WEEKLY REPORT
Zimbabwe
Equity Research

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Colcom Limited – Full Year Results to 30 June 2010

Colcom Results Summary	$m
Revenue	41.88
EBITDA	6.26
EBIT	5.55
PBT	5.86
PAT	4.73
Key Ratios	
Basic EPS (USc)	2.79
PBV	2.02
PER	8.41
MC/Turnover	0.95
EV/EBITDA	6.86
EBITDA margins	14.95%

Results Summary

The agro -industrial group's results were once again a testimony that there are some sectors that are doing well above others at the economy. Group turnover at $41,9m perfectly mirrored our forecast being 112% up and the group operated on 14% net margins to post net operating profit of $6,3m whilst their EBITDA stood at $5,3m representing 12.4% EBITDA margins. The group then earned a PBT of $5.8m having accounted for net interest income and equity accounted earnings. They also accounted for $1,1m in taxes giving them a profit for the year from continuing operations of $4,7m while the portion attributable to shareholders of the company totalled $4,5m(EPS:2.79c) and capping it all with an 8c per share final dividend bringing the full year dividend to 14c per share. The group's balance sheet stood at $29,9m with an NAV of $20,6m while they closed in a positive cash flow position of $4,7m (i.e. a one for one CF/Earnings ratio).

Operations review:

Weekly average supply of pigs from Grasmere and Villa Franca under Triple C's control over the period under review stood at 1100 pigs while the slaughter weights improved from an average of 70Kg to 81kg's and the units operated at 100% capacity. Total pig intake in the slaughter and processing unit was up 1% over prior year inclusive of pigs from third party producers to whom the group offers a service slaughter facility. Consequently plant utilisation rose to 63%, 64% and 68% for the slaughter, deboning and processing arms of the group this saw increased throughput into the processing factory, which in turn meant improved profitability through greater absorption of fixed overheads. During the year an investment of $500 000 was made in IT Manufacturing Systems to improve on stock and yield control the benefits of which are expected to accrue in the new financial year. Volumes in the sales and distribution department increased by 72% though this was coming from a low base year-on-year

Associated Meat Products: The group's beef business saw volumes increase by 222% over prior year and contributed $317,000 to Group's pre-tax profit with the proportion of processed products increasing from 29% to 32% whilst the Meat Shop and Drink Slik was opened at Sam Levy 's Village Borrowdale.

Colcom Convenience Foods, formally the Pies Division: - The division achieved 158% overall volume growth with traditional Colcom pies volumes increasing by 116% whilst ready-to-bake pies volumes were 532%. Full capacity utilization for the traditional pies was achieved in Q2 and new equipment was installed in Q3 to increase capacity. The ready-to-bake pie line was introduced in Q3 which has also increased capacity

Colcom Canning, 50.1% joint venture: - Profitability was marginal despite volumes doubling on the prior year driven by baked beans that generally have low margins whilst competition from imports coupled with reduced ability of wholesalers to stock meaningful volumes of canned products stifled volumes of other cans.

Blumo Trading: - Purchased 15,300t of maize and 2,700t of soya. The group consumed 70% of these volumes and the rest was sold to third parties.

Danmeats: - Factory remains mothballed though the freezer facility is being used as storage for the group.

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The associate company Freddy Hirsch contributed $300,000 to pre-tax profits as natural casings volumes increased by 266% and ingredients volumes increased by 182%

Value and recommendation

We assumed that Colcom will outdo their F2010 performance driven by the yield improving IT investments made in the just ended financial year to turnover $50,4m; applying 15% EBITDA margins, they should make an EBITDA of $7,03m and post earnings of $5,3m for the year his implies a forward PER of 7,56x. Applying the average EV/EBITDA of 7,9x, we get a value of $54,0m (33,97c per share). While investing in the counter is fairly difficult given the tightly held status of their scrip (11% free float), Colcom is one counter that one can buy slowly into so as to enjoy the results of steady growth exhibited in their business as well as the fact that they are already profitable and are declaring dividends at a time when many local business are struggling to break even, we therefore maintain a **BUY** recommendation on the group.

Analyst: Phenias Mandaza

National Foods Ltd – Full Year Results to 30 June 2010

National Foods Limited	$m
Revenue	165.89
EBITDA	3.25
EBIT	1.53
PBT	0.59
PAT	2.90
Key Ratios	
Basic EPS (USc)	4.24
PBV	1.40
PER	18.88
MC/Turnover	0.33
EV/EBITDA	26.72
EBITDA margins	1.96%

Results review

Though National foods' results remained below our general expectations the group had a commendable H2 comeback driven by a headcount rationalisation and improvements in operational efficiencies that saw their EBITDA margins improve to 2% for the full year, compared to a paltry 0,02% at half year, posting an EBITDA of $3,2m from a top-line of $165,9m. The group's depreciation and amortization cost of $1,7m coupled with interest expenses and equity accounted earnings of -$1,8m and $627,955 respectively took their PBT to $590,517 is a significant come back for a loss before tax position of $1,4m at half year. A tax credit of $2,3m saw them achieve PAT of $2,9m representing a 4,24c EPS.

The group's total assets firmed from the June 2009 value by the value of the profit for the period at $39,0m. The group ended the period in a positive cash position of $7,1m.

Operations Review

Over the period under review the group took up outstanding repair and maintenance work from the years of hyperinflation at a total CAPEX of $3,7m and this is expected to see improved plant efficiencies and lower processing costs while in the outlook the group sees opportunities for improving manufacturing efficiencies on their operating platform an area the group hopes to focus on in the new year.

Flour milling: Sales volumes were up 63% at 102,600mt on the prior year. New equipment was installed at the Harare Mill to improve product quality while the group's Gloria Brand remains significantly recognizable on the market.

Maize Milling: Volume sales were up 23% at 65,600mt on the prior year and their Pearlenta and Red Seal brands remains fairly competitive

Oils and Meals: The unit is operating under a toll arrangement with a local producer bottling and distributing their products. Their own operations were placed under care and maintenance as the group assesses its long term position in the sector.

Stockfeeds: Year on year volumes surged 210% to 97,700mt whilst the customer mix included both large commercial and emerging farmers. The group is optimistic about the outlook,

FMCG: Volumes doubled however the group believes they can make potential improvements in the handling and distribution of their products.

Natpak: Volumes produced were 41% up at 20,4million m^2 and the plant is operating at almost full capacity

Depot Network and Logistics: Their depot network remains intact at 21 depots across Zimbabwe as the group sees them as strategic to their medium to long term growth prospects. They started a strategic review of the logistics structure with the hope of establishing a refurbishment plan for their fleet.

Properties: National Foods' operating units occupy 75% of the 181,000m^2 of real estate managed by their property unit. The group disposed the malt plant facility over the period under review and they forecast further rationalization of non – core properties in the coming year.

Value and Recommendation,

We believe the group will continue to face challenges of depressed margins due to pressure from imports as well as costs emanating from operational inefficiencies on the back of low capacity utilization in the short to medium term while their revenue and EBITDA margins performance trajectory in H2 is likely to carry through going forwards. Premised on this we forecast the group achieve turnover of $178.5m and EBITDA of $7.21m (4.0% EBITDA margins) and earnings of $4,66m implying a forward PER of 11.7x against comparative average of 12x (if applied to the earnings forecast our target price is 81,75c) would suggest the group is almost fully valued at current prices of 80c. We believe the group's rationalization exercise that started with the normalization of the head count is a step in the right direction while whilst the refurbishment and reestablishment of correct efficiencies in some of their operating units should see improved profitability that will see the group attain operating margins above 10%. Being the biggest food processing company in Zimbabwe, with strategic shareholders like Innscor that controls over 20% of the retail sector and Tiger Brands that controls a very significant portion of food exports into Zimbabwe, National Foods 10% operating margins are attainable. We maintain a **LT BUY** recommendation on the group.

Analyst: Phenias Mandaza

Innscor Africa Ltd – Full Year Results to 30 June 2010

Innscor Africa Limited	$m
Revenue	403.49
EBITDA	29.11
EBIT	22.85
PBT	26.59
PAT	21.63
Total Comprehensive Income	20.65
Key Ratios	
Basic EPS (USc)	2.77
PBV	2.18
PER	11.47
MC/Turnover	0.62
EV/EBITDA	11.33
EBITDA margins	7.22%

Results Review

Innscor's performance outdid our forecast ($370m) to post a group turnover of $403m whilst operating on 7,2% EBITDA margins to achieve EBITDA of $29,1m. Their profit before tax stood at $26,6m from which tax charges totalling $5,0m to achieve a profit for the year from continuing operations of $21,6m. Losses from discontinuing operations (Niloticus) amounting to $824,888 saw the group post a profit for the period of $20,8m. Having accounted for exchange differences arising from the translation of foreign operations of -$153,634 the group's total comprehensive income for the year came up at $20,7m (2.77c Basic EPS). The group's balance sheet firmed 16% to $212.6m on the back of the profit while their NAV stood at $113,7m up $11,4m from the prior year closing level and they closed in a positive net cash flow position of $17,2m

Review of Operations:

Milling and Manufacturing: Turnover totaled $90,4m and PBT amounted to $10,3mon the back of strong unit performances.

Bakery Operations: The bread operations increased capacity to 250,000 loaves per day with upgrade plants in Harare and Bulawayo and a new plant in Harare being commissioned over the year which came at a total capex of $4m.

Appliances and manufacturing: record an H2 increase in volumes of 83% and the group forecasts introduction of new entry level products in Q2 of F2011.

Colcom: Continued with strong performance driven by a 6% improvement in slaughter weights in the second half.

National Foods: Achieved a 13% H2 volume Increase as the group focused on improving internal controls and efficiencies in the year under review the changes are forecast to bear fruit in F2011.

Irvines Zimbabwe: Chicken sales were up 21% in H2 on the H1 volumes whilst egg sales increased 28%. The group forecast further production increases in H2 of F2011 on the back of aggressive investment in day old chicks production and poultry processing.

Wholesale and Distribution: Achieved $62.45m revenues and PBT of $1.7m with units operating profitably except Innscor transport where fleet refurbishments were carried out in H2 of the year under review.

Retail: Turnover for the year amounted to $147,5m and PBT was $9,5m remaining the most profitable unit for the group, contributing 35,6% of PBT.

Niloticus: The unit achieved turnover of $11,8m and had a loss before tax of $1.6m, the group culled 65,600 animals and the LBT was partly exacerbated by a $1m fair value charge on the back of reduced average skin prices. The group is planning to unbundle the unit via a dividend in specie to the existing shareholders of the company.

Regional Businesses: Their main business in Zambia achieved revenues of $69.3m and posted a PBT of $0.4m. Volumes were up 19% in their regional distribution businesses. Regional Fast foods operations achieved $33.1m turnovers and PBT of $1.8m as all operations were profitable with the exception of Senegal that was in breakeven position.

Value and Recommendation:

We believe the group will continue to enjoy sales growth going forwards as benefits of upgrades in various divisions accrue, to this end we forecast the group to achieve revenues of $473m (though they forecast $500m). Maintaining the group's F2009 EBITDA margins of 7,2% the group would post $34,2m EBITDA and earnings of $23,4m. Our concern remain on the failure by the group to achieve EBITDA margins of 15% or higher, while future prospects for the improvement of this measure are undeniable on the back of improving economic environment this in turn would imply better profitability for the group. We believe the group is **FULLY VALUED.**

Analyst: Phenias Mandaza

Radar & Border – Full Year Results to 30 June 2010

Border Timbers Limited

Border	$m
Revenue	13.790
EBITDA	1.900
EBIT	2.076
PBT	1.756
PAT	2.570
Total Comprehensive Income	4.936
Key Ratios	
Basic EPS (USc)	5.99
PBV	0.18
PER	8.35
MC/Turnover	1.56
EV/EBITDA	8.16
EBITDA margins	13.78%

Results Review

Border' revenues were 83% up on the prior year comparative at $13.8m and the group operated on 13.8% EBITDA margins to post an operating profit before interest, tax depreciation and amortization of $1.9m. The group's impairment losses, plant redemption and depreciation of $4.6m, $2.4m and $1.9m were mitigated by biological assets gains of $8.9m to post the group's EBIT of $2.1m. Interest charges for the period amounted to $320,017 and consequently the group posted a PBT of $1,8m. The group earned tax credit amounting to $813,900 to post PAT of $2,6m whilst net other comprehensive income from property revaluations and their income tax effect totalled $2,3m to give the group total comprehensive income for the period of $ 4,9m as a result the group's balance sheet firmed to $129.0m from 124,7m in the prior year while the NAV amounted to $117,7m with long and medium term obligations of $11,3m with average interest costs of 17,5%

Operations Review:

In the first year of the group's five year strategic thrust to rebuild the group's asset base the group made major strides to this end as total round wood production increased by 56% whilst capacity utilization at the saw mills improved though bottlenecks from power outages continued to affect throughput. The group's capex amounted to $3,9m split plantation development:$1,9m and Plant and equipment:$2m. The group experienced improved uptake of the company's products on the local market.

Persistent power outages resulted in the Paulington Factory failing to meet production targets. The company has installed and commissioned a diesel generator to curtail the impact of the power outages. Likewise Border Timbers International faced power supply problems that hindered production and going forwards the group hopes to modify the plant to reduce power consumption to level that will be economically sustainable under diesel generator power while prices on the export market remained depressed which consequently saw the unit post a loss of $683,246.

The group is optimistic that the negotiations with the power authorities on direct importation of power from Mozambique to Manicaland will be success which in turn should see improved output and reduction in production by eliminating production bottlenecks and idle time.

Radar Holdings Limited

Radar Holdings	$m
Revenue	24.912
EBITDA	1.444
EBIT	4.537
PBT	3.864
PAT	4.577
Total Comprehensive Income	14.138
Key Ratios	
Basic EPS (USc)	8.26
PBV	0.18
PER	2.90
MC/Turnover	0.53
EV/EBITDA	55.10
EBITDA margins	5.80%

Results Review:
Full year revenues for the group were 123% up at $24,9m driven by volume increases in the local brick and timber businesses and we estimated their EBITDA at $1,4m representing 5,8% margins. After accounting for depreciation, amortization and biological asset gains the group's EBIT amounted to $4,5m of which $3,3m was attributable to the equity holders. Finance costs for the period amounted to -$673,595 coupled with a $712,914 tax credit saw the group attain a PAT of $4,6m. Net other comprehensive income comprising revaluation gains and deferred tax amounted to $9,6m to see the group achieve $14,1m total comprehensive income. The group's balance sheet grew 16% to $159,3m with the NAV coming up at $75,8m and they were in a negative cash flow position of -$4,6m

Operational Review:
The group incurred $4,4m capex on repairs and maintenance as the group moved to tackle the backlog that accumulated during the' lost decade' as well as plantation redevelopment and on new property plant and equipment. UBM revenues grew 500% but the group posted an operating loss of $274,000 on the back of competition that squeezed margins to around 25% and higher costs driven by labour, utilities and distribution costs. The branch network was increased to 20 across Zimbabwe while a new truss plant was commissioned in Harare

Combined recommendation comment:
Radar and Borders's sales volumes were improved last year on the back of resurgent construction activity on the individual level. Prospects remain high that they will increase sales as economic conditions improve in Zimbabwe and large scale reconstruction of infrastructure re-emerges. Further to that, new large scale construction works will likely start in 2010-11, and thereby boosting sales for the groups. Their stocks are fairly tightly held slightly with free float estimates at 6% and 30% for Border and Radar respectively. We believe this constrains the ability of making a reasonable investment for investors wishing to get a significant exposure. However for those investors willing wait while they slowly raise their stakes we place an **ACCUMULATE** recommendation on both counters.

Analyst: Phenias Mandaza

Murray & Roberts – Full year results to 30 June 2010

Murray & Roberts	$m
Revenue	20.882
EBITDA	(0.017)
EBIT	(0.973)
LBT	(0.900)
PAT	(0.718)
	(0.654)
Key Ratios	
Basic EPS (USc)	(0.34)
PBV	1.40
PER	(76.18)
MC/Turnover	2.62
EBITDA margins	-0.08%

Results review

A dull H2 performance from M&R saw the group posting a loss before tax of $718,129 representing a -146% decline from the June 2009 PBT level despite group revenues growing 64% to $20.9m inclusive of discontinued operations. The group's balance sheet stood at $23,3m and their NAV was at $16,0m whilst the cash generated from operations amounted to $516,288.

Manufacturing – Revenues from continuing operations achieved totalled $12,0m from which a PAT of $2,4m was posted operating at 45% capacity utilization and produced 3,550t of products.
Construction: Operations were affected a low order book and the operations managed $6,1m revenues and -$2,0m loss after tax.

Over the period under review the group disposed off Caridorn Abrasives to a management led consortium while the process of disposing off Promat (The group's Malawi Operations) is at an advanced stage having already been approved by the Reserve Bank of Malawi and only awaiting assent from the Reserve bank of Zimbabwe. Discontinued operations contributed $2,8m to group revenues and -$452,160 to the losses after tax.

Underpinning hopes on the key role that reconstruction and rebuilding is expected to play in the economy's recovery path the group remain optimistic about the future and their capacity to handle a $100m order book.

Value and Recommendation

M&R is strategically positioned to reap rewards of resuscitation in the local construction industry. Given Zimbabwe is yet to fully embark on economy wide reconstruction work as indicated by the recent midterm fiscal policy review we believe the group's $100m construction book capacity would not be sufficient to meet the demand from new construction projects let alone the ones that have been put on hold mid way through the construction process. The outlook though for such serious construction work at national level is certainly in the horizon of in excess of 18 months given the possibility of an earlier than expected election. Our view is the group's recovery is a function of political stability, and economic growth in particular liquidity improvement and the availability of long term finance at economic cost that suites the nature of the construction industry. Given their position as the largest construction company in the country and the potential inherent in the Zimbabwean market for greater construction work we maintain a **LT BUY** recommendation on the group.

Analyst: Phenias Mandaza

Market Highlights,

The market ended the week in positive territory as the main stream industrial index pushed a marginal +0.27% (0.35pts) to 131,69pts while the mining index was up +1,09% (1,43pts) to 132,44pts on improved market turnover that was up 74,8% at $6,5m. A select few counters continues to enjoy the lions' share of the total market turnover as the week under review witnessed the top five counters by value traded accounting for 62,8% of the market turnover with Innscor leading the pack at 25% ($1,7m) whilst Delta and Econet Followed with 13,9% and 10,1% at $907,441 and $656,607 respectively. On an all share basis the number of fallers and gainers were at par with 24 counters apiece while some 28 counters were at the same level as the prior week.

Transport group Pioneer was up +50% at 0,3c to lead the weeks risers, PGI and Bindura followed as they closed the week +33% and +21% firmer at 4c and 12,7c respectively. The trio of Astra, Willdale and TPH posted identical +20% advances to 3c, 0,3c, and 6c respectively. The market remained unfazed with the results from Innscor, National Foods and Colcom as the trio remained at the stable prices of 47c, 80c and 25c respectively.

Regional tourism group African Sun led the week's fallers after retreating -37,5% to 2.5c whilst Steelnet, Celsys and Chemco all traded -25% softer at 0,15c, 0,3c and 45c respectively. Ariston capped the top five losers list after shedding -20% to 1,2c. Other notable fallers included construction industry based group M&R that closed the week 15% lower at 17c after releasing a tepid set of results in which they posted a loss for the year from continuing operations of $-$265,969. RioZim was trading 10% lower at 180c as the market remains unclear on the group's plans with the previously failed rights issue recapitalization plan.

Weekly Trade Statistics and Winners & Losers

All ShareTop Gainers

Counter	Prices as at 03 September 2010 (US cents)	Prices as at 10 September 2010 (US cents)	Move (US cents)	% Change for the week (%)	YTD Change (%)
PIONEER	0.20	0.30	0.10	50.00	(20.00)
PGI	3.00	4.00	1.00	33.33	(65.00)
BINDURA	10.50	12.70	2.20	20.95	(54.55)
ASTRA	2.50	3.00	0.50	20.00	25.00
TRACTIVE	5.00	6.00	1.00	20.00	(28.57)
Willdale	0.25	0.30	0.05	20.00	(4.00)
HIPPO	86.00	100.00	14.00	16.28	(10.53)
HUNYANI	3.50	4.00	0.50	14.29	(23.91)
NICOZ	1.50	1.70	0.20	13.33	(56.67)
ABC	23.00	26.00	3.00	13.04	(7.50)

All ShareTop Losers

Counter	Prices as at 03 September 2010 (US cents)	Prices as at 10 September 2010 (US cents)	Move (US cents)	% Change for the week (%)	YTD Change (%)
AFRICAN SUN	4.00	2.50	(1.50)	(37.50)	(65.00)
STEELNET	0.20	0.15	(0.05)	(25.00)	(42.86)
CELSYS	0.04	0.03	(0.01)	(25.00)	(60.00)
CHEMCO	60.00	45.00	(15.00)	(25.00)	50.00
ARISTON	1.50	1.20	(0.30)	(20.00)	25.00
EDGARS	3.20	2.70	(0.50)	(15.63)	(18.42)
M & R	20.00	17.00	(3.00)	(15.00)	10.00
STAR AFRICA	7.00	6.00	(1.00)	(14.29)	(27.27)
TNH	0.90	0.80	(0.10)	(11.11)	(86.67)
RIOZIM	199.00	180.00	(19.00)	(9.55)	(13.46)

Trade Statistics

Turnover Statistics	Previous Week	Current Week	Change US $	Change %
Market Turnover	3,724,502.30	6,510,424.28	2,785,921.97	74.80%

Weeks Top ValueTraded Counters

Counter	Value Traded	% Of Turnover
INNSCOR	1,654,575.78	25.41%
DELTA	907,441.87	13.94%
ECONET	656,607.91	10.09%
SEEDCO	523,508.53	8.04%
OLD MUTUAL	346,942.26	5.33%
Total	4,089,076.35	62.81%

Indices

	03 September 2010	10 September 2010	Change	% Change (%)	YTD Change (%)
Industrial Index	131.34	131.69	0.35	0.27	(13.29)
Mining Index	131.01	132.44	1.43	1.09	(28.96)

Currencies

	03 September 2010	10 September 2010	Change	% Change
Rand/USD	7.2249	7.1896	(0.04)	(0.49
USD/Euro	1.2839	1.2736	(0.01)	(0.80
USD/Pound	1.5412	1.5450	0.00	0.25
Yen/USD	84.3961	83.8096	(0.59)	(0.70

Source: Bloomberg.com

Upcoming Events

Company	Event & Place	Date	Time

Commodities

	03 September 2010 US$	10 September 2010 US$	% Change for week (%)	YTD Change (%)
Aluminium (US$/tonne)	2,105.00	2,082.50	(1.07)	(5.6
Brent Crude(US$/barrel)	74.65	74.79	0.19	(5.0
Copper(US$/tonne)	7,625.00	7,532.00	(1.22)	2.5
Gold(US$/oz)	1,251.60	1,248.70	(0.23)	12.3
Lead(US$/tonne)	2,130.00	2,162.00	1.50	(9.7
Nickel(US$/tonne)	21,455.00	22,580.00	5.24	22.1
Platinum(US$/oz)	1,555.00	1,551.00	(0.26)	3.6
Silver(US$/oz)	19.61	19.83	1.12	15.8
Zinc(US$/tonne)	2,148.00	2,125.00	(1.07)	(17.3

Source: Bloomberg.com

Dividends

Company	Final/ Interim	Amount (USc)	Record date	Payment date	Price as at (Usc)	Yield (%)
n/a						

Dually Listed Counters

	ZSE Price US cents	JSE Price US cents	Discount (US cents)	Discount (%)	JSE Price ZAR cents	LSE Price GBp
OLDMUTUAL	150.00	210.72	(60.72)	(28.82)	1,515.00	136.20
PPC	335.00	403.36	(68.36)	(16.95)	2,900.00	n/a

Outlook

The coming week should continue to witness the resurgence of the market albeit on the back of a select few good counters in terms of fundamental and their long term strategic thrusts. Recent financials bear testimony to the fact that while many celebrated the advent of the multiple currency system many seem to have taken long to adjust by correctly resizing their operations and indeed for those that did the rewards are showing. The selective trading that has been confined to the heavily capitalised counters should also continue to characterise the market however it is our opinion that for those seeking realistic returns the list below is indicative of the value stocks on the market:

Top Picks

Buy	
Colcom	Running profitably, business growing and have positive cashflows. Declared interim dividend as expected
Dawn	Trading at average PBV of 0,5x. Have strong diversified earnings potential in tourism and commercial properties. Risk lies in properties being used to secure loans for African Sun
Delta	Aim to double their supply in the financial year in a market in which they are a virtual monopoly
Pearl	Trading at average PBV of 0,5x. Regional average is 2x.
ZPI	Trading at average PBV of 0,5x . Have strong mix of properties that can generate cash. Have a big pool of undeveloped land-banks that can convert to business anytime.
Seedco	Dominate local and regional seed market and growing strong in new regions.
ZHL	Sum of interest in listed companies higher than their market cap. Strong earnings potential if they successfully recapitalise all business units.
Truworths	Strong earnings potential. Trading at annualised PER of 6x
ABC	Though risk lies in retail banking development prospects which could go either way in the environment current economic environment, they are trading at low PER and PBV (3x and 0,4x).
OK	Strong earnings potential once credit lines increase and local producers increase supply.
LT Buy	
Aico	Strong recovery play in Olivine and lint business while the seed business has potential to outdo its current good performance on the back of regional expansion.
PGI	Exciting business model in a potentially lucrative building and allied industry poised for growth as disposable incomes improve. Risk lies in potential dilution should a rights issue be considered in the $10m recapitalisation plan
Spec Buy	
Old Mutual	Room to make 15-25% profit from arbitrage.
PPC	Room to make 15-25% profit from arbitrage.
Econet	Dominating market share (62+%) and growing network coverage as well as product range.

NOTES: