LonZim

LonZim Plc
Annual Report

2009

LonZim Plc
Annual Report & Accounts 2009

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Chief Executive's Review

LonZim was established in December 2007 for the specific purpose of investing in assets in, and related to, Zimbabwe. It is the only London publicly traded company solely focused on the economic recovery of Zimbabwe. LonZim's mandate was to acquire a diversified range of businesses that were well positioned for economic recovery in Zimbabwe.

The Company raised £28.7 million at IPO and, in line with its mandate, between 2007 and 2009 LonZim acquired eight individual businesses across various market sectors. Each business was selected due to its ability to deliver rapid growth and build market share as the Zimbabwean economy recovers. Several are in dominant positions in their markets.

As planned, LonZim has supported the businesses acquired and in some cases has subsidised the operating costs during the worst of the economic turmoil in 2008, paying wages and overheads for businesses that were, by necessity, having to operate on a barter system with customers and suppliers as hyperinflation destroyed the very foundations of the economy in Zimbabwe.

However, as a result, LonZim's subsidiaries are now in a strong position in 2010. They have retained a skilled workforce, have re-equipped with new machinery and equipment and are operationally sound and ready to trade. Most importantly LonZim's subsidiaries have had access to funds and liquidity from the Company, at a time when finding liquidity was very challenging in the market.

LonZim has successfully positioned its subsidiaries to be 'first back to market' with the aim of growing their businesses and being a part of the foundations of the recovery of the economy in Zimbabwe.

By 2008 Zimbabwe had suffered from almost a total economic collapse. GDP has fallen by over 40% (IMF) and the country was experiencing the worst hyperinflation ever recorded globally. Goods were unavailable, fuel was sparse, the local currency was meaningless, and the shops and supermarket shelves were totally bare. Society moved to a barter type economy, where even large corporations were paying staff with food parcels and cooking oil.

However, LonZim remained confident that Zimbabwe's economy would recover. Historically, Zimbabwe had been one of the great economies in Africa and the fundamentals that made it one of the most respected economies in Africa remain in place. Zimbabweans are an industrious workforce and still have a higher level of education than most African countries, the basic infrastructure in Zimbabwe (road, rail and air) is in place, and Zimbabwe has a strong entrepreneurial spirit that created some of Africa's most successful businesses.

These crucial elements, lacking in so many other countries, will be the drivers of economic recovery in Zimbabwe, and have the potential, over time, to stimulate Zimbabwe back to being a leading economic powerhouse in the region.

In early 2009 fundamental changes in the economic situation in Zimbabwe were brought about by two key events: The establishment of the Government of National Unity (GNU) in February and the US dollarization of the currency. The GNU brought a political landscape that delivered a level of stability and international support, and the US dollarization provided an economic platform that allowed businesses to begin trading.

Such solutions are always a process not an event but, as a result, hyperinflation has gone, employment though still low is increasing and supermarkets are full. Vitally, there is a growing optimism amongst businesses that it is again possible to trade and for normal commerce to return. The seeds of recovery are evident and

Chief Executive's Review *continued*

foreign direct investment and external contributions from around the world (US$2.5 billion+ support from not just the Southern African Development Community (SADC) but also international institutions such as the World Bank, IMF, AFREXIM and even the UK) are underpinning the stabilisation of the economy and preparing it to develop. IMF forecasts for 2010 predict a 6% growth in GDP, whilst the Zimbabwean Minister of Finance forecasts up to 15% growth. The essential building blocks for the economy are stabilising.

The political process under the GNU will inevitably not be a totally smooth path. However, there is a strong SADC will for the process to succeed and the separate parties in the GNU acknowledge that the issues outstanding are not material enough to cause the collapse of the GNU.

Against this background LonZim has developed its portfolio of businesses in Zimbabwe and the Beira corridor in Mozambique, the 'coast of Zimbabwe'. Each operational division is staffed, resourced and positioned to be first back to market. Already, significant growth across the businesses is being seen month on month as the economy, starting from a very, very low base, begins to rebuild.

OPERATIONAL REVIEW

Transactions entered into during the year ended 31 August 2009

Paynet Limited ("Paynet") (100% holding)

LonZim completed the acquisition of 100% of Paynet in October 2008, announced in March 2008, for US$3.19 million (£1.85 million). The purchase included a newly built commercial property located in one of the prime commercial locations in Harare, valued at US$0.95 million (£0.5 million).

Paynet provides an electronic funds transfer (EFT) platform for nineteen of the twenty-one banks in Zimbabwe and over one thousand of the largest Zimbabwean corporate clients. The Paynet business collapsed under hyperinflation yet LonZim maintained the quality staff, retaining their experience and keeping systems in place and on hand to be ready for recovery. In February 2009, the business started to see progress and monthly transactions are increasing steadily as the economy restarts. Paynet has a strong dominance in this market, fees are generated per EFT, and the company is ideally positioned to grow as the economy builds.

Paynet also automates company bulk payment transactions to corresponding banks and includes the largest private sector outsourced salary bureau (Autopay) utilised by the majority of large corporations in Zimbabwe for payments of electronic payrolls. This business also recovered strongly post year end as the economy normalised. As wages return to prior levels revenues will increase accordingly.

Paynet is also the majority owner of a microfinance business. This is associated with the payroll services, and provides microfinance loans to employees of large corporate clients where Paynet is already handling the payroll. This business, with an average loan size of US$350 is providing an important service whilst the banking system remains short of liquidity. The number of loans is rising exponentially as the ability for consumers to transact recovers.

Leopard Rock Hotel Company (Pvt) Limited ("Leopard Rock Hotel") (100% holding)

The Leopard Rock Hotel was acquired in April 2009 and is one of Zimbabwe's greatest international assets. It is an iconic hotel set in the beautiful Vumba mountains with a PGA rated golf course and 400 hectare game farm. Purchased for US$8.5 million (£5.795 million) the hotel, golf course and game park are

Chief Executive's Review *continued*

undergoing a US$1.7 million refurbishment to bring them back to the highest international standards.

Historically, the hotel attracted elite guests such as Princess Diana and the Her Majesty Queen Elizabeth the Queen Mother. The aim is to reinstate the hotel as one of the 'must stay' locations on the Continent and as an asset that leads the way in the recovery of tourism to Zimbabwe. The hotel has already seen a significant increase in occupancy with growth in bookings and revenues for conferences and meetings as well as from leisure orientated visitors.

The Government of National Unity has identified the hotel market as a sector for rapid recovery. As the market recovers, the hotel will expand its accommodation and facilities and plans to attract the PGA to hold a tournament at the hotel in due course.

ForgetMeNot Africa Limited ("FMNA") (51% holding)

In November 2008 LonZim acquired a 51% stake of FMNA, which provides a 'message optimiser' application for mobile phones, for the sum of US$0.55 million (£0.35 million), with a further payment related to the growth of the business of US$1.0 million (£0.66 million) for a perpetual licence of the software once the business has met commercial targets acceptable to LonZim. This system provides a unique two-way SMS – SMS, instant messaging and email technology platform whereby emails and interactive messages can be received and sent on a basic mobile phone. The system does not require a 3G capability and has a massive potential not just in Zimbabwe but across Africa. LonZim's option is for the full pan-African rights. Implementation into a network is generally carried out free of charge with a profit share on revenues once operational.

Telecom company Econet Lesotho has completed a trial and thereafter instigated a full roll out for the service with very successful uptake following the launch. Discussions continue to launch this exciting product across a range of telecom users in Zimbabwe and other African countries.

Panafmed (Pty) Limited ("Panafmed") (51% holding)

In May 2009 LonZim took a 51% stake in a new company, Panafmed. Panafmed provides a refrigerated distribution logistics chain for pharmaceuticals and medical product delivery and distribution into and around Zimbabwe. An investment of US$2.346 million was made in stock and to establish a local refrigerated distribution network. An integrated chilled logistics chain was implemented that ensures that medical products and pharmaceuticals being delivered to Zimbabwean clinics, hospitals and pharmacies are maintained at appropriate temperatures to international standards to maximise their efficacy once used.

The Zimbabwean pharmaceutical and medical supplies market collapsed during the economic crisis and the need for restocking and then ongoing support is significant.

Fly540 Zimbabwe (90% holding)

LonZim has announced that it will launch the Lonrho Plc aviation subsidiary Fly540 in Zimbabwe. The Company has allocated funds from existing resources for the deployment and establishment of the airline. Operations will be based at Harare airport to serve as a regional freight and passenger operation as and when the market develops.

LonZim has completed the acquisition of the initial aircraft to launch the Fly540 service in Zimbabwe and is monitoring the market opportunity and the provision of infrastructure to

Chief Executive's Review *continued*

schedule deployment targets whilst the Air Operator's Certificate for Zimbabwe is being obtained.

Property acquisition

In January 2009, LonZim entered into an agreement to acquire the total issued equity of Medalspot (Pvt) Ltd ("Medalspot") from the Zimbabwean banking group, Kingdom Bank. Medalspot owns a 6,600m^2 industrial site with 2,650m^2 of offices and factory space. The acquisition price was US$0.95 million (£0.658 million).

Ongoing operations

Celsys Ltd ("Celsys") (60% holding)

Celsys is a listed company on the ZSE of which LonZim owns a strategic 60% stake. Celsys has a historic structure well suited to international investment in Zimbabwe. The company suffered badly in its core divisions during hyperinflation, however it has recapitalised and restructured to focus on three strategic sectors:

Security Printing: The security printing facility has been fully refurbished, state of the art access and egress systems have been installed to international standards and new 4 colour, 2 colour and single colour printing presses have been delivered. This has positioned Celsys as the leading private sector security printer in the country, ready for the economic recovery. The company prints cellphone recharge cards, cheque books, share certificates, and promotional items. Post year end, a successful scratchcard promotion with Coca-Cola and Spar has begun the regeneration of this division and a contract with the Zimbabwe Open University has underlined that this important market is now recovering.

Information Technology: The company has signed a distribution agreement with Diebold Self Service Limited, a subsidiary of Diebold Inc., and has recently signed a new ATM and POS leasing agreement with Kingdom Bank. From January 2010 it will be delivering new generation ATMs and POS machines into the banking and retail markets in Zimbabwe and Zambia. It has further grown its presence in the security software marketplace gaining market share where it is the exclusive provider of SOPHOS computer security solutions.

Telecommunications Services: This division has re-launched the payphone business serving rural communities, and implemented new payphone mobile management services. It has also seen growth as the market recovers in the Nokia sales and service business.

Aldeamento Turistico de Macuti SARL ("ATdM") (80% holding)

ATdM is the owner and developer of a 300,000m^2 beach front development in Beira, Mozambique. Beira is the nearest coastline to Zimbabwe, and Beira port and Beira hotels were historically kept busy by the sea trade routes into Zimbabwe. Mozambique, and specifically Beira, is undergoing strong economic growth and it is believed the opportunity for hotel, residential and retail projects on the site will expand as Zimbabwe recovers. The site acquired historically held the Don Carlos and Estoril hotels, which traded successfully as a result of Zimbabweans visiting the coast for both leisure and business.

A master plan for the site development has been completed and is under review, encompassing the development of the hotel property on the beach site, the design and layout of the 1.5km residential beach front strip for sale 'off plan' and the separate development of the retail and office site in conjunction with a strategic development partner and anchor tenant.

Millpal Chemicals ("Millpal") (100% holding)

Millpal is a wholesale distributor of solvents and chemicals to the Zimbabwe market. It has seen an increase in demand for industrial and agricultural

Chief Executive's Review *continued*

wholesale chemicals since February 2009 following the stabilisation of the economy. Well placed to build market share in its core business, Millpal is also developing a retail range of 'own brand' products.

Directors

In September 2009, Colin Orr-Ewing joined the Board as an additional Non-Executive Director.

