

Lonrho Africa (Holdings) Limited
Directors' report and financial
statements
Registered number 997945
30 September 2008

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Directors' report

The Directors of Lonrho Africa (Holdings) Limited present their directors' report and financial statements for the year ended 30 September 2008.

Principal activities and business review

The principal activity of the Company is that of an investment holding company.

The Company is the main investment holding company for the group and holds the main UK cash balances for the Group headed by Lonrho Plc. The Company incurs costs in relation to acquisitions and disposals made by the Group.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect future growth in the value of investments held by the company.

There are no key financial performance indicators specific to the Company.

The main risk faced by the Company is the effect of fluctuations in the value of the investments. The company has embarked on an acquisition plan for the future which will mitigate the risk faced by fluctuations in individual investments.

Credit Risk - Investments of cash surpluses are made through banks which must fulfil credit rating criteria approved by the Board. Debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Foreign Currency risk - The Company's principal foreign currency exposures arise from the funding of and investing in overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Liquidity risk - The Company manages its cash in order to maximise interest income whilst ensuring the company has sufficient liquid resources to meet its operating needs.

Future Developments

The corporate strategy of the company is to continue to invest in and develop companies within the African Continent and to focus on business opportunities that are directly related to the economic growth and development of the Continent. Given the current global financial crisis, the directors are carefully monitoring cash resources within the company and have instigated a number of initiatives to ensure funding will be available for planned investments. If such funding cannot be secured, the investments will be delayed or cancelled to ensure that the company can manage its cash resources for the foreseeable future.

Financial results for the year and dividends

The financial results of the Company are shown on page 6. The directors do not recommend the payment of a dividend for the year (2007: *£nil*).

Directors

The directors who held office during the year were as follows:

Mrs J M Ellis
J H Hughes
Mrs EK Priestley (formerly De Borchgrave D'Altena)
D A Lenigas
G T White
David Armstrong (appointed 24 July 2009)

Directors and officers liability insurance cover has been effected for the Directors of the company.

Donations

No political nor charitable donations (2007: *£nil*) have been made by the company during the year.

Directors' report *(continued)*

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Statement of Disclosure to Auditors

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 in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



J H Hughes
Director

21 October 2009

Registered Office
Castle Chambers
43 Castle Street
Liverpool
L2 9TL

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

8 Princes Parade
Liverpool L3 1QH
United Kingdom

Independent auditors' report to the members of Lonrho Africa (Holdings) Limited

We have audited the financial statements of Lonrho Africa (Holdings) Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movement in Shareholders Funds 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, in accordance with section 235 of the Companies Act 1985. 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Independent auditors' report to the members of Lonrho Africa (Holdings) Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

21st October 2009

Profit and loss account
for the year ended 30 September 2008

	Note	2008 £000	Restated 2007 £000
Administrative expenses including exceptional costs of £19,706,000 (2007: £970,000)		(21,807)	(1,979)
Other operating income		84	438
Operating loss	2	(21,723)	(1,541)
Interest receivable and similar income	3	9,768	1,521
Interest payable and similar charges	4	-	(1,194)
Amounts written off investments	7	(13,699)	(3,704)
Profit on disposal of intangible asset	5	7,290	-
Loss on ordinary activities before taxation		(18,364)	(4,918)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	14	(18,364)	(4,918)

All of the activities of the company are classed as continuing. The Company has no recognised gains or losses other than the result for the period as set out above, therefore no separate statement of gains or losses has been prepared.

The 2007 comparatives have been restated for a re-classification of the net exchange loss on foreign currency borrowings of £1,194,000 from administrative expenses in the operating loss to interest payable and similar charges.

