contents

Group Profile

"the Group optimises the synergies and relationships between its portfolio of investments and those of its main shareholder, Murray & Roberts Limited South Africa"

Murray & Roberts (Zimbabwe) Limited is a Zimbabwean company listed on the Zimbabwe Stock Exchange since 1974.

At year end, the Group had two operating segments: Contracting & Manufacturing. The Group is positioned as the leading engineering and contracting concern in Zimbabwe with a proven record and a portfolio of major projects that it has undertaken in the country over the years.

The Manufacturing segment manufacture and supply a wide range of PVC piping systems to the infrastructure, building and agriculture markets of Zimbabwe and SADC region.

The Contracting operations form a portfolio of competencies complimentary to the construction sector, and are capable of delivering complex infrastructure projects.

The Group optimises the synergies and relationships between its portfolio of investments and those of its main shareholder, Murray & Roberts Limited South Africa. For over one hundred years, Murray & Roberts Limited has been a key participant in building the environment throughout Sub Saharan Africa, Middle East, South East Asia and the Americas.

The competence of Murray & Roberts is built around its broad base of management skills, enhanced by financial, commercial, marketing and human resource capabilities of the Group.

Group Structure

- Murray & Roberts (Zimbabwe) Limited
  - Murray & Roberts Investments (Zimbabwe) (Private) Limited
    - Contracting
      - Murray & Roberts Construction
    - Corporate
    - Properties
    - Manufacturing
      - Proplastics
      - Promat Malawi

Nature of Business

"An enviable track record and solid relationships built on the "Partnering" philosophy have entrenched the business as a preferred contractor in Zimbabwe"

Proplastics

Proplastics is a specialist manufacturer and supplier of PVC, HDPE and LDPE pipe and related fittings for various applications in irrigation, water and sewer reticulation, mining, telecommunications and building construction.

Since its humble beginnings in 1965, the Proplastics philosophy of constant and never ending improvement has resulted in the company being the leading player in Zimbabwe and well positioned to realise its vision to be the leading solution provider to plastic piping systems in Southern Africa.

The ISO 9001:2008 Quality Management Systems accreditation is the backbone of Proplastics customised manufacturing and service delivery processes. Proplastics products are certified by South African Bureau of Standards (SABS) & Standard Association of Zimbabwe (SAZ).

It has a well equipped factory with a current capacity to convert 20,000 tonnes of PVC per annum. The co-operation with strategic leading European business partner Wavin Overseas has seen the growth and expansion of technology in the range of products manufactured to meet international standards.

Contracting

The business comprises civil engineering, building, housing construction and structural steel fabrication. Murray & Roberts Construction also specialises in concrete structures for major water, mining and agricultural projects. They are recognised as the leading concrete dam and canal contractor in Zimbabwe.

Murray & Roberts Construction has the capacity to undertake major civil building contracts and housing developments. An enviable track record and solid relationships built on the "Partnering" philosophy have entrenched the business as a preferred contractor in Zimbabwe.

The fabrication facility based in Harare has established itself as a key supplier of structural steel to the construction and telecommunications sectors.

Group Financial Highlights

(Continuing operations only)	2010	2009
Group summary		
Revenue	18,084,633	9,187,624
(Loss)/profit before interest and tax	(973,055)	1,379,728
(Loss)/profit attributable to shareholders	(265,969)	2,075,422
Total assets	23,289,984	26,916,514
Value created	3,885,877	3,713,696
Payroll costs	3,267,305	1,332,101
Total number of employees	949	1,263
Ordinary share performance (cents)		
Basic (loss)/earnings per ordinary share	(0.13)	0.98
Headline (loss)/earnings per ordinary share	(0.17)	0.93
Diluted (loss)/earnings per share	(0.12)	0.97
Cash equivalent earnings per share (cents)	0.05	-
Net asset value per share (cents)	7.51	7.88
Market price per share (cents)	18	7
Financial statistics		
Profit before tax on revenue (%)	-4.98%	15.20%
Return on average capital employed (%)	-4.78%	7.16%

Chairman's Report

Introduction

The anticipated recovery of the country's economy underpinned by infrastructure rebuild is taking too long to materialize. Construction and infrastructure investment is an important element of Gross Domestic Product (GDP) therefore serious efforts, to direct resources towards expenditure associated with fixed investment into infrastructure, are needed. The medium to long term capital needed for such investments will have to come from outside the country as money currently in circulation locally is not adequate to fund such huge infrastructure projects. The injection of new capital in the economy will have to be complimented by consistent policies and a stable banking sector. We pray that the efforts being taken, especially to recapitalize the Reserve Bank and the drive to redirect its focus and responsibilities, will help attract the much needed foreign investment.

Consistent government policies are also needed to attract new investment into the economy and particularly the Construction sector, as a lot of the core infrastructure projects are long term by nature. Of particular importance is the proper implementation of the Indigenization and Economic Empowerment (IEE) Act so that it will not scare away investors and at the same time achieve the objective of empowering our people. We believe that if the IEE Act is implemented in a responsible manner, with some moderation of some of the drastic clauses, it will create a vibrant economy that will have a sustainable growth going forward. I am pleased to announce that Murray & Roberts started this process in 1997 wherein an empowerment transaction was done with a local consortium of businessmen which saw foreign shareholding declining from 65% to 47% at that stage. The board is considering various options to ensure that a sustainable plan to be achieved over five years will be submitted by end of November 2010. It is pleasing to note that the combined foreign shareholding in Murray & Roberts as at 30 June 2010 stood at 57%. We applaud these shareholders for their continued support and loyalty to our brand. The board believes that any plan to be submitted to the Ministry should be fair to both local and foreign shareholders.

Group Performance

The performance of the Group and operating margins were severely tested especially in the second half of the financial year, due to very low business activity. Our results for the year to June 2010 reflect the challenges that we encountered especially at a macro- economic level. The resilience of the Group was however demonstrated as we managed in the process to consolidate and complete the process of de-risking our balance sheet by disposing our non performing assets, Promat Limited and Caridorn Abrasives. Caridorn Abrasives was disposed to management as part of our broad strategy to empower locals.

The low gearing will give the Group adequate latitude to explore various options to fund the growth in the following financial year. It is encouraging to also note the positive developments during the year particularly the strong performance of our Manufacturing concern. We see this trend continuing in the foreseeable future and this will be part of the considerations in capital allocation.

Strategic Positioning

Strategic alliances have been put in place with our anchor shareholder, Murray & Roberts Limited, which will give the Group adequate capacity to undertake major infrastructure projects that will arise during the rebuilding program. The rationalization carried out during the year has resulted in a mean and focused business. The priority is to achieve organic growth and acquisitions necessary to build critical mass necessary to compete with big international players. The growth strategy will be anchored on infrastructure rebuild products and services.

The Group will continue to focus on developing long-term partnerships and relationships with clients in order to exploit opportunities that are arising in both the public and private sectors.

Directorate

Messrs Roger W Rees and Keith E Smith resigned from the board during the year. On behalf of the Board, I would like to thank both of them for their invaluable contribution since 2001 as the Group managed to go through some major transformations and also achieved a number of important milestones.

The Board is also pleased to announce the appointment of Messrs Graham L Mullany and Trevor G Fowler from the 23rd of February 2010 as non- executive directors. We welcome the two gentlemen to the Group and look forward to benefitting from their expertise as we enter into an exciting phase of our consolidation process.

Prospects

The modest growth in the economy achieved over the last sixteen (16) months will hopefully form a platform for sustainable growth going into the future. The mining and infrastructure rebuild program will still play a significant role in the recovery of the economy.

Various infrastructure opportunities in our project pipeline are close to being finalized and the synergies that exist between the operating divisions in the Group will help to maximize the benefit to be derived.

New markets and products will be an essential element in our strategy to achieve growth and create value for our stakeholders in the new year.

Appreciation

I wish to thank my colleagues on the Board for their support during a challenging but exciting year. I also extend a special thank you to the executives and staff for their dedication as well as many valued customers, suppliers, shareholders and business associates for their support.

P T Zhanda
10 September 2010

Chief Executive's Report

for the year ended 30 June 2010

Introduction

Zimbabwe has suffered from an unprecedented decline in Gross Domestic product (GDP) in the last 15 years with GDP falling from about $12 billion to an estimated $5.6 billion in 2010. While the economy is estimated to grow by 7 - 8 % to December 2010, the infrastructure rehabilitation and development has remained subdued due in the main to the lack of financial capacity and concerns on enforceability of property rights. Consequently, the Group's order book, particularly at Murray & Roberts Construction, was depressed throughout the year. Infrastructure rebuild projects that had been earmarked for implementation in the second half of the year to June 2010 were delayed due to political uncertainty and lack of clarity on Indigenization and Economic Empowerment regulations, among other factors.

Financial Review

The Group recorded a Turnover of $18 084 633 and Loss after Tax of $265 969 from its continuing operations against prior year Turnover and Profit for the year of $9 187 624 and $2 075 422 respectively. The discontinuing operations namely Caridorn Abrasives and Promat Limited (Malawi), recorded a loss of $452 160 (2009: $131 162) resulting in a Group loss for the year of $718 129 compared to a Group profit for prior year of $1 944 260.

The Group total assets position deteriorated to $23 289 984 from $26 916 514 in the comparative period. Cash balances however improved from $743 205 to $1 242 187 in the same period. Notwithstanding the unstable and poor trading environment, the Group strategy to generate cash as a means of preserving shareholder value continued to hold.

Review of Operations

Contracting

Murray & Roberts Construction Zimbabwe recorded a Turnover of $6 092 016 and an operating loss of $1 899 257. Performance at Murray & Roberts Construction was adversely affected by a very low order book and provision of doubtful debts of $1 600 000 emanating from the delayed payments by the main contractor on the New British Embassy complex project, Mace International Limited.

Following the completion of the New British Embassy project in March 2009 a settlement agreement was reached between the main contractor, Mace International Limited and Murray & Roberts Construction Zimbabwe. The outstanding amount was agreed at US$1 985 037 and Mace has since reneged on the agreement despite repeated follow ups. This debt is being vigorously pursued through the legal process in England.

Murray & Roberts Construction Zimbabwe suffered from significant overhead stress due to the low levels of activity across its markets.

Activity at Murray & Roberts Construction was confined to Telecommunications, Buildings and Mining projects. Certification and payments on the projects executed during the year were generally satisfactory.

Manufacturing

Manufacturing recorded a Turnover of $11 992 617 and Profit before Tax of $2 269 571 for the year under review. Manufacturing achieved volumes of 4 273 against prior year volumes of 2 350 tons. Proplastics had a satisfactory order book which declined substantially in the second half due, in the main, to liquidity constraints prevailing in the market and the uncertainty created by the Indigenization and Economic Empowerment regulations that were gazetted on 29 January 2010

Erratic power supply continued to plague production at Proplastics and consequently a decision was made during the year to invest in a 750 kVa standby generator with a capacity to run the plant at 30% capacity levels. While this investment will enable Proplastics to supply critical orders using back up power supply, this will regrettably compromise the cost competitiveness of its products.

The improved activity at Proplastics was largely driven by local authorities' water and sanitation rehabilitation projects, agriculture and countrywide water projects funded by non government organizations (NGO's).

Discontinuing operations

The board, during the year reassessed the strategic fit of Caridorn Abrasives and Promat Limited (Malawi) and resolved to dispose of these businesses as going concerns.

Caridorn was sold at a loss of $30 434 to the Caridorn Operations Director and employees, while Promat Limited (Malawi) was sold to Kays Holdings of Malawi at a loss of $270 987. Regulatory approval for the sale of Promat Limited was received in September 2010. The total loss on disposal of these businesses was fully provided for in the books at the end of the financial year ended June 2010.

Caridorn and Promat recorded a combined Loss for the year of $452 160. The discontinuing total assets of $ 1 061 203 represented 4.6% of the Group position.

Capital Expenditure

The Group invested $1.3 million in capital expenditure during the year. This was funded by a combination of own resources and short term debt. The short term debt of $567 088 at 30 June 2010 was paid off subsequent to year end. The new plant at Proplastics was successfully commissioned in September 2010 and will improve competitiveness in the new year.

Human Resources

The Group had 949 (2009: 1 263) employees as at 30 June 2010. Employee numbers were reduced significantly in line with the low level of activity particularly at Murray & Roberts Construction. The average labour cost in the country has become high relative to the region and economic activity and unless checked in the short to medium term will affect business competitiveness.

Chief Executive's Report (cont'd)

The employee turnover ratios have improved due to the continued economic stabilization. The number of skilled Zimbabweans in the diaspora expressing willingness to return has increased and should provide a ready source of skills should economic activity improve.

Safety, Health and Environment (SHE)

Murray & Roberts is committed to Zero harm on the environment and its employees and this philosophy is an integral part to the broad Murray & Roberts strategy. Regrettably, seventeen (17) lost time injuries (LTI) were recorded during the year due to the high level of incidence at Proplastics and Promat Limited. The Group's lost time injuries frequency rate (LTIFR) deteriorated from 0.45 to 1.79 in the year under review. The increase in the LTI's at Proplastics is reflective of the increased manual processes following several years of no sustained plant modernization and maintenance. Safety training workshops are being conducted in order to avert potential accidents.

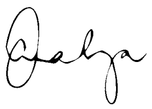
Murray & Roberts Construction Zimbabwe has maintained a good safety record during the period under review.

Outlook to June 2011

The turnaround at Murray & Roberts is premised on improved activities in Mining, Agriculture and general Infrastructural rehabilitation and development programs.

Appreciation

I wish to sincerely thank management and staff for the hard work and resilience, our clients and stakeholders for the continued support and the Board of Directors for the wise counsel during a difficult period. My special appreciation goes to the anchor shareholder, Murray & Roberts Limited, for technical support despite the frustrations created by local laws.



Canada Malunga
10 September 2010

Mission & Values

Mission

"To deliver world class infrastructure solutions and create sustainable value for our stakeholders."

Vision

To be the market leader in the infrastructure development in Zimbabwe, with a significant presence in the SADC region.

Key Core Values

Respect for life	Committed to the safety and health of our employees and stakeholder partners and sustainability of the environment in which we operate.
Integrity	Being upright, ethical and accountable in our conduct.
Professionalism	Adhering to core principles that guide our work.
Leadership	Providing clarity of vision, influencing and commanding respect.
Excellence	All our delivery processes shall be benchmarked to world class standards.

Group Directorate

PT Zhanda
Chairman

C Malunga
Chief Executive Officer

SM Mangoma
Executive Director

M Sibanda
Executive Director

M Tsoka
Executive Director

ABC Chinake
Non-Executive Director

TG Fowler
Non-Executive Director

GL Mullany
Non-Executive Director

Report of the Directors

Your Directors have pleasure in presenting their Thirty Sixth Annual Report and the Audited Financial Statements of the Group for the financial year ended 30 June 2010. In the report "Group" refers to Murray & Roberts (Zimbabwe) Limited and its subsidiary companies.

Year's results	**US$**
Loss attributable to shareholders	(718,129)
Dividends	
Interim - passed	-
Final - passed	-
Total	-
Accumulated loss	(718,129)

Capital Expenditure

Capital expenditure for the year to 30 June 2010 totalled $1 315 942.

The budgeted capital expenditure for the year to June 2011 is $6 000 000.

Share Capital

The authorized share capital of the company is $8 750 000 and comprises 875 000 000 ordinary shares of a nominal value of $0,01 each.

During the year a total of 1 873 610 ordinary shares of a nominal value of $0,01 each were exercised in terms of the Executive Share Option Scheme. The issued share capital of the company increased to $2 129 621 as at June 2010 (2009 : $2 110 885) and comprised 212 962 110 (2009 : 211 088 500) ordinary shares of the nominal amount of $0,01 each.

Consideration will be given at the forthcoming Annual General Meeting to an extension of the authorized period of time given at the shareholders' meeting in 2009 for the repurchase of the Company's shares, the maximum purchase price at which the shares may be acquired and the maximum number of shares which the Company is authorized to purchase.

Reserves

The movement in the Reserves of the Group is disclosed on the Consolidated Statement of Changes in Equity.

Directorate

The board membership stood at eight during the year.

Messrs KE Smith and RW Rees retired from the Board in November 2009 and February 2010 respectively. Messrs TG Fowler and GL Mullany were appointed to the Board in February 2010. In terms of the Articles of Association, the two will step down from office on conclusion of the forthcoming Annual General Meeting.

Messrs ABC Chinake, SM Mangoma and M Sibanda will be retiring by rotation on conclusion of the forthcoming Annual General Meeting. All, being eligible, have offered themselves for re-election and shareholders will be asked to appoint Directors for the coming year.

Directors' Fees

Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year. Your Board recommends that an amount of $47 500 (2009 $23 750) be paid, to be divided amongst themselves at their discretion.

The Murray & Roberts (Zimbabwe) Limited Senior Executive Share Option Scheme 2003

The scheme was approved by Shareholders in October 2003, the purpose of which is to promote the retention of senior executives responsible for the management of the Group.

The details of the movement in the outstanding options during the year ended 30 June 2010 are shown on Note 9 to the financial statements.

Auditors

The Auditors of the Group are Deloitte & Touche. Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and to appoint auditors for the coming year.

By Order of the Board

P T Zhanda
Director
10 September 2010

C Malunga
Director

Two Year Review

(Continuing operations only)	2010 US$	2009 US$
Summarised income statements		
Revenue	**18,084,633**	**9,187,624**
Profit before interest and depreciation	147,177	1,692,225
Depreciation	(1,120,232)	(312,497)
(Loss)/profit before interest and tax	(973,055)	1,379,728
Net interest received	73,137	16,703
(Loss)/profit before tax	(899,918)	1,396,431
Tax	633,949	678,991
(Loss)/profit after tax	(265,969)	2,075,422
(Loss)/profit attributable to ordinary shareholders	**(265,969)**	**2,075,422**
Summarised statements of financial position		
Non-current assets	14,190,807	14,747,815
Bank balances and cash	1,242,187	743,205
Other current assets	7,856,990	11,425,494
Total assets	**23,289,984**	**26,916,514**
Capital and reserves	15,987,637	16,642,127
Liabilities	7,302,347	10,274,387
Total equity and liabilities	**23,289,984**	**26,916,514**

Ratios and Statistics

(Continuing operations only)	2010	2009
Earnings (cents)		
Basic earnings per ordinary share	(0.13)	0.98
Headline earnings per ordinary share	(0.17)	0.93
Diluted earnings per ordinary share	(0.12)	0.97
Cash equivalent earnings per ordinary share (cents)	0.05	-
Dividends per ordinary shares	-	-
Dividend cover (times)	-	-
Profitability		
PBIT on turnover (%)	-5.38%	15.02%
PBIT on average capital employed excluding cash (%)*	-5.45%	7.36%
PAT on average ordinary shareholders' funds (%)*	-1.63%	12.47%
Productivity		
Payroll cost on turnover (cents)	18.07	14.50
Total average assets (excluding bank balances and cash) on turnover ($)	1.33	2.85
Value created ($)	3,917,876	3,721,332
Value ratio	1.20	2.79
Finance		
As a percentage of permanent capital:		
Total liabilities	45.67%	59.38%
Total liabilities (net of bank balances and deposits)	37.91%	54.92%
Current assets to current liabilities	1.79	1.73
Share Performance		
Ordinary shares in issue ($m)	213	211
Share price at year end (cents)	18	7
Zimbabwe Stock Exchange Industrial Index	26,665	30,436
Market Capitalisation ($m)	38.34	14.77
Other		
Number of employees - 30 June	949	1,263

Definitions

Average	Arithmetic average between consecutive year ends
Capital employed	Permanent capital, long term loans and deferred tax
Cash equivalent earnings	PAT adjusted for the effects of non-cash items
Earnings per ordinary share	Earnings after tax net of non-operating items, divided by the weighted average ordinary shares in issue
PAT	Profit after tax attributable to ordinary shareholders
PBIT	Profit before interest and tax
PBT	Profit before tax
Net asset value	Ordinary shareholders' funds
Permanent capital	Ordinary shareholders' funds and outside shareholders' interest
Total liabilities	Borrowings and non-interest bearing debt
Value ratio	Value created as a multiple of payroll cost

***Non-operating items are excluded when computing this statistic.**

Directorate, Executive Committee and Corporate Governance

"employees have a copy of this Code and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates"

Corporate Governance

The Board of Murray & Roberts is committed to increasing compliance with the principles embodied in the Code of Corporate Practices and Conduct included in the King 2 Report. In supporting the Code, the Board recognizes the need to conduct the business of the Company with openness, integrity and accountability.

The Board

As at the date of this annual report, Murray & Roberts has a Board with eight directors, four of whom are non-executive directors and four executive.

The Board meets regularly and there is an agenda of matters which is brought to it for consideration and where appropriate, for decision so that it maintains full and effective control over strategic, financial, operational and compliance issues. There are procedures which allow Directors to avail themselves of independent professional advice in the furtherance of their duties and to select non-executive directors.

Changes to the Board

Messrs KE Smith and RW Rees resigned as non-executive directors during the period under review and Messrs TG Fowler and GL Mullany were appointed on 23 February 2010.

Board Committees

The Board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the Group.

These committees are:-

The Remuneration Committee

Murray & Roberts' Remuneration Committee is chaired by a non-executive director and Chairman of the Board, Mr P Zhanda. The Committee is responsible for setting the remuneration of executive Directors and considers appointment of new Directors before the final approval by the board. The remuneration policies of the Committee are as follows:-

- To ensure that individual rewards and incentives relate directly to the performance of the individuals, the operations and functions for which they are responsible and the Group as a whole
- To maintain competitive rewards that enable the Group to attract and retain executives of the highest quality.

In order to determine the competitiveness of executive remuneration, the Committee receives independent professional advice on remuneration packages and practices of comparable organisations within the region.

Directorate, Executive Committee and Corporate Governance (cont.d)

Audit and risk Committee

Mr G L Mullany, a non-executive director, chairs this committee which deals with compliance, internal control and risk management. The Committee:-

- considers changes to the Group 's accounting policies and examines its annual and interim financial statements before the Board, with whom ultimate responsibility remains, approves them.

- Reviews the effectiveness of the system of internal controls during the year and reports thereon to the Board. The Board is responsible for establishing systems of internal controls, which provide reasonable assurance that the Group's assets are safeguarded, that proper accounting records are maintained and the financial information used in the business and for publication is reliable. They attach great importance to maintaining a strong control environment. However, any system of internal financial control can provide only reasonable, not absolute assurance against material misstatement or loss.

Code of Conduct

The Board has approved a Group Code of Conduct which sets out the Group's core values relating to lawful and ethical conduct of business. All employees have a copy of the Code and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates. Policies exist for monitoring compliance with the code.

Performance Management Reporting

The Group operates regionally in a regulated environment. Business is conducted within a well developed control framework, underpinned by procedures and control manuals. The Board has established a management structure which clearly defines roles, responsibilities and reporting lines. Each operating entity has a formal operating Board with clear defined limits of responsibility.

The business performance of the Group is reported regularly to management, the Executive Committee and the Board. Forward performance trends and performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are consistently applied. Where a change in accounting policy occurs, the change is specifically noted in the financial statements.

The system of internal financial control is monitored regularly by management, the Executive Committee and the Board.

The work of the internal audit department includes an assessment of the risks and controls in each operating unit and its findings are reported to management. The findings of all adverse audits are reported to the Chief Executive Officer for immediate management action. Group internal audit also reports regularly to the Audit and Risk Committee.

The external auditors review the system of internal financial controls to the extent necessary for them to form the opinion they express on the financial statements. They also report to the Audit and Risk Committee on matters arising from this review.

Going Concern

The Board confirms that the Group has adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

Auditors

A resolution will be proposed at the Annual General Meeting to reappoint Delotte & Touche as auditors of the Group.

Graham L. Mullany
Chairman - Audit and Risk Committee

10 September 2010

Report of the Independent Auditors

Deloitte.

TO THE MEMBERS OF MURRAY & ROBERTS (ZIMBABWE) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Murray & Roberts (Zimbabwe) Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 48.

Directors' Responsibility for the Financial Statements

The Group's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies Act (Chapter 24:03). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit report has been modified in the manner in which we report on the compliance of the financial statements with provisions of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96), as set out in the guidance and recommendations on audit reports issued jointly by the Public Accountants and Auditors Board ("PAAB"), the Zimbabwe Stock Exchange ("ZSE") and the Zimbabwe Accounting Practices Board ("ZAPB") in July 2009 ("the Guidance on Audit Reports").

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

Basis for qualified opinion

Non-compliance with International Accounting Standard ('IAS') 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (The Effects of Changes in Foreign Exchange Rates).

The Group operated under a hyperinflationary economy between 1 July 2008 and 31 January 2009. The entity changed its functional currency to United States Dollars with effect from 1 February 2009. All comparative information in the statement of comprehensive income, the statement of changes in equity; and statement of cash flows have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 and IAS 21 have not been complied with in converting the financial information during the period of hyperinflation into an applicable measurement base at the date of reporting for the following reasons:

Report of the indpendent Auditors (cont.d)

- the inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment as explained in note 1.2; and
- the inability to adjust items that were recorded in Zimbabwe dollars into United States dollars at the date of change of functional currency as more fully explained in note 1.2.

Non-compliance with IAS 1 (Presentation of financial statements)

The Directors have not presented any comparative information as required by IAS 1, except for the income statement and the statement of financial position because they believe the information will be misleading for reasons stated in note 1.2.

Qualified opinion

In our opinion, except for the effects of the matters described in the "Basis for qualified opinion" paragraph, the financial statements give a true and fair view of the Group's financial position as at 30 June 2010 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have not been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and Statutory Instruments (SI 33/99 and SI 62/96) due to the inability to comply with IAS 1, IAS 21 and IAS 29.

In our opinion, the Group has complied, in all material respects, with the Financial Reporting Guidance. This guidance was issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Stock Exchange and the Zimbabwe Accounting Practices Board 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 IFRS, in as far as is practicable, in the Zimbabwean economic environment, at the date of the change of functional currency.

Emphasis of matter

Without further qualifying our opinion, we draw your attention to the following:

Going concern assumption

The operations of the Group have been significantly affected, and may continue to be affected for the foreseeable future, by the adverse effects of the country's sluggish economic environment which has resulted in a significant downturn in economic activity. The ability of the Group to continue operating as a going concern, in such an environment, is subject to continual assessment. See note 31 to the financial statements.

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and estimation uncertainties have been disclosed in note 29 to the financial statements.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants
Harare, Zimbabwe

10 September 2010