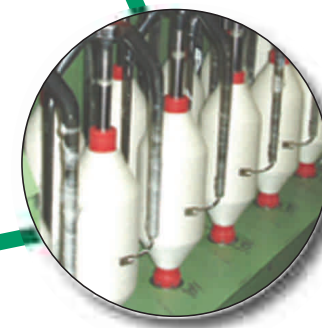


THE COTTON COMPANY OF ZIMBABWE LIMITED

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UNAUDITED GROUP RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2007

COMMENTARY (Inflation adjusted results)

Economic Overview

The economic landscape continues to be dominated by hyperinflation, commodity and raw material shortages. The availing of BACOSI funding is however expected to stimulate production and improve the supply of basic commodities. On the other hand, long hours of load shedding, water and coal shortages are likely to hamper smooth production.

Operations Review

Cotton

The national crop size for this year was 254 000 compared to 260 000 tonnes last year and of that the company purchased 115 000 tonnes compared to 135 000 tonnes last year. Ginning is still in progress. The persistent load shedding has resulted in the ginning programme being stretched to December 2007. Meanwhile, price controls on domestic sales negatively affected revenue and profit performance though some improvement is expected in the second half.

Seed

First half performance was in line with the traditional business cycle and was punctuated by mostly winter cereal crop sales, which are a very small part of the business. The seed business is, however, well positioned to meet seed requirements in the region and locally.

Spinning

Sales volumes are largely in line with prior year though performance has been negated by price controls (on domestic sales) and low exchange rates on first half exports. Performance is expected to remain satisfactorily steady over the rest of the year.

Group Financial Performance

Group turnover of Z\$3.7 trillion is 266% higher than last year and is driven mainly by the translation of foreign operations at higher exchange rates. Otherwise volumes were generally in line with the Group's trading cycle.

Operating profit of Z\$22.5 billion is in line with prior year performance. Profit before tax rose to Z\$6.5 trillion on the back of a favourable net monetary adjustment of Z\$6.4 trillion.

Attributable earnings of Z\$4.9 trillion reflect six month earnings per share of Z\$6.193.

Net cash outflow was Z\$174.9 billion after expending Z\$8.9 trillion in operations, mostly to fund crop purchases. Capital expenditure amounted to Z\$710.8 billion. A further Z\$251.4 billion was spent on acquisition of a 49% stake in Olivine Holdings (Private) Limited.

The Group's property, plant and equipment was revalued by independent professional valuers as at 30 September 2007, except in the region where the directors felt these were fairly valued. Accordingly, the Group's revaluation reserve increased by Z\$30.2 trillion. Following the revaluation, total assets grew by 1 402% to reach Z\$58.8 trillion while net assets grew by 1 733% to reach Z\$34.2 trillion.

Inputs Credit Scheme

The company has started disbursing inputs for the new season. We forecast to disburse more seed than last year and this should result in a bigger crop size.

Acquisitions

In August 2007, the company acquired 49% shareholding in Olivine Holdings Limited. This acquisition should add critical mass to the group and mitigate against seasonality of cashflows. Earlier in the year (May 2007) the company acquired the operating assets of Frupac International Zimbabwe (Pvt) Limited - a frozen vegetable business, through Cotco's subsidiary Exhort Enterprises (Pvt) Ltd. The vegetable business is fairly exports oriented and will add to the groups export earnings going forward.

Dividend

In view of current challenges in the operating environment and the need to conserve cash, no interim dividend has been declared.

Outlook

Seed self-sufficiency initiatives in the region will see the Seed business improve volumes and financial performance going forward. Current agricultural initiatives in Zimbabwe present significant opportunities to increase in local seed production and sales. Sales volume performance in Ginneries is expected to improve significantly in the 2nd half.

Price controls in the local market are likely to continue for the foreseeable future and will continue to pose considerable challenges to businesses, generally. However, strong sales volume performance together with updated pricing in the second half may improve results. Nevertheless, control of overheads and expenditure on key inputs is fundamental to overall full year performance.

