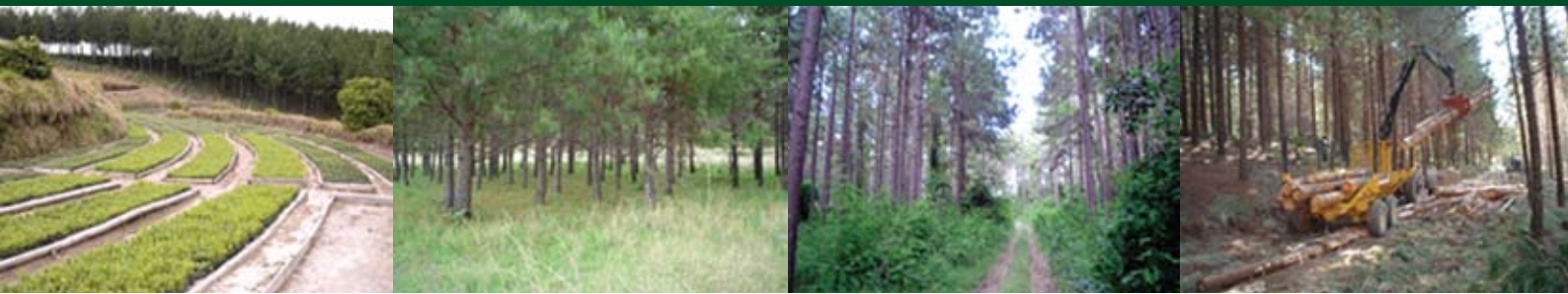




BORDER TIMBERS LIMITED



2011 ANNUAL REPORT

Contents

02

Notice of Annual General Meeting	2
Group Financial Highlights	3
Statutory Information	4
Statement of Corporate Governance	5
Directors Responsibility for the Financial Statements	7
Certificate by Company Secretary	7

08

Directors' Report	8
Chairman's Report	9
Operational Report	12
Finance Report	14
Independent Auditors' Report	16

17

Consolidated Statement of Financial Position	17
Consolidated Income Statement	18
Consolidated Statement of Comprehensive Income	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated Financial Statements	22

52

Company Statement of Financial Position	52
Company Income Statement	53
Company Statement of Changes in Equity	54
Company Statement of Cash Flows	55
Notes to the Company Financial Statements	56

67

Annual Performance Analysis	67
Analysis of Shareholders	68



NOTICE OF ANNUAL GENERAL MEETING

Time 9:15 am
Date Wednesday 7th December 2011
Place 4th Floor, Tanganyika House, Corner Kwame Nkrumah Avenue 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 Avenue and Third Street, Harare:

Members will be asked to consider, and if deemed fit, to pass with or without amendments, the resolutions set out below:

AS ORDINARY RESOLUTION

1. Financial Statements

To receive, consider and adopt the audited financial statements for year ended 30th June 2011, together with reports of the Directors and Auditors.

2. Election of Directors

To re-elect retiring Directors. Mr K.R.R. Schofield retires by rotation and, being eligible, offers himself for re-election.

To elect Mr. R.E. Breschini and Mr. E. Hwenga as Directors who were appointed on the 18th January 2011 and 2nd August 2011 respectively.

3. Directors Remuneration

To ratify the remuneration paid to the non-Executive Directors.

4. Auditors Fees and Appointment

To ratify the remuneration paid to the Auditors for the past year's services and to appoint Auditors for the ensuing year. Messrs PricewaterhouseCoopers, being eligible, offer themselves for reappointment.

5. Any Other Business

To transact such other business as maybe transacted at an Annual General Meeting.

By order of the Board

Radar Investments (Private) Limited
Harare
7th November 2011

Transfer Secretaries

Radar Investments (Private) Limited
4th Floor Tanganyika House
23 Third Street
PO Box 10
Harare, Zimbabwe

NOTES:

1. Appointment of Proxies

- 1.1 A shareholder entitled to attend and vote at the Annual general Meeting is entitled to appoint one or more proxies to attend and speak and upon a poll, vote in his stead. A proxy need not also be a member of the Company.
- 1.2 The proxy form should be lodged with the Secretary of the Company, to be received not later than 10:00am on Monday 5th December 2011.

2. Change of Address:

Members are requested to advise the Transfer Secretaries in writing of any change of address.

GROUP FINANCIAL HIGHLIGHTS

	2011 US\$	2010 US\$
Consolidated Income Statement		
Revenue	21,930,331	13,843,061
Operating profit	7,792,464	2,076,261
Net Interest paid	(1,129,633)	(320,017)
Profit before taxation	6,662,831	1,756,244
Profit/(Loss) after taxation	5,030,969	7,233,902
Consolidated Statement of Financial Position		
Equity Attributable to equity holders of parent company	104,914,395	99,883,426
Net Cash Resources	(2,112,970)	(2,890,117)
Interest Bearing Debt	7,213,345	4,701,371
Consolidated Statement of Cash Flows		
Net Increase / (Decrease) in Cash & Cash Equivalents	777,147	(2,986,804)
Ordinary Share Performance		
Basic earnings per share	0.12	0.17
Diluted earnings per share	0.12	0.17
Market price per share at 30 June	\$0.35	\$0.38
Shares in issue (number)	42,942,487	42,942,487
Other		
Profit before Interest and Taxation return on Total Assets	5.34%	1.53%
Profit after tax return on Shareholders Funds	4.80%	7.24%
Net Asset Value per Share (US\$)	3.18	3.00
Debt to Equity	6.88%	4.71%
Current Ratio	0.94 : 1	0.92 : 1
Interest Cover	6.90	6.49
Number of Employees	3,012	2,530
Value Added per Employee (US\$)	5,383	4,857
Employment Cost per Employee (US\$)	4,122	3,841

Shareholders Calendar in respect of year to 30 June 2011

Financial Reports

Interim Results announced	27 February 2011
Year End results announced	30 September 2011
Annual report posted to Shareholders	15 November 2011
Annual General Meeting	7 December 2011

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



STATUTORY INFORMATION

DIRECTORS

K R R Schofield (Chairman)
R E Breschini (Appointed January 2011)
D Dell (Managing Director)
P Nyemba (Finance Director)
H B A J von Pezold
J. Mortmer (Resigned February 2011)
R von Pezold
I Kanyemba

OPERATIONS BOARD

E Hwenga
D Dell
P Nyemba
G Bottger
S Sena
S Vanderlingen
L Ngoma

SECRETARIES

Radar Investments (Private) Limited

AUDITORS

PricewaterhouseCoopers

ATTORNEYS

Henning Lock Donagher & Winter, Honey & Blackenberg, Maunga and Maanda, 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
FBC Bank Limited
TN Bank

POSTAL ADDRESS

P.O. Box 458
Mutare

PERIOD OF FINANCIAL STATEMENTS

Year ended 30th June 2011

DATE FINANCIAL STATEMENTS

AUTHORISED FOR ISSUE

31 October 2011

STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE

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 two Executive and six non-Executive Directors. This structure concurs with the principles set out in King III report where a preferred majority of non-Executive Directors is mandated.

The Executive Directors generally have a 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 provides 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 quarterly to review operational strategies and monitor management performance.

The details of each Director are as follows:

CHAIRMAN* - KRR Schofield - age 47

Appointed to the Board in November 1994 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. Appointed as board chairman on the 1st of August 2009.

DIRECTOR - R E Breschini – age 55

Appointed to the Board in January 2011.

DIRECTOR * - HBAJ von Pezold – age 39

Appointed to the Board in December 2003. Mr. von Pezold is also a non-executive Director for Radar Holdings Limited and serves on many other local and international companies.

DIRECTOR ♦* - P Nyemba - age 41

Appointed to the Board in February 2007. He was appointed Finance Director of Border Timbers Limited in September 2006

DIRECTOR –JH Mortimer – age 72

Appointed to the Board in May 2009. Resigned from the board February 2011

DIRECTOR – R von Pezold – age 70

Appointed to the Board in April 2003.

DIRECTOR ♦* - - D Dell – age 64

Appointed to the board in May 2010.

DIRECTOR – I Kanyemba age 51

Appointed to the board in January 2010.

♦ Executive Director

* Member of the Audit Committee.



STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE

THE AUDIT COMMITTEE

The Audit Committee, having majority of non-Executive Directors, is chaired by Mr. S. Mattinson. The Committee meets three times a year. The Audit Committee is 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 of 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.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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 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 judgments 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 as the Directors have no reason to believe that neither the Group nor the Company will not be a going concern in the foreseeable future based on forecasts and available cash resources (refer to note 2.1.3).

As a result of these uncertainties and inherent limitations, the Directors advise caution on the use of the comparative information on the income statement, statement of comprehensive income, statement of changes in equity and the statement of cash flows for decision making purposes. However the directors are of the opinion that the comparative statement of financial position reveals a true picture of the assets and liabilities in the prior year.

The financial statements set out on pages 19 to 64 were approved by the Board of Directors on 31st October and are signed on its behalf by:



KRR SCHOFIELD
CHAIRMAN OF THE BOARD



P. NYEMBA
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 30th June 2011, 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
31 October 2011



DIRECTORS' REPORT

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 30th June 2011 are included in note 12 to the Group financial statements.

Reserves

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

Results For The Year

	2011 US\$	2010 US\$
Profit before taxation	6 662 831	1 756 244
Income tax credit/(expense)	(1 631 862)	5 477 658
Profit for the year	5 030 969	7 233 902

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 30th June 2011:

KRR Schofield	Chairman	appointed as chairman to the board on the 1st of August 2009
R E Breschini	Director	appointed January 2011
D Dell	Director	appointed 27th of May 2010
P Nyemba	Director	re-appointed December 2007
R Von Pezold	Director	re-appointed December 2007
H B A J von Pezold	Director	re- appointed December 2007
JH Mortimer	Director	appointed May 2008, resigned February 2011
I Kanyemba	Director	appointed 1st of January 2010

Directors' emoluments for Management Services during the year were \$274,617, (2010: \$147,659).

Messrs H von Pezold and R von Pezold retire by rotation and all being eligible, offer themselves 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 2.1.3 relating to the going concern status of the Group.

Auditors

Members will be asked to approve the Auditor's remuneration for the past audit and to confirm the re-appointment of Messrs PricewaterhouseCoopers 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 7 December 2011 in terms of the notice set out on page 2 of this annual report.

By order of the Board
Radar Investments (Private) Limited
31 October 2011

Dear Shareholder

A year of achievement within the seemingly unending context of power, liquidity, law and order chaos, a tax authority that assumes impunity and competitive cost pressures that continue to mean that the value of the forest asset base is compromised in order to “fund” operations. The achievements have been many. Doug Dell and his team – and ultimately his team is the thousands of people who are part of the Border family – have driven an improved m3 production, improved silviculture, improved capital allocation, improved industrial relations, and importantly, as without the business operating on a profitable basis the future is uncertain, an improved profitability.

The “global meltdown” has certainly had some impact on your company. The South African economy has shown weakness although this has not impacted materially the Rand. We had expected – and continue to do so – that the South African Rand would weaken given what we feel is an underlying uncertainty about the future as well as issues in a country where there has been substantial wealth accumulation in the hands of a relatively small number of people and a growing underclass of poor who will pressure for a part of the “better life” that is to my mind simply not being provided for. The impact of the strong rand on our inputs which is USD denominated is substantial and overall adds roughly 6% to our cost base.

Financial

The headline figures are as follows:

Revenue for the Year	\$21,930,331
EBITDA	\$7,792,464
Cash Generated	\$2,565,292
Capital Expenditure	\$2,108,949
Plantation Development	\$1,968,596

The increase in revenue is a very rewarding conclusion to the year and I would like to commend all concerned for achieving a much improved production. Looking through to the cash generated, it is clear that we have some way to go to convert production to cash in the bank – or at the very least - cash invested back into the assets.

I note our plantation development values separately as it points clearly to the values created by a managed forest asset.

While our current ratio would look pretty dismal at .93/1 the position is, ceterus paribus, not as dire as it looks. Long term financing that is reasonably and appropriately priced, has quite simply not been available in Zimbabwe. Reasonably we would expect at least USD4m of the short term liabilities to be long term financed as we rebuild the business.

This would alter this ratio to 1.67/1 – a happier state of affairs. Sadly, the truth of the matter is that management spend critical time dealing with financial positions that in any normal world would be absurd. The cash pressure on the business is immense as while we are always confident that short term cash will remain available to fund our long term investment it simply cannot be taken for granted and therefore is a daily trauma to the business.

We very much hope to dramatically improve the position in the very near future. Your company is in advanced negotiations with an international financial institution that will, if successful, materially alter the company’s borrowing position and the relevant associated costs.

Forestry

1,276 hectares were planted as against 562 felled. Hectares planted was less than planned but survivability was a key focus in ensuring that whatever was planted did not have to be redone in the following year. Our mortality rates have been too high and we very much hope to have addressed this.

Most silviculture targets were met and for the first time in a decade, the forest is nearing a complete silvicultural regime. It is impossible to pay enough attention to this seemingly invisible regimen – and yet attention to its every detail is right at the heart of the value generation of the forest. New varieties are being trialed and where appropriate put into full planting cycles. Our association with Camcore continues to be of enormous benefit in an environment where Zimbabwe’s research and development in the Science of forests has sadly fallen behind. There remains a well of goodwill towards this country and as a more positive atmosphere develops, we look forward to again playing a role in the development of Southern African timber.



Fire damage continues to be a major concern to the long term viability of the forests with arson being the principle cause of damage. Border is in the process of claiming against the Government of Zimbabwe for the losses incurred to the company. Shareholders will be advised in due course as to the progress of this claim.

Sawmills and Factories

The company is running two of its three sawmills with utilization being much improved from last year. The investment made over the year in equipment has paid off notwithstanding low recoveries as we continue to work with a greater proportion of thinnings as opposed to clearfelled areas.

The repairs and maintenance aspect of both operating mills is such that in the near future the company will need to address the capital investment required to replace aged equipment. This investment will be substantial but is essential.

Demand has remained strong for all products with a much greater proportion of our products going into the local market. As an industry, there has been a 50% reduction in volumes exported to South Africa over the past 3 years. The increased activity in the local market points to promising years ahead as the economy improves. The company will need to ensure that its costs are firmly contained as competition from imported product will be a challenge.

The biggest single cost issue across every aspect of Border Timbers Limited is the chaotic provision – or lack thereof - of power. It seems churlish to lambast ZESA for mismanagement when an enormous proportion of the power that they supply to sectors of government as well as to large parts of the politically driven agricultural sector goes ignored and unpaid. While appreciating the issues that ZESA face, I implore – again ... and again ... government to address the investment needed at ZESA to provide a more consistent power supply. Power supply has been part of the competitive advantage enjoyed by Zimbabwe in the past in building an industrial base. Government must define the role of power in the development of the future of the country in a clear and focused way that allows industry to plan its own investment. Diesel generation is not the way – unless we plan on Somalia being a role model for development!

Poles

The demand for transmission poles has continued to strengthen with enquiries coming from as far afield as Uganda. The quality of your company's product has been instrumental in Border being recognized as one of the premium suppliers of poles in Southern/Central Africa. We believe that as the economies around us continue to grow, the demand for electricity will be a strong driver of demand for our products. That said, there has been huge investment in the region in Eucalyptus and this will impact the position that we have as a supplier of poles. This impact is still a few years away but while there is currently a shortage in the market of quality poles, this market will become very competitive in the coming years. Border Timbers continues to analyze its investment and balancing of forest resource to match what we believe is future demand.

As reported at the time, a fire severely damaged our pole treatment facility. My specific thanks goes to all involved in getting the facility operational within 19 days of the damage being incurred. All concerned worked night and day to get back up and running shouldering the burden of responsibility to try our very best to ensure that the commitments that we had made to customers were kept. It has not been possible in every case to meet timing and volumes.

A disaster totally out of our control has seen the entire treatment industry in southern Africa in a position that has not been experienced in at least 40 years. The combination of a major player in the production of coal tar pulling out of the business due to long term legal issues, a fire at the Engen production facility in Durban and maintenance that has taken months longer than anticipated at a third facility has meant that creosote supply has all but dried up. Zimchem have been enormously helpful in trying to supply as have our major suppliers in South Africa. There is simply no creosote and this position is expected to remain critical to at least January next year. Border has looked to other markets to supply us but the nature of the product and its specifications means a slow process in establishing reliable suppliers. This will impact your company's financial and volume performance as a significant part of our budgets are predicated on the pole market.

Environmental

Your company continues to manage to international environmental standards and under the auspices of the Timber Producers Federation, to develop local standards and guidelines. Due diligence undertaken by the financial institution mentioned above provided a reference to global standards and

CHAIRMAN'S REPORT (CONT)

while there were some issues that needed to be addressed, it was pleasing to note that Border's environmental management continues to be of a very high standard.

Outlook

The South African lumber market has grown by nearly 8% over last year. However, the real story is in the growth of the region as a whole. My belief is that as an industry we should be concerned not about the possible weakness of the market but the strength of demand emanating from the groundswell of development in Sub Saharan Africa. Mozambique in particular has seen huge potential investment in forestry – and I say potential as large areas are planned but the policy environment surrounding long term land use remains at times confused. Zimbabwe has the opportunity to re-establish itself as a key player in the regional forestry sector. The nature of Forestry investment is such that long term policies and stable operating environments are critical to investment.

Your company is particularly well placed to take advantage of the growing local and regional markets. Zimbabwe's central position logistically is a much needed advantage given some of the other challenges that we face. Our prospects are a little like those given by our Climate Change friends... we know the prospects given particular parameters – but it will be a pretty choppy ride on the way - we can only assume the parameters are positive and a given - anything else would seem utterly moronic!

Appreciation

It remains for me to thank, on behalf of my Board and shareholders, the Management and workforce for the efforts of the past year. Border Timbers workforce have conducted themselves with dignity and purpose and this is reflected in the stronger position of the company.

John Mortimer resigned during the year due to the extensive travel required to properly acquit his responsibilities. I thank him for his invaluable input over the past 3 years. Randolph Breschini was appointed to the Board and brings a wealth of experience and direction that we sorely need in what has been a relatively closed operating environment over the past decade.

I would also note with thanks the enormous patience of our suppliers in working with us in meeting our cash flow challenges. I and management appreciate the challenges that they themselves must face and our constraints cannot have made their lives any easier.

The assistance that we have had from our neighbours and the police in coping with, in particular, fire, has been much appreciated.

Post Year End Event

I regret that Border Timbers suffered a major fire at Sheba which damaged 711 hectares of resource. Every effort is being made to extract the maximum value from the damaged timber and replant as rapidly as possible.



KRR Schofield
CHAIRMAN
31 October 2011



The year ending June 30, 2011

Overview

The Group has continued to witness positive growth in all spheres. However its inability to produce at a consistent, rateable basis resulted in financial targets not being met. This in-turn meant that insufficient cash was generated during the year to complete the planned capital expenditure programme and this negatively impacted on actual performance compared to planned performance. Good progress was made on the redevelopment of the plantations with 1623ha being planted.

A fire at the pole treating plant in June, took the gloss off a satisfactory year.

Operational Review.

The Group had strong growth in sales for all its products. The strategy to rebuild the production assets is currently focused on harvesting and haulage. These investments are starting to bear fruit as seen in the increased round wood production. All production facilities are now better served by the plantations, although the overall reinvestment programme has been slower than planned for the reasons mentioned above. Overall, our cash position remains a concern for management; made worse by the overall liquidity position in the economy, with inadequate long term funding available.

Meeting all stakeholders' expectations, in the current economic environment is challenging. However, notwithstanding that an additional 400 jobs were created during the year and round wood volumes have moved up from 143,000m3 in 2009 to 200,000m3 in this year, under review.

The treated pole segment of our business continues to show a strong recovery with pole volumes moving from 10,415m3 in 2010 to 15,971m3 in 2011.

Key production statistics

	FY 2010	FY 2011	Variance
Roundwood production	147,000 m3	200,000 m3	53,000 m3
Planting	1,580 ha	1,276 ha	-304 ha
Saw Mill Intake (Pine)	118,717 m3	154,455 m3	35,738 m3

An aerial survey of the plantations conducted in April/May of this year resulted in a positive adjustment of the planted area of 674 ha, after netting off the minefields on properties bordering Mozambique that had previously reflected as planted area..

Health and safety show a positive trend and remains a key focus for every level of management. The programme to improve the supply of potable water to every housing complex in the company is making solid progress. Malaria remains a concern and a spraying programme will be introduced in the coming summer in an attempt to limit the malaria risk.

Border Timbers International (BTI)

BTI remains under operating pressure. The capital injection, in the way of machinery has started to yield results. An additional investment in plant and machinery is required and efforts are being made to secure funding. The anticipated increase in rough sawn timber production from the sawmills should see BTI increasing production throughput.

OPERATIONAL REPORT (CONT)

The Market

Both locally and regionally demand for the Group's product range remains strong. Sales volumes, for most products are only limited by our ability to produce for that demand. There are significant infrastructural developments taking place in the Region, particularly in the Eastern Coast countries, and Zambia, from which we are benefitting.

Bottlenecks at Beira port are limiting our ability to reduce transport costs for imported raw materials which currently come through South African harbours with their longer road transport leg. This is impacting on our regional competitiveness.

Local demand is being driven largely through individual home builders throughout the length and breadth of the country. Concern for the year ahead is inflation rising in the forestry sector of the economy with fuel, electricity, District Council levies and wages being the main drivers.

Directorate

Changes to the board are the retirement of Mr John Mortimer on February 18, 2011 after serving on the board for almost 3 years. His input both at board and operational level will be missed.

Elias Hwenga, the Radar Group CEO was formally appointed to the board on August 2, 2011 Mr. Hwenga had previously attended board meetings as an invitee.



D. M. Dell
Managing Director
31 October 2011



Introduction

The year under review has been characterized by liquidity challenges.

Operating Results

The Group recorded revenue of \$21.9 million against prior period comparative of \$13.8 million. The growth in turnover is mainly a result of an increase in production output.

Operating margins continue to be under pressure from high repairs and maintenance costs which are attributable to assets in need of replacement and the continued reliance on diesel generated power. Wage rates have also remained at levels that are not in line with productivity. At 27% of turnover, staff costs are unusually high.

Lending rates in the banking sector have remained at significantly high levels. The increase in borrowings coupled with high interest rates resulted in finance charges of \$1.1 million being incurred.

Fair value gains of \$10.9 million have been credited to the income statement against plantation redemption of \$5.3 million. Once again, biological assets continue to grow in value due to the favourable ratio of clear fellings to plantings. The bulk of the timber being harvested is from commercial thinning operations.

Border Timbers International

Power outages at Border Timbers International continued to impact negatively on production output. Machine breakdowns have been on the increase due to the state of the plant. The replacement of part of the equipment in the second half of the year resulted in improved plant availability and production output. The impact of the new equipment was largely felt in the last two months of the year. A preferential power supply contract with the Zimbabwe Electricity Transmission and Distribution Company concluded in the month of June 2011 is expected to improve power supply in the new financial year. The company posted a loss of \$245,000. The benefits of the new equipment and the power supply agreement should see the company return to profitability in the coming financial year.

Paulington factory

The investment in a 500KVA diesel generator at the beginning of the financial year enabled the factory to increase production throughput. Consequently, the factory traded profitably. Competition on the export market for plywood based products remained stiff and hence the bulk of product sold was on the local market. The cost of diesel generated power continued to affect operating margins.

Pole yard

The pole yard contributed \$3.4 million to Group turnover. The pole market remained buoyant throughout the year and this has mainly been influenced by rural electrification projects being undertaken by countries in the Southern African region. The pole contract with the power utility company in Zambia accounted for a significant portion of the export business.

On the 29th of June 2011, a fire which started outside the perimeter wall at the Pole yard in Mutare, destroyed pole stocks worth \$396,614 and damaged the two pole treatment autoclaves. One autoclave has since been repaired and was commissioned 19 days after the fire. The second autoclave is due for commissioning in October 2011.

Deferred Taxation

At dollarization the group did not transfer the deferred tax component on the deemed cost of biological assets and deferred tax on buildings was provided for at the capital gains tax as opposed to the income tax rate. The opening statement of financial position as at 30 June 2009 has therefore been restated to account for the error on deferred tax on biological assets and buildings. The resultant impact of the adjustment has been an increase of \$22.5 million in the deferred tax balance and a corresponding decrease in the non distributable reserve account. Consequently, the income tax credit for the year ended 30 June 2010 has increased by \$4.7 million.

Working capital

It is pleasing to report that the Group has continued to fund working capital from internally generated cash. Operating cash flow at \$2.6 million is significantly higher than prior year actual of \$372,558. This is attributable to the increased sales revenues.

FINANCE REPORT (CONT)

FINANCE REPORT (CONT)

The Group's balance sheet has however continued to reflect a negative working capital position. This is primarily a result of capital expenditure related debt which is mainly in the form of short term borrowings. As previously reported, efforts are being made to restructure all capital expenditure related debt into long term. In this regard, discussions are in progress with an international financial institution on a loan facility which would allow the Group to restructure all the capital expenditure related debt. Should the discussions be successful,

the structure of the balance sheet will improve significantly by the end of the new financial year and the interest burden would be reduced by at least fifty percent.

Biological Assets

The re-development of plantations has continued at an accelerated pace, with \$2 million being spent on silvicultural activities. The expenditure will certainly see plantations being more productive in the future. It is pleasing to note that the back-log is being addressed and some operations such as pruning at Sheba are now up to date. The aerial survey undertaken in May 2011 has provided us with a more accurate inventory count of growing timber.

Property, Plant and Equipment

The asset replacement programme initiated two years ago has seen \$2.1 million being spent in the year under review. Expenditure was mainly on timber harvesting and road maintenance equipment. The equipment has impacted positively on production with roundwood production increasing to 200,000M3 from 143,000m3 achieved in prior year. In order to enhance systems of internal control and improve on reporting, an amount of \$318,092 was spent on a new accounting system. The new accounting package (Syspro) went live on the 1st of July 2011.

External Auditors

In line with our quest to observe good corporate governance principles, we have changed external auditors for the Group. Ernst and Young Chartered Accountants ceased to be our auditors during the year and PricewaterhouseCoopers (PwC) were appointed as auditors for the Group with effect from 1 June 2011.

We thank Ernst & Young for having been our auditors for more than 10 years. In the same vein, we would want to congratulate PwC on their appointment and trust that our relationship with them shall be professional and mutually beneficial.

Outlook

The continued investment in capital expenditure will see your Group increasing production and sales revenues. It is envisaged that the new financial year will once again witness positive growth in revenues and profitability. Consequently, cash generation will be at a considerably higher level.

Post year end, the Group lost 1,055ha of plantation to fires with Sheba Estate recording the bulk of the loss. Whilst this is a setback, we believe salvage operations should mitigate the loss incurred and an accelerated planting program should bring back the area lost into production.



P Nyemba
FINANCE DIRECTOR
31 October 2011





INDEPENDENT AUDITOR'S REPORT

to the shareholders of

BORDER TIMBERS LIMITED

We have audited the consolidated financial statements of Border Timbers Limited and its subsidiaries ("the Group") and the statement of financial position of Border Timbers Limited ("the Company") standing alone, together the "financial statements", which comprise the consolidated and separate statements of financial position as at 30 June 2011 and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 17 to 66.

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), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Group and the Company as at 30 June 2011, and the Group's and Company's financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

Emphasis of Matter

We draw attention to Note 2.1.3 to the financial statements, which indicates that the Group's current liabilities exceeded its current assets by US\$566 783 as at 30 June 2011, and the Group and Company incurred losses before fair value gains and tax of US\$4 310 176 and US\$3 942 947, respectively, for the year then ended. These conditions, along with the other matters as set forth in Note 2.1.3, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and Company to continue as going concerns. Our opinion is not qualified in respect of this matter.

PricewaterhouseCoopers

Chartered Accountants (Zimbabwe)

Harare

2 December 2011

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2011 US\$	Restated 2010 US\$	Restated 2009 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	6	46,867,238	46,723,497	48,779,512
Biological assets	7	90,432,254	82,828,342	74,372,359
		137,299,492	129,551,839	123,151,871
Current assets				
Inventories	8	4,580,560	4,334,043	4,203,988
Trade and other receivables	10	3,841,047	2,046,388	1,357,430
Cash and bank	11	127,360	254,271	96,698
		8,548,967	6,634,702	5,658,116
TOTAL ASSETS		145,848,459	136,186,541	128,809,987
EQUITY AND LIABILITIES				
Equity				
Share capital	12	429,425	-	-
Non distributable reserves	13	90,455,727	90,885,152	90,885,152
Revaluation reserve		2,365,481	2,365,481	-
Retained earnings / (accumulated loss)		11,663,762	6,632,793	(601,109)
		104,914,395	99,883,426	90,284,043
Liabilities				
Non – current liabilities				
Borrowings	14	1,100,979	-	-
Deferred income	15	-	-	646,918
Deferred income tax liabilities	16	30,717,337	29,085,475	33,749,508
		31,818,316	29,085,475	34,396,426
Current liabilities				
Trade and other payables	17	2,701,801	2,359,921	2,445,881
Provisions	18	301,581	156,348	196,922
Borrowings	14	6,112,366	4,701,371	1,486,715
		9,115,748	7,217,640	4,129,518
TOTAL EQUITY AND LIABILITIES		145,848,459	136,186,541	128,809,987

The financial statements on pages 17 to 66 were approved by the Board of Directors and authorised for issue on the 31st October 2011 and are signed on its behalf by:



KRR SCHOFIELD
CHAIRMAN OF THE BOARD



P. NYEMBA
FINANCE DIRECTOR



CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

	Notes	2011 US\$	Restated 2010 US\$
REVENUE			
Cost of sales	21	21,930,331 (19,785,061)	13,843,061 (12,387,483)
GROSS PROFIT			
Fair value gains on biological assets	7	2,145,270 10,973,007	1,455,578 8,936,592
Other operating income – net	20	365,061	917,026
Distribution and selling expenses	21	(1,693,276)	(1,316,113)
Administration expenses	21	(3,997,598)	(7,916,822)
OPERATING PROFIT		7,792,464	2,076,261
Finance income	23	3,405	1,060
Finance costs	23	(1,133,038)	(321,077)
PROFIT BEFORE TAXATION		6,662,831	1,756,244
Income tax (expense) / credit	24	(1,631,862)	5,477,658
PROFIT FOR THE YEAR		5,030,969	7,233,902
Earnings per share (expressed in cents per share)			
Basic earnings per share	25	11.72	16.85
Diluted earnings per share	25	11.72	16.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 US\$	2010 US\$
PROFIT FOR THE YEAR	5,030,969	7,233,902
Other comprehensive income		
Gain on revaluation of property, plant and equipment	-	3,179,106
Income tax effect	-	(813,625)
Total other comprehensive income for the year, net of tax	5,030,969	2,365,481
Total comprehensive income for the year , net of tax	5,030,969	9,599,383



