed December 2007
H B A J von Pezold	Director	reappointed December 2007
JH Mortimer	Director	appointed May 2008

Directors' emoluments for management services during the year were $26 675.

Mr K Schofield retires by rotation and being eligible, offers himself for re-election.

Going Concern

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 are satisfied that it is appropriate to adopt the going-concern basis in preparing the financial statements. However, we draw your attention to note 26 where the going-concern assumption is stated.

Auditors

Members will be asked to approve the auditor's remuneration for the past audit and to confirm the reappointment of Messrs Ernst & Young as auditors to the Group for the ensuing year, they having signified their willingness to continue in office.

Annual General Meeting

The Annual General Meeting is to be held on 27th November 2009 in terms of the notice set out on page 2 of this annual report.

By order of the Board
Radar Investments (Private) Limited
21st October 2009

Dear Shareholder'

The utterly disgusting actions that took place in the early part of this Company's financial year have not broken the wish of both the economic aspirations and the personal wishes of the people of this country to move forward. In so doing, your Company has come through the darkest times this country has ever seen and will take its place in rebuilding this economy.
There is little point in commenting on the demise of the Zimbabwe dollar and the destruction of wealth and capital that went with the irresponsibility of the management of the economy in the past - History and the courts will tell the story and judge those who saw fit to lay waste to the millions of lives both in Zimbabwe and outside. The change that we anticipated - painful, fraught with danger, slow and tortuous has nevertheless moved the country forward for the first time in a decade. The institutions and policies of the past have been put to the sword and with them, in time, will go the last vestiges of the lunacy of the past decade.
I have summarised the financial performance of the Company below but will not dwell on its interpretation. As we have noted in the body of the results, the numbers are as accurate as possible. More important is the performance of the past couple of months and the prospects for the future. I look forward to commenting in full for the year ending June 2010.

	2009 US$
Turnover	7 569 529
Income before tax and, interest	155 100
Net interest payable	(64 277)
Shareholders' funds	112 762 927
Net current assets	1 528 600

Performance
In the year under review, Border's timber resources suffered enormous damage from the worst fires to have ever affected the timber industry in Zimbabwe. The cause of this damage is due to the illegal settlement on Border's property. Those responsible for the damage will be held to account.
In excess of 7000 hectares were either completely lost or damaged to an extent that replanting is necessary. In October a major project to salvage all usable timber was undertaken. In total, just over 90 000 cubic metres has been salvaged. A large proportion of this timber lost value due to blue stain (a fungus that affects the appearance but not the structural integrity of the timber). However, the effort made by all concerned at Border was substantial and hats off to those who have worked under sometimes impossible conditions to ensure that in 30 years we will look back on these fires as appalling, but surmountable.
It should be noted that the accumulated damage over the past eight years is approximately 9 700 hectares. It should be noted that between 1992 and 2000 the average area affected by fire was just under 50 hectares.
The effect of fire on the industry in the year under review was in excess of 21 000 hectares - over the past 10 years - unmentionable. Sufficeit to say that it will take the best part of 40 years to return the industry to where it was in 2000.

Silviculture
Due to the focus on salvage and the lack of labour, less than 50% of the planned silviculture work was achieved. This again has accumulated to the point where there is a long-term effect on the value of the forest asset. This is a major focus of the Company and while the position has improved over the past couple of months, there is a very long way to go.
The one area where the target was met was in replanting. Roughly 2 200 hectares were replanted - a major achievement under any circumstances - let alone those which Border has to deal with on a day-to-day basis.
As reported in last year's statement, after repeated requests to allow Border to effect damage limitation to a position that was unsustainable regarding Baboon damage, Border's FSC certification was suspended pending our agreement to not use the control methods that are most appropriate. It is our view that FSC's position is both shortsighted and irresponsible. Again, as noted last year - despite our drawing the situation of the indigenous forests to their attention - absolutely zero interest in the unmitigated disaster that is the wholesale destruction of the indigenous forests of Zimbabwe. The Forest Stewardship Council and those who are tasked to uphold its mandate should hang their heads in shame.

Manufacturing
All units were affected by the shortage of supply of timber - both pine and eucalyptus. Efforts were made to source from outside Border's own plantations but any reasonable opportunities were impossible to conclude.
There has been a continuous improvement over the last half of the year that has been carried on into the new financial year.
Post-year end the installation of the wood waste power unit at Charter Estate financed by an EU matching grant will materially alter Charter's ability to operate consistently. Opportunity exists to implement other power projects and these will be pursued. Operations will continue to be affected by the constant unplanned power interruptions.
The development of the regional pole market has presented opportunities to Border and these are being actively pursued. The supply of high quality treated poles will be very much part of the Company's focus in the coming years. As such, two pressure vessels are now in full operation, giving the pole unit much needed capacity and flexibility.

Illegal Settlement on Border Property

There continues to be illegal settlement on Border property. The authorities have again indicated that they will remove all illegal settlement and we continue to actively work with both the legal system, as well as the relevant authorities to urgently remove illegal squatters. The damage caused last year has been described above - there will be further damage if this is not addressed as a matter of urgency.

The Future

Looking back is utterly pointless - we have a future to look forward to. As I have noted at the outset, the change that has taken place is no false dawn - every day there are further indications of an economy and a country that is moving away from the structures and individuals that have been the architects of the disaster of the last decade. As business and in every other aspect of life in this country - let's get on with it and ignore those who are not part of the future. There is an economy to build, a country to fix, peoples hopes and aspirations to be fulfilled. We have wasted a decade - surely not a second more!

Dividend

The Company is not in a position to pay a dividend, based on the year's results. Neither I, nor the Board, anticipate that in the coming year this position will change.

Appreciation

My Board and I would like to acknowledge and offer our deep appreciation to all those who have worked for the Border group over this past year. To use words like "challenges", "difficulties" simply cannot describe what has been thrown at the people who every day have come to work - notwithstanding what has been going on at every level in both their personal lives and in their own financial circumstances. We have had to offer retrenchment and this has been done. I can only thank those who are no longer with us and ensure that the Border group will continue to offer opportunity at every level in the years ahead.

A particular note of appreciation and thanks from my Board and I to John Gadzikwa. John resigned from the helm of Border Timbers Limited after eight year,s during which he acted with the utmost integrity and personal bravery. He led the Company through the most turbulent times imaginable.

P W T Chipudhla
CHAIRMAN
21st October 2009

OVERVIEW

The year under review was characterised by a multitude of challenges. Hyperinflation, foreign currency shortages, the collapse of public infrastructure and utilities, instability at macro economic instability and political bickering are just few challenges amongst many faced by all in Zimbabwe. As a country we made history in that, we redefined hyperinflation and were in all material respects a collapsed economy. This was worsened by a bad fire season that saw Border Timbers Limited and the forestry plantation industry in the country losing an enormous amount of timber due to arson fires.

The financial performance is a reflection of the challenges faced by the business.

Forest fires

It is disheartening to report that illegal settler activity increased at Charter and Imbeza Estates. During the year the company experienced its worst fire season in living memory. A total of 7 000 hectares were lost due to arson fires caused by illegal settlers in and around the Company's plantations. The forestry plantation industry lost a total of 20 500ha. The impact of these fires is the inevitable shortage of timber in the country in the next 20 years. The Company holds the illegal settlers directly responsible for the losses incurred as a result of the fires.

Following the major fires, the Company embarked on a major project to salvage some of the timber destroyed. The project commenced in October 2008 and was largely complete by year end.

FORESTRY AND SAWMILLING

Silviculture

During the period under review, the Company could not meet targets on the majority of silvicultural operations. A deliberate decision was taken to sacrifice silvicultural operations and pole production to the salvage operation. The resultant silvicultural backlog created is of major concern and will thus call for extensive management attention in the coming years. The good rains received in the past season enabled the Company to meet planting targets.

An increase in fresh damage by baboons on planted trees was again noted at Tilbury and Sheba Estates during the year. Despite, presenting a well- documented and compelling application for a derogation to use chemical control on the damaging troops, the Forestry Stewardship Council (FSC) turned down the application. In order to curtail the destruction of shareholder value, the Board approved chemical control and the FSC responded by suspending the Company's certification. Chemical control is currently underway and plans are now at an advanced stage to use shooting as a control mechanism, once damaging troops have been reduced to sustainable levels. Other than the issue to do with baboons, the Company has continued to observe all FSC rules.

Harvesting & Sawmilling

Total roundwood production for the year was below set targets. This was mainly due to increased down time on mobile equipment. The massive skills flight and unavailability of adequate spares to repair equipment were some of the contributory factors to the down time.
Capacity utilisation in the sawmills remained at sub-economic levels and recoveries on sawn timber continued to be low due to smaller and shorter saw logs processed.

LAND ISSUES

The Company continued to engage the authorities to try and resolve the issue of illegal settlers but this has yielded no results. It is management's hope that the inclusive government will create an environment in which all matters brought before the courts are dealt with without fear or favour.

MANUFACTURING

Paulington Factory

The shortage of mature timber continued to affect production throughput at Paulington factory. The factory continued to operate on a single shift. Production targets could not be met due to persistent power outages.

Border Timbers International (BTI)

Overall the factory failed to meet its production targets mainly due to raw material shortages. Whilst the Company has successfully developed niche markets on the saligna range of products, the limited availability of sawn timber has had an adverse impact on sales volumes. Power outages have persisted unabated and this has exacerbated the production challenges being experienced by the factory.

THE MARKETS

Demand on the local market remained subdued due to inactivity in the construction sector. However, post February 2009, we witnessed positive signs of a slow recovery on the local market. We believe that the recovery is largely attributable to the liberalisation of the economy ushered in by the inclusive government.

The South African and Botswana market experienced high demand of sawn timber for the first five months of the year. Demand fell drastically in December as cheap imports from South America flooded the market. Timber prices fell by an average of 30% as competition became stiff and the result was an accumulation of huge stocks in the Company's warehouses. In South Africa, several sawmills closed shop and others curtailed production to sub-economic levels. These keymarkets remained subdued until the month of June when orders started building up gradually.
The demand for doors, mouldings, plywood and blockboard remained firm throughout the year.

Demand for poles remained very strong but the Company could not fulfil some major export contracts due to the temporary suspension of harvesting operations on poles. Pole production was halted as all timber extraction equipment was reassigned to salvage operations after the catastrophic arson fires.

RESTRUCTURING

The advent of Dolarisation was a reality check on the organisation. Operational costs did not only become real, but also became unsustainable.
In order to right size the organisation and increase operational efficiency, the Board had no option but to embark on a restructuring exercise. With effect from 1 June 2009, the business is now split into three autonomous units. These are North (Penhalonga operations), South (Chimanimani operations) and Central (Paulington factory, Border Timbers International and Pole plant). Each region is headed by a regional manager with full accountability for all operations in the region.

HUMAN RESOURCES

Despite the unprecedent challenges experienced by each and every individual employed by the Border Timbers group, the industrial relations climate continued to be amazingly stable. The Company acknowledges and appreciates this unwavering support from management and employees.

P Nyemba
ACTING MANAGING DIRECTOR
21st October 2009

Introduction

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting.

The inflation indices applicable to the Zimbabwe dollar were not published from 31 July 2008. In the period post 31 July 2008, it was impossible to measure inflation in Zimbabwe because the rate of change in inflation on a daily basis was extremely high. The inability to reliably measure inflation was also exacerbated by the existence of multiple exchange rates, the use of foreign currency for some transactions and the existence of multiple pricing criteria for similar products, based on the mode of settlement.

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of the statement of comprehensive income, statement of changes in equity and statement of cash flow.

Operating Results

The Group achieved turnover of US$7 570 million in the period under review. This achievement was well below targets in both volume and value terms. The low production volumes at all operations, coupled with the collapse of the export market, are the major contributors to this underachievement.

The impact of the arson fires to the Group's financial results was severe. A total of US$8.8 million has been written off against the plantation asset. This figure represents the cost of standing timber destroyed. The future value of timber lost is unimaginable.

International Accounting Standard 41 (Agriculture)

In compliance with IAS 41, fair value gains on biological assets of $4.02 million have been credited to the statement of comprehensive income. This constitutes a change in accounting policy. Previously, the gains were credited to capital reserves. The change in accounting policy has been necessitated by the adoption of a stable functional currency. Management is of the opinion that the distortions to fair value gains previously created by hyperinflation have now been eliminated.

Border Timbers International

As highlighted in the operational review, Border Timbers International continued to experience timber supply constraints as the bulk of timber harvested was not only immature but also of inferior quality, due to the arson fires highlighted above. The Company however, managed to break even.

The Nyakamete Head Office in Mutare now houses the Managing director and a small rudimentary structure to support regional managers. All operational staff, including regional managers, has been relocated to their specific regions.

Forty eight employees in the supervisory to middle management category have been retrenched through a voluntary retrenchment scheme. The scheme was approved by the ministry of labour and all retrenchees have been paid their retrenchment packages.

The result of this restructuring exercise is a leaner, focused and cost-effective management structure for Border Timbers Limited.

Working capital

The Company was in a healthy net current asset position at year end, due to the stock build-up noted above and an improvement in the trade debtors' position towards year end.

Whilst it has been management's desire to borrow long term, it has been practically difficult to access such loans in an environment where credit risk is considered too high by both local and international financial institutions. The Company has therefore continued to rely on short-term debt to finance operations. Interest rates have been punitive with some institutions charging as high as 16% per annum on short term loans. Every effort has been made to restrict borrowings to minimal levels until such a time when the macroeconomic environment is stable and long-term loans are available.

Fixed Assets and Plantations

As reported in prior year, the Company was awarded a grant by the European Union Commission. The grant constitutes 60% of the funds required to implement a power generation project at Charter Estate in Chimanimani. The project is almost complete with commissioning expected to take place by the end of October 2009. The commissioning of the plant will go a long way in mitigating power outages at Charter Estate. The grant proceeds received to date of US$646 918 have been disclosed as deferred income.

In order to salvage some of the fire-damaged timber within a reasonable time period, the Company invested in timber extraction and haulage equipment worth US$1 000 000. The Company's thrust going forward is the rebuilding of the plantation asset. Accordingly, an investment in re-tooling and silviculture operations is of utmost importance. Management is working on a proposal to raise long-term finance to replace ageing equipment and fund silvicultural operations.

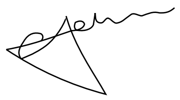
Shareholder funds

Shareholder funds of US$112 800 million are mainly comprised of revaluation surpluses on property, plant and equipment, share capital, share premium, retained earnings and a foreign currency translation reserve created on the change in functional currency. The share capital balance will be disclosed separately once guidance on the conversion of share capital from Zimbabwe dollars to United Statesd ollars is received from the Registrar of Companies.

Outlook

The Inclusive government has ushered in a new era in the fortunes of this country. Although there are several outstanding issues to the Global Political Agreement, progress achieved to date is most encouraging. In particular, the liberalisation of the economy has provided the much needed ingredients to macro economic recovery. The scrapping of the notorious exporter's tax is a welcome development. The steps being taken to arrest fiscal indiscipline should be applauded. It is management's hope that the much needed lines of credit will be unlocked in the not so distant future.

Whilst the impact of the arson fires will be felt over the next ten or so years, the business is poised for growth through the development of value added saligna products and expansion of the poles business. Post year end, the market has started to open up with demand on the local market and in Botswana showing positive trends. The restructuring exercise has resulted in a leaner but more efficient management structure. The impact of this inevitable exercise should be felt in the results of the coming financial year.



P Nyemba
FINANCE DIRECTOR
21st October 2009

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
E-mail: admin@zw.ey.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BORDER TIMBERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BORDER TIMBERS LIMITED

We have audited the accompanying Group and Company financial statements of Border Timbers Limited, as set out on pages 16 to 52, which comprise the statement of financial position at 30 June 2009, and the statement of comprehensive income, the statement of changes in equity and statement 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 directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). 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, except for the modifications to the auditors' report and the manner in which we report on the compliance of the financial statements with provisions of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/69), as set out in the guidance and recommendations issued jointly by the Public Accountants and Auditors Board (PAAB), the Zimbabwe Stock Exchange (ZSE) and the Zimbabwe Accounting Practices Board (ZAPB) in July 2009. 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 risk 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 of 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 evaluation of 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.

Basis for adverse opinion on the statement of comprehensive income, statement of cash flow and the statement of changes in equity.

<u>Non-compliance with IAS 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (The Effects of Changes in Foreign Exchange Rates)</u>

The Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. The statement of comprehensive income, statement of cash flow and the statement of changes in equity have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 and IAS 21 have not been complied with for the following reasons

- The inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment as explained in note 23.1 and
- The inability to adjust items that are recorded in the currency of a hyperinflationary economy (i e, the Zimbabwe dollar) into a unit of measure that is current at the re-measurement date as more fully explained in notes 23.1 and 23.2.

<u>Non-compliance with IAS 1: Presentation of financial statements</u>

The directors have not presented any comparative information as required by IAS 1, because they believe the information will be misleading for reasons stated in note 2 of Significant Accounting Policies.

Adverse opinion on non-compliance with International Financial Reporting Standards on the statement of comprehensive income, statement of cash flow and the statement of changes in equity.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the statement of comprehensive income, statement of cash flow and the statement of changes in equity do not give a true and fair view of the results of the Group's and Company's operations and cash flows for the year ended 30 June 2009, in accordance with International Financial Reporting Standards.

Report on legal and other regulatory requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies set out on pages 16 to 24, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

In our opinion, the Group and Company have also complied, in all material respects with the guidance issued by the Public Accountants and Auditors Board (PAAB), Zimbabwe Stock Exchange (ZSE) and the Zimbabwe Accounting Practices Board (ZAPB) in July 2009. This guidance was issued to assist preparers of financial statements in converting their financial statements from Zimbabwe dollars into their new functional currency in a manner that is consistent with the principles of International Financial Reporting Standards, in as far as is practicable, in the Zimbabwean economic environment, at the date of the change of the functional currency.

Emphasis of matter

Without further qualifying our opinion, we draw your attention to note 23 and note 26 which, along with other matters, indicate that the Group and Company are operating in an uncertain economic environment.

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and the estimation uncertainties have been disclosed in note 4 of the Significant Accounting Policies.

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Harare
21st October 2009

1. Corporate Information

The financial statements of Border Timbers Limited Group and Company for the year ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on 21st October 2009. Border Timbers Limited is a limited company incorporated and domiciled in Zimbabwe, whose shares are publicly traded.

The principle activities of the Group are described in Note 1 on Page 29.

2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention with the exception property, plant and equipment and plantations which are included at valuation as stated in the policy notes below.

2.1.1 Currency

The consolidated financial statements are presented in United States dollars (US$) which has become the functional currency following approval of multi-currency transactions with effect 1 February 2009 and all values are rounded to the nearest dollar, except when otherwise stated.

2.1.2 Conversion to United States dollars

In order to report in the new currency in terms of IFRS, the Group would need to comply with the requirements of IAS 21. This standard states that an entity cannot avoid restatement in accordance with IAS 29 by adopting a stable currency. Therefore, all transactions that are in the currency of a hyperinflationary economy must be adjusted to the unit of measure current at the measurement date, before the conversion to an alternative presentation currency. The Group has not been able to adjust its Zimbabwe dollar (ZWD) transactions to comply with IAS 29, as fully explained in note 23 and 26.

In order to convert the financial statements to US$, the monthly historical statement of comprehensive income was converted to US$ at the respective Old Mutual Implied Rate (OMIR) for the months July 2008 to December 2008. Actual US$ values were used for the period January 2009 to June 2009. The statement of financial position comprises of real US$ balances and the opening balances have been deemed as cost. The net impact of the translation from ZWD to US$ is shown on the statement of comprehensive income as a net foreign exchange translation adjustment.

2.1.3 Prior year figures

The directors have not presented comparative information because they believe it will be misleading. Due to the prevailing economic environment in the previous years as described in note 26, it is not possible to convert financial statements into US$ in a manner consistent with IAS 21 and IAS 29.

2.1.4 Taxation and deferred taxation

The transition from the use of ZWD to multiple currencies has given rise to challenges on the basis of taxation and there are difficulties in determining tax values of assets and liabilities. The legislation in respect of taxation and actual practices in respect of taxes, are still incomplete. Hence the liabilities for deferred tax and income taxes have been determined in the best way possible, given the available information.

For purposes of the Group's current tax liability as at year-end, the Group has based its tax liability from the ZWD account from July 2008 to December 2008 and US$ for the remainder of the financial year.

The Group awaits changes in legislation and further guidance from the tax authorities to enable it to come up with a final tax position.

2.2 Statement of Compliance

2.2.1 Compliance with IFRS

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting, in accordance with IFRS.

These limitations resulted in the Group being unable to comply fully with IAS 1, IAS 21, IAS 29 and IAS 12, as explained in notes on Significant Accounting Policies and note 26 on Notes to the Financial Statements.

2.2.2 Compliance with legal and regulatory requirements

These financial statements have been properly prepared in accordance with accounting policies as set out in notes on pages 16 to 24 and comply with the disclosure requirements of the Companies Act (Chapter 24:03). Judgments and estimates made by the Directors in the application of these accounting policies, that have a significant effect on the financial statements' are discussed in note 4 on Significant Accounting Policies. The accounting policies have been consistently applied with those of the previous financial year, except as per note 3 on Significant Accounting Policies.

2.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiary undertakings, which are those companies in which the Group, directly or indirectly has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated.

Basis of Consolidation (continued)

Where the Group's interests in the subsidiary undertakings is less than 100 percent, the share attributable to outside shareholders is reflected in the minority interest. Subsidiaries are consolidated from their effective dates of acquisition and consolidation ceases from the date the Group loses control of those subsidiaries. Subsidiaries apply uniform accounting policies and have the same year end as the holding company. The accounts of the subsidiary undertakings are drawn up at 30 June each year.

All material intercompany transactions, balances and unrealised surpluses and deficits have been eliminated.

3. Changes in Accounting Policies and Disclosures

The Group's principal accounting policies set out below, are in all material respects consistent with those of the previous year, with the exception of the following:

IAS 41 Agriculture

The Group has changed the treatment of the fair value gains on plantations valuation to crediting the statement of comprehensive income. Previously fair value gains were credited to the Capital Reserve. The change will result in more appropriate presentation of transactions in line with IAS 41. The Group is, however, unable to disclose comparative information as disclosed in note 2.1.3.

The Group adopted the following new and amended International Financial Reporting Standards and IFRIC interpretations during the year. Adoption of these revised standards and interpretation did not have any effect on the financial performance or position of the Group. They did however, give rise to additional disclosures.

- FRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 12 -Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008.
- IFIRC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction.

IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset, out of the fair value through profit or loss category. This assessment is to be made, based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 July 2008. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in services concessional arrangements. The Group is not an operator and hence this interpretation will have no impact on the Group.

IFRIC 13 Customer Loyalty Programme

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This interpretation requires customer loyalty, award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore, part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this interpretation will have no impact on the Group's financial statements as no such schemes exist.

IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IFRIC 14 was issued in July 2007 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation provides guidance on how to assess limit on the amount of surplus, in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Group expects that this interpretation will have no impact on the financial position or performance of the Group as there are no such defined benefit schemes.

The Group has also early adopted the following IFRS and IFRIC interpretations as of 1 July 2008:
- IFRS 2 Share-based payments (Revised) effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IAS 23 Borrowing costs (Revised) effective 1 January 2009

The principle effect of these changes is as follows:

IFRS 2 Share-based payments (Revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. The Group early adopted this amendment as of 1 July 2008. It did not have any impact on the financial position or performance of the Group, as no events occurred that this interpretation relates to.

IFRS 8 Operating Segments

The IASB issued IFRS 8 in November 2006. IFRS 8 replaces IAS 14 Segment Reporting (IAS 14) upon its effective date. The Group early adopted this amendment as of 1 July 2008. The Group's segments have remained the same as under IAS 14, as per note 1 in the Notes to the Financial Statements.

IAS 23 Borrowing Costs (Revised)
The IASB issued an amendment to IAS 23 in April 2007. The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition of, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 July 2008. There were, however, no eligible assets for the year ended 30 June 2009.

The Group has also adopted the amendments to the following standards:

IAS 1 Presentation of Financial Statements
Assets and liabilities classified as held for trading, in, accordance with IAS 39 Financial Instruments recognition and measurement are not automatically classified as current in the statement of financial position.

This amendment has no impact on the Group as it does not have any held-for-trading instruments.

IAS 16 Property, Plant and Equipment
Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in financial position.

IAS 23Borrowing Costs
The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense, calculated using the effective interest rate method, calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 28 Investment in Associates
If an associate is accounted for at fair value in accordance with IAS 39, only the requirements of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment has no impact on the Group, as it does not have any classified at fair value in accordance with IAS 39.

IAS 36, Impairment of Assets
When discounted cash flows are used to estimate the 'fair value less cost to sell' additional disclosure is required about the rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment has no immediate impact on the consolidated financial statements of the Group, because the recoverable amount of its cash-generating unit is currently estimated using 'value in use'.

IAS 38 Intangible Assets
Expenditure on advertising and promotional activities is recognised as an expense, when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements
In the process of applying the Group's accounting policies, management has not made any significant judgments apart from estimations stated below, which affect the amounts recognised in the financial statements.

Estimates and Assumptions
The key assumptions made by the directors at the statement of financial position date, which have the most significant effect on the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year, are in respect of plantation valuations and revaluation of property, plant and equipment:

Reassessment of Useful Lives and Residual Values
The Group reassesses the useful and residual life of its property, plant and equipment annually. In accordance with IAS 16, the useful lives and residual values of property, plant and equipment have to be reviewed every year in determining the depreciable amount of an asset. Residual value is the amount (less estimated disposal costs) that an asset would be sold at currently, assuming that the asset was already at the end of its useful life.

Valuation of Plantations
Plantations are revalued to fair value based on the international market, which is the market in which the timber is sold.

5. Goodwill
Goodwill represents the difference between the cost of acquisition over the Group's interest in the fair value of the assets and liabilities of the subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities

Goodwill (continued)

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment annually, if events or changes in circumstances indicate that the carrying value may be impaired.

6. Foreign currency Transactions

Transactions in foreign currency are translated into United States dollars, which is the group's functional and reporting currency, at rates of exchange ruling at the date of transaction. Gains and losses arising from the settlement of such transactions are recognised in the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing on the statement of financial position date. These translation differences are recognised as income or as expenses in the period in which they occur. Exchange differences arising on the translation of foreign subsidiaries, if any, are classified as equity and transferred to the Group's translation reserve until the disposal of the net investment, at which time they are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical costs in a foreign currency, are translated using the exchange rates at the dates of the initial transaction.

Non, monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

7. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

8. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added taxes. The revenue for the Group comprises sales of processed and raw timber to local and export market, rentals from property holdings, interest and dividends earned during the financial period. The following specific recognition criteria must also be met before revenue is recognised.

<u>Sale of Goods</u>

Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer.

<u>Interest Income</u>

Interest income is recognised as interest accrues using the effective interest method.

<u>Dividend Income</u>

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

<u>Rental Income</u>

Rental income is accounted for on a straight-line basis over the leased terms on ongoing leases.

9. Property, Plant and Equipment

Land, buildings, plant, machinery, furniture, fittings and office equipment and motor vehicles are shown initially at cost, excluding the costs of day-to-day services. Subsequent to initial measurement, property, plant and equipment is stated at valuation, less accumulated depreciation and accumulated impairment in value after the date of valuation. International Accounting Standard 16 “Property, Plant and Equipment” requires that revaluations of property, plant and equipment are undertaken on a regular basis.

Surpluses on revaluation of all relevant property, plant and equipment are transferred to non-distributable reserves. On realisation, the appropriate portion of the non-distributable reserves is transferred to distributable reserves.

Certain direct costs incurred during the development of major capital projects are capitalised until the assets are brought into a working condition for their intended use.

The useful lives, residual values and depreciation methods of property, plant and equipment are assessed annually. Property, Plant and equipment is revalued with sufficient frequency to ensure that the carrying amount does not differ significantly with fair value.

An item of property, plant and equipment is derecognized upon disposal or if permanently withdrawn from use and when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value, less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets of which determination is based on a cash-generating unit. In determining value in use for the cash-generating unit, the cash flows are discounted using apre-tax current 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, an appropriate valuation model is used.

Property, plant and equipment (continued)

Repairs and maintenance are included in the gross carrying amounts of the assets if the recognition criteria are satisfied, and all other repair and maintenance costs are expensed in the year in which they are incurred.

Depreciation

a) For property, plant and equipment, annual depreciation is calculated at varying rates on a straight-line basis over the remaining useful life of vehicles, plant and machinery, furniture, fittings and office equipment to write down the assets to their residual values over their expected useful lives. The rates used to calculate depreciation are as follows;

Buildings and Improvements (Border only)	4 - 30 years
Plant & Machinery	5 - 33 years
Motor Vehicles and Tractors	5 - 10 years
Furniture, Fittings & Office Equipment	4 - 15 years

b) Surplus or deficit arising on the disposal of property, plant and equipment are dealt with in operating income for the year.

10. Leases

Finance Lease

Finance leases which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the fair value or, if lower, at the present value of the minimum lease payments at the inception of the lease term and disclosed as leased property, plant and equipment. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating Lease

All other leases are classified as operating leases and the relevant rentals are expensed or, where the Group is a lessor, recognized as revenue in the statement of comprehensive income on a straight-line basis related to the period of use of the asset concerned.

11. Biological Assets - Plantations

Biological assets comprise of standing timber at the estates. At initial recognition biological assets are valued at cost. Subsequent to initial recognition, biological assets are measured at fair value based on the international market, which is the market in which the timber is sold, except for those in the ages 1-6 years which are carried at cost. Fair value is determined with reference to the various ageing of the biological assets. Changes in the carrying value of the biological assets are taken directly to the statement of comprehensive income in accordance with IAS41 "Agriculture". Transfers to inventory are recognised at the carrying amount of the plantation when the timber is felled.

The cost of upkeep in maintenance of biological assets is expensed to the statement of comprehensive income in the period that such expenditure is incurred.

12. Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non - financial assets at each reporting date. If circumstances exist which indicate that there may be impairment, a more detailed exercise is carried out which compares the carrying values of the assets to recoverable values, based on either a realisable value or a value in use. Impairment losses are recognised as an expense in the statement of comprehensive income and the carrying value of the asset and its annual depreciation are adjusted accordingly. In the event that, in subsequent period, an asset which has been subject to an impairment loss is considered no longer to be impaired, the value is restored and the gain is recognised in the statement of comprehensive income except for property, plant and equipment previously revalued where the revaluation reserve was impaired. In this case the reversal is also recognised in equity up to the amount of any previous revaluation.

The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amounts.

13. Inventories

Inventories are valued at the lower of cost and net realisable value, after appropriate provisions for redundant and slow-moving items. Cost is determined on the following basis:-

a) Raw materials are valued at cost on an average basis. Consumables are expensed in the period in which they are bought.

b) Finished goods and work in progress are valued at cost using weighted average cost method. Cost includes materials, direct labour, and a proportion of direct expenses.

c) Merchandise is valued at cost on a first-in-first out basis.

d) The values of obsolete and slow moving stocks are reduced, where necessary, to estimated net realisable values.

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

14. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax movement.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the statement of financial position date. However, as detailed in note 2.1.4 on Significant Accounting Policies, the tax guidance for the year under review still remain, incomplete and management awaits a review of the tax legislation and guidance.

Current income tax relating to items recognised directly in equity, is recognised in equity and not in the statement of comprehensive income.

Deferred Income Tax

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to 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 statement of financial position date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of any 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 the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred income 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 the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, 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 income tax assets is reviewed at each statement of financial position 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 assets to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet, date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluation of certain non - current assets and tax losses carried forward.

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

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: and
  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 the receivables or payables in the statement of financial position.

15. Employee Benefits

Short term benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered.

Short term benefits (continued)

The expected cost of short term accumulating compensated absence is recognized as an expense as the employees render services that increase their entitlement.

Retirement benefit costs

a) Group companies' employees are members of defined contribution funds. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Such funds are not subject to actuarial valuation.
b) Group companies and all employees contribute to the National Social Security Authority Pension Scheme of which the contributions are determined by the systematic recognition of legislated contributions and Other Benefits Scheme.

16. Financial Instruments

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 or as available-for-sale financial assets as appropriate. The Group determines the classification of its financial assets at initial recognition.
Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

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

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value, through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with gains or losses recognised in the statement of comprehensive income.The Group has not designated any financial assets as at fair value through profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost, using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities, are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement held-to-maturity investments are measured at amortised cost, using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognised in the consolidated statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process. The Group did not have any held-to-maturity investments during the year ended 30 June 2009.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of comprehensive income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of comprehensive income.

Financial liabilities
Initial recognition
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.
Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

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

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

16. Financial Instruments (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated, upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For financial instruments where there is no active market, fair value is determined using 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; discounted cash flow analysis or other valuation models.

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

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

Due from loans and advances to customers

For amounts due from loans and advances to customers carried at amortised cost, the Group first assesses individually 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). 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 statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount, based on the original effective interest rate of the asset. 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 recognised in the statement of comprehensive income.

- The present value of the estimated future cash flows is discounted at the financial asset's 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.

Derecognition of financial instruments

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; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash

Financial Assets (continued)

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.

Financial liabilities

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

17. Provisions

Provisions are recognised when the Group and company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. These provisions include leave pay provision, provision for bonus, audit fees provision and provision for technical fees and commissions.

Employee entitlement to annual leave is recognised when it accrues. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

18. Related Party Transactions

The Group trades with various sister companies. Outstanding balances at year end are unsecured and interest is charged at a 'mid market rate' set and agreed to by management. No provision for doubtful debts, relating to amounts owed by related parties were made in the financial accounts for the year ended 30 June 2009.

19. Segment reporting

The Group is organised into three primary business segments, namely Manufacturing, Forestry, and Services. The Forestry segment is involved in the growing and milling of hardwood and softwood timber for both the local and export market. The Manufacturing segment manufactures and supplies timber products to the agricultural, mining, engineering and building sectors. The Services segment provides rental leasing services and corporate office services. All business segments operate in Zimbabwe and segment sales reflect sales to third parties.

20. Government Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the asset.

A government grant that becomes repayable shall be accounted for as a revision to an accounting estimate and derecognised.

21. Future changes in accounting policies

The following standards and amendments to existing standards were issued but are not yet effective.

- Amendments to IFRS 1 First-time Adoption of international Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements
- IAS 1 Revised Presentation of Financial Statements
- IAS 32 Financial Instruments: Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation
- IAS 39 Financial Instruments: Recognition and Measurement- Eligible Hedged Items

Improvements to IFRSs

As stated in note 3, the Group has early adopted some of the amendments to standards following the 2008 “improvement to IFRSs” project. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- IFRS 7 Financial Instruments: Disclosures:
- IAS 8 Accounting Policies, Change in Accounting Estimates and Errors:
- IAS 10 Events after the Reporting Period:
- IAS 16 Property, Plant and Equipment:
- IAS 18 Revenue:
- IAS 19 Employee Benefits:
- IAS 27 Consolidated and Separate Financial Statements
- IAS 29 Financial Reporting in Hyperinflationary Economies:
- IAS 34 Interim Financial Reporting:
- IAS 40 Investment Property:
- IFRIC 16 Hedges of a Net Investments in a Foreign Operation
- IFRIC 18 Transfer of Assets from Customers

CONSOLIDATED STATEMENT OF COMPREHESIVE INCOME

	Notes	2009 US$
TURNOVER	2	7 569 529
Cost of Sales		(7 402 847)
GROSS PROFIT		166 681
Other operating income	4.1	4 131 178
Distribution and selling expenses		(857 057)
Administration expenses		(3 285 702)
PROFIT BEFORE INTEREST AND TAXATION		155 100
Finance Revenue	4.2	2 774
Finance Costs	4.2	(67 051)
PROFIT BEFORE TAXATION	5	90 823
Income Tax Expense	7	(691 932)
LOSS FOR THE YEAR		(601 109)
BORNE BY EQUITY HOLDERS OF THE PARENT COMPANY		(601 109)
LOSS PER SHARE (BASIC) - DOLLARS	8	(0.01)
LOSS PER SHARE (HEADLINE) - DOLLARS	8	(0.01)

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES	Notes	2009 US$
Share Capital	10	-
Reserves	11	112 762 927
TOTAL EQUITY		112 762 927
Non - current liabilities		
Deferred taxation	12	11 270 625
Deferred income	13	646 918
		11 917 543
Current liabilities	18	
Trade and other payables		1 990 637
Interest-bearing loans and borrowings		1 486 715
Provisions		494 635
Inter-group balances		157 531
Total Liabilities		4 129 518
TOTAL EQUITY AND LIABILITIES		128 809 988
ASSETS		
Non-current assets		
Property, plant and equipment	14	48,779,512
Biological assets	15	74 372 359
		123 151 871
Current assets	17	
Inventories		4 203 987
Trade and other receivables		1 213 419
Inter-group balances		144 014
Cash and short-term deposits		96 697
		5 658 117
TOTAL ASSETS		128 809 988

The financial statements on pages 16 to 52 were approved by the Board of Directors authorised for issue on the 21st of October 2009 and are signed on its behalf by:

P W T CHIPUDHLA
CHAIRMAN OF THE BOARD

P NYEMBA
FINANCE DIRECTOR

21st October 2009

	Issued capital (Note 10)	Share premium	Non-Distributable Reserves	Distributable Reserves	Total
	US$	US$	US$	US$	US$
*Deemed balance as at 1 July 2008	-	-	113 364 036	-	113 364 036
Loss for the year	-	-	-	(601 109)	(601 109)
Balance at 30 June 2009	-	-	113 364 036	(601 109)	112 762 927

* On 1 February 2009 the Zimbabwe economy was fully dollarised by allowing the use of multiple currencies in business transactions. This resulted in the change in functional currency and therefore, the restatement of opening balances in United States Dollars (US$) and disclosing them as deemed opening balances following the guidance issued by the Public Accountants and Auditors Board (PAAB), the Zimbabwe Stock Exchange (ZSE) and the Zimbabwe Accounting Practice Board (ZAPB).

Group Statement of Cash Flows

	Notes	2009 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before interest and tax		155 100
Non-cash items	22	2 768 903
		2 924 003
Increase in working capital	22	(1 298 063)
		1 625 940
Interest paid	4.2	(67 051)
Interest received	4.2	2 774
		(64 277)
Net cash flow from operating activities		1 561 663
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment		(1 176 456)
Plantation expenditure		(969 164)
Capital work in progress		(998 437)
Proceeds on disposal of Property, Plant & Equipment		33 850
Receipt of grant		160 202
Net cash utilised in investing activities		(2 950 005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest-bearing loans and borrowings	22	1 485 028
NET INCREASE IN CASH AND CASH EQUIVALENTS		96 686
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		96 686
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and short term deposits		96 697
Bank overdraft (Note 18)		(11)
		96 686

1. SEGMENT INFORMATION
YEAR ENDED 30 June 2009

	Forestry	Manufacturing	Services	Group
	US$	US$	US$	US$
Revenue				
Turnover	4 163 574	3 391 035	15 919	7 569 528
Results				
Operating profit/(loss) before interest & taxation	2 777 823	41 000	(2 663 723)	155 100
Net interest received / (paid)	-	2	(64 279)	(64 277)
Taxation	-	(27 182)	(664 750)	(691 932)
Income / (Loss) attributable to ordinary shareholders	2 777 823	13 820	(3 392 752)	(601 109)
Statement of financial position				
Assets	117 064 884	9 094 537	2 650 567	128 809 988
Current Liabilities	1 767 259	366 930	1 995 329	4 129 518
Other Information				
Capital expenditure	1 059 552	-	116 904	1 176 456
Depreciation	1 280 862	304 923	573 804	2 159 589
Employee number	1 917	389	113	2 419

The Group is organised into three main business segments, all of which operate in Zimbabwe:

- Forestry: growing and milling of hardwood and softwood timber
- Manufacturing: manufacture and supply of product to the agricultural, mining, engineering, and building sectors
- Services: property holdings and corporate office activities

All business segments operate in Zimbabwe and segment sales reflect sales to third parties, including arm's length inter-segment sales recorded at fair value.

	2009
	US$
2. TURNOVER	
Sale of goods	7 553 609
Rental income	15 919
	7 569 528

3. RELATED PARTY DISCLOSURES

The group trades with various fellow subsidiary and jointly controlled companies. These are conducted on an arm's length basis and are not material to the group's results. In addition, the group participates in financial transactions involving the holding company, fellow subsidiaries and, variously, other jointly controlled companies.

The consolidated financial statements include the financial statements of Border Timbers Limited and the following subsidiary companies.

Name	Country of Incorporation	Activities	Percentage Equity Interest 2009
Border Timbers International (Private) Ltd	Zimbabwe	Manufacturing	100%
Hangani Development Company (Private) Ltd	Zimbabwe	Dormant	100%
Mercury Developments (Private) Ltd	Zimbabwe	Dormant	100%

a) *Key Management Personnel Remuneration and other Compensation*

	2009 US$
- Short-term employee benefits	26 675
- Pension contributions	1 067

Key management remuneration only consists of short-term employee benefits and pension contributions.

b) Statement of Comprehensive Income Information

	Nature of Relationship	
Sales		
- United Builders Merchants (Private) Limited	Fellow Subsidiary	269 655
- Macdonald Bricks (Private) Limited	Fellow Subsidiary	11 898
Purchases		
- United Builders Merchants (Private) Limited	Fellow Subsidiary	56 110
- Makandi Tea and Coffee (Private) Limited	Fellow Subsidiary	39 000
Cost Contribution		
- Radar Investments (Private) Limited	Fellow Subsidiary	108 757
Interest Paid		
- Radar Investments (Private) Limited	Fellow Subsidiary	35 520
Professional Fees		
- Foresseta De Niassa (Private) Limited	Fellow Subsidiary	14 900
Rentals		
- Radar Properties (Private) Limited	Fellow Subsidiary	1 247

c) Statement of Financial Position Information

Closing Balances		
- Makandi Tea & Coffee (Private) Limited	Fellow Subsidiary	(15 075)
- Radar Investments (Private) Limited	Fellow Subsidiary	(108 757)
- MacDonald Bricks (Private) Limited	Fellow Subsidiary	5 715
- United Builders Merchants ((Private) Limited	Fellow Subsidiary	94 530
- Radar Properties (Private) Limited	Fellow Subsidiary	13
- Rift Valley Holdings (Private) Limited	Fellow Subsidiary	(14 900)

For amounts owed from and owed to related parties at statement of financial position date, refer to Note 17 and Note 18, respectively.

		2009 US$
4.1	Other Income	
	Profit on disposal of property, plant & equipment	8 178
	Fair value gains on biological assets	4 021 133
	Sundry including exchange gains	101 867
		4 131 178
4.2	*Net Finance Costs*	
	- interest paid	67 051
	- interest received	(2 774)
		64 277
5.	*PROFIT BEFORE TAXATION*	
	Profit before taxation is stated after charging:	
	Debiting:	
	Auditors' remuneration	
	- current - Audit services	21 000
	- Non-audit services	17 047
		38 047
	Plantation redemption	4 638 625
	Inventory write-off - consumables	348 459
	Provisions	
	- Depreciation	2 159 589
	- Doubtful debts charge	62 284
		2 221 873
	Staff costs (note 6)	3 048 217
	Crediting:	
	Profit on disposal of property, plant & equipment	8 178
	Exchange gains	99 679
6.	STAFF COSTS	
	- Salaries and wages	2 850 226
	- Pension costs	139 472
	- Medical aid costs	58 519
		3 048 217
	Manning levels at 30.06.2009	Nos
	Permanent	1 488
	Contract	931
	Total	2 419

		2009 US$
7.	TAXATION	
	Company taxation	-
	Deferred (Note 12)	691 932
		691 932
	Tax Reconciliation:	
	Profit before taxation	90 823
	Taxation at normal rate	28 064
	Net of non-taxable income and non-deductible expenses	663 868
		691 932

8 LOSS PER SHARE

Headline loss per share is based on the Group's headline loss divided by the number of shares or, where applicable, the weighted average number of shares in issue during the year. 42 942 487 shares represent the weighted average number of shares.

Reconciliation between loss and headline loss:

	Per Share US$	Net Income US$
Loss as reported (Basic)	(0.01)	(601 109)
Adjustments:		
Profit on sale of property, plant & equipment	-	(8 178)
Headline loss	(0.01)	(609 287)

		US$
9.	LOSS FOR THE YEAR	
	The loss after taxation in the accounts of the Holding Company amounts to:	(601 109)

		2009 Number of Shares
10.	SHARE CAPITAL	
	Ordinary shares of ZW$2 each (before the revaluation and change in currency)	
	- authorised	43 000 000
	- unissued	(57 505)
	Issued and fully paid	42 942 487

Issued and fully paid share capital amounts to 42 942 487. The unissued shares are under the control of the directors, who may issue them on such terms and conditions as they see fit, subject to the limitation of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations. The period of this authority is unlimited.

11. RESERVES

	US$
Deemed balances at 1 July 2008	68 611 057
Loss for the year	(601 109)
Arising from change in functional currency	44 752 979
Balance as at 30 June 2009	112 762 927

Shareholder funds of US$112.76 million are comprised of share capital, share premium, retained earnings and a foreign currency translation reserve created on the change in functional currency. The share capital balance will be disclosed separately once guidance on the conversion of share capital from Zimbabwe dollars to United States dollars is received from the Registrar of Companies.

12. DEFERRED TAXATION

Deemed balance at 1 July 2008	10 578 693
Current year charge to statement of comprehensive income	691 932
At 30 June 2009	11 270 625

ANALYSIS OF DEFERRED TAXATION

Accelerated depreciation for tax purposes	9 917 825
Fair value adjustment on biological assets	1 242 531
Prepayments	113 353
Unrealised exchange gains	9 399
Unrealised profit in inventor	(12 483)
	11 270 625

13. DEFERRED INCOME

European Union Grant	646 918

An amount of €101 445, 71 was received during the year from the European Union for the installation of a Steam Engine powered generator set at Charter Sawmill. This brings the total amount received to date to €452 539,60. The condition relating to this grant is that funds should be used for the intended purpose. As the project is still in progress, these funds have been treated as deferred income.

Analysis of deferred income

Deemed opening balance	486 716
Received during the year	160 202
Closing balance	646 918

14. PROPERTY, PLANT & EQUIPMENT - US$

DEEMED COST	LAND AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND FITTINGS	ELECTRICAL CONNECTIONS	2009 TOTAL
DEEMED OPENIING BALANCE - 30TH JUNE 2008	36 604 958	7 503 241	3 007 406	279 658	1 394 616	48 789 879
ADDITIONS	-	-	1 173 140	3 316	-	1 176 456
DISPOSALS	-	-	(31 435)	-	-	(31 435)
TRANSFERS - IN / (OUT)	11 015	171 314	589 067	(167 795)	(603 601)	-
CAPITAL WORK IN PROGRESS:						
- (OPENING BALANCE)	-	-	-	-	-	-
- CLOSING BALANCE	9 000	808 022	146 962	34 453	-	998 437
CLOSING BALANCE - 30TH JUNE 2009	36 624 973	8 482 577	4 885 140	149 632	791 015	50 933 337

DEPRECIATION	LAND AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND FITTINGS	ELECTRICAL CONNECTIONS	2009 TOTAL
DEEMED OPENING BALANCE - 30TH JUNE 2008	-	-	-	-	-	-
CURRENT YEAR'S CHARGE	736 838	719 790	721 857	(18 895)	-	2 159 589
DISPOSALS	-	-	(5 763)	-	-	(5 763)
CLOSING BALANCE - 30TH JUNE 2009	736 838	719 790	716 094	(18 895)	-	2 153 826
NET BOOK VALUE - 30TH JUNE 2009	35 888 135	7 762 787	4 169 047	168 527	791 015	48 779 512

14 PROPERTY, PLANT & EQUIPMENT (continued)

14.1 Encumbered Assets

There are no encumbered assets.

14.2 Capital Commitments

Capital expenditure approved at 30 June 2009:		US$
Contracted:		Nil
Not contracted:	Property, plant and equipment	2 904 284
	Plantation Establishment	1 682 122
		4 586 406

All commitments are to be funded from Group resources.

14.3 Revaluation of Property, Plant & Equipment

Property, plant & equipment was revalued by a professional valuer as at 30th June 2007 as follows:-

(i) Land and buildings	- Depreciated US$ replacement cost
(ii) Plant and machinery	- Depreciated US$ replacement cost according to age, obsolescence, use and condition.
(iii) Motor vehicles and tractors	- Depreciated US$ replacement cost
(iv) Furniture, fittings & office equipment	- Depreciated US$ replacement cost

		2009 US$
14.4	Property, Plant & Equipment withdrawn from use	2 203 062

15. BIOLOGICAL ASSETS

Deemed Opening Balance	79 034 288
Expenditure for the period	969 166
Fair value gain	4 021 133
	84 024 587
Deduct:	
Destroyed by fire / cyclone	(8 790 512)
Felled timber	(375 461)
Map adjustments	(486 255)
Valuation at 30th June 2009	74 372 359

Comprising of	2009 Ha	2009 US$
1- 6 years	5 861	1 025 588
7-12 years	5 045	5 861 278
13-18 years	5 429	30 709 078
19-24 years	2 585	25 211 227
25-30 years	491	6 784 953
Over 30 years	656	4 780 235
	20 067	74 372 359

Valuation of plantations

A directors, valuation was carried out at 30th June 2009, based on estimated fair value, based on cost in the region.

		2009 US$
16.	OPERATING LEASE COMMITMENT	
	Within one year	1 486 704
	Within two to five years	-
		1 486 704
17.	CURRENT ASSETS	
	Inventories	
	- Raw materials	132 380
	- Work in progress	1 556 799
	- Finished goods	492 252
	- Goods in transit	2 022 556
	Total inventories at the lower of cost and net realisable value	4 203 987

The amount of write-down of inventories recognised as an expense is US$ 348,459 which is recognised in administration expenses.

Trade and Other Receivables	
Trade receivables	988 523
Other receivables and prepayments	224 895
	1 213 419
Inter - Group balances	144 014
Cash resources	96 697
	5 658 117

Trade and Other Receivables

Trade and other receivables do not bear interest and are normally settled on 30-day terms for local sales and over 90 days for export sales.

Trade receivables are shown after deducting a provision for doubtful debts of	62 284

As at 30 June 2009, trade and other receivables after deducting US$62,284 provision for doubtful debts amounted to US$1,213,417.

Movement in the provision for doubtful debts were as follows:

Deemed balance at beginning of the year	-
Charge for the Year	62 284
Balance at end of the year	62 284

As at 30 June 2009, the analysis of net trade receivables is as follows:

		Neither past due nor impaired	Past due but not impaired		
	Total US$	Current US$	30-60 days US$	61-90 days US$	>90 Days US$
Trade	988 523	307 739	492 426	90 577	97 781

Inter-group balances

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Current assets (continued)

For the year ended 30 June 2009, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year, through examining the financial position of the related party and the market in which the related party operates.

Cash and short-term deposits
Cash and cash equivalents at the end of the period include deposits with banks of the Group and cash on hand.

	2009 US$
Cash at bank and on hand	96 697

Cash at banks earns interest at floating rates based on daily bank deposits. The fair value of cash on hand and at bank is $96 697.

At 30 June 2009, the Group had available US$500 000 of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following at 30 June 2009:

Cash at bank and on hand	96 697
Bank overdrafts	(11)
	96 686

18. CURRENT LIABILITIES

Interest-bearing loans and borrowings	
- Bank overdraft (unsecured)	11
- Short-term loans (Analysed below)	1 486 704
	1 486 715
Interest Free	
- Trade payables	1 990 637
- Provisions	494 635
- Inter-Group balances	157 531
	2 642 803
	4 129 518

18. CURRENT LIABILITIES

Terms and conditions of trade and other payables
Short-Term Loans

Current Liabilities	Effective interest rate	Maturity Period	2009 US$
Bank loans - stanbic	6%	150 days	500 000
- MBCA	12.75%	180 days	986 704
Bank overdraft	16%	Overnight	11
			1 486 715

Borrowings are unsecured.

Terms and conditions of trade and other payables
Trade payables are unsecured, non-interest bearing and are generally settled within 30 days. Other payables are unsecured, non-interest bearing and have an average term of 60 days.

Provision for leave pay
The provision relates to vesting leave pay to which employees may become entitled on leaving employment of the Group. The provision arises as employees render their services that increase their entitlement to future compensated absences and is calculated at current remuneration levels. The provision is utilised when employees take leave or are paid accumulated leave pay.

Provision for bonus
The provision consists of an annual bonus and a performance based bonus.

Analysis of provisions (Short term)

	Opening Balance	Additional Provision	Amounts Utilised	Closing Balance
Provision	US$	US$	US$	US$
Leave Pay	-	306 388	(29 675)	276 713
Bonus	-	204 386	(7 464)	196 922
Audit fees	-	21 000	-	21 000
Total	-	531 774	(37 139)	494 635

19 BORROWING POWERS

The Articles of Association provide that the Group may from time to time, at the discretion of the directors, borrow, raise or source borrowings up to half the value of the shareholders, equity as reflected in the Statement of Financial Position of the annual report. This limit may only be exceeded with the sanction of an ordinary resolution of the Company.

20 PENSION FUNDS

20.1 The Radar Group Pension Fund

The fund is a defined contribution scheme and is not subject to actuarial valuation. Employer/employee contributions are 10.0% and 5.0% respectively (2009:US$91 088).

20.2 National Social Security Authority Scheme (NSSA)

This scheme was promulgated under the National Social Security Act (Chapter 17:04) of 1989. Employer/employee contributions under the scheme are limited to specific contributions, as legislated from time to time, and which at 30 June 2009 were 4% of pensionable emoluments (2009: US$43,531).

21 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to interest rate risks, foreign currency exposure, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of directors that advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of directors meets regularly to analyse the Group's risk-taking activities and ensure that they are governed by appropriate policies. The policies for each of these risks are summarized below.

21.1 Derivative Financial Instruments

The Group in its management of foreign currency does not use these, nor are they held for trading purposes.

21.2 Board Meetings

The Board executive meets regularly to consider and to adopt effective strategies to manage the following risks:

- exposure to exchange rate fluctuations;
- borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions and third parties, at acceptable interest rates;
- investment of surplus funds in the form of treasury bills, bank acceptances and money at call are placed with approved registered financial institutions and building societies at favourable rates on a short-term basis;
- credit risk in the form of trade receivables that consist of a large customer base. However, a sales agent who deals directly with, many individual customers, represents a major portion of the amount outstanding
- Specific provisions for doubtful debts are regularly adjusted. Where appropriate, credit guarantee insurance is purchased;
- Insurance of Group assets with the exception of plantations, which are not insured

21.3 Interest Rate Risk Management

The Group's exposure for the risk for changes in market rates relates primarily to the Group's short and long-term debt obligations with a floating interest rate. Management monitors the Group's debt and makes efforts to reduce the interest rate exposure.

21.4 Foreign Currency Exposure Management

The Group has transactional currency exposures. Such exposure arises from the sales or purchases or borrowings by an operating unit in currencies other than the unit's functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

21.5 Credit Risk Management

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note17. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument.

21.6 Liquidity Risk Management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e g, accounts receivables, other financial 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 overdrafts and bank loans.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2009:

Year ended 30 June 2009	On Demand US$	< 3 months US$	3 to 12 Months US$	Total US$
Trade	1 669 414	256 111	65 112	1 990 637
Provisions	-	464 635	30 000	494 635
Interest-bearing loans and borrowings	11	-	1 486 704	1 486 715
Inter group balances	-	144 014	-	144 014
	1 669 425	864 760	1 581 816	4 116 001

21.7 Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 30 June 2009.

The Group monitors its capital ratio using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within its net debts, interest-bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations; capital includes equity attributable to the equity holders of the parent.

	2009 US$
Trade and other payables	717 380
Interest-bearing loans and borrowings	1 486 715
Inter- Group indebtedness	157 531
Less cash and short term deposits	(96 698)
Net debt	2 264 928
Equity	112 762 927
Capital and net debt	115 027 855
Gearing ratio	2%

21.8 Fair Values of Financial Instruments

The estimated net fair values of all financial instruments approximate to the carrying amounts shown in the statement of financial position, due to the short term nature of these instruments.

Fair Values	Carrying amount 2009 US$
Financial Assets	
Cash	96 698
Trade and other receivables	1 213 418
	1 310 116
Financial liabilities	
Bank overdraft	11
Trade and other payables	717 380
Interest bearing loans and borrowings	1 486 704
	2 204 095

21.9 Asset Insurance

Assets are insured on a reinstatement basis. The sums insured are subject to regular review by the Group and its brokers. Plantations are not insured as cover is not available.

		2009 US$
22	**CASH FLOW INFORMATION**	
22.1	Non-cash items and separate disclosures	
	- Depreciation	2 159 589
	- Fair value gain on biological assets	(4 021 133)
	- Plantation redemption	4 638 625
	- Profit on disposal of property, plant & equipment	(8 178)
		2 768 903
22.2	Movement in working capital	
	- Inventories	(222 043)
	- Receivables	(230 027)
	- Short term interest-free liabilities	(784 664)
	- Inter-Group balances	(61 329)
		(1 298 063)
22.3	Taxation paid	-
22.4	Financing	
	Interest-bearing liabilities - short term	1 485 028

23 NON-COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

23.1 Non-Compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies"

The Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. The statement of comprehensive income, statement of cash flow and the statement of changes in equity have not been prepared in conformity with international Financial Reporting Standards in that the requirements of IAS 29 have not been complied with for the following reasons

- The inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment as explained in note 26; and
- The inability to adjust items that are recorded in the currency of a hyperinflationary economy (i e, the Zimbabwe dollar) into a unit of measure that is current at the re-measurement date as explained in note 26.

23 NON-COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

23.2 Non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) in respect of the measurement of all comparative information, the statement of comprehensive income, the statement of changes in equity and the cash flow statement.
The Group's functional currency changed during the course of the financial period from Zimbabwe dollars to United States dollars (US$). The Group has chosen to report all its transactions in United States dollars because it is the new functional currency applicable to all current transactions.

The Group has not been able to comply with the requirements of IAS 21 because this standard requires that all transactions that are in the currency of a hyperinflationary economy to be adjusted a unit of measure current at the measurement date before conversion to an alternative presentation currency. The company has not been able to adjust its Zimbabwe dollar transactions to comply with IAS 29 as more fully explained in note 26.

Transactions that were previously reported in Zimbabwe dollars in prior periods need to be converted into United States dollars in order to present the prior year financial information in a similar currency of presentation to the current financial year. Due to the macroeconomic environment prevailing in the previous year, as explained in note 2 on Significant Accounting Policies, the comparative information has not been presented, as it would be misleading.

23.3 Non-compliance with IAS 1 (Presentation of Financial Statements)
The directors have not presented comparative information because they believe that it will be misleading. Due to the prevailing economic environment in the previous year as described in note 26, it is not possible to convert financial statements into United States dollars in a manner consistent with IAS 21 and IAS 29, as described in note 23.1 and 26.

24. LAND DESIGNATION
During previous financial years, the Zimbabwe Government de-listed all land previously listed for compulsory acquisition. In 2005 the Constitution of Zimbabwe Amendment (No17) was enacted into Zimbabwe law by the Parliament of Zimbabwe to confirm acquisition of land for resettlement purposes which took place pursuant to the Land Reform Programme beginning 2000 and to provide for the acquisition, in future, of agricultural land for resettlement and other purposes.

The constitutional provision states that:

- All land that has been identified in the Government Gazette between 2 June and 8 July 2005 or identified after that date by the Government, as being Agricultural land required for resettlement purposes is acquired by the State and is vested in the State with full title therein.

- No compensation shall be payable for such land except for any improvements on the land.
  The acquisition of such land may not be challenged by the courts, except to the extent of amounts payable for improvements.

- It should, however, be noted that both the land and operating assets of the Group are protected through a bilateral investment agreement between Zimbabwe and Germany.

25. CONTINGENT LIABILITIES
There are no contingent liabilities in existence at 30th June 2009.

26. LIMITATIONS OF FINANCIAL REPORTING IN THE GENERAL ENVIRONMENT PREVAILING

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting.

The inflation indices applicable to the Zimbabwe dollar were not published from 31 July 2008. Estimates by economists of Zimbabwe dollar inflation in the period post 31 July 2008 were wide ranging and extremely high (percentages in excess of hundreds of trillions to quadrillions, in some cases). It was impossible to reliably measure inflation in Zimbabwe during this period because the rate of change of inflation on a daily basis was extremely high. Any attempt to measure inflation was subject to various limitations because reliable and timely data was not available. The inability to reliably measure inflation was also exacerbated by the existence of multiple exchange rates, the use of other currencies rather than the Zimbabwe dollar for some transactions and the existence of multiple pricing criteria for similar products based on the mode of settlement.

26. LIMITATIONS OF FINANCIAL REPORTING IN THE GENERAL ENVIRONMENT PREVAILING (CONTINUED)

However, on 29 January 2009, the monetary and fiscal authorities authorised the use of multiple foreign currencies for trading in Zimbabwe. This resulted in a change in the functional currency for most entities reporting in Zimbabwe. In accordance with the requirements of International Financial Reporting Standards, entities are required to convert their financial statements into the new functional currency at the date of changeover. The Group has not been able to convert its Zimbabwe dollar transactions into the new functional currency as stated in note 23.1 and 23.2.

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of the statement of comprehensive income and statement of cash flow. The statement of financial position that has been presented is a fair reflection of the assets and liabilities of the Group and therefore a fair reflection of the shareholders' equity.

The directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going-concern basis is still appropriate.

	Notes	2009 US$
TURNOVER	1	7 037 345
COST OF SALES		(7 019 342)
GROSS PROFIT		18 003
OTHER OPERATING INCOME		4 031 891
DISTRIBUTION AND SELLING EXPENSES		(742 180)
ADMINISTRATION EXPENSES		(3 200 132)
OPERATING PROFIT BEFORE INTEREST AND TAXATION		107 582
Finance Revenue	3	2 772
Finance Costs	3	(64 051)
PROFIT BEFORE TAXATION	4	43 303
INCOME TAX EXPENSE	5	(704 415)
LOSS FOR THE YEAR		(661 112)

COMPANY STATEMENT OF FINANCIAL POSITION	Notes	2009 US$
EQUITY AND LIABILITIES		
Share capital	6	-
Reserves	7	112 702 925
SHAREHOLDERS' FUNDS		112 702 925
Non - current liabilities		
Deferred taxation	8	11 283 108
Deferred income	9	646 918
		11 930 026
Current liabilities	13	
Trade and other payables		1 986 803
Interest-bearing loans and borrowings		1 486 715
Provisions		447 981
Inter-Group balances		157 493
		4 078 992
Total liabilities		16 009 018
TOTAL EQUITY AND LIABILITIES		128 711 943
ASSETS		
Non-current assets		
Property, plant and equipment	10	48 779 512
Biological assets	11	74 372 359
Current assets	12	
Inventories		3 800 024
Trade and other receivables		863 851
Inter-Group balances		807 328
Cash and short-term deposits		88 869
		5 560 072
TOTAL ASSETS		128 711 943

P W T CHIPUDHLA
CHAIRMAN OF THE BOARD

P NYEMBA
FINANCE DIRECTOR

21st October 2009

	2009
CASH FLOWS FROM OPERATING ACTIVITIES	US$
Income before interest	107 583
Non-cash items:	
- Depreciation	2 159 589
- Fair value gain in biological assets	(4 021 133)
- Plantation redemption	4 638 625
- Profit on disposal of property, plant & equipment	(8 178)
	2 876 486
Working Capital Changes:	
- Increase in inventories	(643)
- Increase in receivables	(290 876)
- Increase in short term liabilities	(241 899)
- Increase in Inter-group indebtedness	(724 954)
Cash Flow From Operations	1 618 114
Interest paid	(67 051)
Interest received	2 772
Taxation paid	-
NET CASH FLOW FROM OPERATING ACTIVITIES	1 553 835
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant & equipment	
Expenditure on Plantations	(1 176 456)
	(969 164)
Increase in capital work in progress	(998 437)
Proceeds on disposal of Property, plant and equipment	33 850
European union grant	160 202
NET OUTFLOW FROM INVESTING ACTIVITIES	(2 950 005)
CASH FLOWS FROM FINANCING ACTIVITIES	
Increase in interest-bearing liabilities - short term	1 485 028
NET INFLOW FROM FINANCING ACTIVITIES	1 485 028
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	88 858
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	
-	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	88 858
CASH AND CASH EQUIVALENTS	
Cash resources	88 869
Bank overdraft	(11)
	88 858

			2009
1	Turnover		US$
	Sale of goods		7 037 345

2	SIGNIFICANT INTER-GROUP TRANSACTION		
		Nature of Relationship	
	Sales		
	- United Builders Merchants (Private) Limited	Fellow Subsidiary	257 757
	- Macdonald Bricks (Private) Limited	Fellow Subsidiary	11 898
	- Border Timbers International (Private) Limited	Fellow Subsidiary	1 397 794
	Purchases		
	- United Builders Merchants (Private) Limited	Fellow Subsidiary	56 110
	Cost Contribution		
	- Radar Investments (Private) Limited	Fellow Subsidiary	108 757
	Interest Paid		
	- Radar Investments (Private) Limited	Fellow Subsidiary	35 520

3	NET FINANCE COSTS (excluding amounts shown in Note 2)	
	Short-term liabilities	
	- interest paid	67 051
	- interest received	2 772
		64 279
	PROFIT BEFORE TAXATION	
	Stated after -	
	Debiting:	
	Auditors' remuneration	28 047
	Current - Audit services	11 000
	- Other services	17 047
	Provisions	2 221 874
	- Depreciation	2 159 589
	- Doubtful debts charge	62 285
	Directors' emoluments	26 675
	- as directors	-
	- for management	26 675

4 PROFIT BEFORE TAXATION (CONTINUED)

	US$ 2009
Staff costs:	1 749 857
- Salaries and wages	1 657 328
- Pension fund contributions	35 117
- N S S A contributions	10 076
- Medical aid contributions	47 336
Manning levels at 30th June 2009	
Permanent	1 341
Contract	899
	2 240
Crediting:	
Exchange gains	99 679
Profit on sale of Property, plant and equipment	8 178

5 TAXATION

Normal	-
Deferred	
- current	704 415
Capital gains	-
	704 415
Tax Reconciliation:	
Profit Before Taxation	43 303
Taxation at normal rate	
	13 381
Net of non-taxable income and non-deductible expenses	691 034
	704 415

6. SHARE CAPITAL

Number of Shares	
Ordinary shares of ZW$2 before revaluation and change in currency	
- authorised	43 000,000
- unissued	(57 505)
Issued and fully paid	42 942 487

Issued and fully paid share capital amounts to 42 942 487. The unissued shares are under the control of the directors who may issue them on such terms and conditions, as they see fit, subject to the limitations of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Regulations. The period of this authority is unlimited.

7 RESERVES

	Non-distributable reserve US$	Distributable reserves US$	Total US$
Deemed balances as at 1 July 2008	113 364 036	-	113 364 036
Loss for the year	-	(661 112)	(661 112)
Balance at 30 June 2009	113 364 036	(661 112)	112 702 925

8. DEFERRED TAXATION

Timing differences	
Deemed opening balance at 30 June 2008	10 578 693
Transfer ex-capital reserve	-
Current year charge to statement of comprehensive income	704 415
At 30 June 2009	11 283 108

ANALYSIS OF DEFERRED TAXATION	9 917 825
Accelerated depreciation for tax purposes.	
Fair value on biological assets	1 242 531
Prepayment	113 353
Unrealised exchange gains	9 399
	11 283 108

9. DEFERRED INCOME

European Union grant (interest free and unsecured)	646 918
Analysis of deferred income	
Deemed opening balance	486 716
Received during the year	160 202
Closing balance	646 918

An amount of €101 445,71 was received during the year from the European Union for the installation of a steam engine powered generation set at Charter Sawmill. This brings the total amount received to date to €452 539,60. The condition relating to this grant is that funds should be used for the intended purpose. As the project is still in progress, these funds have been treated as deferred income.

10. PROPERTY, PLANT & EQUIPMENT - US$

DEEMED COST	LAND AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND FITTINGS	ELECTRICAL CONNECTIONS	2009 TOTAL
DEEMED OPENING BALANCE - 30TH JUNE 2008	36 604 958	7 503 241	3 007 406	279 658	1 394 616	48 789 879
ADDITIONS / (ADJUSTMENTS)	-	-	1 173 140	3 316	-	1 176 456
DISPOSALS	-	-	(31 435)	-	-	(31 435)
TRANSFERS - IN / (OUT)	11 015	171 314	589 067	(167 795)	(603 601)	-
CAPITAL WORK IN PROGRESS:						
- (OPENING BALANCE)	-	-	-	-	-	-
- CLOSING BALANCE	9 000	808 022	146 962	34 453	-	998 437
CLOSING BALANCE - 30TH JUNE 2009	36 624 973	8 482 577	4 885 140	149 632	791 015	50 933 337

DEEMED COST	LAND AND BUILDINGS	PLANT AND MACHINERY	MOTOR VEHICLES	FURNITURE AND FITTINGS	ELECTRICAL CONNECTIONS	2009 TOTAL
DEEMED OPENING BALANCE - 30TH JUNE 2008	-	-	-	-	-	-
CURRENT YEAR'S CHARGE	736 838	719 790	721 857	(18 895)	-	2 159 589
DISPOSALS	-	-	(5 763)	-	-	(5 763)
CLOSING BALANCE - 30TH JUNE 2009	736 838	719 790	716 094	(18 895)	-	2 153 826
NET BOOK VALUE - 30TH JUNE 2009	35 888 135	7 762 787	4 169 047	168 527	791 015	48 779 512

		2009
11. BIOLOGICAL ASSETS		US$
Deemed opening balance		79 034 288
Expenditure for the period		969 166
Fair value gain		4 021 133
		84 024 587
Deduct:		
Destroyed by fire / cyclone		(8 790 512)
Felled timber		(375 461)
Economic adjustments		(486 255)
Valuation at 30th June 2009		74 372 359
Comprising of	2009	2009
	Ha	US$
1- 6 years	5 861	1 025 588
7-12 years	5 045	5 861 278
13-18 years	5 429	30 709 078
19-24 years	2 585	25 211 227
25-30 years	491	6 784 953
Over 30 years	656	4 780 235
	20 067	74 372 359

Valuation of plantations

A directors' valuation was carried out at 30th June 2009, based on estimated fair value, based on cost in the region.

12. CURRENT ASSETS	
Inventories	
- Raw materials	-
- Work-in-progress	1 419 994
- Finished goods	
- Consumables (Goods in transit)	1 887 778
	492 252
Total inventories at the lower of cost and net realisable value	3 800 024
Trade and other receivables:	
Trade receivables	
	785,970
Other receivables and prepayments	77 881
	863 851
Inter - group balances	807 328
Cash resources	88 869
	5 560 072

12 CURRENT ASSETS (CONTINUED)

Trade and Other Receivables
Trade and other receivables do not bear interest and are normally settled on 30 day terms for local sales and over 90 days for export sales.

	2009 US$
Trade Receivables are shown after deducting a provision for doubtful debts of	62 284

As at 30 June 2009, trade and other receivables after deducting $62,284 provision for doubtful debts amounted to $863,851.

Movement in the Provision for Doubtful Debts was as follows:

Deemed Balance at Beginning of the Year	-
Current year charge	62 284
Amounts written off	-
Amounts recovered during the year	-
Balance at End of the Year	62 284

13 CURRENT LIABILITIES

Interest Bearing	1 486 704
Bank Overdraft	11
	1 486 715
Interest Free:	
Trade Payables	1 986 803
Provisions	447 981
Inter-group balances	157
	2 592 277
	4 078 992

14 RELATED PARTY DISCLOSURES

a) Key Management Personnel Remuneration and other Compensation

Directors Fees	-
Remuneration	
- Short term employee benefits	26 675
Compensation	
- Pension contributions	1 067
	26 675

b) Key Management Personnel Transactions	-

14. RELATED PARTY DISCLOSURES CONTINUED

	2009
c) Statement of Comprehensive Income Information	US$
Holding Company	
- Interest Paid	
- Other Amounts Paid	-
	-
Fellow Subsidiaries	-
- Net Interest Paid (Radar Investments (Private) Limited - Fellow Subsidiary)	
- Other Amounts (Radar Investments (Private) Limited - Fellow Subsidiary)	35 910
	108 757
- Sales (United Builders Merchants (Private) Limited - Fellow Subsidiary)	269 655
- Purchases (United Builders Merchants (Private) Limited - Fellow Subsidiary)	56 110
- Other Amounts Paid (Rift Valley (Private) Limited - Fellow Subsidiary)	14 900
Subsidiaries	
- Sales (Border Timbers International (Private) Limited- Subsidiary)	1 397 794

d) Statement of Financial Position Information

Closing Balances		
- Border Timbers International (Private) Limited	Subsidiary	689 962
- Makandi Tea & Coffee Estate (Private) Limited	Fellow Subsidiary	15 025
- Radar Properties (Private) Limited	Fellow Subsidiary	13
- Radar Investments (Private) Limited	Fellow Subsidiary	(108 757)
- MacDonald Bricks (Private) Limited	Fellow Subsidiary	5 715
- United Builders Merchants (Private) Limited	Fellow Subsidiary	67 884
- Rift Valley Holdings (Private) Limited	Fellow Subsidiary	(14 900)

ANNUAL PERFORMANCE ANALYSIS

	2009 US$
TURNOVER	7 553 609
Income before taxation	90 823
Taxation	(691 932)
Retained Income for the period	(601 109)
FUNDS EMPLOYED	
Share holders' funds	112 762 929
Medium Term Loans	646 918
Deferred Tax	11 270 625
	124 680 472
Represented By	
Property, Plant & Equipment	48 779 512
Plantations	74 372 359
Net current assets /(liabilities) excl. Cash	1 431 903
Cash resources	96 698
	124 680 472
Statistics	
Shares in issue	
Ordinary Shares	42 942 487
Number of shareholders	186
Shareholders performance per share (dollars)	
Basic Loss per share	
	(0.01)
Returns	
Operating income to turnover	2.05%
Operating income to total assets	0.12%
Profit after tax to shareholders funds	-
Ratios	
Debt-Equity	0.01%
Interest Cover	2.41
Solvency ratios	
Current Ratio	1.37
Liquidity	0.43
Number of employees	2,419

Analysis of Shareholders

30 June 2009

	2009			
	Holders	% of Total	Shares	% of Total
0 - 1 000	117	62.9%	37 281	0.1%
1 001 - 5 000	34	18.3%	92 207	0.2%
5 001 - 10 000	8	4.3%	66 606	0.2%
10 000 - 50 000	15	8.1%	300,280	0.7%
Over 50 000	12	6.5%	42 446 113	98.8%
	186	100.0%	42 942 487	100.0%

	2008			
	Holders	% of Total	Shares	% of Total
0 - 1 000	86	56.6%	37 281	0.1%
1 001 - 5 000	31	20.4%	92 207	0.2%
5 001 - 10 000	10	6.6%	66 606	0.2%
10 000 - 50 000	15	9.9%	300 280	0.7%
Over 50 000	10	6.6%	42 446 113	98.8%
	182	100.0%	42 942 487	100.0%

CLASSIFICATION

	2009			
	Holders	% of Total	Shares	% of Total
Resident:	34	18.3%	8 963 440	20.9%
Banks & Nominee Companies	28	15.1%	33 110 055	77.1%
Companies	1	0.5%	152 816	0.4%
Pensions Funds	106	57.0%	234 331	0.5%
Individuals				
Non Resident:	3	1.6%	300 508	0.7%
Companies	14	7.5%	181 337	0.4%
Individuals	186	100.0%	42 942 487	100.0%

	2008			
	Holders	% of Total	Shares	% of Total
Resident:				
Banks & Nominee Companies	17	11.2%	8 915 186	20.8%
Companies	30	19.7%	33 164 009	77.2%
Pensions Funds	1	0.7%	152 816	0.4%
Individuals	87	57.2%	228 631	0.5%
Non Resident:				
Companies	14	9.2%	181 337	0.4%
Individuals	186	100.0%	42 942 487	100.0%

MAJOR SHAREHOLDERS

	2009		2008	
	Holders	% of Total	Shares	% of Total
Radar Holdings Limited	22 005 087	51.2%	22 005 087	52.2%
Franconian Zimbabwe Investments (Pvt) Ltd	11 045 468	25.7%	11 045 468	25.7%
Kingdom Nominees (Pvt) Ltd	8 719 744	20.3%	8 712 445	20.3%
P & R Holdings (Pvt) Ltd Pensions Fund	152 816	0.4%	152 816	0.4%
Tudley Holdings Limited	150 000	0.3%	150 000	0.3%
Salisbury New Pool Settlement	114 088	0.3%	114 088	0.3%
Waughco Nominees (Pvt) Ltd	100 000	0.2%	100 000	0.2%
	42 287 203	98.5%	42 279 904	98.5%