By Order of the Board

P.Manamike
Company Secretary

Abridged Group Cashflow Statements for the half year ended 30 September 2007

INFLATION ADJUSTED			HISTORICAL		
UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07
Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions
Cash flow from operating activities					
Operating cash flows before re-investment in working capital					
7,704,562	408,921	132,376	658,282	10,642	84,476
(16,525,220)	(1,388,698)	(1,903,218)	(11,692,533)	(14,108)	(209,805)
8,281	517,736	1,191,753	460,085	2,386	24,997
(102,105)	(224,253)	(374,884)	(82,226)	(1,424)	(7,873)
(8,914,482)	(686,294)	(963,973)	(10,856,392)	(2,504)	(108,205)
Net cash outflows from investing activities					
(1,095,321)	(96,696)	(449,498)	(674,811)	(631)	(15,592)
Net cash in/(out)flows from financing activities					
9,834,935	(118,920)	414,560	11,458,796	3,545	146,793
(174,868)	(901,910)	(998,911)	127,593	410	22,996

Group Statements of Changes in Equity for the half year ended 30 September 2007

INFLATION ADJUSTED					
Share Capital Z\$Millions	Capital Reserves Z\$Millions	Revenue Reserves Z\$Millions	Shareholders Funds Z\$Millions	Minority Interest Z\$Millions	Total Equity Z\$Millions
Balance at 31 March 2007	469,482	1,214,735	182,408	1,866,625	1,214,068
-Shares issued in subsidiary	-	50,295	-	50,295	50,295
-Revaluation of property, plant & equipment	-	25,578,775	-	25,578,775	30,230,319
-Deferred tax charged against revaluation reserve	-	(5,582,235)	-	(5,582,235)	(6,841,992)
-Depreciation charged against revaluation reserve	-	(1,939)	-	(1,939)	(5,155)
-Exchange differences on translating foreign operations	-	1,908,714	-	1,908,714	2,874,456
	469,482	23,168,345	182,408	23,820,235	29,388,616
Profit/(Loss) for the period	469,482	-	4,907,297	4,907,297	4,877,671
Dividends	-	-	(23,375)	(23,375)	(24,416)
Balances at 30 September 2007	469,482	23,168,345	5,066,330	28,704,157	34,241,871
HISTORICAL					
Balances at 31 March 2007	-	55,567	58,168	113,735	72,544
-Shares issued in subsidiary	-	24,646	-	24,646	24,646
-Revaluation of Assets	-	26,636,225	-	26,636,225	32,209,614
-Deferred tax charged against revaluation reserve	-	(5,835,014)	-	(5,835,014)	(7,281,621)
-Depreciation charged against revaluation reserve	-	(1,939)	-	(1,939)	(5,154)
-Exchange differences on translating foreign operations	-	687,459	-	687,459	2,085,435
	-	21,566,944	58,168	21,625,112	27,219,199
Profit/(Loss) for the period	-	-	533,160	533,160	381,104
Dividends	-	-	591,328	22,158,272	5,442,031
Balances at 30 September 2007	-	21,566,944	579,874	22,146,818	27,588,575

NOTES TO THE FINANCIAL STATEMENTS

- The financial statements are presented in Zimbabwe dollars, rounded off to the nearest million.
- Accounting policies**
These financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies used are consistent with those used in the preparation of prior year financial statements.
- Basis of preparation**
The company's financial statements are drawn from records that are maintained under the historic cost convention.

In line with the requirements of International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) these financial statements have been restated, to reflect changes in the general purchasing power of the Zimbabwe Dollar, using indices issued by the Zimbabwe Central Statistical Office. As a result, the accompanying financial statements, having been restated, are stated at the measuring unit current at the balance sheet date. The indices and conversion factors used to restate the accompanying financial statements are as follows:

CONVERSION

	INDICES	FACTORS
30/09/2007	23,808,624.60	1.0000
31/03/2007	2,008,932.10	11.85138
30/09/2006	294,583.70	80.82126

4. Acquisitions

4.1 Acquisition of the assets of Frupac International Zimbabwe (Pvt) Ltd

In May 2007, the Group concluded the purchase of the operating assets (comprising land, buildings, plant and equipment) of Frupac International (Private) Limited - a frozen vegetables business situated in Ruwa. This acquisition was effected through the Company's wholly owned subsidiary, Exhort Enterprises (Private) Limited.

A net purchase consideration of US\$875,000 was agreed (after deducting off-shore loans taken over of US\$1.64 million) and was paid in the form of 5.3 million The Cotton Company of Zimbabwe Shares & Z\$30 billion. The shares represented a 0.7% of the shares currently in issue, and therefore did not materially affect the voting rights of existing shareholders. Similarly and based on the earnings potential of the business, there will be no material dilution of existing shareholders during the year. The business will service the domestic and export markets with particular emphasis on export markets.

The results of Exhort were consolidated into the group.

4.2 Interest in Olivine Industries

In August 2007, the Company acquired 49% of the shareholding of Olivine Holdings (Private) Limited (Olivine) for US\$6.825 million.

Olivine's predominant business is the production and marketing of household goods, edible oils and fats. It has a 100% shareholding in Olivine Industries (Private) Limited and Chegut Canners (Private) Limited. It also has a 40% interest in Royal Baking Powder (Private) Limited.

For accounting purposes, the effective date of the acquisition was 1 September 2007. However, the investment has not been consolidated for the half year ended 30 September 2007 because the business has not been preparing inflation adjusted financial statements and the Directors believe that the cost and time needed to prepare one month's inflation adjusted financial statements outweighed the benefits at this stage.

5. Revaluation of Fixed Assets

In accordance with the Group's accounting policy on property plant and equipment, the assets in Zimbabwe were revalued by external independent valuers on 30 September 2007, except in regional operations where the directors felt they are fairly valued. The resultant revaluation is disclosed below.

INFLATION ADJUSTED			HISTORICAL		
UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07
Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions
Ginning operations	18,315,785	-	18,384,860	-	-
Seed operations	7,363,424	360	9,057,178	48	103,208
Spinning operations	3,925,224	-	3,961,055	-	-
Frozen vegetables operations	625,886	-	806,521	-	-
	30,230,319	360	32,209,614	48	103,208

INFLATION ADJUSTED			HISTORICAL		
UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07
Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions
6.1 Depreciation	162,015	61,778	372,226	14,153	92
6.2 Capital expenditure	710,847	52,663	514,957	526,200	429
6.3 Commitments for capital expenditure Contracted for Approved by the Directors but not yet contracted for	99,008	7,377	297,415	99,008	91
	2,523,479	74,668	4,591,658	2,523,479	924
TOTAL	2,622,487	82,045	4,889,073	2,622,487	1,015

Abridged Group Income Statements for the half year ended 30 September 2007

	INFLATION ADJUSTED			HISTORICAL		
	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07
	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions
Revenue	3,692,155	1,008,452	3,748,351	2,866,341	10,585	148,267
Profit/(Loss) from operations	22,489	20,291	1,009,172	(52,568)	1,120	60,628
Net finance income	8,281	515,241	1,182,975	460,085	2,371	24,971
Profit before monetary adjustment	30,770	535,532	2,192,147	407,517	3,491	85,599
Net monetary adjustment	6,431,363	(415,380)	(1,342,093)	-	-	-
Profit before taxation	6,462,133	120,152	850,054	407,517	3,491	85,599
Taxation	(1,584,462)	(312,162)	(817,466)	(26,413)	(883)	(23,533)
Profit/(Loss) after taxation from continuing operations	4,877,671	(192,010)	32,588	381,104	2,608	62,066
Profit/(Loss) from discontinued operations	-	1,948	(918)	-	13	(77)
Net profit/(loss) for the period	4,877,671	(190,062)	31,670	381,104	2,621	61,989
Attributable to:						
Equity holders of the parent	4,907,297	(83,980)	(75,225)	533,160	3,005	56,246
Minority interest	(29,626)	(106,082)	106,895	(152,056)	(384)	5,743
	4,877,671	(190,062)	31,670	381,104	2,621	61,989
Basic earnings/(loss) per share (Z\$)	6.193	(109)	(97)	673	4	72
Weighted average number of shares in issue ('000's)	792,383	770,478	776,180	792,383	770,478	776,180

Abridged Group Balance Sheets for the half year ended 30 September 2007

	INFLATION ADJUSTED			HISTORICAL		
	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07	UNAUDITED 6 Months 30-Sep-07	UNAUDITED 6 Months 30-Sep-06	AUDITED 12 Months 31-Mar-07
	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions	Z\$Millions
ASSETS						
Non-current assets						
Property, plant and equipment	35,559,166	965,484	2,328,588	34,722,572	2,060	143,457
Investments	367,762	897	516	228,608	11	-
Total non-current assets	35,926,928	966,381	2,329,104	34,951,180	2,071	143,457
Current assets	22,851,377	2,948,437	3,978,212	15,070,773	29,723	281,224
Total assets	58,778,305	3,914,818	6,307,316	50,021,953	31,794	424,681
EQUITY AND LIABILITIES						
Capital and reserves						
Shareholders' funds	28,704,157	1,516,073	1,866,625	22,146,818	7,401	113,735
Minority interests	5,537,714	352,143	1,214,068	5,441,757	1,131	72,544
Total equity	34,241,871	1,868,216	3,080,693	27,588,575	8,532	186,279
Non-current liabilities						
Interest bearing borrowings	120,021	13,023	26,619	120,021	161	2,246
Deferred tax	9,434,745	104,205	755,878	7,331,689	(772)	29,925
Total non-current liabilities	9,554,766	117,228	782,497	7,451,710	(611)	32,171
Current liabilities	14,981,668	1,929,374	2,444,126	14,981,668	23,873	206,231
Total equity and liabilities	58,778,305	3,914,818	6,307,316	50,021,953	31,794	424,681