Balance sheet

As at 30 September 2008

	Note	2008 £000	2007 £000
Non Current assets			
Tangible fixed assets	8	251	20
Investments	7	26,797	31,437
		<u>27,048</u>	<u>31,457</u>
Current assets			
Debtors (including £52,720,000 (2007: £nil) due after more than one year)	9	55,180	25,951
Investments	10	-	-
Cash at bank		8,141	13,997
		<u>63,321</u>	<u>39,948</u>
Creditors: amounts falling due within one year	11	<u>(46,858)</u>	<u>(1,103)</u>
Net current assets		<u>16,463</u>	<u>38,845</u>
Total assets less current liabilities		<u>43,511</u>	<u>70,302</u>
Creditors: amounts falling due after more than one year	12	<u>(17,996)</u>	<u>(26,423)</u>
Net Assets		<u>25,515</u>	<u>43,879</u>
Capital and reserves			
Called up share capital	13	24,349	24,349
Profit and loss account	14	1,166	19,530
Shareholders' funds		<u>25,515</u>	<u>43,879</u>

These financial statements were approved by the Board of Directors on 21/10/09 and were signed on its behalf by:


D Armstrong
Director

COMPANY REG NO : 997945

Reconciliation of Movement in Shareholders' Funds
Year ended 30 September 2008

	2008 £000	2007 £000
Loss for the financial year	(18,364)	(4,918)
Opening shareholders' funds	43,879	48,797
Closing shareholders' funds	<u>25,515</u>	<u>43,879</u>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements with the exception that the presentation of the profit and loss account for the year ended 30 September 2007 has been restated for a reclassification of a net exchange loss of £1,194,000 from being included in administrative expenses to be included within interest payable and similar charges.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228(2) of the Companies Act 1985 from the requirement to prepare group financial statements. The financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Lonrho Plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Lonrho Plc within which this Company is included, can be obtained from the address given in note 18.

Going Concern

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 resources for the foreseeable future. At the year end the company has net current liabilities (excluding debtors scheme after more than one year) of £36,257,000 of which £45,400,000 is in respect of an intercompany creditor balance. Notwithstanding that this is an on demand intercompany loan the company has been informed that the funds will not be required to be repaid within twelve months of the date of signing the financial statements hence the financial statements have been prepared on a going concern basis.

Investments

Investments in subsidiary undertakings and associates are stated at cost less amounts written off. Fixed asset investments are stated at cost less provision for permanent diminution in value.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimates residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment, fixtures and fittings, and motor vehicles - 20% per annum.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences, between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Notes (continued)

2 Operating loss

	2008 £000	2007 £000
<i>Operating loss is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets	65	5
Amounts written off balances due from group undertakings	19,706	-
Provision against balance due from participating interest	127	970
Amounts recovered on balances due from group undertakings previously provided against	(188)	(1)

The amounts written off balance due from group undertakings represents amounts written off balances due from SA Independent Liner Services Pty Ltd (SAILS) (£17,998,000), Swissta Mozambique Ltd (£1,020,000) and Lonrho Springs (£688,000).

3 Interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	584	497
Receivable from group undertakings	2,753	1,008
Other	18	16
Net exchange gains on foreign currency borrowings	6,413	-
	<u>9,768</u>	<u>1,521</u>

4 Interest payable and similar charges

	2008 £000	Restated 2007 £000
Net exchange loss on foreign currency borrowings	-	1,194
	<u>-</u>	<u>1,194</u>

5 Profit on disposal of intangible asset

	2008 £000	2007 £000
Profit on disposal of intangible asset	7,290	-
	<u>7,290</u>	<u>-</u>

Lonrho Plc, on behalf of the company has agreed not to make investments in Zimbabwe, or an area in Mozambique known as the Beira Corridor. The company had previously held investments in Zimbabwe and had a long history of business associations there and as such Lonrho is still a well known brand in that country. In consideration of entering into this agreement, Lonrho Plc received a free carry interest of 20% of the issued share capital of Lonzim Plc, worth £7.3million which has resulted in the £7.3m credit to the profit and loss account of Lonrho Africa (Holdings) Limited.

Notes (continued)

6 Taxation

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Current tax on income for the period	-	-
Total current tax charge	-	-

The current tax charge for the period is higher (2007: higher) than the standard rate of corporation tax in the UK which is 29% (2007: 30%). Corporation tax is calculated using a hybrid rate of 29% (2007: 30%). The UK corporation tax rate was reduced from 30% to 28% with effect from 1 April 2008.