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Non distributable reserves	Revaluation reserve	Retained earnings / (accumulated losses)	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 July 2009 as previously reported	-	113,364,035	-	(601,109)	112,762,926
Prior period adjustment (Note 4)	-	(22 478 883)	-	-	(22 478 883)
Balance as at 30 June 2009 restated	-	90,885,152	-	(601,109)	90 284 043
Comprehensive income:					
Profit for the year (restated)	-	-	-	7 233 902	7 233 902
Other comprehensive income:					
Gain on revaluation of property plant and equipment, net of tax	-	-	2 365 481	-	2 365 481
Balance as at 30 June 2010 restated	-	90,885,152	2,365,481	6,632,793	99,883,426
Comprehensive income:					
Profit for the year	-	-	-	5,030,969	5,030,969
Transactions with owners:					
Re-denomination of shares	429,425	(429,425)	-	-	-
Balance as at 30 June 2011	429,425	90,455,727	2,365,481	11,663,762	104,914,395

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2011 US\$	Restated 2009 US\$
Cash flows from operating activities			
Profit before interest and tax		7,792,464	2,076,261
Adjustment for non-cash items	30	(3,673,109)	(758,154)
		4,119,355	1,318,107
Movement in working capital	30	(1,554,063)	(945,549)
Net cash generated from operating activities		2,565,292	372,558
Cash flows from investing activities			
Additions to property, plant & equipment		(2,108,949)	(1,227,386)
Expenditure on biological assets		(1,968,596)	(1,882,238)
Proceeds on sale of property, plant and equipment		3,000	-
Interest received		3,405	1,060
Net cash used in investing activities		(4,071,140)	(3,108,564)
Cash flows from financing activities			
Proceeds from borrowings		10,297,245	2,070,382
Repayments of borrowings		(6,881,213)	(2,000,103)
Interest paid		(1,133,037)	(321,077)
Net cash generated from/(used in) financing activities		2,282,995	(250,798)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		777,147	(2,986,804)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(2,890,117)	96,687
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	(2,112,970)	(2,890,117)



1. CORPORATE INFORMATION

The financial statements of Border Timbers Limited (Group and Company) for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 26 October 2011. Border Timbers Limited is a limited liability public company incorporated and domiciled in Zimbabwe whose shares are publicly traded.

The principle activities of the Group are the growing and milling of timber from managed plantations, and manufacturing of timber products.

2. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

2.1.1 Statement of compliance

The consolidated financial statements of Border Timbers Limited have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations. International Financial Reporting Standards (IFRSs) include standards and interpretations approved by the International Accounting Standards Board (IASB) as well as International Accounting Standards (IASs) and Standing Interpretations Committee interpretations issued under previous constitutions.

2.1.2 Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property plant and equipment and biological assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.3 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Group and the Company will continue in existence for the foreseeable future. However there are material uncertainties related to the conditions noted below which may cast significant doubt on the Group's and Company's ability to continue as a going concern and that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

The Group had a net current liability position of US\$566,783 as at 30 June 2011. In addition as at year end the Group and the Company had borrowings totaling US\$7,213,345 comprised mainly of short term borrowings from local banks with maturity dates of less than 12 months. The Group and the Company incurred losses before fair value gains and income tax of US\$ 4,310,176. (2010: US\$7,180,348) and US\$3 942 947 (2010: US\$6 483 314), respectively.

The Group's operations have been significantly affected, and may continue to be affected by the challenging environment and lack of liquidity in the Zimbabwean economy.

The Group is in negotiations to access medium to long term funding from international lenders.

However, after assessing the Group's ability to continue as a going concern the Directors believe that the Group is on its way to recovery and the strategies which have been put in place will ensure that the Group continues as a going concern. If the Group was not able to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the year end values of assets to their recoverable amounts and to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities to current assets and liabilities.

2.1.4 Transition to IFRS

The Group is resuming presentation of IFRS financial statements after the Group issued financial statements in the prior reporting period ended 30 June 2010 which did not include an explicit and unreserved statement of compliance with IFRS due to the effects of severe hyperinflation. As discussed in note 2.1.7(c), the Group early adopted the Amendments to IFRS 1 and is therefore applying that standard in returning to compliance with IFRS. The Group's functional currency for the period before 1 February 2009, the Zimbabwe dollar ("ZW\$"), was subjected to severe hyperinflation because it had both of the following characteristics:

- (a) a reliable general price index was not available to all entities with transactions and balances in the ZW\$, because the Central Statistical Office did not release the consumer prices from 1 August 2008 and the existence of market distortions made measurement of inflation by alternative means unreliable; and
- (b) exchangeability between the ZW\$ and a relatively stable foreign currency did not exist.

The Group's functional currency ceased to be subject to severe hyperinflation from 1 February 2009, because the Group changed its functional and presentation currency from the Zimbabwe dollar, ("ZW\$"), to the United States of America dollar ("US\$"), because changes in legislation allowed the Group to predominately operate within a US\$ environment. The Group changed its functional and presentation currency from ZW\$ to the US\$ with effect from 1 February 2009. The Group's date of transition to IFRS was 1 July 2009.

2.1.5 Exemption for fair value as deemed cost

The Group elected to measure certain items of property and equipment, biological assets, inventory, trade and other receivables and trade and other payables at fair value and to use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position as follows:

Property plant and equipment	- based on Directors' valuation
Biological assets	- based on independent valuers' valuation
Trade and other receivables	- actual US\$ amounts receivable from customers and other parties.
Trade and other payables	- based on actual US\$ amounts owed to suppliers of goods and services.
Inventories	- actual US\$ cost and current US\$ values
Cash and bank	- actual foreign currency cash and bank balances.

Deferred income tax was computed based on temporary differences between tax bases and accounting bases of the assets and liabilities included and take on statement of financial position. All references in these financial statements to cost shall apply to deemed cost to comply with IFRS 1 where applicable.

2.1.6 Reconciliation to previous basis of preparation

The Group's financial statements for the prior reporting year ended 30 June 2010, claimed compliance with IFRS, except certain requirements of IAS 1 'Presentation of Financial Statements', IAS 21 'The Effects of Changes in Foreign Exchange Rates', and IAS 29 'Financial Reporting in Hyperinflationary Economies'. However, after the application of the exemption for fair value as deemed cost, no measurement differences exist between the amounts previously presented as at 30 June 2009 and for the period ended 30 June 2010. As a consequence, no reconciliation has been presented between the IFRS results and the previous basis of preparation.



2.1.7 Changes in Accounting Policies and Disclosures

a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period, as there have been no transactions with non-controlling interests.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 July 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

- c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2010 and early adopted.

The Group early adopted the Amendments to IFRS 1- Severe hyperinflation and removal of fixed dates for first-time adopters from the 31 December 2010, as well as the related consequential amendments to other IFRSs, because the amendment provides an additional exemption within IFRS 1 for entities which were subject to severe hyperinflation. Refer to note 2.1.4 where the transition to IFRS is discussed in more detail.

- d) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2010 and not early adopted

The Group is yet to assess the impact of these new standards and interpretations on its financial statements:

- Amendments to IFRS 7, 'Financial instruments: Disclosures' on derecognition, effective 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.
- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
- IFRS 10, 'Consolidated financial statements', effective 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. The standard also sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and sets out the accounting requirements for the preparation of consolidated financial statements.
- IFRS 11, 'Joint arrangements', effective 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, 'Disclosures of interests in other entities', effective 1 January 2013. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement', effective 1 January 2013. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.



- Amendment to IAS 1, 'Financial statement presentation', regarding other comprehensive income, effective 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
- Amendment to IAS 12, 'Income taxes' on deferred tax, effective date 1 January 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.
- Amendment to IAS 19, 'Employee benefits', effective 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.
- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates.

- IAS 27 (revised 2011), 'Separate financial statements', effective 1 January 2013. IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised 2011), 'Associates and joint ventures', effective 1 January 2013. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Border Timbers Limited and its subsidiaries, using uniform accounting policies.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operations Board.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'United State dollars' (US\$), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in other comprehensive income.

2.5 Property, Plant and Equipment

Property, plant and equipment are shown at fair value, based on periodic valuations by independent professional valuers or directors less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Cost includes expenditure that is directly attributable to the acquisition of the items.



Increases in the carrying amount arising on revaluation of property plant and equipment are credited to the revaluation reserve through other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation reserve through other comprehensive income, all other decreases are charged to the statement of comprehensive income.

Land and capital work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings and improvements	4 - 30 years
Plant and machinery	5 - 33 years
Motor vehicles and tractors	5 - 10 years
Furniture, fittings and office equipment	4 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

2.6 Biological Assets - Plantations

Plantations are stated at fair value less estimated cost to sell at the harvesting stage. Immature timber which is in the 1 – 6 age group is carried at cost as the fair value cannot be easily determined. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus. Softwood less than six years and hardwood less than four years is classified as immature timber. All changes in fair value are recognised in the period in which they arise.

Trees are generally felled at the optimum age when ready for intended use. At the time the tree is felled it is taken out of plantations and accounted for under inventory. Fair value for mature timber is determined based on prices on the local and regional markets which are markets in which the bulk of the timber is sold. Changes in the carrying value of the biological asset are taken directly to the income statement in accordance with IAS 41 "Agriculture". Transfers to inventory are recognized at the carrying amount of the plantation when the timber is felled.

2.7 Financial Assets

Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit

or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8 Impairment of Financial Assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 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 a weighted average basis.
- b) Finished goods and work-in-progress are valued at cost using weighted average cost method. Cost includes raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.
- c) Consumables are valued at weighted average cost.

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.

2.10 Trade Receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.15 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

2.16 Employee Benefits

Pension obligations

The Group provides for pensions on retirement for all employees by means of a defined contribution pension fund which is administered by a Board of Trustees.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Group Companies and all employees contribute to the National Social Security Authority Scheme of which the contributions are determined by the systematic recognition of legislated contributions.

Short terms benefits

The cost of short term employee benefits is recognised in the period in which the service is rendered. The expected cost of short term accumulating compensated absence is recognised as an expense as the employees render services that increase their entitlement.



Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Profit sharing and bonus plans.

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Provisions

Provisions are recognised when; the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services sold in the normal course of business, net of discounts and value added taxes and after eliminating sales within the Group. The revenue for the Group comprises sales of processed and raw timber to local and export markets. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the following specific recognition criteria are met.

a) Sale of goods

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

b) Interest income

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

c) Dividend income

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

2.20 Leases

Finance Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases 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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.21 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) **Useful lives and values of property, equipment and vehicles**

The Group management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected lifecycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

b) **Valuation of property, plant and equipment**

On 30 June 2010 an independent valuer's valuation was done on all property, plant and equipment. In the view of the directors there is no significant change in the fair value as at 30 June 2011.

The Group tests whether property, plant and equipment has suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered, in accordance with the accounting policy note in 2.7 to the Group financial statements. The recoverable amounts of plant and equipment have been determined with reference to fair value less cost to sell.



c) Valuation of biological assets

In determining biological asset valuation the following assumptions were used:

- Mean annual increment (MAI) calculated by estate, compartment, species and age class was determined based on current silviculture regime and used to compute yield per hectare. MAI is the incremental movement in volume due to growth. The group's MAI is in line with regional averages.
- Where biomass for young trees is negligible and cannot easily be quantifiable, input costs have been used
- Current recovery rates have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Changes in any estimates could lead to recognition of significant fair value changes in the statement of comprehensive income. The effect of a change in the MAI on profit before tax is analysed in note 7 to the financial group statements.

d) Impairment losses on trade and other receivables

The Group reviews its trade and other receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is an observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade and other receivables before the decrease can be identified with an individual receivables in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in the Group, or national or local economic conditions that correlate with defaults in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

e) Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

f) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 30 June 2011, 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. However, the Directors believe that under the current Zimbabwe economic environment a continuous' assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

4. CORRECTION OF PRIOR PERIOD ERRORS

During the financial year, the Group identified errors in the opening balances of deferred income tax liabilities. Deferred tax was not provided on the deemed cost of biological assets and land, roads and bridges as at 1 July 2009; and assessable tax losses for the year ended 30 June 2010. The errors were identified during the current financial year and in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the deferred tax has been corrected retrospectively and certain comparative figures have been restated. The effect of the restatement on the 2010 and 2009 financial statements is shown below:

	Deferred tax liability US\$ 2011	Non distributable reserve US\$ 2010	Retained earnings US\$ 2009
Financial position			
Balance at 1 July 2009 (as previously reported)	11,270,625	113,364,035	-
Correction of error	22,478,883	(22,478,883)	-
Balance at 1 July 2009 (restated)	33,749,508	90,885,152	-
Balance at 30 June 2010 (as previously reported)	11,270,350	113,364,035	1,969,035
Correction of error – 2009	22,478,883	(22,478,883)	-
2010	(4,663,758)	-	4,663,758
Balance at 30 June 2010 (restated)	29,085,475	90,885,152	6,632,793

Comprehensive income

	2010 US\$
Profit after tax (as previously reported)	2,570,144
Correction of error in tax credit	4,663,758
Profit after tax (restated)	7,233,902



5. SEGMENT INFORMATION

Year ended 30 June 2011

	Forestry US\$	Manufacturing US\$	Unallocated US\$	Total US\$
Total segment revenue	15,495,555	12,893,376	-	28,388,931
Inter segment revenue	(6,414,184)	(44,416)	-	(6,458,600)
Revenue from external customers	9,081,371	12,848,960	-	21,930,331
Operating profit/(loss) before interest & taxation	10,897,195	150,640	(3,255,371)	7,792,464
Net interest paid	-	(134,597)	(995,036)	(1,129,633)
Profit before tax	10,897,195	16,043	(4,250,407)	6,662,831

Statement of financial position

Total Assets	127,817,041	14,480,997	3,550,421	145,848,459
Total Liabilities	8,054,205	873,674	32,006,185	40,934,064

Other Information

Capital expenditure	3,356,237	372,099	349,209	4,077,545
Depreciation	1,112,047	494,283	157,532	1,763,862
Impairment of property, plant and equipment	-	193,322	-	193,322
Employee numbers	2,379	575	58	3,012

Year ended 30 June 2010

Total segment revenue	10,565,541	8,419,462	52,893	19,037,896
Inter segment revenue	(5,178,985)	(15,850)	-	(5,194,835)
Revenue from external customers	5,386,556	8,403,612	52,893	13,843,061
Operating profit/(loss) before interest & taxation	7,215,211	(2,057,101)	(3,081,849)	2,076,261
Net interest received / (paid)	-	178	(320,195)	(320,017)
Profit before tax	7,215,211	(2,056,923)	(3,402,044)	1,756,244

Statement of financial position

Total Assets	119,166,516	13,718,979	3,301,046	136,186,541
Total Liabilities	5,054,737	1,583,695	29,664,683	36,303,115

Other Information

Capital expenditure	3,755,402	129,973	38,453	3,923,828
Depreciation	1,092,201	732,740	120,443	1,945,384
Impairment of property, plant and equipment	3,413,820	1,038,425	-	4,452,245
Employee numbers	2,048	394	68	2,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2009

	Forestry US\$	Manufacturing US\$	Unallocated US\$	Total US\$
Total segment revenue	4,857,268	3,391,035	15,919	8,263,222
Inter segment revenue	(693,694)	-	-	(693,694)
Revenue from external customers	4,163,574	3,391,035	15,919	7,569,528
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)
Profit before tax	2,777,823	41,002	(2,728,002)	90,823

Statement of financial position

Total Assets	117,064,884	9,094,537	2,650,567	128,809,988
Total Liabilities	5,364,237	1,680,664	31,481,043	38,525,944
Other Information				
Capital expenditure	2,028,718	-	116,904	2,145,622
Depreciation	1,280,862	304,923	573,804	2,159,589
Employee numbers	1,917	389	113	2,419

The segmentation of the group's operations has been done in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Operating Board, which comprises the Managing and Finance Director as well as senior operational management). This board is responsible for allocating resources and assessing the performance of the operating segments.

The Group is organized into two main operating 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

All operating segments operate in Zimbabwe and segment sales reflect sales to third parties and inter-segment sales.

The Group is domiciled in Zimbabwe. Revenue from external customers from other countries, mainly Mozambique, Botswana and South Africa, is \$9,438,823 (2010: \$6,954,328).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY, PLANT EQUIPMENT

	Land and buildings US\$	Plant and machinery US\$	Motor vehicles and tractors US\$	Furniture and fittings US\$	Capital work-in progress US\$	Total US\$
At 1 July 2009						
Deemed cost	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Accumulated depreciation	-	-	-	-	-	-
Net book amount	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Year ended 30 June 2010						
Opening net book amount	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Additions	1,012	182,955	1,040,057	3,360	-	1,227,384
Disposals	(3,996)	-	(60,880)	-	-	(64,876)
Transfers in / (out)	5,000	39,500	735,952	33,752	(814,204)	-
Revaluation surplus	1,111,862	944,485	1,120,012	2,747	-	3,179,106
Impairment charge	(1,142,360)	(2,100,020)	(1,181,120)	(28,745)	-	(4,452,245)
Depreciation charge	(790,261)	(654,697)	(464,244)	(36,182)	-	(1,945,384)
Closing net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
At 30 June 2010						
Cost or valuation	35,850,653	6,812,700	5,676,105	145,191	184,232	48,668,881
Accumulated depreciation	(790,261)	(654,697)	(464,244)	(36,182)	-	(1,945,384)
Net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
Year ended 30 June 2011						
Opening net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
Additions	-	430,865	1,191,564	3,813	482,707	2,108,949
Disposals	-	-	(8,024)	-	-	(8,024)
Transfers in /(out)	-	64,765	500	-	(65,265)	-
Impairment charge	-	(18,789)	(174,533)	-	-	(193,322)
Depreciation charge	(644,095)	(666,267)	(424,680)	(28,820)	-	(1,763,862)
Closing net book amount	34,416,297	5,968,576	5,796,688	84,002	601,675	46,867,238
At 30 June 2011						
Cost or valuation	35,850,653	7,289,540	6,685,612	149,004	601,675	50,576,484
Accumulated depreciation	(1,434,356)	(1,320,964)	(888,924)	(65,002)	-	(3,709,246)
Net book amount	34,416,297	5,968,576	5,796,688	84,002	601,675	46,867,238

The Group's property, plant and equipment were last valued on 30 June 2010 by independent valuers. For the year ended 30 June 2011, physical inspection of property, plant and equipment was carried out by the engineering department with the assistance of divisional management to assess the condition of property, plant and equipment. It is the belief of management that all assets given in the asset register have been carried at values greater than their recoverable amounts.

Depreciation expense of US\$ 1,402,418 (2010: US\$ 1,554,114) has been charged in 'cost of sales', US\$ 361,444 (2010: US\$391,270) has been charged in 'administrative expenses'.

On the 29th of June 2011, a fire which started outside the perimeter wall at the Pole yard in Mutare and damaged the two pole treatment autoclaves worth \$193,322. One autoclave has since been repaired and was commissioned 19 days after the fire. The second autoclave is due for commissioning in December 2011. The assets damaged belong to the Manufacturing segment.

6.1 Encumbered Assets

There are no encumbered assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. BIOLOGICAL ASSETS

	2011 US\$	2010 US\$	2009 US\$
At 1 July	82,828,342	74,372,359	79,034,288
Expenditure for the period	1,968,596	1,882,238	969,166
Fair value gain	10,973,007	8,936,592	3,534,878
	95,769,945	85,191,189	83,538,332
Deduct:	(5,337,691)	(2,362,847)	(9,165,973)
Destroyed by fire / Cyclone	(601,677)	(68,459)	(8,790,512)
Felled timber	(4,736,014)	(2,294,388)	(375,461)
At 30 June	90,432,254	82,828,342	74,372,359

Comprising of standing timber

Age

	2011 Hectares	2011 US\$	2010 Hectares	2010 US\$	2009 Hectares	2009 US\$
1- 6 years	6,804	1,740,159	6,579	1,776,386	5,861	1,025,588
7-12 years	4,675	9,847,427	4,665	10,206,516	5,045	5,861,278
13-18 years	6,952	39,452,620	6,422	38,337,821	5,429	30,709,078
19-24 years	3,043	26,028,032	2,402	21,176,072	2,585	25,211,227
25-30 years	401	4,616,101	378	4,686,031	491	6,784,953
Over 30 years	845	8,747,915	699	6,645,516	656	4,780,235
	22,720	90,432,254	21,145	82,828,342	20,067	74,372,359

Valuation of plantations

A director's valuation was carried out at 30th June 2011 based on estimated fair values based on cost in the local and regional market. In arriving at their estimates of fair values, the Directors have used market knowledge, professional judgement and historical data.

The growth in biological asset is linked to the mean annual increment (MAI) as determined by the Group's forestry planning department. MAI is the incremental movement in volume due to growth.

To calculate the volume of standing timber at 30 June 2011, the directors have used mean annual increment, calculated by estate, compartment, species and age class. Where the biomass for young trees is negligible and cannot be easily quantified, the fair value of such trees is restricted to cost incurred in growing the trees. The volume of standing timber at 30 June 2011 amounts to 3,294,502 m³ (2010; 2,916,772 m³, 2009; 1,440,376 m³)

The table below presents the sensitivity on profit/(loss) before tax due to change in assumptions. The sensitivities presented are a favourable movement, if the sensitivity variables are unfavourable, the negative impact on profit would be of a similar magnitude:

Effect of 5% increase in mean annual increment:

Increase in volume (cubic meters)	164,725
Increase in profit before tax (US\$)	4,521,613

The following assumptions were made in valuation of biological assets:

- Yield per estate, compartment, species and age class was computed based on current silviculture regime
- Where biomass for young trees is negligible and cannot easily be quantifiable, input costs were used
- Current recovery rates have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Changes in any estimates could lead to recognition of significant fair value changes in the statement of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INVENTORIES

	2011 US\$	2010 US\$	2009 US\$
Raw materials	256,999	158,794	132,380
Work-in-progress	2,580,540	2,133,384	1,556,799
Finished goods	683,476	1,143,642	2,022,556
Consumables	1,059,545	898,223	492,253
	4,580,560	4,334,043	4,203,988

The amount of write-down of inventories recognised as an expense is US\$396,614 (2010: US\$ 445 477, 2009: US\$348,459).

9. FINANCIAL INSTRUMENTS BY CATEGORY

Assets per statement of financial position

Loans and receivables			
Trade and other receivables (excluding prepayments)	3,601,423	1,877,540	1,190,591
Cash and cash equivalents	127,360	254,271	96,698
	3,728,783	2,131,811	1,287,289

Liabilities per statement of financial position

Other financial liabilities at amortised cost:			
Trade and other payables (excluding statutory liabilities)	2,535,481	2,228,314	2,384,413
Borrowings (excluding finance liabilities)	7,032,008	4,701,371	1,486,715
Finance lease liabilities	181,337	-	-
	9,748,826	6,929,685	3,871,128

10. TRADE AND OTHER RECEIVABLES

Trade receivables	2,827,093	1,500,943	988,522
Receivable from related parties (Note 19)	184,605	110,469	144,013
Prepayments	239,624	168,850	166,839
Other receivables	589,725	266,126	58,057
	3,841,047	2,046,388	1,357,430

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

Trade receivables are shown after deducting a provision for impairment of

Movement in the provision for impairment of trade receivables was as follows:

At 1 July	145,607	62,284	-
Charge to income statement	1,642	83,323	62,284
At 30 June	147,249	145,607	62,284

The analysis of net trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			0-30 days	31-60 days	61-90 days
	US\$	US\$	US\$	US\$	US\$
30 June 2011	2,827,093	1,584,167	569,204	293,946	379,776
30 June 2010	1,500,943	626,064	603,529	144,098	127,252
30 June 2009	988,522	307,739	492,426	90,577	97,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Past due but not impaired

These relate to a number of independent customers for whom there is no recent history of default.

Past due but impaired

The amount of the provision was US\$ 147,249 (2010:\$145,607). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute. A portion of the receivables is expected to be recovered.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 US\$	2010 US\$	2009 US\$
United States of America dollar	2,334,487	1,189,445	520,122
South African Rand	550,376	170,232	468,973
Botswana Pula	956,184	686,711	368,335
	3,841,047	2,046,388	1,357,430

11. CASH AND CASH EQUIVALENTS

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

Cash at bank and on hand

127,360	254,271	96,698
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Cash and cash equivalents include the following for the purpose of the statement of cash flows:

Cash and cash equivalents

Bank overdrafts (Note 14)

127,360	254,271	96,698
(2,240,330)	(3,144,388)	(11)

Cash and cash equivalents per statement of cash flows

(2,112,970)	(2,890,117)	96,687
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12. SHARE CAPITAL

Issued share capital

429,425	-	-
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Approval was granted by members at the Annual General meeting held on 26 November 2010 to redenominate the issued share capital valued at US\$0.01 per share.

Ordinary shares of US\$ 0.01 each

- authorized

- unissued

Issued and fully paid

	Number of shares	Number of shares	Number of shares
	43 000 000	43 000 000	43 000 000
	(57 513)	(57 513)	(57 513)
	42 942 487	42 942 487	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.

13. NON DISTRIBUTABLE RESERVES

Balance at 1 July

Prior period error (note 4)

Redenomination on share capital

Balance as at 30 June

The non-distributable reserve arose on restatement on change of functional currency.

	2011 US\$	2010 US\$	2009 US\$
Balance at 1 July	90,885,152	90,885,152	113,364,035
Prior period error (note 4)	-	-	(22,478,883)
Redenomination on share capital	(429,425)	-	-
Balance as at 30 June	90,455,727	90,885,152	90,885,152



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. BORROWINGS

Non-current

Bank loans (a)

Current

Bank loans (a)

Bank overdrafts (b)

Finance lease (c)

Other loans (d)

Total borrowings

	2011 US\$	2010 US\$	2009 US\$
Bank loans (a)	1,100,979	-	-
Bank loans (a)	3,365,724	1,271,990	1,486,704
Bank overdrafts (b)	2,240,330	3,144,388	11
Finance lease (c)	181,337	-	-
Other loans (d)	324,975	284,993	-
	6,112,366	4,701,371	1,486,715
Total borrowings	7,213,345	4,701,371	1,486,715

a) Bank loans are payable from July 2011 to May 2014 and bear average interest of 17% per annum. The loans are unsecured.

b) Bank overdrafts are unsecured and bear average interest rate of 13% per annum.

c) Finance lease liability is effectively secured as the rights to the leased asset revert to the lessor in the event of default.

d) Other loans bear interest at 20% per annum and are unsecured.

Finance Leases

The Group leases mobile production equipment from Loinette Company Leasing Limited, based in Tortola, British Virgin Islands under the following terms and conditions:

Lease period 12 months

Lease cost 13.5%

Rights to the leased asset pass on to the lessee upon fulfillment of the terms and conditions of the lease. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease liability – minimum lease payments

Gross finance lease liability – minimum lease payments:

Not later than 1 year

Later than 1 year and no later than 5 years

Later than 5 years

Future finance charges on finance leases

Present value of finance lease liabilities is as follows:

Not later than 1 year

Later than 1 year and no later than 5 years

Later than 5 years

	2011 US\$	2010 US\$	2009 US\$
Not later than 1 year	210,471	-	-
Later than 1 year and no later than 5 years	-	-	-
Later than 5 years	-	-	-
	210,471	-	-
Future finance charges on finance leases	(29,134)	-	-
	181,337	-	-
Not later than 1 year	181,337	-	-
Later than 1 year and no later than 5 years	-	-	-
Later than 5 years	181,337	-	-

Borrowings analysis:

	Effective interest rate	Maturity period	2011 US\$	2010 US\$	2009 US\$
Medium term bank loan	12%	3 years	1,100,979	-	-
Bank Loans - Stanbic	6%	150 days		-	500,000
- MBCA	13%	180 days		-	986,704
- FBC	18%	60 days	3,111,838	300,000	-
- IDBZ	13%	180 days	-	499,990	-
- NMB	18%	60 days	253,886	206,000	-
- NMB	25%	90 days	-	200,000	-
- KMB	-	180 days	-	66,000	-
Shareholders loan	20%	On demand	324,975	284,993	-
Loinette Finance Lease	13%	360 days	181,337	-	-
Bank overdraft facilities - Stanbic	12%	-	1,514,803	1,502,833	11
- FBC	15%	-	725,527	1,641,555	-
Total borrowings			7,213,345	4,701,371	1,486,715

All facilities bear a fixed interest rate.

The fair value of borrowings equals their carrying amounts, as the impact of discounting is not significant because the interest rates are fixed and the borrowings are short to medium term.

Borrowing costs

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

15. DEFERRED INCOME

Balance at 1 July
 Exchange rate adjustment
 Received during the year
 Transferred to income statement

Balance at 30 June

	2011 US\$	2010 US\$	2009 US\$
Balance at 1 July	-	646,918	486,716
Exchange rate adjustment	-	56,918	-
Received during the year	-	-	160,202
Transferred to income statement	-	(703,836)	-
Balance at 30 June	-	-	646,918

Deferred income relates to income received from the European Union during 2009 and 2010. The European Union undertook to finance the installation of a Steam Engine-powered generator set at Charter Sawmill. The total cost of the project was €818,301 of which €499,000 was the European Contribution.

The steam engine was commissioned during the last financial year. The condition of the grant was that funds should be used for the intended purpose. As the Steam Engine was commissioned, these funds were credited to profit and loss.

16. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets

- Deferred tax assets to be recovered after more than 12 months
- Deferred tax assets to be recovered within 12 months

Deferred tax liabilities

- Deferred tax liabilities to be recovered after more than 12 months
- Deferred tax liabilities to be recovered within 12 months

Deferred tax liability (net)

796,359	679,234	-
45,406	13,953	12,483
841,765	693,187	12,483
31,490,924	29,731,084	33,639,239
68,178	47,578	122,752
31,559,102	29,778,662	33,761,991
30,717,337	29,085,475	33,749,508



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The gross movement on the deferred tax account is as follows:

	2011 US\$	2010 US\$	2009 US\$
At 1 July	29,085,475	33,749,508	10,578,693
Charge / (credit) to income statement (Note 24)	1,631,862	(5,477,658)	23,170,815
Current year charge to income statement	1,631,862	(813,900)	691,932
Prior period adjustment (Note 4)	-	(4,663,758)	22,478,883

Charged to other comprehensive income

	-	813,625	-
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At 30 June

	30,717,337	29,085,475	33,749,508
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The deferred income tax account comprise the following:

Accelerated depreciation for tax purposes	8,204,619	8,402,786	10,658,180
Biological assets	23,286,305	21,328,298	22,981,059
Prepayments	61,703	43,479	113,353
Unrealised exchange gains	6,475	4,099	9,399
Unrealised profit in inventory	(45,406)	(13,953)	(12,483)
Assessed tax losses	(796,359)	(679,234)	-
	30,717,337	29,085,475	33,749,508

The deferred income tax charge to the income statement comprised of the following:

	2011 US\$	2010 US\$
Accelerated depreciation for tax purposes	(198,167)	(3,055,988)
Biological assets	1,958,007	(1,652,487)
Prepayments	18,224	(69,874)
Unrealised exchange gains	2,376	(5,299)
Unrealised profit in inventory	(31,454)	(1,470)
Assessed tax losses	(117,125)	(679,234)
Revaluation	-	800,594
Reduction in tax rate	-	(813,900)
	1,631,862	(5,477,658)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group recognised deferred income tax assets of US\$796,359 in respect of tax losses amounting to \$3,092,656. Deferred tax asset from subsidiaries has not been recognised as it is not certain that related tax benefits will be realised through future tax profits.

17. TRADE AND OTHER PAYABLES

	2011 US\$	2010 US\$	2009 US\$
Trade payables	1,995,168	1,772,373	1,990,637
Accruals	517,389	308,366	236,245
Payable to related parties (note 19)	22,924	147,575	157,531
Statutory liabilities	166,320	131,607	61,468
	2,701,801	2,359,921	2,445,881

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.

Statutory liabilities comprise statutory levies US\$75,107 (2010: \$50,960; 2009: \$6,743), employee income tax US\$48,229 (2010: \$56,785; 2009: \$21,576) and employee statutory pensions US\$ 42,984 (2010: \$23,863; 2009 \$33,150).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PROVISIONS

Analysis of provisions:

At 1 July

Additional provision

Amounts utilized

At 30 June

	2011 US\$	2010 US\$	2009 US\$
At 1 July	156,348	196,922	-
Additional provision	225,157	-	196,922
Amounts utilized	(79,924)	(40,574)	-
At 30 June	301,581	156,348	196,922

The provision consists of an annual bonus and a performance based bonus. Performance based bonus is paid as and when the monthly set targets are met whilst the annual bonus is expected to be paid in December 2011

19. RELATED PARTY DISCLOSURES

The Group's parent is Radar Holdings Limited, and the ultimate parent is Saxonian Estate Limited. The Group trades with various fellow subsidiary companies. These are conducted on an arm's length basis. In addition, the Group participates in financial transactions involving the holding company and fellow subsidiaries. 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	
			2011	2010
Border Timbers International (Private) Limited	Zimbabwe	Manufacturing	100%	100%
Hangani Development Company (Private)	Zimbabwe	Dormant	100%	100%

a) Key management personnel remuneration and other compensation

- Salaries and other short term employee benefits
- Pension contributions

	2011 US\$	2010 US\$
- Salaries and other short term employee benefits	265,793	141,724
- Pension contributions	8,824	5,935
	274,617	147,659

Key management includes directors (executive and non-executive).

b) Transactions

i) Sales

- Radar Investments (Private) Limited
- MacDonald Bricks (Division)
- United Builders Merchants (Division)

ii) Purchases

- Radar Investments (Private) Limited
- United Builders Merchants (Division)

iii) Management fees paid

- Radar Investments (Private) Limited

iv) Professional fees paid

- Radar Investments (Private) Limited

v) Interest paid

- Forrester Estates (Private Limited)

Nature of Relationship

Fellow subsidiary

Fellow subsidiary

Fellow subsidiary

Fellow subsidiary

Common shareholding

	2011 US\$	2010 US\$
- Radar Investments (Private) Limited	1,076,937	1,237,109
- MacDonald Bricks (Division)	-	15,075
- United Builders Merchants (Division)	-	-
- Radar Investments (Private) Limited	295,715	56,430
- United Builders Merchants (Division)	-	-
- Radar Investments (Private) Limited	392,576	240,000
- Radar Investments (Private) Limited	-	11,770
- Forrester Estates (Private Limited)	39,983	34,993

c) Year end balances

Receivables from related parties

- Radar Investments (Private) Limited
- MacDonald Bricks (Division)
- United Builders Merchants (Division)
- Beit Bridge Juices (Private) Limited
- Radar Properties (Private) Limited

Fellow subsidiary

Common shareholding

Fellow subsidiary

Payables to related parties

- Radar Investments (Private) Limited
- MacDonald Bricks (Division)
- United Builders Merchants (Division)
- Makandi Tea and Coffee (Private) Limited
- Radar Holdings Limited
- Rift Valley Holdings (Private) Limited

Fellow subsidiary

Common shareholding

Parent

Common shareholding

	2011 US\$	2010 US\$	2009 US\$
- Radar Investments (Private) Limited	24,715	-	-
- MacDonald Bricks (Division)	34,874	-	17,613
- United Builders Merchants (Division)	124,117	109,570	113,291
- Beit Bridge Juices (Private) Limited	899	899	13,095
- Radar Properties (Private) Limited	-	-	14
	184,605	110,469	144,013
- Radar Investments (Private) Limited	-	85,734	108,757
- MacDonald Bricks (Division)	639	639	-
- United Builders Merchants (Division)	22,285	42,634	18,799
- Makandi Tea and Coffee (Private) Limited	-	-	15,075
- Radar Holdings Limited	-	15,438	-
- Rift Valley Holdings (Private) Limited	-	3,130	14,900
	22,924	147,575	157,531
- Forrester Estates (Private) Limited	324,975	284,993	-

d) Loans from related parties

- Forrester Estates (Private) Limited

Common shareholding

The sales to and purchases from related parties are based on the price list in force and terms that would be available to third parties. Outstanding balances at the year-end are unsecured, interest free (except for shareholders loan) and settlement occurs in cash. The shareholder's loan carries an interest of 20% per annum and is available on demand. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2011, 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER OPERATING INCOME – NET

	2011 US\$	2010 US\$
Loss on disposal of property, plant & equipment	(5,023)	(64,882)
Proceed from insurance claim	250,000	-
Transfer from deferred income	-	703,836
Exchange (losses) / gains	(7,849)	156,833
Sundry income	127,933	121,239
	365,061	917,026

Insurance proceeds are in respect of pole plant fire claim.

21. EXPENSES BY NATURE

Raw material and consumables used	1,739,577	1,514,700
Depreciation charges (note 6)	1,763,862	1,945,384
Employee benefit expense (note 22)	6,101,836	5,404,962
Haulage	2,094,636	1,020,508
Repairs and maintenance - motor vehicles	3,243,774	2,230,302
Repairs and maintenance - plant/buildings	2,604,379	1,612,534
Sub contract services	875,301	398,820
Consultancy	598,344	209,579
Electricity	787,454	567,183
Auditors remuneration		
- current year audit services	64,000	-
- prior year audit services	90,987	91,227
- current year non-audit services	7,047	7,268
Plantation damage/redemption (note 7)	5,337,691	2,362,846
Provision for doubtful debts (note 10)	1,642	83,323
Impairment :		
- impairment of property, plant and equipment (note 6)	193,322	4,452,245
- inventory (note 8)	396,614	445,477
Other expenses	1,544,065	1,156,298
	27,444,531	23,502,656
Capitalisation of forestry costs (note 7)	(1,968,596)	(1,882,238)
	25,475,935	21,620,418

Total cost of sales, administrative and distribution and selling costs

22. EMPLOYEE BENEFIT EXPENSES

Wages and salaries	4,895,016	4,296,682
Pension fund contribution (note 26)	330,762	306,384
Social security costs (note 26)	256,971	222,692
Staff welfare costs	344,470	431,545
	5,827,219	5,257,303
Directors remuneration:		
Salaries and other short term employee benefits	265,793	141,724
Pension contributions	8,824	5,935
	6,101,836	5,404,962

Manning levels at 30 June

	Number of employees	Number of employees
Permanent	1,404	1,395
Contract	1,608	1,135
Total	3,012	2,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE INCOME AND COSTS

Finance costs
Interest paid:
-Bank loans
-Finance lease liability
-Related party borrowings

Finance income
- Interest income on short-term bank deposits

	2011 US\$	2010 US\$
	1,064,327	286,084
	28,727	-
	39,983	34,993
	1,133,038	321,077
	3,405	1,060
	1,631,862	(5,477,658)
	6,662,831	1,756,244
	1,715,679	452,233
	(83,817)	(304,973)
	-	(5,624,918)
	1,631,862	(5,477,658)

24. TAXATION

Deferred income tax charge/(credit)

Tax Reconciliation:
Profit before taxation

- Taxation at normal rate
- Non-deductible expenses
- Adjustment to deferred tax liability resulting from change in tax rate
Tax charge

The applicable corporate tax rate for Zimbabwean companies was reduced to 25.75% during 2010 from 30.9% in 2009. The change was enacted into law by the Zimbabwean Government in December 2009 and was therefore applicable for the year ended 30 June 2010.

25. EARNINGS PER SHARE

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Profit attributable to equity holders (US\$)	5,030,969	7,233,902
Weighted average number of ordinary shares	42,942,487	42,942,487

b) Diluted

Diluted earnings per share is calculated after adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had no potentially dilutive ordinary shares (2010: nil).

Profit attributable to equity holders (US\$)	5,030,969	7,233,902
Weighted average number of ordinary shares for diluted earnings per share	42,942,487	42,942,487

26. PENSION FUNDS

26.1 The Radar Group Pension Fund

The fund is a defined contribution scheme and is not subject to actuarial valuation. Employer/employee contributions are 10% and 5% respectively.

26.2 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 2011 were 3% of pensionable emoluments.

Contributions recognized in the income statement:

Radar Group pension fund	339,586	312,319
National social security fund	256,971	222,692
Staff welfare costs	596,557	535,011



27. 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 finance 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.

Derivative Financial Instruments

The Group, in its management of foreign currency, does not use derivative financial instruments, nor are any held for trading purposes.

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 which 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 which 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.

27.1 Interest Rate Risk Management

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

At 30 June 2011, if the interest rate had been 3 percentage points higher with all other variables held constant, profit before tax would have been US\$47,033 (2010:US\$ 44,725) lower and current liabilities would have been US\$47,033 (2010:US\$ 44,725) higher due to the increased interest obligations. Similarly at 30 June 2011, if the interest rates had been 3 percentage points lower with all other variables held constant, profit before tax would have been US\$47,033 (2010:US\$ 44,725) higher and current liabilities would have been US\$47,033 (2010:US\$ 44,725) lower due to reduced interest obligations.

27.2 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 Group's functional currency. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

With all other variables held constant, the Group's profit before tax, current liabilities and current assets are affected through the impact of the fluctuating foreign exchange rates as follows: At 30 June 2011, if the foreign currency exchange rates had been 5% higher with all other variables held constant, profit before tax would have been US\$30,883 higher (2010: US\$ 26,173 lower), current liabilities would have been US\$9,164 (2010: US\$ 283) lower and current assets would have been US\$21,719 higher (2010: US\$ 26,456 lower). Similarly at 30 June 2011, if the foreign currency exchange rates had been 5% lower with all other variables held constant, profit before tax would have been US\$29,728 lower (2010: US\$26,173 higher), current liabilities would have been US\$9,804 (2010: US\$283) higher and current assets would have been US\$19,924 lower (2010: US\$26,456 higher).

27.3 Credit Risk Management

Credit risk arises from credit exposures to customers, including outstanding receivables and committed transactions as well as cash and cash equivalents.

Trade receivables

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 impairment is not significant. The maximum exposure is the carrying amount of trade receivables.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.

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. Reputable financial institutions are used for investing and cash handling purposes.

27.4 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 summarizes the maturity profile of the Group's financial liabilities at 30 June 2011

27.5 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 maximize 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 2011.

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.

The gearing ratios at 30 June were as follows:

	2011 US\$	2010 US\$	2009 US\$
Interest bearing loans and borrowings	7,213,345	4,701,371	1,486,715
Less cash and short term deposits	127,360	254,271	96,698
Net debt	7,085,985	4,447,100	1,390,017
Equity	104,914,395	99,883,426	90,284,043
Gearing ratio	6%	4%	2%

The Group's strategy is to maintain the gearing ratio below 50%.



27.6 Financial Risk Management – (Agricultural Activities)

As a leading member of the Timber Producers Federation (TPF), the Group complies with the TPF Fire Policy, and actively participates in TPF District Fire Committees. District Fire Committees include Traditional Leaders and Local Authorities, Zimbabwe Republic Police (ZRP), Environmental Management Agency (EMA), Forestry Commission and landowners within each District.

The risk to the company's plantation area from uncontrolled fires is increased because of the presence of illegal settlers on four of the company's five estates. Each estate annually produces a Fire Plan identifying risk levels for each compartment and responses to mitigate such risk as far as is practical, and identifying fire-control teams, equipment and infrastructure, fire responses and callout procedures. Fire-awareness campaigns are carried out in conjunction with the District Fire Committees. Areas are selected for pre-season fuel-reduction burns. Teams are trained at Basic, Fire-fighter and Fire Boss level and refresher drill are carried out weekly during the Fire Season. All estates are covered day and night throughout the year by manned Fire Towers and a radio network. Standby teams including specialised, dedicated Fire Tenders are on duty at all times during the Fire Season and procedures are in place to rapidly augment first-call teams with local back-up, then with additional units from other estates, should the need arise.

All major fires are investigated with a view to improving response and effectiveness. Fires of unknown origin or resulting from illegal activities are reported to ZRP.

Over and above the fire risks, the group is exposed to financial risks arising from climatic changes, disease and other natural risks such as flooding and storms and human-induced losses arising from strikes, civil commotion and malicious damage. Management is in constant liaison with the community and local authorities in an effort to manage the exposure.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated 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. Receivables were tested for impairment and adjusted for accordingly.

The fair value of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction of willing parties, other than a forced or liquidation sale.

29. 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.

30. CASH FLOW INFORMATION

30.1 Non cash items and other adjustments

- Depreciation (note 6)
- Fair value gain on biological assets (note 7)
- Plantation redemption (note 7)
- Loss on disposal of property, plant & equipment
- Grant income (note 15)
- Impairment loss (note 21)

	2011 US\$	2010 US\$
	1,763,862	1,945,384
	(10,973,007)	(8,936,592)
	5,337,691	2,362,845
	5,023	64,882
	-	(646,918)
	193,322	4,452,245
	(3,673,109)	(758,154)
	(246,519)	(130,056)
	(1,720,525)	(722,502)
	611,766	(116,580)
	(198,786)	23,589
	(1,554,063)	(945,549)

30.2 Movement in working capital

- Inventories
- Receivables
- Trade and other payables
- Related party balances

31. 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 of the Land Reform Program 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 to 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, and are therefore not considered to be impaired. The Group has free and undisturbed use of the land and continues capital expenditure activities on the land.

32. CONTINGENT LIABILITIES

Border Timbers Limited employees have been granted an award by an arbitrator for Border Timbers Limited to pay the employees back pay and to pay them wages and salaries gazetted by NEC. Border Timbers Limited has appealed and the appeal is still at the labour court. The potential liability is \$820,000.

33. CAPITAL COMMITMENTS

Capital expenditure approved as at 30 June:

Contracted

Not contracted:

Property, plant and equipment

Plantation establishment

	2011 US\$	2010 US\$	2009 US\$
Contracted	-	-	-
Property, plant and equipment	4,264,685	3,074,839	2,904,284
Plantation establishment	2,959,012	1,866,879	1,682,122
	7,223,697	4,941,718	4,586,406

All commitments are to be funded from Group resources and borrowings. Included in the 2011 capital commitments is \$525,010 which is the estimated cost of refurbishing the pole plant damaged by fire.

33. EVENTS AFTER THE REPORTING PERIOD

The company lost 1,055 hectares of plantation to fires with Sheba Estate recording the bulk of the loss. The cause of the fires ranged from accidental veld fires to settler induced fires. Where fires were caused by settlers, the necessary reports have been made to law enforcement agencies and cases opened.

The distribution of the fire losses is given below:

Estate	Area Lost
Charter	334
Sheba	720
Tilbury	1
Total	1,055

Salvage operations commenced soon after the fires and are expected to mitigate the loss. The extent of the loss will only be certain after the salvage operations.



COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2011 US\$	Restated 2010 US\$	Restated 2009 US\$
ASSETS				
Non-current assets				
Property, plant and equipment	2	46,867,238	46,723,497	48,779,512
Biological assets	3	90,432,254	82,828,342	74,372,359
		<u>137,299,492</u>	<u>129,551,839</u>	<u>123,151,871</u>
Current assets				
Inventories	4	3,800,460	3,763,572	3,800,024
Trade and other receivables	6	5,496,828	3,169,844	1,671,177
Cash and bank	7	71,260	238,917	88,869
		<u>9,368,548</u>	<u>7,172,333</u>	<u>5,560,070</u>
TOTAL ASSETS		<u>146,668,040</u>	<u>136,724,172</u>	<u>128,711,941</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	8	429,425	-	-
Non distributable reserves	9	90,455,727	90 885 152	90 885 152
Revaluation reserve		2 365 481	2 365 481	-
Retained earnings / (accumulated loss)		12 635 098	7 268 354	(661 112)
Total equity		<u>105,885,731</u>	<u>100,518,987</u>	<u>90,224,040</u>
LIABILITIES				
Non – current liabilities				
Borrowings	10	1,100,979	-	-
Deferred income	11	-	-	646,918
Deferred income tax liability	12	30,762,745	29,099,427	33,761,991
		<u>31,863,724</u>	<u>29,099,427</u>	<u>34,408,909</u>
Current liabilities				
Trade and other payables	13	2,538,186	2,271,005	2,407,210
Provisions	14	268,033	133,594	185,067
Borrowings	10	6,112,366	4,701,158	1,486,715
		<u>8,918,585</u>	<u>7,105,757</u>	<u>4,078,992</u>
TOTAL EQUITY AND LIABILITIES		<u>146,668,040</u>	<u>136,724,172</u>	<u>128,711,941</u>



KRR SCHOFIELD
CHAIRMAN OF THE BOARD
31 OCTOBER 2011



P. NYEMBA
FINANCE DIRECTOR

COMPANY INCOME STATEMENT

COMPANY INCOME STATEMENT

	Notes	Restated 2011 US\$	2010 US\$
REVENUE			
Cost of sales	17	21,006,256 (18,394,038)	13,423,750 (11,611,338)
GROSS PROFIT		2,612,218	1,812,412
Fair value gains on biological assets	3	10,973,007	8,936,592
Other operating income-net	16	358,737	906,357
Distribution and selling expenses	17	(1,578,993)	(1,184,255)
Administration expenses	17	(4,136,581)	(7,697,633)
OPERATING PROFIT BEFORE INTEREST AND TAXATION		8,025,096	2,773,473
Finance income	19	99,798	859
Finance costs	19	(1,094,834)	(321,054)
PROFIT BEFORE TAXATION		7,030,060	2,453,278
Income tax (expense)/credit	20	(1,663,316)	5,476,188
PROFIT FOR THE YEAR		5,366,744	7,929,466
COMPANY STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		5,366,744	7,929,466
Other comprehensive income:			
Revaluation of property, plant and equipment		-	3,179,106
Income tax effect		-	(813,625)
Total other comprehensive income for the year, net of tax		-	2,365,481
Total comprehensive income for the year, net of tax		5,366,744	10,294,947



COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Non distributable reserves	Revaluation reserves	Retained earnings / (accumulated losses)	Total equity
	US\$	US\$	US\$	US\$	US\$
Balance at 1 July 2009 as previously reported	-	113,364,035	-	(661,112)	112,702,923
Prior period adjustment (Note 1)	-	(22,478,883)	-		(22,478,883)
Balance as at 30 June 2009 restated	-	90,885,152	-	(661,112)	90,224,040
Comprehensive income:					
Profit for the year restated	-	-	-	7,929,466	7,929,466
Other comprehensive income:					
Gain on revaluation of property, plant and equipment, net of tax	-	-	2,365,481	-	2,365,481
Balance as at 30 June 2010 restated	-	90,885,152	2,365,481	7,268,354	100,518,987
Comprehensive income:					
Profit for the year	-	-	-	5,366,744	5,366,744
Transactions with owners:					
Re-denomination of shares	429,425	(429,425)	-	-	-
Balance as at 30 June 2011	429,425	90,455,727	2,365,481	12,635,098	105,885,731

COMPANY STATEMENT OF CASH FLOWS

COMPANY STATEMENT OF CASH FLOWS

	Notes	2011 US\$	2010 US\$
Cash flow from Operating activities			
Profit before interest and tax		8,025,096	2,773,473
Adjustment for non-cash items:			
- Depreciation		1,763,861	1,945,384
- Fair value gain in biological assets		(10,973,007)	(8,936,592)
- Plantation redemption		5,337,691	2,362,846
- Profit on disposal of property, plant & equipment		5,024	64,877
- Grant income		-	(646,918)
- Impairment loss		193,322	4,452,245
		(3,673,109)	(758,158)
		(1,962,253)	(1,649,892)
Working Capital Changes:			
- (Increase)/decrease in inventories		(36,888)	36,451
- Increase in receivables		(1,389,180)	(639,493)
- Increase / (decrease) in payables		533,086	(177,465)
- Increase in related party balances		(1,069,268)	(869,385)
Net cash generated from operating activities		2,389,734	365,423
Cash flow from investing activities			
Purchase of property, plant & equipment		(1,691,506)	(1,968,596)
Expenditure on plantations		(2,041,590)	(1,882,238)
Increase in capital work-in-progress		(417,443)	814,205
Proceeds on disposal of property, plant equipment		3,000	-
Interest received		99,798	859
Net cash used in investing activities		(3,974,747)	(3,108,764)
Cash flow from financing activities			
Proceeds from borrowings		10,297,245	2,070,382
Repayments of borrowings		(6,881,213)	(2,000,103)
Interest costs		(1,094,834)	(321,054)
Net cash generated from / (used in) financing activities		2,321,198	(250,775)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		736,188	(2,994,116)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(2,905,258)	88,858
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	(2,169,070)	(2,905,258)



1. CORRECTION OF PRIOR PERIOD ERRORS

During the financial year, the Group identified errors in the opening balances of deferred income tax liabilities. Deferred tax was not provided on the deemed cost of biological assets and land, roads and bridges as at 1 July 2009; and assessable tax losses for the year ending 30 June 2010. The errors were identified during the current financial year and in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, the deferred tax has been corrected retrospectively and certain comparative figures have been restated.

The effect of the restatement on the 2010 and 2009 financial statements is shown below:

	Deferred tax liability US\$ 2011	Non distributable reserve US\$ 2010	Retained earnings US\$ 2009
Financial position			
Balance at 1 July 2009 (as previously reported)	11,283,108	113,364,035	-
Correction of error	22,478,883	(22,478,883)	-
Balance at 1 July 2009 (restated)	33,761,991	90,885,152	-
Balance at 30 June 2010 (as previously reported)	11,284,302	113,364,036	2,604,596
Correction of error – 2009	22,478,883	(22,478,883)	-
2010	(4,663,758)	-	4,663,758
Balance at 30 June 2010 (restated)	29,099,427	90,885,152	7,268,354
Comprehensive income			
Profit after tax (as previously reported)			3,265,708
Correction of error in tax credit			4,663,758
Profit after tax (restated)			7,929,466

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2 PROPERTY, PLANT & EQUIPMENT

	LAND AND BUILDINGS US\$	PLANT AND MACHINERY US\$	MOTOR VEHICLES AND TRACTORS US\$	FURNITURE AND FITTINGS US\$	CAPITAL WORK -IN- PROGRESS US\$	2010 TOTAL US\$
At 1 July 2009						
Deemed cost	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Accumulated depreciation	-	-	-	-	-	-
Net book amount	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Year ended 30 June 2010						
Opening net book amount	35,879,135	7,745,780	4,022,084	134,077	998,436	48,779,512
Additions	1,012	182,955	1,040,057	3,360	-	1,227,384
Disposals	(3,996)	-	(60,880)	-	-	(64,876)
Transfers in / (out)	5,000	39,500	735,952	33,752	(814,204)	-
Revaluation surplus	1,111,862	944,485	1,120,012	2,747	-	3,179,106
Impairment charge	(1,142,360)	(2,100,020)	(1,181,120)	(28,745)	-	(4,452,245)
Depreciation charge	(790,261)	(654,697)	(464,244)	(36,182)	-	(1,945,384)
Closing net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
At 30 June 2010						
Cost or valuation	35,850,653	6,812,700	5,676,105	145,191	184,232	48,668,881
Accumulated depreciation	(790,261)	(654,697)	(464,244)	(36,182)	-	(1,945,384)
Net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
Year ended 30 June 2011						
Opening net book amount	35,060,392	6,158,003	5,211,861	109,009	184,232	46,723,497
Additions	-	430,865	1,191,564	3,813	482,707	2,108,949
Disposals	-	-	(8,024)	-	-	(8,024)
Transfers in /(out)	-	64,765	500	-	(65,265)	-
Impairment charge	-	(18,789)	(174,533)	-	-	(193,322)
Depreciation charge	(644,095)	(666,267)	(424,680)	(28,820)	-	(1,763,862)
Closing net book amount	34,416,297	5,968,576	5,796,688	84,002	601,675	46,867,238
At 30 June 2011						
Cost or valuation	35,850,653	7,289,540	6,685,612	149,004	601,675	50,576,484
Accumulated depreciation	(1,434,356)	(1,320,964)	(888,924)	(65,002)	-	(3,709,246)
Net book amount	34,416,297	5,968,576	5,796,688	84,002	601,675	46,867,238

The Company's property, plant and equipment were last valued on 30 June 2010 by independent valuers. For the year ended 30 June 2011, physical inspection of property, plant and equipment was carried out by the engineering department with the assistance of divisional management to assess the condition of property, plant and equipment. It is the belief of management that all assets given in the asset register have been carried at values greater than their recoverable amounts.

Depreciation expense of US\$ 1,402,418 (2010: US\$ 1,554,114) has been charged in 'cost of sales', US\$ 361,444 (2010: US\$ 391,270) has been charged in 'administrative expenses'.

2.1 Encumbered Assets

There are no encumbered assets.



NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3. BIOLOGICAL ASSETS

	2011 US\$	2010 US\$	2009 US\$
At 1 July	82,828,342	74,372,359	79,034,288
Expenditure for the period	1,968,596	1,882,238	969,166
Fair value gain	10,973,007	8,936,592	3,534,878
	95,769,945	85,191,189	83,538,332
Deduct:			
Destroyed by fire / Cyclone	(601,677)	(68,459)	(8,790,512)
Felled timber	(4,736,014)	(2,294,388)	(375,461)
At 30 June	90,432,254	82,828,342	74,372,359

Comprising of standing timber	2011 Hectares	2011 US\$	2010 Hectares	2010 US\$	2009 Hectares	2009 US\$
Age						
1- 6 years	6,804	1,740,159	6,579	1,776,386	5,861	1,025,588
7-12 years	4,675	9,847,427	4,665	10,206,516	5,045	5,861,278
13-18 years	6,952	39,452,620	6,422	38,337,821	5,429	30,709,078
19-24 years	3,043	26,028,032	2,402	21,176,072	2,585	25,211,227
25-30 years	401	4,616,101	378	4,686,031	491	6,784,953
Over 30 years	844	8,747,916	699	6,645,516	656	4,780,235
	22,720	90,432,254	21,145	82,828,342	20,067	74,372,359

Valuation of plantations

A director's valuation was carried out at 30th June 2011 based on estimated fair values based on cost in the local and regional market. In arriving at their estimates of fair values, the Directors have used market knowledge, professional judgement and historical data.

The growth in biological asset is linked to the mean annual increment (MAI) as determined by the Company's forestry planning department.

MAI is the incremental movement in volume due to growth.

To calculate the volume of standing timber at 30 June 2011, the directors have used mean annual increment, calculated by estate, compartment, species and age class. Where the biomass for young trees is negligible and cannot be easily quantified, the fair value of such trees is restricted to cost incurred in growing the trees. The volume of standing timber at 30 June 2011 amounts to 3,294,502 m³ (2010; 2,916,772 m³, 2009; 1,440,376 m³)

The table below presents the sensitivity on profit/(loss) before tax due to change in assumptions. The sensitivities presented are a favourable movement, if the sensitivity variables are unfavourable, the negative impact on profit would be of a similar magnitude:

Effect of 5% increase in mean annual increment:	
Increase in volume (cubic meters)	164,725
Increase in profit before tax (US\$)	4,521,613

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

- Yield per estate, compartment, species and age class was computed based on current silviculture regime
- Where biomass for young trees is negligible and cannot easily be quantifiable, input costs were used
- Current recovery rates have been used to arrive at saleable output
- Prices used for valuation are market linked
- Yield volumes are dependent on species and age

Changes in any estimates could lead to recognition of significant fair value changes in the statement of comprehensive income.

4. INVENTORIES	2011 US\$	2010 US\$	2009 US\$
Work-in-progress	2,246,369	2,073,727	1,419,994
Finished goods	632,862	931,533	1,887,778
Consumable	992,229	758,312	492,252
	3,800,460	3,763,572	3,800,024
The amount of write-down of inventories recognised as an expense is US\$396,614 (2010: US\$ 445 477, 2009; 348,459).			
5. FINANCIAL INSTRUMENTS BY CATEGORY			
<i>Assets per statement of financial position loans and receivables</i>			
Trade and other receivables (excluding prepayments)	5,257,207	3,000,995	1,304,340
Cash and cash equivalents	71,260	238,917	88,869
<i>Liabilities per statement of financial position</i>	5,328,467	3,239,912	1,393,209
<i>Other financial liabilities at amortised cost</i>			
Trade and other payables excluding (statutory liabilities)	2,371,865	2,139,398	2,448,688
Borrowings (excluding finance liabilities)	7,032,008	4,701,371	1,486,715
Finance lease liabilities	181,337	-	-
	9,585,210	6,840,769	3,935,403
6. TRADE AND OTHER RECEIVABLES			
Trade receivables	2,211,084	1,327,562	785,970
Receivable from related parties (Note 15)	2,604,303	1,666,500	807,328
Prepayments	239,624	168,850	25,437
Other receivables	441,817	6,932	52,442
	5,496,828	3,169,844	1,671,177
Trade and other receivables do not bear interest and are normally settled on 30 day terms for local sales and 90 days for export sales.			
Trade receivables are shown after deducting a provision for impairment of	120,436	120,794	62,284
Movement in the provision for impairment of trade receivables was as follows:			
At 1 July	120,794	62,284	-
Charge to income statement	(358)	58,510	62,284
At 30 June	120,436	120,794	62,284



The analysis of net trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			0-30 days	31-60 days	61-90 days
	US\$	US\$	US\$	US\$	US\$
30 June 2011	2,211,084	1,123,394	531,490	202,543	353,657
30 June 2010	1,327,562	698,195	431,702	82,015	115,650
30 June 2009	785,970	183,955	299,366	169,391	133,258

Past due but not impaired

These relate to a number of independent customers for whom there is no recent history of default.

Past due but impaired

The amount of the provision was US\$ 120,436 (2010:\$120,794). The individually impaired receivables mainly relate to customers facing liquidity challenges and amounts in dispute. A portion of the receivables is expected to be recovered.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011 US\$	2010 US\$	2009 US\$
United States of America dollar	4,382,539	2,599,206	1,023,789
South African Rand	356,994	72,580	327,237
Botswana Pula	757,295	498,058	320,151
	5,496,828	3,169,844	1,671,177

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the period include deposits with banks and cash on hand

Cash at bank and on hand	71,260	238,917	88,869
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Cash and cash equivalents include the following for the purposes of statement of cash flows:

Cash at bank and on hand	71,260	238,917	88,869
Bank overdrafts (Note 10)	(2,240,330)	(3,144,175)	(11)
Cash and cash equivalents	(2,169,070)	(2,905,258)	88,858

8. SHARE CAPITAL

Issued share capital	429,425	-	-
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Approval was granted by members at the Annual General meeting held on 26 November 2010 to redenominate the issued share capital valued at US\$0.01 per share.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

	Number of Shares	Number of Shares	Number of Shares
Ordinary shares of US\$ 0.01 each			
- authorized	43 000 000	43 000 000	43 000 000
- unissued	(57 513)	(57 513)	(57 513)
Issued and fully paid	42 942 487	42 942 487	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.

9. NON DISTRIBUTABLE RESERVES

	2011 US\$	2010 US\$	2009 US\$
Balance at 1 July	90,885,152	90,885,152	113,364,035
Prior period error (note 1)	-	-	(22,478,883)
Redenomination on share capital	(429,425)	-	-
Balance at 30 June	90,455,727	90,885,152	90,885,152

The non-distributable reserve arose on restatement on change of functional currency.

10. BORROWINGS

Non-Current			
Bank loans (a)	1,100,979	-	-
Current			
Bank loans (a)	3,365,723	1,271,990	1,486,704
Bank overdrafts (b)	2,240,331	3,144,175	11
Finance lease (c)	181,337	-	-
Other loans (d)	324,975	284,993	-
	6,112,366	4,701,158	1,486,715
Total borrowings	7,213,345	4,701,158	1,486,715

- a) Bank loans are payable from July 2011 to May 2014 and bear average interest of 17% per annum. The loans are unsecured.
 b) Bank overdrafts are unsecured and bear average interest rate of 13% per annum.
 c) Finance lease liability is effectively secured as the rights to the leased asset revert to the lessor in the event of default.
 d) Other loans bear interest at 20% per annum and are unsecured.

Finance Leases

The Group leases mobile production equipment from Loinette Company Leasing Limited, based in Tortola, British Virgin Islands under the following terms and conditions:

Lease period	12 months
Lease cost	13.5%

Rights to the leased asset pass on to the lessee upon fulfillment of the terms and conditions of the lease. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2011 US\$	2010 US\$	2009 US\$
Gross finance lease liability – minimum lease payments			
Gross finance lease liability – minimum lease payments:			
Not later than 1 year	210,471	-	-
Later than 1 year and no later than 5 years	-	-	-
Later than 5 years	-	-	-
	210,471	-	-
Future finance charges on finance leases	(29,134)	-	-
	181,337	-	-
Present value of finance lease liabilities is as follows:			
Not later than 1 year	181,337	-	-
Later than 1 year and no later than 5 years	-	-	-
Later than 5 years	-	-	-
	181,337	-	-



NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Borrowing analysis

	Effective Interest Rate	Maturity Period	2011 US\$	2010 US\$	2009 US\$
Medium term bank loan	12%	3 years	1,100,979	-	-
Bank Loans - Stanbic	6%	150 days		-	500,000
- MBCA	13%	180 days		-	986,704
- FBC	18%	60 days	3,111,838	300,000	-
- IDBZ	13%	180 days	-	499,990	-
- NMB	18%	60 days	253,886	206,000	-
- NMB	25%	90 days	-	200,000	-
- KMB	-	180 days	-	66,000	-
Shareholders loan	20%	365 days	324,975	284,993	-
Loinette Finance Lease	13.5%	360 days	181,337	-	-
Bank overdraft facilities - Stanbic	12%		1,514,803	1,502,620	11
- FBC	15%		725,527	1,641,555	-
Total borrowings			7,213,345	4,701,158	1,486,715

All facilities bear a fixed interest rate.

The fair value of borrowings equals their carrying amounts, as the impact of discounting is not significant.

Borrowing costs

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

11. DEFERRED INCOME

Balance at 1 July
Exchange rate adjustment
Received during the year
Transferred to income statement
Balance at 30 June

	2011 US\$	2010 US\$	2009 US\$
Balance at 1 July	-	646,918	486,716
Exchange rate adjustment	-	56,918	-
Received during the year	-	-	160,202
Transferred to income statement	-	(703,836)	-
Balance at 30 June	-	-	646,918

12. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets

- Deferred tax assets to be recovered after more than 12 months
- Deferred tax assets to be recovered within 12 months

- Deferred tax assets to be recovered after more than 12 months	796,359	679,234	-
- Deferred tax assets to be recovered within 12 months	-	-	-
	796,359	679,234	-

Deferred tax liabilities

- Deferred tax liabilities to be recovered after more than 12 months
- Deferred tax liabilities to be recovered within 12 months

- Deferred tax liabilities to be recovered after more than 12 months	31,490,926	29,731,083	33,639,239
- Deferred tax liabilities to be recovered within 12 months	68,178	47,578	122,752
	31,559,104	29,778,661	33,761,991

Deferred tax liability (net)

Deferred tax liability (net)	30,762,745	29,099,427	33,761,991
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The gross movement on the deferred tax account is as follows:

At 1 July
Current year charge to income statement (Note 20)
Prior period adjustment (Note 1)
Charged to other comprehensive income
At 30 June

At 1 July	29,099,427	33,761,991	10,578,693
Current year charge to income statement (Note 20)	1,663,318	(5,476,189)	23,183,298
Prior period adjustment (Note 1)	-	(4,663,758)	22,478,883
Charged to other comprehensive income	-	813,625	-
At 30 June	30,762,745	29,099,427	33,761,991

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

	2011 US\$	2010 US\$	2009 US\$
The deferred income tax account comprise the following:			
Accelerated depreciation for tax purposes	8,204,621	8,402,785	10,658,180
Biological assets	23,286,305	21,328,298	22,981,059
Prepayments	61,703	43,479	113,353
Unrealised exchange gains	6,475	4,099	9,399
Assessable tax losses	(796,359)	(679,234)	-
At 30 June	30,762,745	29,099,427	33,761,991

	2011 US\$	2010 US\$
The deferred income tax charge to the income statement comprised of the following:		
Accelerated depreciation for tax purposes	(198,167)	1,958,007
Biological assets	1,958,007	(1,652,487)
Prepayments	18,224	(69,874)
Unrealised exchange gains	2,376	(5,299)
Assessed tax losses	(117,125)	(679,234)
Revaluation	-	800,594
Reduction in tax rate	-	(813,900)
	1,663,316	(5,476,188)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company recognised deferred income tax assets of US\$796,359 in respect of tax losses amounting to \$3,092,656.

13. TRADE AND OTHER PAYABLES

	2011 US\$	2010 US\$	2009 US\$
Trade payables	1,955,762	1,726,448	1,986,803
Accruals	400,290	265,670	201,446
Payable to related parties (note 15)	15,814	147,280	157,493
Statutory liabilities	166,320	131,607	61,468
	2,538,186	2,271,005	2,407,210

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.

Statutory liabilities comprise statutory levies \$75,107 (2010: \$50,960; 2009: \$6,743), employee income tax \$48,229 (2010: \$56,785 ; 2009: \$21,576) and employee statutory pensions \$42,984 (2010: \$23,863 ; 2009 \$33,150).

14. PROVISIONS

At 1 July	133,594	185,067	-
Additional provision	189,477	-	185,067
Amounts utilized	(55,038)	(51,473)	-
At 30 June	268,033	133,594	185,067

Provision for bonus

The provision consists of an annual bonus and a performance based bonus. Performance based bonus is paid as and when set targets are met whilst the annual bonus is expected to be paid in December 2011.

15. RELATED PARTY DISCLOSURES

a) Key management personnel remuneration and other compensation

Salaries and other short term employee benefits	265,793	141,724
Pension contributions	8,824	5,935
	274,617	147,659

Key management compensation comprises remuneration to executive directors.



NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

		2011 US\$	2010 US\$
b) Transactions			
i) Sales			
Radar Investments (Private) Limited	Fellow subsidiary		
- United Builders Merchants (Division)		1,076,937	1237109
- Macdonald Bricks (Division)		-	15075
Border Timbers International (Private) Limited	Subsidiary	4,542,908	2,599,300
ii) Purchases			
Radar Investments (Private) Limited	Fellow Subsidiary		
- United Builders Merchants (Division)		295,715	156,430
iii) Management fees paid			
Radar Investments (Private) Limited	Fellow Subsidiary	392,576	240,000
iv) Professional fees paid			
Foresta De Niassa (Private) Limited	Common shareholding	-	11,770
v) Interest paid			
- Forrester Estates (Private) Limited	Common shareholding	39,983	34,993

		2011 US\$	2010 US\$	2009 US\$
c) Year end balances				
i) Receivables from related parties				
Radar Investments (Private) Limited	Fellow Subsidiary	24,715	-	-
- MacDonald Bricks (Division)		34,874	-	17,613
- United Builders Merchants ((Division)		73,518	50,194	86,645
Border Timbers International	Subsidiary	2,470,297	1,615,407	689,962
Radar properties	Fellow Subsidiary	-	-	13
Beit Bridge Juice (Private) Limited	Common Shareholding	899	899	13,095
		<u>2,604,303</u>	<u>1,666,500</u>	<u>807,328</u>
ii) Payables to related parties				
Radar Investments (Private) Limited	Fellow Subsidiary	-	85,734	108,757
- MacDonald Bricks (Division)		639	639	
- United Builders Merchants ((Division)		15,175	42,339	18,761
- Beitbridge Juice (Private) Limited	Common Shareholding	15,075		
- Radar Holdings Limited	Parent	-	15,438	
- Rift Valley Holdings (Private) Limited	Common Shareholding	-	3,130	14,900
		<u>15,814</u>	<u>147,280</u>	<u>157,493</u>
d) Loans from related parties				
- Forrester Estates (Private) Limited	Common shareholding	324,976	284,993	-

The sales to and purchases from related parties are based on the price list in force and terms that would be available to third parties. Outstanding balances at the year-end are unsecured, interest free (except for shareholders loan) and settlement occurs in cash. The shareholder's loan carries an interest of 20% per annum and is available on demand. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2011, the Company 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

16. OTHER INCOME – NET

	2011 US\$	2010 US\$
Proceeds from insurance claim	250,000	0
Deferred Income transferred to Income statement	0	703,836
Sale of firewood	29,852	9,016
Sale of reject stocks	2,824	3,309
Beer hall profit	16,826	18,273
Sundry income	59,235	171,923
	358,737	906,357

17. EXPENSES BY NATURE

Depreciation charges (note 2)	1,763,862	1,945,384
Employee benefit expense (note 18)	5,552,886	4,964,737
Auditors remuneration		
- current year audit services	64,000	-
- prior year audit services	51,947	91,227
- current year non-audit services	7,047	7,268
Provision for doubtful debts (note 6)	(358)	83,323
Impairment of property, plant and equipment (note 2)	193,322	4,452,245
Plantation damage/redemption (note 3)	5,337,691	2,362,846
Raw material and consumables used	1,739,577	1,514,700
Inventory write off (note 4)	396,614	445,477
Haulage costs	2,094,636	1,020,508
Repairs and maintenance - motor vehicles	3,243,774	2,230,302
Repairs and maintenance - plant/buildings	2,604,379	1,612,534
Sub contract services	875,301	398,820
Consultancy	598,344	209,579
Electricity	787,454	567,183
Other expenses	971,023	469,330
	26,281,499	22,375,463
Capitalisation of forestry costs (note 3)	(1,968,596)	(1,882,238)
	24,312,903	20,493,225
Total cost of sales, administration and distribution and selling costs	24,312,903	20,493,225

18. EMPLOYEE BENEFIT EXPENSE

Wages and salaries	4,761,182	3,853,104
Pension fund contribution	196,876	529,076
Social security costs	73,784	101,808
Staff welfare costs	246,428	333,091
	5,278,270	4,817,079
Directors' remuneration:		
Salaries and other short term employee benefits	265,793	141,724
Pension contributions	8,824	5,935
	5,552,887	4,964,738
Manning levels at 30 June	Nos	Nos.
Permanent	1,389	1,259
Contract	1,375	1,129
Total	2,764	2,388



NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTES TO THE COMPANY FINANCIAL STATEMENTS

19. FINANCE INCOME AND COSTS

Finance costs

Interest paid:

- Bank loans
- Finance lease liability
- Related party borrowings

Finance income

Interest income:

- Short-term bank deposits
- Related party balances

	2011 US\$	2010 US\$
	1,026,124	286,061
	28,727	-
	39,983	34,993
	<u>1,094,834</u>	<u>321,054</u>
	2,878	859
	96,920	-
	<u>99,798</u>	<u>859</u>
	1,663,316	(5,476,188)
	7,030,062	2,453,278
	1,810,241	631,719
	(146,925)	(480,908)
	-	(5,626,999)
	<u>1,663,316</u>	<u>(5,476,188)</u>

20. TAXATION

Deferred tax charge / (credit)

Tax Reconciliation:

Profit before taxation

Taxation at normal rate

Net of non-taxable income and non-deductible expenses

Adjustment to deferred tax liability resulting from change in tax rate

Tax charge

The applicable corporate tax rate for Zimbabwean companies was reduced to 25.75% during 2010 from 30.9% in 2009. The change was enacted into law by the Zimbabwean Government in December 2009 and was therefore applicable for the year ended 30 June 2010.

COMPANY ANNUAL PERFORMANCE ANALYSIS

	2011 US\$	2010 US\$	2009 US\$
REVENUE	21,006,256	13,423,750	7,037,345
Profit before taxation	7,030,062	2,453,356	107,582
Taxation	(1,663,316)	5,476,188	(704,415)
Retained profit for the period	5,366,745	7,929,544	(661,112)
FUNDS EMPLOYED			
Share holders' equity	105,885,732	100,518,987	90,224,040
Medium Term Loans	1,100,979	-	-
Deferred income	-	-	646,918
Deferred income tax liability	30,762,745	29,099,427	33,761,991
	137,749,456	129,618,414	124,632,949
Represented by:			
Property, plant & equipment	46,867,238	46,723,497	48,779,512
Biological assets	90,432,254	82,828,342	74,372,359
Net current assets /(liabilities) excluding cash resources	378,704	(172,342)	1,392,209
Cash resources	71,260	238,917	88,869
	137,749,456	129,618,414	124,632,949
Statistics			
SHARES IN ISSUE			
Number of ordinary shares	42,942,487	42,942,487	42,942,487
Number of shareholders	178	185	186
Shareholders performance per share (dollars)			
Basic earnings per share	0.12	0.18	0.13
Returns			
Operating income to turnover	38.2%	20.7%	1.5%
Operating income to total assets	5.5%	2.0%	0.1%
Profit after tax to shareholders funds	5.1%	7.9%	6.0%
Ratios			
Debt-Equity	7%	5%	2%
Interest cover (times)	7.33	8.64	1.60
Solvency ratios			
Current Ratio	1.05	1.01	1.37
Liquidity	0.62	0.48	0.43
Number of employees	2,764	2,388	2,419



ANALYSIS OF SHAREHOLDERS

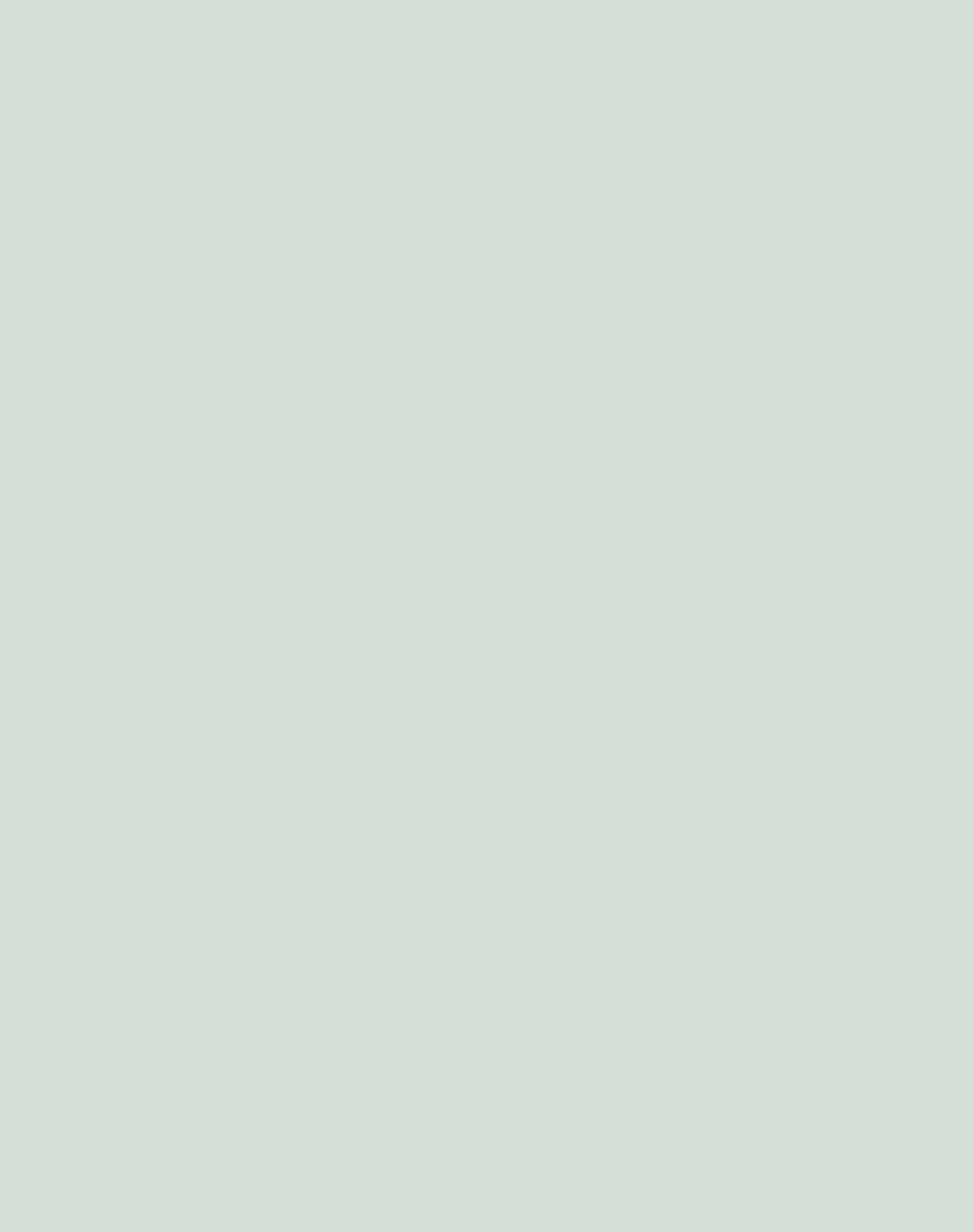
ANALYSIS OF SHAREHOLDERS

	2011				2010			
	Number of Holders	% of Total	Shares	% of Total	Number of Holders	% of Total	Shares	% of Total
0 - 1 000	114	64.0%	38 008	0.1%	115	62.2%	37 502	0.1%
1.001 - 5 000	28	15.7%	78 784	0.2%	32	17.3%	88 328	0.2%
5.001 - 10 000	7	3.9%	57 798	0.1%	8	4.3%	67 798	0.2%
10.001 - 50 000	15	8.4%	319 925	0.7%	8	4.3%	67 798	0.2%
Over 50 000	14	7.9%	42 447 972	98.8%	16	8.6%	310 612	0.7%
	178	100.0%	42 942 487	100.0%	185	100.0%	42 942 487	100.0%

CLASSIFICATION	2011				2010			
	Number of Holders	% of Total	Shares	% of Total	Number of Holders	% of Total	Shares	% of Total
Resident:								
Banks & Nominee Companies	27	15.2%	4 499 610	10.5%	34	18.4%	8 963 440	20.9%
Companies	33	18.5%	37 583 301	87.5%	28	15.1%	33 110 055	77.1%
Pension Funds	3	1.7%	188 008	0.4%	1	0.5%	152 816	0.4%
Individuals	91	51.1%	176 720	0.4%	105	56.8%	234 331	0.5%
Non Resident:								
Companies	4	2.2%	300 508	0.7%	3	1.6%	300 508	0.7%
Individuals	20	11.2%	194 340	0.5%	14	7.6%	181 337	0.4%
	178	100.0%	42 942 487	100.0%	185	100.0%	42 942 487	100.0%

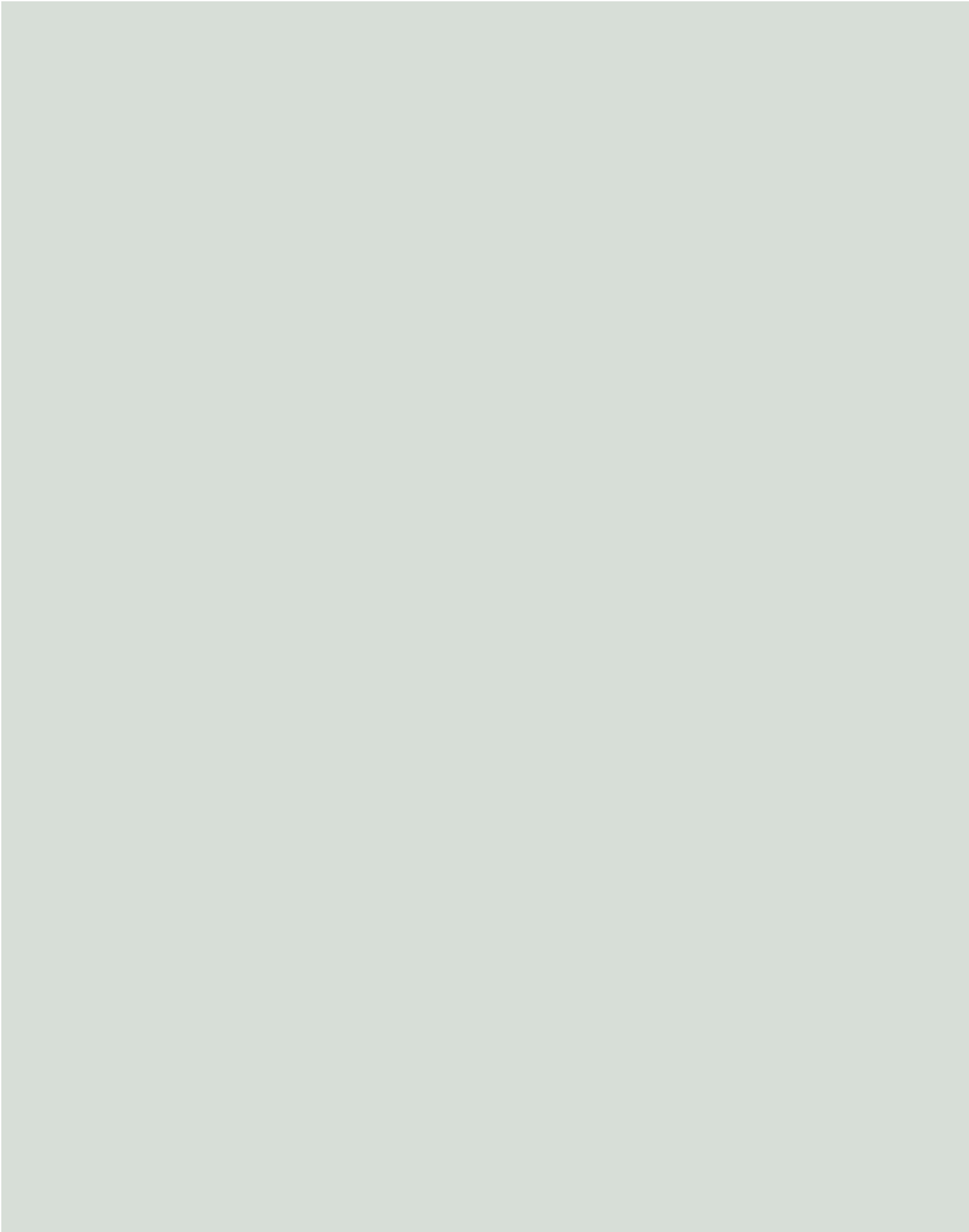
MAJOR SHAREHOLDERS	2011		2010	
	Number of Holders	% of Total	Shares	% of Total
RADAR HOLDINGS LIMITED	22 005 087	51.2%	22 005 087	51.2%
FRANCONIAN ZIMBABWE INVESTMENTS (PVT) LTD	11 045 468	25.7%	11 045 468	25.7%
KINGDOM NOMINEES (PVT) LTD	4 294 248	10.0%	0	0.0%
TRUSTCORP GROUP	0	0.0%	4 294 248	10.0%
ILARIA LIMITED	4 294 248	10.0%	4 294 248	10.0%
RIA HOLDINGS LIMITED	123 239	0.3%	123 239	0.3%
P & R HOLDINGS (PVT) LTD PENSION FUND	152 816	0.4%	0	0.0%
TUDLEY HOLDINGS LIMITED	90 500	0.2%	0	0.0%
SALISBURY NEW POOL SETTLEMENT	114 088	0.3%	114 088	0.3%
WAUGHCO NOMINEES (PVT) LTD	100 000	0.2%	100 000	0.2%
	41 915 106	97.6%	41 976 378	97.8%

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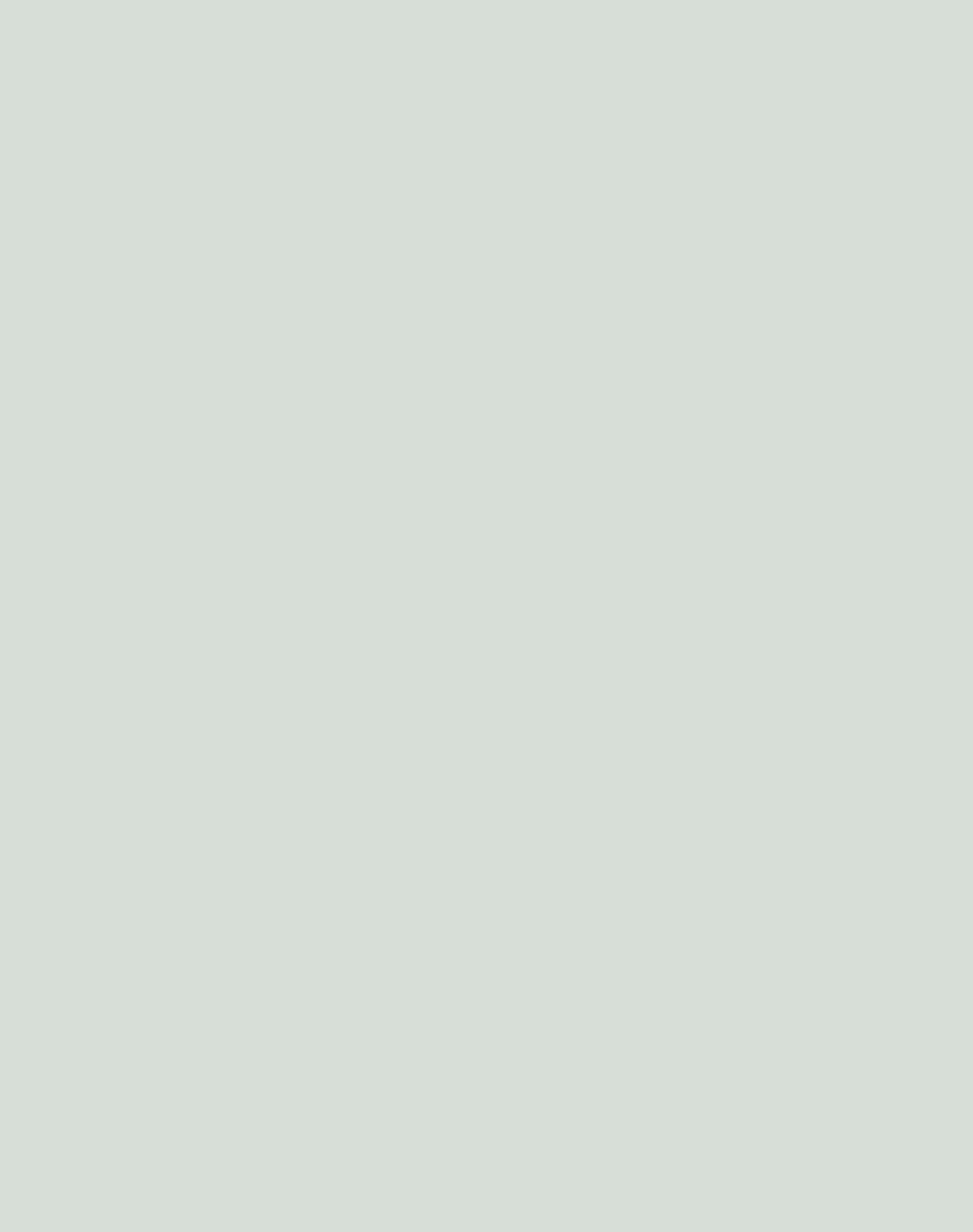
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