In October 2009, David Armstrong, the Lonrho Plc Finance Director, joined the Board of LonZim as Finance Director, and Jean Ellis stepped down from being Finance Director to act as a Non-Executive Director of the Company, bringing the number of Non-Executive Directors in LonZim to four.

Post Year Funding

In December 2009 LonZim announced that it had successfully raised £1,170,269 by way of a placing with institutional investors. The funds will be used to provide working capital for the growth of existing businesses.

Results for the period

The profit for the year of £0.9 million (2008: loss £1.2 million) is as expected given the current economic climate in Zimbabwe after charging amortisation of intangible assets of £1.53 million and crediting exceptional gains of £5.7 million relating to gains on investments (£1.3 million), and negative goodwill arising on acquisition (£4.4 million). The cash held at the end of the year was £2.4 million. The Company continues to undertake detailed due diligence on a range of potential acquisitions where it can identify real opportunities for growth in value in a normalised economic environment.

Geoffrey White

Director & Chief Executive Officer
25 January 2010

Directors

David Lenigas, 48, Chairman

David Lenigas holds a Bachelor of Applied Science in Mining Engineering. He has extensive experience operating in the public company environment and is currently the Executive Chairman of Lonrho Plc and is also Chairman of Leni Gas & Oil Plc, Templar Minerals Limited and Lonrho Mining Limited and is a Director of Vatukoula Gold Mines Plc.

Geoffrey White, 49, Executive Director

Geoffrey White is a Director and the Chief Executive Officer of Lonrho Plc and holds a BSc in Economics and Management Science. During his 28 year career he has held senior management roles with Thomas Tilling Plc, BTR Plc, Dee Corporation Plc, Asda Plc and latterly worked for five years for a private investment fund based in London. He has been responsible for the planning, financing, development and management of a range of projects in the leisure, industrial and natural resource sectors. These projects include establishing joint ventures with international corporations such as Hilton Hotels International, Ford Motors (PAG), Praton International GmbH and FFS Refiners (pty) Ltd.

David Armstrong, 45, Finance Director

David Armstrong (FCA) is also Finance Director of Lonrho Plc. David brings with him extensive experience of operating across Africa having been, until October 2004, the Commercial Director of Diageo Africa with combined functional responsibility for finance, information systems, strategy and business development. David contributed to the successful deployment of Diageo's pan-African growth strategy, encompassing over 50 countries. More recently, he has been the COO of McArtherGlen in the UK and Europe.

Emma Priestley, 37, Executive Director

Emma Priestley worked in investment banking for 5 years following a career as a mining engineer. She has a background in mining and financial services having worked with consultants IMC Mackay & Schnellman, investment bank CSFB, advisors VSA resources and Ambrian Partners, where she worked as a corporate broker and advisor. Emma is a graduate of Camborne School of Mines, a Chartered Mining Engineer and Chartered Mineral Surveyor. She is currently an Executive Director of Lonrho Plc.

Paul Turner, 62, Non-Executive Director

Paul Turner is a qualified Accountant and past President of the Institute of Chartered Accountants of Zimbabwe. He is a highly respected and knowledgeable member of the Zimbabwean business community. He was a partner at Ernst & Young in Harare, Zimbabwe, for over thirty years and brings an unparalleled level of experience in the structure and operation of businesses in Zimbabwe.

Paul Heber, 46, Non-Executive Director

Paul Heber is an investment manager and stockbroker with more than 20 years experience in global stock markets, following 3 years in the oil industry. Formerly with SGHambros, Nat West and WI Carr, he is now with bespoke boutique Savoy Investment Management (with in excess of £1.2 billion of private and institutional funds under management), regulated by both the FSA in London and the FSB in Johannesburg. He has a broad pan-African clientele alongside his domestic UK, European and Bermudian business.

Directors *continued*

Jean Ellis, 40, Non-Executive Director

Jean Ellis is a Chartered Accountant and Chartered Tax Advisor, and holds an Insolvency Practitioner's licence. Formerly undertaking the role of Finance Director at Lonzim, she is the senior partner in the regional firm of Chartered Accountants, Duncan Sheard Glass, having been a partner there since 2002. Prior to this, she was Group Financial Controller and Tax Manager with Lonrho Plc and holds a number of directorships for its subsidiary companies. Jean has a Batchelor of Arts Degree in Pure Mathematics from Liverpool University. Jean was formerly Finance Director of Lonrho Plc and is currently a Non-Executive Director of that company.

Colin Orr-Ewing, 67, Non-Executive Director

Colin Orr-Ewing is a graduate of Oxford University in Geography and has been involved in the natural resources sector for 35 years. He began his career as an investment manager for the Shell Pension Fund in London after completing his education as a Certified Accountant. His experience covers both the oil and mining industries and he has been a Director of UK and Canadian oil companies and Irish and Canadian mining companies. Currently, he also advises a fund management company on its natural resources portfolios. Mr Orr-Ewing also has extensive experience in international financial affairs. He was deeply involved in the oil industry from 1971 through to 1987 with numerous companies in the North Sea, Libya, Nigeria and Algeria.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards.

The Group and Parent Company financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and to allow for the preparation of the financial statements. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Directors' Report
For the year ended 31 August 2009

The Directors of LonZim Plc submit their report, together with the audited financial statements, for the year ended 31 August 2009.

Principal activities
The Group is an investment company with a diverse portfolio of investments in Zimbabwe and the Beira Corridor in Mozambique.

Investment Strategy
The Company's investment objective is to provide Shareholders with long term capital appreciation through the investment of its capital primarily in Zimbabwe and the region of Mozambique known as the Beira corridor which links Zimbabwe to the coast. While the Company will not have a particular sectoral focus, utilising the investment skills of the Directors and their advisors, the Company will seek to identify individual companies in sectors best positioned to benefit should there be radical improvements in Zimbabwe's economy. The Company may make investments in the tourism, accommodation, infrastructure, transport, commercial and residential property, technology, communications, manufacturing, retail, services, leisure, agricultural and natural resources sectors. The Company may also make investments in businesses outside Zimbabwe that have a significant exposure to assets, businesses or operations within Zimbabwe. The Company will also look into expanding businesses and brands currently owned by Lonrho or in which Lonrho has an interest in Zimbabwe. The Company will only be able to achieve its investment objective in the event the Zimbabwean economy radically improves.

While there will not be any limit on the number or size of investments the Company can make in any sector, the Directors will seek to diversify the Company's investments across various sectors in order to mitigate risk and to avoid concentrating the portfolio in any single sector.

The Company's interest in a proposed investment or acquisition may range from a minority position to full ownership. The Company intends, in any event, to actively manage the operations of the companies it has invested in. To this end, the Company has, through the acquisition of Celsys Limited established a management team in Zimbabwe to provide local day to day management of companies and businesses acquired. Wherever possible the Company will seek to achieve Board control or financial control of its portfolio companies. Indigenisation legislation within Zimbabwe may, however, prevent the Company from acquiring majority control in Zimbabwean businesses.

The Directors believe that through their individual and collective experience of investing and managing acquisitions and disposals in Africa, they have the necessary skills to manage the Company and, with the assistance of Lonrho under the management services agreement detailed in the Company's AIM admission document, to source deal flow. Prior to any investment decisions being taken by the Board of the Company, a thorough due diligence process will be undertaken by the Company's appointed independent specialist financial and legal advisers.

The Company's investment strategy is dependent upon future radical improvement in the Zimbabwean economy, and it is therefore possible that a significant period of time may elapse before an investment by the Company will produce any returns. In order to position itself for maximum gain from improvements in the Zimbabwean economy, the Company may make initial investments in

Directors' Report *continued*

For the year ended 31 August 2009

Zimbabwe. However, there is no guarantee that the economy in Zimbabwe will improve. Accordingly, the Company may not be able to make any profits and may incur losses. Furthermore, businesses in which the Company has made an initial investment with a view to investing further once significant economic improvement occurs may deteriorate in the meantime.

The Directors intend to seek the consent of the Shareholders for the investment policy on an annual basis. The Company, Directors and Lonrho will comply as a matter of policy with the OFAC and Regulation (EC) No. 314/2004 regulations.

Results

A consolidated profit on operations of £913,000 after minority interests (2008: loss £1,232,000) has been made by the Group during the period and has been transferred to reserves. This is after charging amortisation of intangible assets of £1,529,000 (2008: £994,000) (see note 13).

Share capital

On 14 July 2009 the Company bought back on the open market 4,374,000 ordinary shares of its issued share capital at 30.5p per share representing 12% of the issued share capital of the Company. These shares were cancelled resulting in the issued share capital of the Company being reduced from 36,450,000 ordinary shares to 32,076,000 ordinary shares.

On 4 December 2009 the Company announced that it had raised £1,170,269 by way of a placing of 4,255,525 new ordinary shares at 27.5p per share resulting in the issued share capital of the Company being increased to 36,331,525 ordinary shares.

Business review and development

The Chief Executive's review of operations contains information on developments during the year and key potential future developments.

The requirements of the enhanced business review in relation to strategy and progress thereon are contained in the Chief Executive's review of operations. The principal risks and uncertainties relate to the revenue generation in the Group's businesses, which being located in Africa are subject to respective government policies, political stability and general economic conditions in the relevant country. Other risks to which the Group is exposed are the lack of suitably experienced management and exposure to foreign currency movements.

The Group monitors cash flow as its primary key performance indicator. Given the current global financial crisis, the Directors are carefully monitoring cash resources within the Group and have instigated a number of initiatives to ensure funding will be available for planned projects. If such funding cannot be secured, the projects will be delayed or cancelled to ensure that the Group can manage its cash resources for the foreseeable future and hence the financial statements have been prepared on a going concern basis. The Group also uses a number of other key performance indicators which are measured at different tiers in the operation. At the top level, the Group tracks turnover, gross margin, contribution to overheads, cash generation and performance against budget.

Directors' Report *continued*
For the year ended 31 August 2009

The Directors wish to mitigate risk by proper evaluation of every investment that is made and are therefore developing a risk analysis reporting procedure, which links into the Corporate Governance procedures which are being implemented.

Further information regarding the Group's policies and exposure to financial risk can be found in note 28 to the financial statements.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 35 to the financial statements.

Dividends

The Directors do not recommend the payment of a dividend.

Corporate governance

Compliance with the Combined Code

The Directors recognise the value of the Combined Code on corporate governance and, whilst under AIM rules full compliance is not required, the Directors have considered the recommendations and applicability insofar as is practicable and appropriate for a public company of its size.

Board of Directors

The Board of Directors currently comprises four Executive Directors, one of whom is the Chairman, and four Non-Executive Directors. The Directors are of the opinion that the Board comprises a suitable balance to enable the recommendations of the Combined Code to be implemented to an appropriate level. The Board, through the Chairman in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of the major shareholders about the Company.

The Board meets quarterly and is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the executive management who are charged with consulting the Board on all significant financial and operational matters. Consequently, decisions are made promptly following consultation amongst the Directors and managers concerned where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice at the Company's expense, as and when required.

The Chairman is available to meet with institutional shareholders to discuss any issues and concerns regarding the Group's governance. The Non-Executive Directors can also attend meetings with major shareholders if requested.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the Board.

Directors' Report *continued*

For the year ended 31 August 2009

Internal controls

The Directors acknowledge their responsibility for the Company's and the Group's systems of internal control, which are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Overall control is ensured by a regular detailed reporting system covering the state of the Group's financial affairs. The Board is developing procedures for identifying, evaluating and managing the significant risks that face the Group.

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated.

Committees

The Board has devolved duties to the following committees:

Audit Committee

The role of the audit committee is to oversee the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures and the Company's financial reporting statements. The Audit Committee's primary objectives include assisting the Directors in meeting their responsibilities in respect of the Company's financial continuous disclosure obligations and overseeing the work of the Company's external auditors. The Audit Committee comprises Paul Turner (Chairman), Paul Heber and Jean Ellis.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on the remuneration policy that applies to Executive Directors and senior employees. The Remuneration Committee comprises Paul Heber (Chairman), Paul Turner and Jean Ellis.

Nomination Committee

The Nomination Committee is responsible for identifying candidates to fill vacancies on the Board, as and when they arise, and nominate them for approval by the Board. The Nomination Committee comprises Paul Heber (Chairman), Paul Turner and Geoffrey White.

Declared substantial shareholdings

The Directors have been advised of the following shareholdings at 25 January 2010 in 3 per cent. or more of the Company's issued share capital:

	Number of shares	Percentage of issued capital
Lonrho Plc	8,940,000	24.61%
MKM Longboat Multi-Strategy Master Fund	4,860,000	13.38%
Emerging Markets Management, LLC	2,916,000	8.03%
Deutsche Asset Management Americas	2,886,762	7.95%
Enso Capital Management LLC	1,409,000	3.88%
Renaissance Investment Management (UK) Ltd	1,215,000	3.34%

Directors' Report *continued*

For the year ended 31 August 2009

Directors

The present Board of the Company is set out on pages 7 and 8. Mr C Orr-Ewing and Mr D Armstrong were appointed on 14 September 2009 and 6 October 2009 respectively. Mr D A Lenigas, Mr G T White, Ms E K Priestley, Mrs J M Ellis, Mr P D Heber and Mr P Turner served as Directors throughout the year.

With Mr Armstrong's appointment as Finance Director, Mrs Ellis stood down as Finance Director and assumed the role of a Non-Executive Director.

At the forthcoming Annual General Meeting, Mr Orr-Ewing and Mr Armstrong will retire, having been appointed since the last Annual General Meeting. Being eligible, they will offer themselves for re-election. Biographical details of all Directors are set out on pages 7 and 8.

Directors' share interests

The Directors at the year end are set out below. Their interests in the shares of the Company at the beginning and end of the year are as follows:

	31.08.09 No of shares	**31.08.08 No of shares**
D A Lenigas	250,000	200,000
G T White	150,000	100,000
E K Priestley	Nil	Nil
J M Ellis	Nil	Nil
P D Heber	50,000	50,000
P Turner	Nil	Nil

Share options held by the Directors are detailed in note 22 of the financial statements.

All of the above interests are recorded in the Company's Register of Directors' Share and Debenture Interests. No Director has a beneficial interest in the shares or debentures of any of the Company's subsidiary undertakings.

Mr Orr-Ewing held 25,000 shares at the date of his appointment. Mr Armstrong did not hold any shares in the Company at the date of his appointment. There have been no other changes in Directors' share interests since 31 August 2009 or the relevant date of appointment.

Insurance

The Company has effected Directors and Officers liability insurance cover for Group Directors.

Share price performance

Between 1 September 2008 and 31 August 2009 the share price varied between a high of 101.5p and a low of 12.5p. At 31 August 2009 the mid-market price of the shares at close of business was 32.5p. At 21 January 2009 the mid-market price of the shares at close of business was 30.75p.

Political and charitable donations

No political or charitable donations have been made by the Group during the year.

Directors' Report *continued*
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Payment to suppliers
The Group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Amounts due to suppliers at the balance sheet date are contained in note 26.

Auditors
A resolution to re-appoint KPMG Audit LLC and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Annual General Meeting
The Annual General Meeting will be held at 2.00 p.m. on Wednesday 24 February 2010 at Private Suite 1, The May Fair Hotel, Stratton Street, London W1J 8LT.

The notice convening the meeting is set out on pages 65 and 66.

On behalf of the Board
D. Lenigas
Chairman

25 January 2010

Report of the Independent Auditors, KPMG Audit LLC, to the members of LonZim Plc

We have audited the Group and Parent Company financial statements (the "financial statements") of LonZim Plc for the year ended 31 August 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the Group Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 9.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Independent Auditors, KPMG Audit LLC, to the members of LonZim Plc *continued*

Opinion

In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group and Parent Company's affairs as at 31 August 2009 and of the Group's profit for the year then ended.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

25 January 2010

Consolidated income statement

For the year ended 31 August 2009

	Note	2009 Total £000	2008 Total £000 Note 36
Revenue	4	2,607	188
Cost of sales	6	(1,572)	(66)
GROSS PROFIT		1,035	122
Monetary adjustment	5	–	(1)
Operating costs	6	(1,959)	(2,056)
OPERATING LOSS BEFORE FINANCING INCOME		(924)	(1,935)
Finance income	9	2,011	974
Finance costs	9	–	(129)
PROFIT/(LOSS) BEFORE TAX		1,087	(1,090)
Income tax expense	10	(174)	(142)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		913	(1,232)
ATTRIBUTABLE TO:			
Equity holders of the parent	20	1,087	(1,193)
Minority interest	20	(174)	(39)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		913	(1,232)
Basic earnings/(loss) per share (pence)	11	3.03p	(3.40)p
Diluted earnings/(loss) per share (pence)	11	2.99p	(3.40)p

The notes on pages 22 to 63 are an integral part of these consolidated financial statements.

Consolidated statement of recognised income and expense

For the year ended 31 August 2009

	Note	2009 £000	2008 £000 Note 36
Foreign currency translation differences for foreign operations	20	(625)	26
Revaluation of property, plant and equipment	20	793	232
Profit/(loss) for the period	20	913	(1,232)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR/PERIOD		1,081	(974)
ATTRIBUTABLE TO:			
Equity holders of the parent		1,090	(1,034)
Minority interest		(9)	60
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR/PERIOD		1,081	(974)

The notes on pages 22 to 63 are an integral part of these consolidated financial statements.

Consolidated and company balance sheets

As at 31 August 2009

	Note	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
ASSETS					
Property, plant and equipment	12	18,884	38	4,284	–
Goodwill	13	4,325	–	3,450	–
Other intangible assets	13	7,263	4,971	6,296	6,296
Investment in subsidaries	14	–	2,736	–	2,962
Deferred tax assets	24	77	–	–	–
TOTAL NON-CURRENT ASSETS		30,549	7,745	14,030	9,258
Financial assets	15	–	–	213	–
Other investments	16	1,269	–	–	–
Inventories	17	194	–	21	–
Trade and other receivables	18	2,941	20,301	1,277	4,352
Cash and cash equivalents	19	2,431	1,383	20,282	20,270
TOTAL CURRENT ASSETS		6,835	21,684	21,793	24,622
TOTAL ASSETS		37,384	29,429	35,823	33,880
EQUITY					
Issued share capital	20, 21	3	3	4	4
Share premium account	20, 21	32,355	32,355	33,697	33,697
Revaluation reserve	20	734	–	148	–
Foreign exchange reserve	20	(681)	–	–	–
Share option reserve	20, 22	165	165	165	165
Retained earnings	20	3	(4,154)	(1,182)	(1,079)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	20	32,579	28,369	32,832	32,787
MINORITY INTEREST	20	895	–	904	–
TOTAL EQUITY		33,474	28,369	33,736	32,787
LIABILITIES					
Provisions	23	485	485	759	759
Deferred tax liabilities	24	909	–	107	–
TOTAL NON-CURRENT LIABILITIES		1,394	485	866	759
Bank overdrafts	19, 25	–	–	2	–
Current tax liabilities		43	35	41	35
Trade and other payables	26	2,473	540	1,178	299
TOTAL CURRENT LIABILITIES		2,516	575	1,221	334
TOTAL LIABILITIES		3,910	1,060	2,087	1,093
TOTAL EQUITY AND LIABILITIES		37,384	29,429	35,823	33,880

These financial statements were approved by the Board of Directors and authorised for issue on 25 January 2010. They were signed on its behalf by:

G White
Director & Chief Executive Officer

The notes on pages 22 to 63 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

For the year ended 31 August 2009

	Note	Group 2009 £000	Group 2008 £000 Note 36	Company 2009 £000	Company 2008 £000 Note 36
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	27	(3,606)	(903)	(2,408)	(712)
Cash received for inventories		(173)	1	–	–
Increased cash due from customers		(1,664)	(601)	(15,949)	(4,352)
Increased cash due to suppliers		1,295	351	241	294
Cash generated from operations	27	(4,148)	(1,152)	(18,116)	(4,770)
Interest received		612	832	612	832
NET CASH FROM OPERATING ACTIVITIES		(3,536)	(320)	(17,504)	(3,938)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	7	(8,879)	(5,811)	–	(2,203)
Purchase of fixed assets	12	(4,103)	–	(40)	–
Purchase of investments	16	(2,950)	–	–	–
Sale of investments		2,962	–	–	–
NET CASH FROM INVESTING ACTIVITIES		(12,970)	(5,811)	(40)	(2,203)
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of own shares		(1,343)	–	(1,343)	–
Proceeds from the issue of share capital		–	26,411	–	26,411
NET CASH FROM FINANCING ACTIVITIES		(1,343)	26,411	(1,343)	26,411
Net (decrease)/increase in cash and cash equivalents		(17,849)	20,280	(18,887)	20,270
Cash and cash equivalents at 1 September		20,280	–	20,270	–
CASH AND CASH EQUIVALENTS AT 31 AUGUST		2,431	20,280	1,383	20,270

The notes on pages 22 to 63 are an integral part of these consolidated financial statements.

Notes to the financial statements

For the year ended 31 August 2009

1. Reporting entity

LonZim Plc (the "Company") is a company incorporated in the Isle of Man. The consolidated financial statements of the Group for the year to 31 August 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The financial statements were authorised for issue by the Directors on 25 January 2010.

2. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the E.U. On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption 'under the Isle of Man Companies Act 2006 there is no requirement to present a company income statement in consolidated financial statements'.

Functional and presentation currency

The consolidated financial statements are presented in sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

Change in functional currency at subsidiary level

The uncertainties in the adverse Zimbabwean economic environment have resulted in subsidiaries of the Group operating in Zimbabwe changing their functional currency from Zimbabwe dollars to United States dollars.

The rate of increase of inflation in Zimbabwe reached extraordinary levels in the last quarter of 2008. This was exacerbated by the existence of multiple exchange rates, the use of foreign currencies for some transactions and the existence of multiple pricing criteria for similar products based on the mode of settlement. The effect was that the Zimbabwe dollar was no longer a functional currency for financial reporting purposes and resulted in a change in the functional currency for most entities reporting in Zimbabwe. With effect from 1 February 2009, the subsidiaries Celsys, Millpal and Paynet changed their functional currency from the Zimbabwe dollar to the United States dollar as it was evident that the United States dollar represents the currency of the prime economic environment in which the respective companies operate. On 29 January 2009 and on 2 February 2009 the Fiscal and Monetary Authorities gave recognition to the fact that the Zimbabwe dollar was no longer a functional currency and authorised the use of multiple foreign currencies for trading in Zimbabwe.

The basis of preparation and presentation of the financial statements of Celsys, Millpal and Paynet for inclusion in the LonZim Plc consolidated accounts follows the guidance issued by the Public Accountants and Auditors Board and the Zimbabwe Accounting Practices Board. This guidance was issued to assist preparers of financial statements in converting their financial statements from Zimbabwe dollars into their new functional currency in a manner that is consistent with the principles of International Financial Reporting Standards, in as far as is practicable, in the Zimbabwean economic environment, at the date of the change of the functional currency. As suggested by the guidance, assets and liabilities carried at fair value were valued at the date of change of the functional currency and carried at the fair values in the new functional currency. Non-monetary assets and liabilities were valued at their deemed costs. Equity was recognised as the residual of the Company's net assets and will be treated as a non-distributable reserve until clarity has been obtained on the legal position with respect to the treatment of share capital. Further clarification of reserves will be pursued after the legal considerations attendant to share capital has been addressed.

The financial performance, as reflected in the income statement, includes only the financial performance of Celsys, Millpal and Paynet after the change in their functional currency at 1 February 2009 however it was considered that any translation of results for the period pre-dollarization be deemed immaterial in the context of the Group accounts. The Directors believe that the balance sheet that has been presented is a fair reflection of the assets and liabilities of the Company in accordance with International Financial Standards and, therefore, a fair reflection of the shareholders' equity.

Notes to the financial statements *continued*

2. Basis of preparation (continued)

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Aircraft are measured at fair value
- Financial assets held for trading are measured at fair value through profit or loss
- Land, buildings and plant and equipment are held at their revalued amount

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied to these financial statements were in issue but not yet effective:

- Revised IFRS 3 – Business combinations
- Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to IFRS 2 – Share based payments
- Amendments to IFRS 8 – Segment reporting
- Amendments to IFRS 27 – Consolidated and separate financial statements
- Amendments to IFRS 32 and IAS 1 - Portable financial instruments and obligations arising on liquidation
- Amendments to IAS 23 – Borrowing costs
- Amendments to IFRIC 13 – Customer loyalty programmes
- Amendments to IAS 1 (Revised) – Statements of Comprehensive Income

Revised IAS 1 Presentation of Financial Statements (2007)

Revised IAS 1 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2010 consolidated financial statements, is expected to have a significant impact on the comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

Revised IFRS 3 Business Combinations (2008)

Revised IFRS 3 incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in the income statement.
- Transaction costs, other than share and debt issue costs will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in the income statement.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

Notes to the financial statements *continued*

2. Basis of preparation (continued)

Basis of measurement (continued)

Amended IAS 27 Consolidated and separate financial statements (2008)

Amended IAS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the income statement. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the Group's 2010 consolidated financial statements.

Other than IAS 27, IAS 1 and IFRS 3 the Directors anticipate that the adoption of these Standards and interpretation in future periods will have no material impact on the financial statements of the Group.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Estimates made by management in the application of adopted IFRS that have significant effect on the financial statements with a significant effect on the financial statements with a significant risk of material adjustment in the next year are discussed in the following notes:

- Valuation of goodwill and intangible assets
- Valuation of land and buildings
- Provisions

Going concern

The Group's business activities and financial performance are set out in the Chief Executive's Review on pages 2 to 6. In addition note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit and liquidity risk.

The Group has access to considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Notes to the financial statements *continued*

3. Significant accounting policies

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of LonZim Plc and entities controlled by LonZim Plc (its subsidiaries). Control is achieved where LonZim Plc (the Company) has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of entities acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the accounts of the subsidiaries are adjusted to conform to the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries and businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Wherever possible, subsidiaries and business combinations are required to change their reporting dates to 31 August.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(b) Intangible assets

Goodwill

Goodwill arising on consolidation is recognised as an asset.

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. The recoverable amount is estimated at each balance sheet date. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed when the carrying amount of the asset exceeds its recoverable amount.

Any impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then, to reduce the carrying amount of other assets in the unit (groups of units) on a pro rata basis.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Other intangible assets

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary.

On a business combination, as well as recording separable intangible assets already recognised in the balance sheet of the acquired entity at their fair value, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition balance sheet at fair value.

Amortisation of intangible assets is charged over their useful economic life, on the following basis:

Non-compete agreement	5½ years
Licences	5-6 years
Brand name	10 years

(c) Foreign currencies

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions denominated in foreign currencies are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions. Non-monetary assets and liabilities are translated at the historic rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items earned at fair value are included within the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(c) Foreign currencies (continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified in equity and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expenses in the period in which the operation is disposed of.

Change in functional currency

With effect from 1 February 2009, Celsys, Millpal and Paynet changed their functional currency from Zimbabwe dollars to United States dollars (Note 2). This change occurred on the basis of the evaluation that the United States dollar better represents the currency of the primary economic environment in which these entities operate.

(d) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current taxation

Current tax is based on taxable profit for the period for the Group. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on the investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(e) Fixed asset investments

Unlisted fixed asset investments are stated at fair value.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(f) Property, plant and equipment

Long leasehold land and buildings, plant and machinery, motor vehicles and fixtures and fittings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such asset is charged as an expense to the extent that it exceeds the balance if any, held in the revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued assets is charged to the income statement. On subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining is transferred directly to retained earnings.

All other assets are stated at depreciated historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, on the following basis:

Freehold buildings	2% of cost
Leasehold land and buildings	Over the term of the lease
Aircraft	Over useful economic life 10 – 18 years
Plant and machinery	10% of cost
Motor cars	15%-25% of cost
Fixtures and fittings	15%-25% of cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss for the period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the relevant lease term.

No depreciation is provided on freehold land.

In respect of aircraft, subsequent costs incurred which lend enhancement to future periods such as a long term scheduled maintenance and major overhaul of aircraft and engines are capitalised and amortised over the length of the period benefiting from these enhancements. All other costs relating to maintenance are charged to the income statement as incurred.

(g) Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(g) Impairment of assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated recoverable amounts are recognised in profit or loss when there is objective evidence the asset is impaired.

Trade payables

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

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Held for trading financial assets

Financial assets are held at fair value through the income statement. Fair value is measured based on quoted closing bid price in an active market.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(h) Financial instruments (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable direct expenditure and attributable overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(j) Share based payments

The Group provides benefits to certain employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The grant date fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity over the period that the employees become unconditionally entitled to the options.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(l) Dividends

Dividends are recognised as a liability in the period in which they are proposed and declared.

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Revenue recognition

Revenue is derived from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value-added tax and other sales taxes. A sale is recognised when the significant risks and rewards of ownership have passed to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. This is when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

(o) Leases

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

Notes to the financial statements *continued*

3. Significant accounting policies (continued)

(o) Leases (continued)

Finance leases

Finance leases are capitalised at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is shown as a finance lease obligation to the lessor. Leasing repayments comprise of both a capital and finance element. The finance element is written off to the income statement so as to produce an approximately constant periodic rate of charge on the outstanding obligations. Such assets are depreciated over the shorter of their estimated useful lives and the period of the lease.

Operating leases – payable

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

Operating leases – receivable

Operating lease rentals are credited to the income statement on a straight line basis over the period of the lease.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on the weighted average number of ordinary shares outstanding during the period. Diluted earnings/(loss) per share is based upon the weighted average number of shares in issue throughout the year, adjusted for the dilutive effect of potential ordinary shares. The only potential ordinary shares in issue are employee share options.

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes to the financial statements *continued*

4. Segment reporting (continued)

Business segments

For management purposes, the Group is currently organised into four main business segments.

- Aviation
- Hotels
- Support services
  - Industrial chemical products
  - Security printing products
  - Telecoms
  - Payroll services
  - Pharmaceutical distribution
  - Microfinance
- Head office

Geographical segments

Support services and hotels operate in various parts of Zimbabwe and the Beira Corridor of Mozambique. Separate geographical analysis has therefore not been presented.

Notes to the financial statements *continued*

4. Segment reporting (continued)

Business segments

	Aviation		Hotels		Support services		Head office		Consolidated	
	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000
Revenue from external customers:	671	–	284	–	1,652	188	–	–	2,607	188
Total revenue	671	–	284	–	1,652	188	–	–	2,607	188
Segment result	51	–	(409)	(19)	(942)	(36)	–	–	(1,300)	(55)
Unallocated central expenses	–	–	–	–	–	–	376	(1,880)	376	(1,880)
Operating Profit/(loss)	51	–	(409)	(19)	(942)	(36)	376	(1,880)	(924)	(1,935)
Net financing income	–	–	–	–	–	–	2,011	845	2,011	845
Income tax expense	–	–	–	–	129	(107)	(303)	(35)	(174)	(142)
Profit/(loss) for the year/period	51	–	(409)	(19)	(813)	(143)	2,084	(1,070)	913	(1,232)

All revenues relate to sale of goods and services.

Unallocated central expenses include the following non-cash items during the year/period:

	2009 £000	2008 £000
- share based payments (see note 20, 22)	–	165
- amortisation (see note 13)	1,529	994
- negative goodwill	4,408	–

	Aviation		Hotels		Support services		Head office		Consolidated	
	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000	Year ended 2009 £000	Period ended 2008 £000
Segment assets	4,184	–	13,573	4,424	4,115	657	15,512	30,742	37,384	35,823
Total assets	4,184	–	13,573	4,424	4,115	657	15,512	30,742	37,384	35,823
Segment liabilities	419	–	1,328	1,574	572	177	1,591	336	3,910	2,087
Total liabilities	419	–	1,328	1,574	572	177	1,591	336	3,910	2,087
Depreciation (note 12)	297	–	15	–	157	2	2	–	471	2
Amortisation of intangible assets (note 13)	–	–	–	–	–	–	1,529	994	1,529	994

Notes to the financial statements *continued*

5. Monetary adjustment

	2009 £000	2008 £000
Adjustment required for hyper-inflationary accounting as per International Accounting Standard 29	–	1

6. Group net operating costs

	Group					
	Continuing 2009 £000	Acquisitions 2009 £000	Total 2009 £000	Continuing 2008 £000	Acquisitions 2008 £000	Total 2008 £000
Cost of sales	557	1,015	1,572	–	66	66
Administrative expenses	176	1,783	1,959	1,880	176	2,056
Net operating costs	733	2,798	3,531	1,880	242	2,122

Administrative expenses include management related overheads for operations and head office.

Operating costs include:						
Depreciation of property, plant and equipment	57	414	471	–	2	2
Amortisation of intangibles (other than goodwill)	1,529	–	1,529	994	–	994
Share based payments	–	–	–	165	–	165
Operating lease rentals						
– Land and buildings	16	–	16	–	16	16
Staff costs	608	326	934	98	68	166
Negative goodwill	(4,408)	–	(4,408)	–	–	–

Auditors' remuneration

	Year ended 31 August 2009 £000	Period ended 31 August 2008 £000
Fees payable to the Company's Auditors for:		
– The audit of the Group's annual accounts	113	76
– The audit of the Company's subsidiaries pursuant to legislation	13	11
Total audit fees	126	87

Notes to the financial statements *continued*

7. Acquisition of subsidiaries

On 29 April 2009, the Group acquired 100% of the issued share capital of Leopard Rock Hotel Company (Pvt) Limited for total consideration of £5,838k. Leopard Rock is an internationally recognised hotel, casino and golf course.

	Recognised book values £000	Fair value adjustments £000	Provisional fair values £000
Plant and equipment	213	–	213
Inventories	83	–	83
Deferred tax liabilities	(350)	(74)	(424)
Land and buildings	6,996	1,494	8,490
Intangible licences – golf and brand	–	769	769
– casino licence	–	682	682
Trade and other payables	(26)	–	(26)
Net identifiable assets and liabilities	6,916	2,871	9,787

Consideration, satisfied in cash	5,795
Professional fees	43
	5,838
Net cash outflow	5,838
Total consideration	5,838
Net identifiable assets at fair value	(9,787)
Minority interest	–
Negative goodwill on acquisition	(3,949)

On acquisition of Leopard Rock a fair value adjustment of £1,451k for intangible assets was recognised which resulted in negative goodwill of £3,949k being created and released to the income statement within generating costs.

Leopard Rock contributed £284k to revenue and (£237k) loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. The result would have been £304k to revenue and £257k (loss) had the transaction taken place at the commencement of the accounting period.

Notes to the financial statements *continued*

7. Acquisition of subsidiaries (continued)

On 15 October 2008, the Group acquired 100% of the issued share capital of Paynet Ltd for a total cash consideration of £2,042k.

	Recognised book values £000	Fair value adjustments £000	Provisional fair values £000
Plant and equipment	472	–	472
Land and buildings	528	–	528
Deferred tax	(146)	–	(146)
Trade and other payables	(148)	–	(148)
Intangible licences – software	–	774	774
Net identifiable assets and liabilities	706	774	1,480

Consideration, satisfied in cash	1,850
Professional fees	192
	2,042
Net cash outflow	2,042
Total consideration	2,042
Net identifiable assets at fair value	(1,480)
Minority interest	–
Goodwill on acquisition	562

The goodwill arising on the acquisition of Paynet Ltd is attributable to the anticipated profitability of the company's services, once economic stability returns to Zimbabwe.

Paynet Ltd contributed £295k revenue and (£301k) loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. This is the same result as would have been reported had the transaction taken place at the commencement of the accounting period.

Notes to the financial statements *continued*

7. Acquisition of subsidiaries (continued)

On 18 November 2008, the Group acquired 51% of the issued share capital of ForgetMeNot Africa BVI Ltd ("FMNA") for a total cash consideration of £346k.

	Recognised book values £000	Fair value adjustments £000	Provisional fair values £000
Trade and other payables	(21)	–	(21)
Net identifiable assets and liabilities	(21)	–	(21)

Consideration, satisfied in cash	346
Professional fees	–
	346
Net cash outflow	346
Total consideration	346
Net identifiable liabilities at fair value	21
Minority interest	–
Goodwill on acquisition	367

The goodwill arising on the acquisition of FMNA is attributable to the anticipated profitability of the company's services, once the service technology has been proven.

FMNA contributed £14k revenue and (£354k) loss to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. This is the same result as would have been reported had the transaction taken place at the commencement of the accounting period.

Notes to the financial statements *continued*

7. Acquisition of subsidiaries (continued)

On 13 January 2009, the Group acquired 90% of the issued share capital of Sol Aviation (Pvt) Limited ("Sol Aviation") for a total cash consideration of £66k.

	Recognised book values £000	Fair value adjustments £000	Provisional fair values £000
Cash	2	–	2
Intangible licences – aviation	–	300	300
Net identifiable assets and liabilities	2	300	302

Consideration, satisfied in cash	66
Professional fees	–
	66
Cash acquired	2
Net cash outflow	64
Total consideration	66
Net identifiable assets at fair value	(302)
Minority interest	30
Negative goodwill on acquisition	(206)

On acquisition of Sol Aviation a fair value adjustment for intangible assets was recognised which resulted in negative goodwill of £206k being created and released to the income statement within operating costs.

Sol Aviation contributed £Nil revenue and £Nil costs to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. This is the same result as would have been reported had the transaction taken place at the commencement of the accounting period.

Notes to the financial statements *continued*

7. Acquisition of subsidiaries (continued)

On 26 March 2009, the Group acquired 100% of the issued share capital of Medalspot (Pvt) Limited ("Medalspot") for a total cash consideration of £816k.

	Recognised book values £000	Fair value adjustments £000	Provisional fair values £000
Land and buildings	–	1,003	1,003
Net identifiable assets and liabilities	–	1,003	1,003

Consideration, satisfied in cash	672
Financial asset/option on acquisition of Blueberry	144
	816
Cash acquired	–
Net cash outflow	672
Total consideration	816
Net identifiable assets at fair value	(1,003)
Minority interest	–
Negative goodwill on acquisition	(187)

On acquisition of Medalspot a fair value adjustment for property was recognised which resulted in negative goodwill of £187k being created and released to the income statement within operating costs.

Medalspot contributed £Nil revenue and £Nil costs to the Group's profit before tax for the period between the date of acquisition and the balance sheet date. This is the same result as would have been reported had the transaction taken place at the commencement of the accounting period.

Notes to the financial statements *continued*

7. Acquisition of subsidiaries (continued)

2008 Acquisitions

The fair value of the net assets acquired in 2008 were as follows:

	Blueberry International Services Limited £000	Aldeamento Turistico de Macuti SARL £000	Total £000
Land and buildings	–	3,931	3,931
Property, plant and equipment	131	–	131
Financial instrument	213	–	213
Deferred tax	6	–	6
Inventories	22	–	22
Trade and other receivables	48	486	534
Cash and cash equivalents	–	8	8
Bank overdraft	(9)	–	(9)
Trade and other payables	(63)	(810)	(873)
Net identifiable assets and liabilities	348	3,615	3,963
Minority Interest	123	721	844
Goodwill on acquisition	3,382	68	3,450
Consideration paid, satisfied in cash	3,344	2,186	5,530
Professional fees	263	17	280
Provision	–	759	759
	3,607	2,962	6,569
Provision (non-cash flow)	–	(759)	(759)
Overdraft/(Cash) acquired	9	(8)	1
Net cash outflow arising on acquisition	3,616	2,195	5,811
Expenses included in the consideration above	263	17	280
Revenue for the year to 31 August 2008	188	–	188
Loss from the date of acquisition to 31 August 2008	(36)	(19)	(55)
Loss for the year to 31 August 2008	(36)	(19)	(55)

Date of acquisition	14 January 2008	11 June 2008	
Percentage of issued share capital acquired	100%	80%	

During the hindsight period the provision within ATdM has been restated (see Note 23) resulting in £66k negative goodwill taken to income statement in 2009. These comparative figures are as previously reported.

Notes to the financial statements *continued*

8. Personnel expenses

The aggregate remuneration comprised (including Executive Directors):

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Wages and salaries	862	162
Compulsory social security contributions	72	4
Equity-settled transactions	–	165
	934	331

The average number of employees (including Executive Directors) was:

	Group Year ended 31 August 2009 Number	Group Period ended 31 August 2008 Number
Support services	220	162
Hotels	147	87
Head office	7	6
	374	255

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Remuneration of Directors		
Directors' emoluments	144	53

9. Finance income and finance costs

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Recognised in income statement:		
Net gain on financial instruments designated at fair value through profit and loss	1,264	–
Bank interest receivable	437	974
Foreign exchange gain/(loss)	310	(129)
Net finance income	2,011	845
Attributable to equity holders	2,011	845

Notes to the financial statements *continued*

10. Income tax expense

Recognised in the income statement

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Current tax expense		
Current year/period	–	35
Deferred tax expense		
Origination and reversal of temporary differences	174	107
Total income tax expense in income statement	174	142

Reconciliation of effective tax rate

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Profit/(loss) before tax	1,087	(1,090)
Income tax using the U.K. corporation tax rate 28% (2008: 28%)	304	(305)
Non-deductible expenses	(948)	334
Net losses where no group relief is available	658	6
Profit in jurisdictions with zero tax	(14)	–
	–	35

Deferred tax

	Group Year ended 31 August 2009 £000	Group Period ended 31 August 2008 £000
Charge relating to intangible assets	303	107
Relating to losses in subsidiaries	(129)	–
	174	107

Corporation tax is calculated as 28% (2008: 28%) per cent of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the financial statements *continued*

11. Earnings per share

The calculation of the basic and dilutive earnings per share is based on the following data:

Earnings

	Year ended 31 August 2009 £000	Period ended 31 August 2008 £000
Earnings for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent	1,087	(1,232)
Effect of dilutive potential ordinary shares	–	–
Earnings for the purposes of diluted earnings per share	1,087	(1,232)

Number of shares

	Year ended 31 August 2009 Number '000	Period ended 31 August 2008 Number '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,862	36,450
Effect of dilutive potential ordinary shares		
– Share options	500	500
Weighted average number of ordinary shares for the purposes of diluted earnings per share	36,362	36,950

In 2008 the calculation of diluted loss per share would be based on the weighted average number of shares outstanding adjusted by the dilutive share options. The weighted average number of shares outstanding was 36,950,000. The diluted loss per share was not adjusted as this would have been anti-dilutive.

Notes to the financial statements *continued*

12. Property, plant and equipment

	2009 Group						
	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Aircraft £000	Motor vehicles £000	Furniture fixtures and fittings £000	Total £000
Cost or valuations							
At 1 September 2008	–	3,931	234	–	47	74	4,286
Acquisitions through business combinations	9,892	–	–	–	177	510	10,579
Additions in year	–	–	2	3,925	60	116	4,103
Disposals in year	–	–	–	–	(5)	–	(5)
Revaluation	–	793	–	–	–	–	793
Effect of movements in foreign exchange	(676)	139	68	–	41	29	(399)
Balance at 31 August 2009	9,216	4,863	304	3,925	320	729	19,357
Accumulated depreciation							
At 1 September 2008	–	–	2	–	–	–	2
Depreciation charge for the year	8	–	22	297	43	101	471
Balance at 31 August 2009	8	–	24	297	43	101	473
Carrying amounts							
At 31 August 2009	9,208	4,863	280	3,628	277	628	18,884
At 31 August 2008	–	3,931	353	–	–	–	4,284

Directors' valuation:

ATdM

Long leasehold land and buildings

The value of long leasehold land and buildings is included at the Directors' valuation at 31 August 2009. The Directors obtained evidence of observable prices in an active market to determine their valuation. The Directors consider the fair value at the balance sheet date is not materially different from the carrying value.

Celsys and Millpal

Revaluation – plant and equipment

The plant and equipment at Celsys Print was independently valued by Mr. A West in Zimbabwe, as at 30 June 2008. Other assets were valued by the Directors. Fair value was determined at 31 August 2009 by reference to market evidence. The Directors consider the fair value at the balance sheet date is not materially different from the carrying value.

Paynet

Revaluation – property, plant and equipment

The property, plant and machinery at Paynet was revalued at dollarization on 1 February 2009 by the Directors. Fair value was determined at 31 August 2009 by reference to market evidence. The valuation at 1 February 2009 and at acquisition date were not materially different.

Notes to the financial statements *continued*

12. Property, plant and equipment (continued)

Leopard Rock

Revaluation – land and buildings

Property, plant and machinery at Leopard Rock was revalued at dollarization on 1 February 2009 by Messrs. Holland & Co.. Fair value at acquisition date used a professional valuation of US$10,000,000 for the hotel and a Directors' valuation was provided of US$2,400,000 in respect of the land element. The valuation for the land was determined using market evidence as provided by an independent valuer.

Medalspot

Revaluation – property

A professional valuation was made by T.W.R.E. Zimbabwe (Pvt) Limited of US$1,500,000 at 31 August 2009. Fair value at 31 August 2009 was made by reference to market evidence.

	2008 Group						
	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Aircraft £000	Motor vehicles £000	Furniture fixtures and fittings £000	Total £000
Cost or valuations							
Acquisitions through business combinations	–	3,931	131	–	–	–	4,062
Additions in period	–	–	–	–	–	–	–
Disposals in period	–	–	–	–	–	–	–
Revaluation	–	–	232	–	–	–	232
Effect of movements in foreign exchange	–	–	(8)	–	–	–	(8)
Balance at 31 August 2008	–	3,931	355	–	–	–	4,286
Accumulated depreciation							
Depreciation charge for the period	–	–	2	–	–	–	2
Balance at 31 August 2008	–	–	2	–	–	–	2
Carrying amounts							
At 31 August 2008	–	3,931	353	–	–	–	4,284

The £355,000 brought forward in respect of plant and machinery has been split across plant and machinery, motor vehicles and furniture, fixtures and fittings at 1 September 2008. This allocation was not available previously.

Directors' valuation:

ATdM

Long leasehold land and buildings

The value of long leasehold land and buildings is included at the date of acquisition on 11 June 2008. The Directors obtained evidence of observable prices in an active market to determine their valuation. The Directors do not consider the fair value at the balance sheet date to be materially different from the carrying value.

Celsys and Millpal

Revaluation

The plant and equipment at Celsys Print has been independently valued by Mr. A West in Zimbabwe, as at 30 June 2008. Other assets were valued by the Directors. Fair value was determined by reference to market evidence. The historical cost of plant and machinery which has been revalued during the period was £Nil and the resulting revaluation of £232k has been taken to revaluation reserve.

Notes to the financial statements *continued*

12. Property, plant and equipment (continued)

	2009 Company		
	Motor vehicles £000	Furniture fixtures and fittings £000	Total £000
Cost or valuations			
At 1 September 2008	–	–	–
Additions in year	35	5	40
Balance at 31 August 2009	35	5	40
Accumulated depreciation			
At 1 September 2008	–	–	–
Depreciation charge for the year	1	1	2
Balance at 31 August 2009	1	1	2
Carrying amounts			
At 31 August 2009	34	4	38
At 31 August 2008	–	–	–

There was no property, plant and equipment in the Company in 2008.

13. Intangible assets

							Group 2009	Company 2009
	Goodwill £000	Non compete agreement £000	Brand name £000	Aviation licence £000	Software licences £000	Casino license £000	Total £000	Total £000
Cost								
At 1 September 2008	3,450	7,290	–	–	–	–	**10,740**	**7,290**
Acquired through business combinations	943	–	770	270	774	682	**3,439**	**–**
Amounts written off during the year	(68)	–	–	–	–	–	**(68)**	**–**
Balance at 31 August 2009	4,325	7,290	770	270	774	682	**14,111**	**7,290**
Amortisation								
At 1 September 2008	–	994	–	–	–	–	**994**	**994**
Amortisation for the year	–	1,325	18	27	118	41	**1,529**	**1,325**
Balance at 31 August 2009	–	2,319	18	27	118	41	**2,523**	**2,319**
Carrying amounts								
At 31 August 2009	4,325	4,971	752	243	656	641	**11,588**	**4,971**
At 31 August 2008	3,450	6,296	–	–	–	–	**9,746**	**6,296**

Notes to the financial statements *continued*

13. Intangible assets (continued)

	Goodwill £000	Non compete agreement £000	Group 2008 Total £000	Company 2008 Total £000
Cost				
Acquired in period	–	7,290	7,290	7,290
Acquired through business combinations	3,450	–	3,450	–
Balance at 31 August 2008	3,450	7,290	10,740	7,290
Amortisation				
Amortisation for the period	–	994	994	994
Balance at 31 August 2008	–	994	994	994
Carrying amounts				
At 31 August 2008	3,450	6,296	9,746	6,296

Amortisation

The amortisation charge is recognised in the administration expenses (note 6) in the income statement. The remaining amortisation period at 31 August 2009 is as follows:

- Non-compete agreement – 45 months
- Licences – 57 months
- Brand name – 115 months

Goodwill

As at 31 August 2009, the consolidated balance sheet included goodwill of £4,325k. Goodwill is allocated to the Group's cash-generating units ("CGUs"), or groups of cash-generating units, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill as follows:

Cash generating unit (CGU)	Primary reporting segment	2009 £000	2008 £000
Celsys	Support services	1,958	1,944
Millpal	Support services	1,438	1,438
ATdM	Hotels	–	68
FMNA	Support services	367	–
Paynet	Support services	562	–
		4,325	3,450

There have been no indications of impairment relating to the CGUs or groups of CGUs to which goodwill has been allocated and, accordingly, the disclosures that follow relate to the impairment test that is required to be conducted on an annual basis:

- The carrying value of goodwill has been assessed with reference to value in use over 10 years reflecting the projected cash flows of each of the CGUs or group of CGUs based on the most recent forecast. A forecast period of 10 years has been used as this is reflective of the Board's view of the long term investment potential in these Zimbabwe subsidiaries.

Notes to the financial statements *continued*

13. Intangible assets (continued)

- Growth rates for the period not covered by the forecast are based on a range of growth rates that reflect the products, industries and countries in which the relevant CGU or group of CGUs operate. Growth rates have been calculated based on management's expected forecast volumes and market share increases on normalisation of the Zimbabwe economy.
- The key assumptions on which the cash flow projections for the most recent forecast are based relate to discount rates, growth rates, expected changes in selling prices and direct costs. Key assumptions also include consideration of the period to normalisation of the Zimbabwe economy, where the range was between 1 and 3 years.
- The cash flow projections have been discounted using rates based on the Group's pre-tax weighted average cost of capital. The rate used was 12.5%.
- The growth rates applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that is significant to the total carrying amount of goodwill were in a range between 0% and 5%.
- Changes in selling price and direct costs are based on past results and expectations of future changes in the market.
- In respect of the value in use calculations, cash-flows have been considered for both the conservative and the full forecast potential of future cash-flows with no impact to the valuation of goodwill.

Impairment loss

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Directors believe that the value of the Group's investments are long term and will only be realised on the eventual full recovery of the Zimbabwean economy. The Directors do not believe any impairment to goodwill is necessary.

Other intangible assets

Non compete agreement

The Group tests other intangible assets for impairment if there are indications that they might be impaired.

The agreement was entered into on admission to AIM and covers a period of five and a half years and under its terms, Lonrho cannot:

- invest in, carry on or be engaged or in any way be interested in any competing business of LonZim which is carried on in Zimbabwe or the Beira Corridor;
- without the express permission of LonZim Plc, provide any of the services provided to any other organization competing in Zimbabwe or the Beira Corridor;
- induce or assist any other person or company to do any of the things that Lonrho itself is prohibited from.

The non-compete agreement has been recognised as an intangible asset and on initial recognition was valued at £7.3 million being the value of the shares issued. It was deemed impractical to use any other basis for the valuation.

The amortisation periods for other intangible assets are:

- Non compete agreement 5½ years
- Licences 5-6 years
- Brand names 10 years

Estimates and judgements

The Directors believe that the estimate and judgements used in preparing these financial statements would not have a material impact on the carrying values of the intangible assets disclosed above.

Notes to the financial statements *continued*

14. Fixed asset investments

The Company has investments in the following subsidiaries and associates which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

	Country of incorporation	Principal activity	Ownership interest
LonZim Holdings Limited +	Isle of Man	Investment company	100%
Celsys Limited	Zimbabwe	Printing products	60%
Gardoserve (Pvt) Limited	Zimbabwe	Chemical products	100%
Peak Mine (Pvt) Limited	Zimbabwe	Investment company	100%
Rex Mining Holdings Pvt Limited	Zimbabwe	Investment company	100%
Blueberry International Services Limited	British Virgin Islands	Investment company	100%
Blueberry Print (Zambia) Limited	British Virgin Islands	Investment company	100%
Celsys Zambia Limited	Zambia	Printing company	55%
Wardlaw 1989 Limited	United Kingdom	Investment company	100%
Morningdale Properties Limited	Zimbabwe	Investment company	100%
Medalspot (Pvt) Limited	Zimbabwe	Investment company	100%
Aldeamento Turistico de Macuti SARL +	Mozambique	Hotel development	80%
Southern Africa Management Services	Mauritius	Investment company	100%
Quickvest525 (Pty) Limited	South Africa	Investment company	51%
Panafmed (Pty) Limited	South Africa	Pharmaceutical distribution company	51%
ForgetMeNot Africa (BVI) Limited	British Virgin Islands	Telecommunication software company	51%
Paynet Limited	Mauritius	Payroll bureau	100%
Paynet Zimbabwe (Pvt) Limited	Zimbabwe	Payroll bureau	100%
Autopay (Pvt) Limited	Zimbabwe	Payroll Bureau	100%
Tradanet (Pvt) Limited	Zimbabwe	Microfinance company	51%
Le Har (Pvt) Limited	Zimbabwe	Investment company	100%
LonZim Air (BVI) Limited	British Virgin Islands	Aviation company	100%
Sol Aviation (Pvt) Limited	Zimbabwe	Aviation company	90%
LonZim Hotels Limited	Isle of Man	Investment company	100%
Lyons Africa Holdings BV	The Netherlands	Investment company	100%
Leopard Rock Hotel Company (Pvt) Limited	Zimbabwe	Hotel and Golf Resort	100%

+ Held directly by LonZim Plc.

15. Other financial assets

	Group 2009 £000	Group 2008 £000
Option to purchase assets in the future	–	213
	–	213

Notes to the financial statements *continued*

16. Other investments

	Group 2009 £000	Group 2008 £000
At 1 September	–	–
Acquisitions	2,950	–
Acquired with subsidiary	17	–
Disposals	(2,079)	–
Unrealised gain	381	–
At 31 August	1,269	–

The listed equity investments present the Group with an opportunity for return through dividend income and trading gain. They have no fixed maturity or coupon rate. The values of these investments are based on quoted market prices.

The investments in Lonrho Plc above are treated as related party transactions (see note 33).

17. Inventories

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
Game stock	42	–	–	–
Finished goods	152	–	21	–
	194	–	21	–

18. Trade and other receivables

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
Amounts owed by Group undertakings	–	19,934	–	3,713
Amounts receivable from the sale of goods	1,292	–	62	–
Other receivables	1,184	–	486	–
Pre-payments and accrued income	465	367	729	639
	2,941	20,301	1,277	4,352

The average credit period taken on sales of goods is 14 days. No interest is charged on receivables.

The Directors consider the carrying amount of trade and other receivables approximates their fair value. In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reaction in the recoverability of the cashflows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Notes to the financial statements *continued*

19. Cash and cash equivalents

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
Bank balances	2,431	1,383	20,282	20,270
Bank overdrafts	–	–	(2)	–
Cash and cash equivalents in the statement of cash flows	2,431	1,383	20,280	20,270

20. Capital and reserves

Reconciliation of movement in capital and reserves

Group 2009

	Share capital £000	Share premium £000	Re-valuation reserve £000	Share based payment reserve £000	Retained earnings £000	Foreign exchange reserve £000	Total £000	Minority interest £000	Total Equity £000
Balance at 31 August 2008	4	33,697	148	165	(1,182)	–	32,832	904	33,736
Share purchase	(1)	(1,342)	–	–	–	–	(1,343)	–	(1,343)
Revaluation	–	–	586	–	–	–	586	207	793
Profit/(loss) for the period	–	–	–	–	1,087	–	1,087	(174)	913
Exchange difference on translation of overseas operations	–	–	–	–	98	(681)	(583)	(42)	(625)
Balance at 31 August 2009	3	32,355	734	165	3	(681)	32,579	895	33,474

Company 2009

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total £000
Balance at 31 August 2008	4	33,697	165	(1,079)	32,787
Share purchase	(1)	(1,342)	–	–	(1,343)
Loss for the period	–	–	–	(3,075)	(3,075)
Balance at 31 August 2009	3	32,355	165	(4,154)	28,369

Group 2008

	Share capital £000	Share premium £000	Re-valuation reserve £000	Share based payment reserve £000	Retained earnings £000	Foreign exchange reserve £000	Total £000	Minority interest £000	Total Equity £000
Share issue	4	33,697				–	33,701	–	33,701
Minority interest in acquisition	–	–	–	–	–	–	–	844	844
Revaluation	–	–	148	–	–	–	148	84	232
Loss for the period	–	–	–	–	(1,193)	–	(1,193)	(39)	(1,232)
Exchange difference on translation of overseas operations	–	–	–	–	11	–	11	15	26
Equity settled transactions	–	–	–	165	–	–	165	–	165
Balance at 31 August 2008	4	33,697	148	165	(1,182)	–	32,832	904	33,736

Company 2008

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total £000
Share purchase	4	33,697	–	–	33,701
Loss for the period	–	–	–	(1,079)	(1,079)
Equity settled transactions	–	–	165	–	165
Balance at 31 August 2008	4	33,697	165	(1,079)	32,787

Notes to the financial statements *continued*

21. Share capital

	Ordinary shares 2009		Ordinary shares 2008	
	No	£000	No	£000
Authorised				
Ordinary £0.0001 shares	32,076,000	3	36,450,000	4
Issued fully paid				
At 1 September 2008	36,450,000	4	–	–
Issued in period	–	–	36,450,000	4
Cancelled in period	(4,374,000)	(1)	–	–
	32,076,000	3	36,450,000	4

The Group has also issued share options (see note 22). 500,000 shares are held in reserve to issue in the event that these options are exercised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Directors are authorised in any period between consecutive annual general meetings, to allot any number of ordinary shares on such terms as they shall, in their discretion, determine up to such maximum number as represents 50 per cent. of the issued share capital at the beginning of such period. Further ordinary shares may be allotted on terms determined by the Directors but subject to the pre-emption rights prescribed by Section 36 of the Isle of Man Companies Act 2006.

Share premium

The share premium represents the value of the premium arising on the share issue of 36,450,000 ordinary £0.0001 shares at a price of £1.00 per share net of issue costs of £2,753k, less the cost of purchasing and cancelling 4,374,000 shares at 30.5p per share.

Revaluation reserve

The revaluation reserve relates to plant and equipment which has been revalued in the Zimbabwean subsidiaries Celsys and Millpal and leasehold land in Beira (ATdM).

Share based payment reserve

The share based payment reserve comprises charges arising from the calculation of the share based payment posted to the income statement in 2008.

22. Share options

The following share options over £0.0001 ordinary shares were granted under an Unapproved Share Option scheme.

Name	Date granted	Number of share options granted	Exercise price	Period during which exercisable	Market price per share at date of grant
Paul Heber	11.12.2007	500,000	150p	11.12.2007 – 10.12.2012	100p

In accordance with IFRS 2 'Share-based payments' share options granted in the prior year were measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity (other reserves). The fair value of the options granted was estimated at the date of grant using the Black-Scholes option-price in model. The estimated value of the options granted on 11.12.2007 was £165,000.

Notes to the financial statements *continued*

22. Share options (continued)

Options may be exercised in whole or in part until the expiry of the exercise period. Holders of the options are entitled to receive notice of certain proposed transactions or events of the Company which may dilute or otherwise affect their options, and may exercise or be deemed to have exercised their options prior to the occurrence thereof. The Company shall keep available sufficient authorised but unissued share capital to satisfy the exercise of the options. Ordinary Shares issued pursuant to an exercise of the options shall rank *pari passu* in all respects with the Company's existing Ordinary Shares save as regards any rights attaching by reference to a record date prior to the receipt by the Company of the notice of exercise of options. The Company shall apply to admit to trading on AIM the Ordinary Shares issued pursuant to the exercise of options.

The following assumptions have been used:

	Date of grant 11.12.2007
Share price at vesting date 11 December 2007	100p
Exercise price	150p
Expected volatility	44%
Expected life	5 years
Expected dividends	0.00%
Risk-free interest rate	5.00%

Volatility was calculated by reference to industry indices at vesting dates.

All share options vested at date of grant and the basis of settlement is in shares of the company.

The number and weighted average exercise prices of share options are as follows:

	2009	
	Weighted average exercise price Pence	Number of options No
Exercisable at 1 September 2008	150	500,000
Granted during the year	–	–
Lapsed during the year	–	–
Charge to income in year	–	–
Outstanding at 31 August 2009	150	500,000
Exercisable at 31 August 2009	150	500,000

The options outstanding at the year end have an exercise price of 150p and a weighted average contractual life of 3 years.

The expected volatility is wholly based on the historic volatility of similar companies, calculated based on the remaining life of the share options.

23. Provisions

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
At 1 September	759	759	–	–
Discounted for earliest settlement date	(113)	(113)	–	–
Revised for probability of 70%	(161)	(161)	–	–
Provision on acquisition of subsidiary	–	–	759	759
At 31 August	485	485	759	759

Notes to the financial statements *continued*

23. Provisions (continued)

Provisions relate to an ‘alienation’ agreement with the Mozambique Government which was assumed as part of the consideration for the acquisition of Aldeamento Turistico de Macuti SARL. The provision is for US$1.5m. The amount payable by LonZim Plc is capped at US$1.5m and is expected to be settled no earlier than 36 months from the balance sheet date and the liability has therefore been discounted using a discount rate of 12.5% per annum.

The Directors are of the opinion that there is a 70% probability that this liability will become due and the liability has been adjusted to reflect this.

24. Deferred tax

Recognised deferred tax liabilities

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current year.

Group

	Accelerated tax depreciation £000	2009 Total £000	Accelerated tax depreciation £000	2008 Total £000
At 1 September	107	107	–	–
Restatement on dollarization	(107)	(107)	–	–
Arising on aquisitions	570	570	–	–
Other movements	36	36	–	–
Charge to income in period	303	303	107	107
At 31 August	909	909	107	107

Recognised deferred tax assets

The following are the major deferred tax assets recognised by the Group and movements thereon during the current year.

Group

	Accelerated tax depreciation £000	2009 Total £000	Accelerated tax depreciation £000	2008 Total £000
At 1 September	–	–	–	–
Recognised in period in respect of current trading losses	129	129	–	–
Other movements	(52)	(52)	–	–
At 31 August	77	77	–	–

25. Interest-bearing borrowings

	Group 2009 £000	Group 2008 £000
Bank overdrafts	–	2
	–	2

Notes to the financial statements *continued*

26. Trade and other payables

	Group 2009 £000	Company 2009 £000	Group 2008 £000	Company 2008 £000
Trade payables	1,025	–	64	–
Non-trade payables and accrued expenses	588	540	303	299
Other payables	860	–	811	–
	2,473	540	1,178	299

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purposes is 30 days.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

27. Notes to the cash flow statement

Group

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Profit/(loss) for the year/period	913	(1,232)	(3,075)	(1,079)
Amortisation on intangible assets	1,529	994	1,325	994
Depreciation of property, plant and equipment	471	2	2	–
Finance income	(2,011)	(974)	(660)	(827)
Income tax expense	174	142	–	35
Provision discount	(274)	–	–	–
Equity-settled share-based payment transactions	–	165	–	165
Negative goodwill	(4,408)	–	–	–
Operating cash flows before movements in working capital	(3,606)	(903)	(2,408)	(712)
(Increase)/decrease in inventories	(173)	1	–	–
Increase in receivables	(1,664)	(601)	(15,949)	(4,352)
Increase in payables	1,295	351	241	294
Cash generated from operations	(4,148)	(1,152)	(18,116)	(4,770)
Interest received	612	832	612	832
Net cash from operating activities	**(3,536)**	**(320)**	(17,504)	(3,938)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less.

28. Financial instruments

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Notes to the financial statements *continued*

28. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit- ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At the balance sheet date, there were no significant credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £3,723k (2008: £20,342k) being the total of the carrying amount of financial assets, excluding equity investments as shown in the table below.

	2009 £000	2008 £000
Cash and cash equivalents	2,431	20,280
Trade receivables	1,292	62
	3,723	20,342

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was:

	2009 £000	2008 £000
East Africa	556	–
Zimbabwe	736	62
	1,292	62

The maximum exposure to credit risk for trade receivables at the balance sheet date by type of counterparty was:

	2009 £000	2008 £000
Wholesale customers	1,292	62

The ageing of trade receivables at the balance sheet date was:

	Gross 2009 £000	Impairment 2009 £000	Gross 2008 £000	Impairment 2008 £000
Not past due	1,292	–	62	–

Notes to the financial statements *continued*

28. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2009						2008					
	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to< 5 years £000	5 years + £000	Carrying amount £000	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to<5 years £000	5 years + £000
Bank overdrafts	–	–	–	–	–	–	2	2	2	–	–	–
Trade and other payables	1,025	1,025	1,025	–	–	–	64	64	64	–	–	–
	1,025	1,025	1,025	–	–	–	66	66	66	–	–	–

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

	Effective interest rate %	Total £000	3 months or less £000	Effective interest rate %	Total £000	3 months or less £000
Cash and cash equivalents	0.5	2,431	2,431	5.0	20,282	20,282
Bank overdrafts (see note 19)	–	–	–	–	(2)	(2)
		2,431	2,431		20,280	20,280

Foreign currency risk management

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than pounds sterling. The currencies giving rise to this risk are primarily the US Dollar and Mozambique Metical. In respect of other monetary assets and liabilities held in currencies other than Pounds Sterling, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

Notes to the financial statements *continued*

28. Financial instruments (continued)

Foreign currency risk management (continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	US Dollars £000	Mozambique Meticals £000	Total £000
Cash and cash equivalents	1,040	8	1,048
Trade payables	(1,025)	–	(1,025)
Trade receivables	1,292	–	1,292
Net exposure	1,307	8	1,315

The following significant exchange rates applied during the year:

	Average rate 2009	Reporting date mid spot rate 2009	Average rate 2008	Reporting date mid spot rate 2008
Zimbabwean Dollar (see note 2)	n/a	n/a	n/a	117,844,640,000
Mozambique Meticals	40.27	45.27	48.19	44.06
US Dollars	1.566	1.63	1.98	1.7825

	Net assets 2009 £000	Net assets 2008 £000
Zimbabwean Dollar	–	266
Mozambique Metical	4,525	3,609
US Dollars	9,264	(546)
	13,789	3,329

The Company does not have any exposure to foreign currencies at the reporting date.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings. A 10% strengthening of the UK Sterling against the following currencies at 31 August would have increased equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

	Equity £000	Profit/(loss) £000
US Dollar	926	926
Mozambique Metical	452	452

A 10% weakening of the UK Sterling against the above currencies at 31 August 2009 would have the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

Notes to the financial statements *continued*

28. Financial instruments (continued)

Interest rate risk management

The Company and the Group are not exposed to interest rate risk as entities in the Group have no borrowings and the Company held sufficient cash balances at the year end.

The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group's sensitivity to interest rates is low due to cash balances held.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2009 £000	Fair value 2009 £000	Carrying amount 2008 £000	Fair value 2008 £000
Option to purchase shares (included in prepayment and accrued income)	–	–	90	90
Cash and cash equivalents	2,341	2,341	20,282	20,282
Trade receivables	1,292	1,292	62	62
Trade payables	(1,025)	(1,025)	(64)	(64)
Provisions	(485)	(485)	(759)	(759)
Financial assets held for trading	1,269	1,269	–	–
Option to purchase property	–	–	213	213
	3,392	3,392	19,824	19,824

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Option to purchase shares

All costs approximate to fair value. The option was exercised during the year.

Option to purchase property

By reference to market value at take on. The option was exercised during the year.

Financial assets held for trading

Financial assets held for trading are included at the mid market price for listed securities.

Provisions

Provisions are made using a probability factor of 70%. Provisions are discounted using the Company's weighted average cost of capital of 12.5% to the estimated date of payment.

Trade and other receivables/payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Notes to the financial statements *continued*

29. Operating leases

Leases as lessee

At the balance sheet date, the Group had outstanding annual commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £000	2008 £000
Less than one year	33	8
Between one and five years	–	–
More than five years	–	–
	33	8

During the year ended 31 August 2009, £16k (2008: £16k) was recognised as an expense in the income statement in respect of operating leases.

Operating lease payments represents rentals payable by the Group for some of its properties. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

Leases as lessor

At the balance sheet date, the Group had outstanding annual commitments for future minimum lease receipts under non-cancellable operating leases, which fall due as follows:

	2009 £000	2008 £000
Less than one year	796	–
Between one and five years	1,942	–
More than five years	–	–
	2,738	–

During the year ended 31 August 2009, £442k (2008: £Nil) was recognised as revenue in the income statement in respect of operating leases.

Operating lease receivables represent rentals receivable by the Group for aircraft. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

30. Income statement of LonZim Plc

There is no requirement under the Isle of Man Companies Act 2006 to present a company income statement. The loss for the year to 31 August 2009 was £3,075k (2008: £1,079k).

31. Capital commitments

The capital commitments at 31 August 2009 totalled £1.1 million for the refurbishment of the Leopard Rock Hotel.

There were no other capital commitments at the 31 August 2009.

32. Contingent liabilities

LonZim Plc has provided a letter of support to Celsys Limited (its 60% subsidiary) for the following 12 months. The amount outstanding at 31 August 2009 was £386k. Total exposure is not anticipated to exceed £620k and the total balance will not be called upon in the next 12 months.

There were no other known contingent liabilities at the balance sheet date.

Notes to the financial statements *continued*

33. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries, and with its Directors and executive officers and with Lonrho Plc.

Transactions with subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Group and company

Transactions with entities with significant influence over the entity

Lonrho Plc owned 27.87% of the Company at the year end. As at 25 January 2010 Lonrho Plc held 24.61% of the Company and exerts significant influence over the Company. At date of listing on AIM the Company issued shares to the value of £7.3 million to Lonrho Plc in exchange for Lonrho Plc entering into a non-compete agreement. The agreement covers a period of five and a half years and has been recognised as an intangible asset with a valuation of £7.3 million on initial recognition. This intangible asset is being amortised over the term of the agreement.

Between 5 February 2009 to 11 February 2009 Lonrho Plc acquired a further 1,650,000 ordinary shares of £0.0001 each in the Company, taking its total interest to 8,940,000 ordinary shares, which represented an approximate 24.53% holding in the Company's total issued share capital at that time.

During the period the Company was charged US$687k (£424k) by Lonrho Plc as a management charge (2008: US$250k (£125k)). As at 31 August 2009, £Nil (2008: £42k) was due from Lonrho Plc to LonZim Plc.

During the year the Company acquired 59,682,817 shares in Lonrho Plc at a weighted average cost of 5p per share. Prior to the year end the Company realised a gain of £865k on the disposal of 42,500,000 shares. At the year end LonZim Plc held 17,182,817 shares in Lonrho Plc at a market value of £1,233k recognising an unrealised gain of £381k.

On 1 July 2009 the Company acquired an aircraft from Lonrho Air Three (BVI) Limited, a subsidiary of Lonrho Plc, for a total of US$4,300k (£2,611k). The aircraft is leased to Five Forty Aviation Limited, a Lonrho subsidiary, for US$55k (£35k) per month. The total lease income for the year to 31 August 2008 amounted to US$110k (£70k).

On 1 October 2008 the Company acquired two aircraft which have been leased to 540 (Uganda) Limited, a Lonrho subsidiary, for US$50k (£31k) per month. The total lease income for the year to 31 August 2009 amounted to US$550k (£372k).

From 1 January 2009 ForgetMeNot Africa Limited, a 51% subsidiary of the Company, leased office space from Lonrho Plc for £2k per month. The total amount for the year amounted to £16k.

On 16 December 2008 Lonrho Africa (Holdings) Limited transferred the entire share capital of Lonrho Africa Property (Holdings) Limited to LonZim Holdings Limited for £1 consideration. Lonrho Africa Property (Holdings) Limited then changed its name to LonZim Enterprises Limited.

Transactions with key management personnel

Key management personnel are the holding Company Directors and executive officer Mr. Geoffrey Goss.

Paul Heber, a Non-Executive Director, participates in the share option scheme. Other Directors and key personnel are eligible to participate in the share option scheme (see note 22).

During the year £4k (2008: £32k) was charged to the Company for services performed by DSG Chartered Accountants. Jean Ellis is a partner in this firm.

Notes to the financial statements *continued*

33. Related parties (continued)

Transactions with key management personnel (continued)

The key management personnel compensations are as follows:

	Year ended 31 August 2009 £000	Period ended 31 August 2008 £000
Short-term employee benefits	218	94
Share based payment (see note 22)	–	165
	218	259

Total remuneration is included in "personnel expenses" (see note 8):

	Year ended 31 August 2009 £000	Period ended 31 August 2008 £000
Directors	144	53
Executive officers	74	41
	218	94

Transactions between the Company and its subsidiaries

Included within the balance sheet of the Company at 31 August 2009 was an amount of £19,736k due from its wholly owned subsidiary LonZim Holdings Limited (2008: £3,713k) and £178k from Aldeamento Turistico de Macuti SARL (ATdM) (2008: £Nil).

34. Group entities

Subsidiaries

	Country of incorporation	Ownership interest 2009	2008
LonZim Holdings Limited +	Isle of Man	100%	100%
Celsys Limited	Zimbabwe	60%	60%
Gardoserve (Pvt) Limited	Zimbabwe	100%	100%
Peak Mine (Pvt) Limited	Zimbabwe	100%	100%
Rex Mining Holdings (Pvt) Limited	Zimbabwe	100%	100%
Blueberry International Services Limited	British Virgin Islands	100%	100%
Wardlaw 1989 Limited	United Kingdom	100%	100%
Aldeamento Turistico de Macuti SARL +	Mozambique	80%	80%
Southern Africa Management Services	Mauritius	100%	100%
Blueberry Print (Zambia) Limited	British Virgin Islands	100%	–
Celsys Zambia Limited	Zambia	55%	–
Morningdale Properties Limited	Zimbabwe	100%	–
Medalspot (Pvt) Limited	Zimbabwe	100%	–
Quickvest525 (Pty) Limited	South Africa	51%	–
Panafmed (Pty) Limited	South Africa	51%	–
ForgetMeNot Africa (BVI) Limited	British Virgin Islands	51%	–
Paynet Limited	Mauritius	100%	–
Paynet Zimbabwe (Pvt) Limited	Zimbabwe	100%	–

Notes to the financial statements *continued*

34. Group entities (continued)

	Country of incorporation	Ownership interest 2009	2008
Tradanet (Pvt) Limited	Zimbabwe	51%	–
African Solutions Limited	Mauritius	100%	–
Lanuarna Enterprises (Pvt) Limited	Zimbabwe	100%	–
Para Meter Computers (Pvt) Limited	Zimbabwe	100%	–
Autopay (Pvt) Limited	Zimbabwe	100%	–
Le Har (Pvt) Limited	Zimbabwe	100%	–
LonZim Air (BVI) Limited	British Virgin Islands	100%	–
Sol Aviation (Pvt) Limited	Zimbabwe	90%	–
LonZim Hotels Limited	Isle of Man	100%	–
Lyons Africa Holdings BV	The Netherlands	100%	–
Lyons Africa Holdings Limited	England and Wales	100%	–
Linus Business Options (Pvt) Limited	Zimbabwe	100%	–
Leopard Rock Hotel Company (Pvt) Limited	Zimbabwe	100%	–
Firstfood Enterprises (Pvt) Limited	Zimbabwe	100%	–
W S Foods (Pty) Limited	South Africa	100%	–
LonZim Properties Limited	Isle of Man	100%	–
LonZim Agribusiness (BVI) Limited	British Virgin Islands	100%	–
LonZim Enterprises Limited	England & Wales	100%	–

+ Held directly by LonZim Plc

35. Events after the balance sheet date

On 4 December 2009 the Company announced it had completed a private placing with institutions and had raised £1,170,269 million gross by issuing 4,255,525 new ordinary shares of £0.0001 each in the share capital of the Company at 27.5p per placing share, resulting in the issued share capital of the Company being increased to 36,331,525 ordinary shares.

From September 2009 to December 2009 the Company sold all of its remaining holding in Lonrho Plc that it had held as a short term investment for a total consideration of £1,588k generating a profit on disposal of £737k. The proceeds will be used to supplement the Company's working capital.

36. Comparative figures

The comparative figures are for the period from 25 October 2007 (date of incorporation) to 31 August 2008.

Corporate & Shareholder Information

Registrars

Capita Registrars (Isle of Man) Limited
3rd Floor Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD
Tel: +44 (0) 870 162 3100

PR Advisors

Pelham PR
12 Arthur Street
London
EC4R 9AB
Tel: +44 (0)20 7337 1500
Fax: +44 (0)20 7337 1550

Principal Group Bankers

Barclays Bank
Lord Street
Liverpool
L2 6PB

Auditors

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Registered Office and Agent

Appleby Trust (Isle of Man) Limited
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB
Tel: +44(0)1624 647 647

Nominated Advisor and Broker

WH Ireland Limited
24 Martin Lane
London
EC4R 0DR
Tel: +44 (0)20 7220 1666

Analysis of ordinary shareholdings as at 20 January 2010

	Number of holders	% of total holders	Number of shares	% of total shares
Category of shareholder				
Individuals	80	32.19	820,809	2.26
Banks, nominees and other corporate bodies	169	67.81	35,510,716	97.74
Shareholding range				
1 – 1,000	35	14.05	27,273	0.08
1,001 – 5,000	69	27.71	221,009	0.61
5,001 – 50,000	78	31.33	1,431,983	3.94
50,001 – 100,000	22	8.84	1,635,963	4.50
100,001 – 500,000	32	12.85	7,680,257	21.14
500,001 – 1,000,000	7	2.81	4,891,306	13.46
1,000,001 – 5,000,000	5	2.01	13,153,734	36.20
5,000,001 – 10,000,000	1	0.40	7,290,000	20.07
Total	**249**	**100.00**	**36,331,525**	**100.00**

Registrars

All administrative enquiries relating to shareholdings, such as queries concerning dividend payments, notification of change of address or the loss of a share certificate, should be addressed to the company's registrars.

Unsolicited mail

As the company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Society, Freepost 29 Lon20771, London W1E 0ZT.

Notice of Annual General Meeting

LONZIM PLC

(Registered in the Isle of Man No. 001 773V)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the second Annual General Meeting of LonZim Plc will be held at Private Suite 1, The May Fair Hotel, Stratton Street, London W1J 8LT at 2.00pm on Wednesday 24 February 2010 for the following purposes:

Ordinary Business:

1. To receive the Report of the Directors, the accounts for the year ended 31 August 2009, and the auditors' report thereon.
2. To re-elect Mr Colin Orr-Ewing, who was appointed to the Board on 14 September 2009, as a Director.
3. To re-elect Mr David Armstrong, who was appointed to the Board on 6 October 2009, as a Director.
4. To re-appoint KPMG Audit LLC as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the company at which financial statements are laid before the Company and to authorise the Directors to agree their remuneration.

Special Business:

To approve the continuation of the Company's investment strategy as detailed in the circular to shareholders dated 1 April 2009 as read with the Company's Admission Document published 5 December 2007.

By order of the Board

D. Lenigas

25 January 2010

Registered office:

c/o Appleby Trust (Isle of Man) Limited
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

Registered No. 001773V

Notice of Annual General Meeting *continued*

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company, but is entitled to exercise all or any of the member's rights to attend and to speak and vote at a meeting of the Company.

   A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid.

2. To be valid, a completed form of proxy, together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy thereof), must be deposited at the offices of the Company's registrars, Capita Registrars (Isle of Man) Limited, 3rd Floor Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD (where applicable use reply paid envelope enclosed), not less than 48 hours before the time set for the meeting or adjourned meeting (as the case may be).

3. Completion and return of a form of proxy will not prevent a shareholder from subsequently attending and voting in person at the Annual General Meeting.

4. In the case of joint holders of shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

5. Pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 22 February 2010, or in the event that the meeting is adjourned, in the Register of Members as at 6.00 p.m. on the day that is two days prior to any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6.00 p.m. on 22 February 2010 or, in the event that the meeting is adjourned, 6.00 p.m. on the day that is two days prior to the day of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

6. As at 25 January 2010 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 36,331,525 ordinary shares of £0.0001 each. Each ordinary share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the company as at 25 January 2010 was 36,331,525.

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