The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(18,364)	(4,918)
Loss on ordinary activities before tax at the standard UK rate of corporation tax of 29% (2007: 30%)	(5,326)	(1,475)
Effects of:		
Loss on disposal of fixed asset investment	-	76
Group relief	-	288
Utilisation of losses brought forward	(3,201)	-
Provision against investments in group undertakings and participating interest	2,671	1,111
Release of provisions	(56)	-
Amounts written off balances due from group undertakings	5,912	-
Current tax charge	-	-

Notes (continued)

7 Fixed assets investments

	Listed investments	Shares in participating interests	Shares in group undertakings	Total
	£000	£000	£000	£000
Cost				
As at 30 September 2007	4,928	3,704	55,661	64,293
Additions	-	1,318	7,741	9,059
Reclassification in year	(3,499)	3,499	-	-
As at 30 September 2008	1,429	8,521	63,402	73,352
Provisions				
As at 30 September 2007	-	3,704	29,152	32,856
Provision in year	768	3,704	9,227	13,699
As at 30 September 2008	768	7,408	38,379	46,555
Net book value as at 30 September 2008	661	1,113	25,023	26,797
Net book value as at 30 September 2007	4,928	-	26,509	31,437

Group Undertakings

During the year the company acquired 19.7% of Kwikbuild Corporation Limited at a cost of £2.2m. The company also acquired an additional 21.7% of SA Independent Liner Services Pty Limited, at a cost of £5.5m, increasing its holding to 66.7%.

Since the year end SA Independent Line Services Pty Limited has been put into liquidation. A provision of £8.6m has been made against the cost of investment of £8.6m in the year.

A provision of £0.6m has been made against the cost of investment in Swissta Mozambique Limited of £0.6m.

Shares in Participating interest

During the year the company acquired further shares in Lonrho Mining Limited at a cost of £0.9m, increasing its holding from 21.94% to 24.16% and acquired a 20% holding in Arlington Associates Limited, a company incorporated in England, at a cost of £0.4m.

Lonrho Mining Limited was presumed not to be a participating interest in 2007 due the company not being able to exercise significant influence. As a result of a change in the Board of Lonrho Mining Limited in September 2008, this is no longer the case and hence it has been reclassified from listed investments to shares in which the company has a participating interest with effect from this date.

A provision of £3.231m against the carrying value of the company's investment in Lonrho Mining Limited has been made to reflect the fall in the value of the shares on the Australian Securities Exchange at 30 September 2008. At 19 October 2009 the market value was £0.36m.

A provision of £0.4m was subsequently made against the carrying value of the company's investment in Arlington Associates Limited to reflect the value of the investment of the year end as the Company had not commenced trading.

Notes (continued)

7 Fixed assets investments (continued)

The principal subsidiary undertakings of the company at the year end are as follows:-

Subsidiary undertaking	Class of shares	% Holding of Issued Capital		Country of incorporation	Principal Activity
		Direct	Indirect		
Lonrho Hotels (UK) Limited	Ordinary	100	-	England	Investment Holding Company
Balfour Williamson & Co Limited	Ordinary	100	-	England	Dormant
Lonrho Hotels Africa Management Services Limited	Ordinary	100	-	England	Hotel Management
Five Forty Aviation Limited	Ordinary	49	-	Kenya	Transportation
Hotel Cardoso SARL	Ordinary	-	59.1	Mozambique	Proprietors of the Hotel Cardoso
Sociadade Comercial Bytes & Pieces Limitada	Ordinary	65	-	Mozambique	Information Technology Service providers
Swissta Mozambique Ltd	Ordinary	-	100	Mozambique	Water Technology
Lonrho Africa Holdings BV	Ordinary	54	46	Netherlands	Investment Holding Company
Luba Freeport Limited	Ordinary	63	-	Jersey	Freeport operation in Equatorial Guinea
Swissta Holdings Limited	Ordinary	100	-	Mauritius	Water Technology
SA Independent Liner Services Pty Ltd (in liquidation)	Ordinary	66.67	-	South Africa	Shipping
Combined Enterprise Solutions (Pty) Ltd	Ordinary	-	40	South Africa	Information Technology and Service providers
Indit Technology Distribution (Pty) Ltd	Ordinary	-	45	South Africa	Information Technology and Service providers
Lonrho Air BVI Limited	Ordinary	-	100	British Virgin Islands	Transportation
Lonrho Agribusiness (BVI) Ltd	Ordinary	-	100	British Virgin Islands	Investment Holding Company
Kwikbuild Corporation Limited	Ordinary	19.7	42.27	Isle of Man	Infrastructure

Inclusion of all the subsidiaries held by the company is regarded as excessive and therefore only the principal trading subsidiary undertakings have been included.

The principal participating interests of the company at year end are as follows;

	Class of shares	% Holding of Issued Capital		Country of incorporation	Principal Activity
		Direct	Indirect		
Lonrho Mining Limited	Ordinary	24.16	-	South Africa	Mining
Arlington Associates Limited	Ordinary	20	-	England	Consultancy Services
eKwikBuild Housing (Pty) Limited	Ordinary	-	30.37	South Africa	Infrastructure

Notes (continued)

8 Tangible fixed assets

	Computer Equipment £000	Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost				
As at 30 September 2007	26	-	-	26
Additions in year	125	129	42	296
As at 30 September 2008	151	129	42	322
Depreciation				
As at 30 September 2007	6	-	-	6
Charge for the year	31	26	8	65
As at 30 September 2008	37	26	8	71
Net book value as at 30 September 2008	114	103	34	251
Net book value as at 30 September 2007	20	-	-	20

9 Debtors

Amounts due after more than one year;	2008	2007
	£000	£000
Amounts owed by group undertakings	52,720	-
Amounts due within one year;	2008	2007
	£000	£000
Amounts owed by group undertakings	1,200	25,540
Amounts owed in which the company has a participating interest	143	-
Other debtors	774	252
Prepayments and accrued income	343	159
	2,460	25,951

10 Investments (held as current assets)

	Listed Investments £000
Cost	
As at 30 September 2007 and 30 September 2008	37
Provisions	
As at 30 September 2007 and 30 September 2008	37
Net book value	
As at 30 September 2007 and 30 September 2008	-

Notes (continued)

11 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	505	351
Amounts owed to group undertakings	45,400	-
Taxation and social security	56	47
Accruals	897	705
	<u>46,858</u>	<u>1,103</u>

12 Creditors: amounts falling due after more than one year

	2008 £000	2007 £000
Amounts owed to group undertakings	<u>17,996</u>	<u>26,423</u>

13 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
37,366,000 (2007: 37,366,000) Ordinary shares of £1 each	<u>37,366</u>	<u>37,366</u>
<i>Issued</i>		
24,348,848 (2007: 24,348,848) Ordinary shares of £1 each	<u>24,349</u>	<u>24,349</u>

14 Reserves

	Profit and loss account £000
At 1 October 2007	19,530
Loss for the year	(18,364)
At 30 September 2008	<u>1,166</u>

Notes (continued)

15 Contingent Liabilities

The company had no capital commitments at 30 September 2008 (2007: £nil). The company had no contingent liabilities at 30 September 2008 (2007: £nil).

16 Post balance sheet events

Since the year end the following non adjusting events have occurred:-

In October 2008:

- * Lonrho Africa (Holdings) Limited's subsidiary, SA Independent Liner Services Pty Limited (SAILS) was put into liquidation
- * The Company participated in a placement of shares and options by Lonrho Mining Limited at a cost of AUD \$850,000, increasing its holding to 25.59% subsequently reducing to 25.32% as a result of the issue of further shares in May 2009.

In December 2008:

- * A subsidiary of Lonrho Africa (Holdings) Limited acquired a 51% shareholding in the Rollex Group, an agri-processing and logistics company for £5.5million. The acquisition had an effective date of 1 October 2008.

In March 2009:

- * A subsidiary of Lonrho Africa (Holdings) Limited increased its shareholding in E Kwikbuild Pty by 3% from 49% to 52%.

17 Related party transactions

During the year Duncan Sheard Glass, the Chartered Accountants of which Jean Ellis is a Partner, supplied accountancy and taxation services to the company's ultimate parent company, Lonrho Plc. The fees paid in respect of these services were £0.3m (2007: £0.2m) and at the year end £nil (2007: £nil) was outstanding.

18 Ultimate parent company

The largest and smallest group in which the results of the company are consolidated is that headed by Lonrho Plc.

The Company's ultimate parent company is Lonrho Plc, a company registered in England and Wales.

No other group financial statements include the results of the company.

The consolidated financial statements of Lonrho Plc can be obtained from The Secretary, Lonrho Plc, Castle Chambers, 43 Castle Street, Liverpool, L2 2TL or from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ.