INNSCOR AFRICA LIMITED

Audited Abridged Group Financial Results

FOR THE YEAR ENDED 30 JUNE 2018

INNSCOR Africa Limited

Our passion for **value creation**

SALIENT FEATURES

			USD
Revenue	9%	▲	631 282 790
Operating profit	18%	▲	77 161 982
Profit before tax	51%	▲	62 871 535
Basic earnings per share (cents)	35%	▲	5.99
Headline earnings per share (cents)	28%	▲	6.09
Cash generated from operating activities		▲	95 308 153
Total cash dividend declared for the year per share (cents)	35%	▲	2.16

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These abridged Group annual financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for provisional annual financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act (Chapter 24:03). The principal accounting policies applied in the preparation of these abridged annual financial statements are except where stated, consistent with those applied in the previous annual financial statements.

AUDIT STATEMENT

These abridged Group annual financial statements should be read in conjunction with the complete set of the Group annual financial statements for the year ended 30 June 2018. The Group annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an unmodified opinion thereon and have included a section on key audit matters in their report. The key audit matters covered include the fair valuation of biological assets, inventory existence and valuation and allowance for credit losses. The auditor's report on the Group annual financial statements, from which these abridged Group annual financial statements are extracted, is available for inspection at the Company's registered office.

SUSTAINABILITY REPORTING

As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group continues to apply the Global Reporting Initiatives (GRI)'s Sustainability Reporting Guidelines. During the year under review, the Group aligned its Sustainability Reporting using GRI-G4 with corresponding Sustainable Development Goals (SDGs) demonstrating the Group's commitment and contribution to sustainable development within the environments we operate. The Group continues to strengthen sustainability practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

OPERATING ENVIRONMENT AND OVERVIEW

The year under review was dominated by the significant changes in the political environment, with the country's new leadership adopting an approach very much focused on reviving the economy, creating a conducive business and investment environment and re-connecting with key regional and international players.

Notwithstanding this new direction, trading conditions remained extremely challenging during the year, and were characterised by an acute shortage of foreign currency which at times hampered both the Group's working capital and capital expenditure requirements.

Inflationary pressures continued across raw material inputs and operating expenditure, particularly in the latter part of the financial year under review. The bread category remained under price control, constraining revenue and profitability in this part of the business, with a similar effect in the upstream flour milling operation. It remains imperative that a meaningful, long-term solution is found for the flour-bread value chain as regards inputs and pricing. The Group's chicken operation, Irvine's, continued with its recovery, following the outbreak of Avian Influenza in the prior year, however the reliance on expensive, imported hatching eggs also negatively affected the business and the downstream stock feed operations.

Pleasing progress continued to be made with the Group's ongoing initiative to improve efficiencies from both a cost and structure perspective and this saw the successful acquisition of the remaining minority shareholding in Colcom Holdings Limited, followed by a de-listing and divisionalisation of the business. Other initiatives saw the Group completing a restructure of its pie operations, completing an investment into a new piggery, adding further capacity and capability in packaging and entering the dairy category.

FINANCIAL PERFORMANCE

The Group posted revenue of US$631.283m in the year under review, representing a 9% increase on the comparative year. An improved performance was noted in the second half of the year, where revenue grew 21% on the comparative period, a result driven by increased volumes across most categories and improved product mix. Second half revenues were also aided by improved day old chick supply and a small pricing increase awarded in the bread category in the final quarter of the year.

The improved product mix, favourable raw materials position and continued tight control in operating costs resulted in operating profit growing by 18% over the comparative year to US$77.162m.

As advised in the interim report, a final impairment charge of US$2.042m relating to feed destroyed at infected poultry sites at Irvine's was processed, of which US$1.170m is reported within the financial loss for the year; this compares to the prior year financial loss which included an impairment charge of US$7.284m, relating to poultry livestock culled. During the course of the year, the Group took on significant working capital positions related to key raw materials required for ongoing trading, this resulted in the net interest charge increasing by 48% over the comparative year. This higher net interest charge, was off-set by a favourable fair value adjustment on listed equities and livestock and an improved performance by the Group's associate entities. Overall profit before tax for the year at US$62.872m was 51% above that recorded in the prior year.

Included in the prior year numbers are the net results (US$0.984m) of discontinued and discontinuing operations which relate to the Group's interest in Spar Zambia Limited and The River Club in Zambia, both of which were disposed of during the 2017 financial year.

Overall headline earnings per share of 6.09 US cents were recorded for the year under review, this represented growth of 28% on the comparative year; this was a very satisfactory result given the restrictions in two of the Group's largest businesses.

The Group's statement of financial position remained solid. Net gearing closed at 8.35% compared to 15.31% in the comparative year. As advised in the interim report, an additional 18 133 030 ordinary shares were issued to fund the acquisition of the remaining 20.36% interest in Colcom Holdings Limited; the marginal weighting effect of these new shares has been taken account of in the calculation of earnings per share.

Cash flow was excellent and the Group generated US$95.308m from operating activities against US$16.267m in the comparative year. Capital expenditure, at US$36.569m included critical maintenance projects, as well as a number of capability and capacity enhancement projects across the Group.

As previously reported, the Group still has an amount outstanding of US$2.550m relating to the payment it has made into a trust as a result of its case with the Competitions and Tariff's Commission (CTC). This amount is included in working capital. The High Court has ruled in favour of the Group, and the Group awaits repayment of this amount, although the CTC has taken the matter on appeal to the Supreme Court where judgement is pending.

OPERATIONS REVIEW

The Group's operating businesses have been arranged into the following reporting segments: Mill-Bake, Protein and Other Light Manufacturing and Services.

MILL-BAKE

This reporting segment contains the results from the Group's Bakery division, National Foods, and the Group's non-controlling interest in Profeeds.

The **Bakery** division recorded growth of 12% in loaf volumes over the comparative year, translating to a similar growth at revenue level. Volumes were driven largely by a flat selling price in the face of significant price inflation in other competing alternative and substitute products. A small pricing adjustment awarded in the final quarter of the year under review did assist somewhat in improving the business model, but the overall operating profit posted was still lower than the comparative year despite higher volumes. Consultations to ensure long-term viability of the business model, which remains under pressure from cost push and firming international wheat prices, continue with the relevant authorities.

Additional distribution fleet capacity will be added during the early part of the new financial year, reducing the reliance on out-sourced distribution vehicles as the business continues to enhance efficiency across all components of its cost base. Further automation of the plant which will bring both capacity and efficiency improvements is also planned for this period having been delayed due to foreign currency shortages.

National Foods delivered a reasonable set of results for the year delivering 543 000 metric tonnes during the year under review, this was an increase of 7% over the comparative year, but lower average selling prices resulted in lower revenue growth of 3% and operating profit levels were similar to the comparative year. Below the operating profit level, a strong result from Pure Oil, however, resulted in overall profit before tax showing growth of 23% over the same period.

An improved performance was noted in the maize and FMCG divisions, whilst the stockfeeds division started to recover in the second half of the financial year as day old chick supply improved.

Whilst Flour volumes increased by 28% on the comparative year, a record in the company's history, margins were significantly impacted by the fact that significant cost push was absorbed in the mill-bake value chain. The company's position with its foreign wheat supplier deteriorated significantly over the year, with US$37.588m remaining outstanding at the end of the year under review. Regular and constructive engagements with the Reserve Bank of Zimbabwe and other relevant authorities continue and it will be critical that a meaningful solution to this matter is found to ensure that there are no disruptions to the supply of imported wheat, and consequent shortages of flour and bread.

The outlook for the business is anchored around clearing the foreign wheat obligation, securing favourable raw material positions, additional product innovations and continual efficiency improvement across all factories.

Profeeds, an associate company of the Group, recorded a 6% decline in feed volumes over the prior year, this was largely a result of the lower day old chick supply following the outbreak of Avian Influenza. Volumes, however, improved considerably in the second half of the year, and this together with new lines and improved product mix resulted in a 4% increase in revenue over the comparative year. Operating profit increased 26% on the comparative year, a result driven by the favourable sales mix and good overhead control.

Re-branding of the operation's popular retail network continues with the recent successful launch of the new "Profeeds City" concept, which offers customers a much wider base of agricultural and ancillary products. Enhancements and product additions in the feed manufacturing division also continue.

PROTEIN

This reporting segment comprises the results of Colcom and Irvine's.

The **Colcom** division, comprising, Triple C, Colcom Foods, Texas Chicken and Associated Meat Packers (AMP), increased overall volumes by 2% over the comparative year. A 4% decline in pork and beef volumes were offset by a 22% growth in pies and a 14% growth in chicken volumes. A positive shift in sales mix from fresh meat and carcasses to processed products resulted in an 18% revenue growth. A 31% growth in operating profit arose mainly from improved product mix, efficiencies arising from the new "Zimnyama" beef abattoir established during the year, a restructuring of the pie operations, the divisionalisation of the business and economies arising from increased processed product volumes.

The development of an additional piggery continues as per plan and is expected to provide an additional 25% in pig numbers into the processing plant from September 2018. Pie capacity has doubled following the transfer of the pie manufacturing line previously managed under the Bakery division, resulting in improved efficiencies and ability to expand into different product variants.

The operation's "Texas" retail operation has expanded its platform with new outlets in Karoi, Bulawayo and Kwekwe and continues to explore additional sites for development. AMP has made progress in securing its beef supply chain through backward integration by investing in the newly established "Zimnyama" beef abattoir.

Volumes at **Irvine's** were severely impacted by the effects of the Avian Influenza epidemic which occurred at the end of the last financial year. Table egg volumes were 47% below those recorded in the comparative year, whilst day old chick sales were 10% down over the same period, this part of the business having been augmented by the importation of hatching eggs during the second part of the financial year. Frozen chicken volumes increased marginally, with all available raw material being diverted into this particular line in an effort to keep supply to the consumer open. Overall revenue was similar to that recorded in the prior year. A strict overhead control programme has been in place whilst the operation has been in the re-stocking phase, and this allowed for a small increase in operating profit to be recorded over the prior year.

In mitigation of future outbreaks, further bio-security controls have been added to the stringent control environment already in place at the operation. In addition, the operation has invested in the only Polymerase Chain Reaction (PCR) laboratory in Zimbabwe. This facility enables highly accurate, on-site testing for Avian Influenza, and immediate elimination of any infected birds in the event of a future outbreak.

The re-stocking of the breeder flocks is now largely complete, and we expect a gradual improvement in the volume of table eggs going forward, whilst local production of day old chicks will also now gradually improve and be fully restored by the end of March 2019. Importations of day old chicks will need to continue until full capacity is restored however, and we will work with the authorities to ensure that the necessary importation permits, foreign currency and duty exemptions are granted to ensure the day old chick and frozen chicken markets are fully supplied in the interim.

OTHER LIGHT MANUFACTURING AND SERVICES

This reporting segment comprises the results of the Group's non-controlling interests in Probrands and Probottlers as well as those of Prodairy, Natpak and Capri.

At **Probrands** volumes were 57% above those recorded in the comparative year, driven by good growth in the down-packing operation.

At **Probottlers**, volumes grew by 23% over the comparative year with strong growth coming in the cordials category driving revenue growth of 32% over the same period. Reduced margins combined with pre-operating costs for the upgraded carbonated soft drink (CSD) line, however, resulted in moderate operating profit growth of 8%. The CSD plant upgrade was completed in the third quarter of the current financial year and the increased capacity should enable the business to achieve critical mass and optimal efficiency going forward.

Prodairy was established in January 2018, as a greenfield investment. The business houses a UHT milk production line, as well as steri and cultured milk lines. Dairy blend is a recently added product line and initial volumes have been excellent. Additional capacity for the production of maheu will come on line during the first quarter of the new financial year; whilst other dairy product lines are also being investigated.

The key to the future success of this operation will be access to adequate raw milk supply, and in this regard, in addition to working with contract farmers, the business has started a process of backward integration into raw milk production. An initial investment into a dairy herd of 400 head has been made via a smart partnership with Government utilising the Grasslands Research station in Marondera, and the business will continue to look at opportunities with local farmers to increase raw milk supply. The attainment of sufficient critical mass by the beginning of the second quarter of the new financial year should enable the operation to reach profitability.

At **Natpak**, volume growth of 45% over the comparative year was driven largely by increased utilisation of the new flexible packaging lines, whilst sack production also showed steady growth, and as a result overall revenues for the business increased by 67% over the same period. The additional capability installed in the operation on the existing operating cost platform allowed for a significant increase in operating profitability to be achieved.

Migration of the sacks division into a new site, secured during the year under review, is nearing completion. This project includes the commissioning of a new tapeline and additional weaving capacity, and should be completed towards the end of September 2018.

During the latter part of the financial year under review, the business also invested in equipment to expand its operations into the manufacture of rigid packaging. This equipment is due to be commissioned in the second quarter of the 2019 financial year. Additionally, an investment into Alpha Packaging, a new business manufacturing corrugated packaging was also made during the course of the year, with commissioning of this equipment also expected to take place in the second quarter of the new financial year. Both these new capabilities are expected to maintain the steep growth trajectory in this business into the coming year.

Volumes at **Capri** were similar to those recorded in the comparative year. Limited currency support for key raw materials however restricted the operation from increasing its export sales. Product quality and innovation continues to improve and the well managed overheads allowed for some operating leverage to be achieved notwithstanding the restrictions on volumes.

PROSPECTS

Now that the country has completed the election phase it is critical that all energies are directed towards creating long-term, sustainable solutions for some of the critical pressure points that are hindering a real economic recovery. We are extremely encouraged by the policies outlined by the country's new leadership and it is clear that all key stakeholders must become aligned if these policies are to be successfully implemented. The Group remains well placed to play its part in the recovery process.

The economy has started to show some growth of late, evidenced by good levels of volumes across our platforms over the past few months. In order to be able to serve its customers, access to adequate sources of foreign currency remains vital. Our foreign suppliers have given the Group and indeed the country excellent support through credit lines, but it is vital that these are serviced adequately; in particular, payment support for imported wheat is critical if we are to maintain a satisfactory supply of flour into a market with strict pricing dynamics. In this regard, we will continue to work tirelessly with the Reserve Bank of Zimbabwe and other authorities to ensure product continues to flow smoothly.

Improved agricultural production can reduce the country's reliance on imported products, and in this regard the Group will continue to support policies aimed at making the country more self-sufficient through initiatives such as contract farming of maize, wheat and soya beans as well as identification of opportunities to increase local production of raw milk.

PROSPECTS (continued)

The Irvine's operation continues to recover from the Avian Influenza epidemic, and the full restoration of local day old chick supply is critical in reducing the country's foreign currency requirements and in reducing the cost of product to the consumer. We will work with the relevant authorities to ensure that supply of product can be undertaken in the most efficient manner until full local production is restored.

Bread remains a sensitive product in a recovering economy, and we are hopeful of achieving a solution that meets the requirements of all stakeholders in the mill-bake value chain.

Notwithstanding inflationary pressures, focus on operating cost management has remained a key focus in our businesses and we continue to record improved efficiencies in this regard. Effective structuring is also vital in being lowest cost producers; we completed a number of restructuring programmes during the year, and will continue with this initiative in the forthcoming year.

We are extremely optimistic with regard to the country's growth potential, and have commenced expansion projects in each of the individual businesses to meet increasing demand.

We have made good progress in the new beverage and dairy categories and are confident of achieving the necessary critical mass in both operations. We will continue to analyse opportunities to grow our existing category base and to add additional complimentary businesses.

In order to sustain the Group's current growth rate and associated imported raw material requirements, it will also be imperative to evaluate investment opportunities with large export potential, even if they are outside of the Group's current focus.

DIVIDEND

The Board is pleased to declare a final dividend of 1.23 US cents per share payable in respect of all ordinary shares of the Company. The dividend is in respect of the financial year ended 30 June 2018 and will be payable in full to all the shareholders of the Company registered at the close of business on 19 October 2018. The payment of this dividend will take place on or about 2 November 2018. The shares of the Company will be traded cum–dividend on the Zimbabwe Stock Exchange up to the market day of 16 October 2018 and ex–dividend as from the 17 October 2018.

The Board has also declared a final dividend totalling US$344 000 to Innscor Africa Employee Share Trust (Private) Limited.

APPRECIATION

I wish to record my appreciation to the Executive Directors, Management and Staff for their effort during the year under review. I also wish to thank the Non-Executive Directors for their wise counsel as well as the Group's customers, suppliers and other stakeholders for their continued support and loyalty.

A.B.C. CHINAKE
Chairman
14 September 2018

Abridged Group Statement of Profit Or Loss and Other Comprehensive Income

	Note	12 Months Ended 30 June 2018 audited USD	12 Months Ended 30 June 2017 audited USD
CONTINUING OPERATIONS			
Revenue		**631 282 790**	**580 303 226**
Operating profit before depreciation, amortisation and fair value adjustments		**77 161 982**	**65 518 624**
financial loss	3	(3 611 024)	(9 908 385)
depreciation and amortisation		(16 619 630)	(15 289 432)
Operating profit before interest, equity accounted earnings and fair value adjustments		**56 931 328**	**40 320 807**
fair value adjustments on livestock and listed equities		955 055	(321 170)
Profit before interest and tax		**57 886 383**	**39 999 637**
interest income		1 426 420	1 639 186
interest expense		(8 226 676)	(6 233 574)
equity accounted earnings		11 785 408	6 223 551
Profit before tax		**62 871 535**	**41 628 800**
tax expense		(14 155 566)	(7 940 188)
Profit for the year from continuing operations		**48 715 969**	**33 688 612**
DISCONTINUED AND DISCONTINUING OPERATIONS			
Profit after tax for the year from discontinued and discontinuing operations		—	983 931
Profit for the year from continuing, discontinued and discontinuing operations		**48 715 969**	**34 672 543**
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		(17 478)	26 228
recycling of foreign exchange differences arising on disposal of foreign operations		—	(249 494)
Other comprehensive income for the year, net of tax		**(17 478)**	**(223 266)**
Total comprehensive income for the year		**48 698 491**	**34 449 277**
Profit for the year from continuing, discontinued and discontinuing operations attributable to:			
equity holders of the parent		32 882 666	25 717 439
non-controlling interests		15 833 303	8 955 104
		48 715 969	**34 672 543**
Total comprehensive income for the year from continuing, discontinued and discontinuing operations attributable to:			
equity holders of the parent		32 865 617	25 489 657
non-controlling interests		15 832 874	8 959 620
		48 698 491	**34 449 277**
EARNINGS PER SHARE (CENTS)			
Basic earnings per share - continuing operations		**5.99**	**4.43**
Basic earnings per share - discontinuing operations		—	0.33
Basic earnings per share - continuing and discontinuing operations		**5.99**	**4.76**
Headline earnings per share - continuing operations		**6.09**	**4.74**
Headline earnings per share - discontinuing operations		—	(0.17)
Headline earnings per share - continuing and discontinuing operations		**6.09**	**4.57**
Diluted basic earnings per share - continuing operations		**5.99**	**4.42**
Diluted basic earnings per share - discontinuing operations		—	0.33
Diluted basic earnings per share - continuing and discontinuing operations		**5.99**	**4.75**
Diluted headline earnings per share - continuing operations		**6.09**	**4.73**
Diluted headline earnings per share - discontinuing operations		—	(0.17)
Diluted headline earnings per share - continuing and discontinuing operations		**6.09**	**4.56**

Abridged Group Statement of Financial Position

	Note	At 30 June 2018 audited USD	At 30 June 2017 audited USD
ASSETS			
Non-current assets			
property, plant and equipment		181 132 524	166 731 014
intangible assets		38 953 388	38 952 509
investments in associates		40 425 550	28 426 278
financial assets		14 417 752	7 093 139
biological assets		2 643 232	1 626 343
deferred tax assets		4 920 894	7 905 502
		282 493 340	**250 734 785**
Current assets			
financial assets		—	100 266
biological assets		12 508 176	7 329 155
inventories	7	90 444 976	76 967 363
trade and other receivables	8	115 793 108	107 531 553
cash and cash equivalents		60 501 483	30 254 403
		279 247 743	**222 182 740**
Assets of disposal group classified as held for sale	10	3 402 447	—
Total assets		**565 143 530**	**472 917 525**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital		5 597 264	5 415 934
class "A" ordinary share capital		10	10
share premium		17 811 532	—
other reserves		(12 826 920)	(2 866 055)
distributable reserves		205 333 414	183 872 413
attributable to equity holders of the parent		**215 915 300**	**186 422 302**
non-controlling interests		105 641 812	99 036 477
Total shareholders' equity		**321 557 112**	**285 458 779**
Non-current liabilities			
deferred tax liabilities		29 935 155	28 201 694
interest-bearing borrowings		4 627 166	11 966 016
		34 562 321	**40 167 710**
Current liabilities			
interest-bearing borrowings		85 169 851	69 920 969
trade and other payables	9	120 381 353	75 023 977
provisions and other liabilities		2 522 215	2 294 717
current tax liabilities		780 527	51 373
		208 853 946	**147 291 036**
Liabilities directly associated with the assets classified as held for sale	10	170 151	—
		209 024 097	**147 291 036**
Total liabilities		**243 586 418**	**187 458 746**
Total equity and liabilities		**565 143 530**	**472 917 525**

Abridged Group Statement of Cash Flows

	12 Months Ended 30 June 2018 audited USD	12 Months Ended 30 June 2017 audited USD
Cash generated from operating activities	**95 308 153**	**16 266 561**
interest income - continuing and discontinuing operations	1 426 420	1 640 121
interest expense - continuing and discontinuing operations	(8 226 676)	(6 613 468)
tax paid - continuing and discontinuing operations	(8 171 060)	(6 562 720)
Total cash available from operations	**80 336 837**	**4 730 494**
Investing activities	**(46 660 439)**	**(7 697 170)**
Net cash inflow/(outflow) before financing activities	**33 676 398**	**(2 966 676)**
Financing activities	**(3 429 318)**	**5 147 174**
Net increase in cash and cash equivalents	**30 247 080**	**2 180 498**
Cash and cash equivalents at the beginning of the year	**30 254 403**	**28 073 905**
Cash and cash equivalents at the end of the year	**60 501 483**	**30 254 403**

Audited Abridged Group Financial Results

FOR THE YEAR ENDED 30 JUNE 2018

INNSCOR Africa Limited

Our passion for **value creation**

Abridged Group Statement of Changes in Equity

	attributable to equity holders of the parent												
				Other Reserves									
	Ordinary Share Capital USD	Class "A" Ordinary Share Capital USD	Share premium Reserve USD	Restructure Reserve USD	Foreign Currency Translation Reserve USD	Translation Reserves of Disposal Group Classified as Held for Sale USD	Treasury Shares USD	Share based Payment Reserve USD	Total Other Reserves USD	Distributable Reserves USD	Total Attributable to Equity Holders of the Parent USD	Non-Controlling Interests USD	Total Shareholders' Equity USD
Balance at 30 June 2016	**5 415 934**	**10**	**—**	**(3 414 745)**	**138 526**	**238 210**	**—**	**—**	**(3 038 009)**	**168 973 752**	**171 351 687**	**92 930 342**	**264 282 029**
Profit for the year	—	—	—	—	—	—	—	—	—	25 717 439	25 717 439	8 955 104	34 672 543
Other comprehensive income	—	—	—	—	19 091	(246 874)	—	—	(227 783)	—	(227 783)	4 515	(223 268)
Dividends paid	—	—	—	—	—	—	—	—	—	(7 275 412)	(7 275 412)	(6 394 444)	(13 669 856)
Acquisition of treasury shares	—	—	—	—	—	—	(1 298 255)	—	(1 298 255)	—	(1 298 255)	—	(1 298 255)
Transactions with owners in their capacity as owners	—	—	—	622 763	—	8 664	905 212	—	1 536 639	(3 543 366)	(2 006 727)	3 540 960	1 534 233
Contributions from owners	—	—	—	—	—	—	—	—	—	—	—	2 041 256	2 041 256
Distribution to owners	—	—	—	—	—	—	—	—	—	(3 803 453)	(3 803 453)	345 454	(3 457 999)
Derecognition of subsidiaries on disposal	—	—	—	622 763	—	8 664	—	—	631 427	—	631 427	1 371 882	2 003 309
Utilisation of treasury shares	—	—	—	—	—	—	946 400	—	946 400	1 053 600	2 000 000	—	2 000 000
Other transactions with owners in their capacity as owners	—	—	—	—	—	—	(41 188)	—	(41 188)	(793 513)	(834 701)	(217 632)	(1 052 333)
Share based payment charge for the year, net of tax	—	—	—	—	—	—	—	161 353	161 353	—	161 353	—	161 353
Balance at 30 June 2017	**5 415 934**	**10**	**—**	**(2 791 982)**	**157 617**	**—**	**(393 043)**	**161 353**	**(2 866 055)**	**183 872 413**	**186 422 302**	**99 036 477**	**285 458 779**
Profit for the year	—	—	—	—	—	—	—	—	—	32 882 666	32 882 666	15 833 303	48 715 969
Other comprehensive income	—	—	—	—	(17 049)	—	—	—	(17 049)	—	(17 049)	(429)	(17 478)
Dividends paid	—	—	—	—	—	—	—	—	—	(10 530 535)	(10 530 535)	(6 977 060)	(17 507 595)
Issue of shares - Acquisition of Colcom non-controlling Interests	181 330	—	17 951 700	—	—	—	—	—	—	—	18 133 030	—	18 133 030
Transactions with owners in their capacity as owners	—	—	(140 168)	(10 342 638)	—	—	(294 747)	—	(10 637 385)	(891 130)	(11 668 683)	(2 250 479)	(13 919 162)
Contributions from owners	—	—	—	—	—	—	—	—	—	—	—	6 181 689	6 181 689
Acquisition of treasury shares	—	—	—	—	—	—	(335 935)	—	(335 935)	—	(335 935)	—	(335 935)
Acquisition of non-controlling interest	—	—	—	(10 342 638)	—	—	—	—	(10 342 638)	—	(10 342 638)	(7 790 392)	(18 133 030)
Disposal of treasury shares	—	—	—	—	—	—	41 188	—	41 188	132 240	173 428	217 418	390 846
Other transactions with owners in their capacity as owners	—	—	(140 168)	—	—	—	—	—	—	(1 023 370)	(1 163 538)	(859 194)	(2 022 732)
Share based payment charge for the year, net of tax	—	—	—	—	—	—	—	693 569	693 569	—	693 569	—	693 569
Balance at 30 June 2018	**5 597 264**	**10**	**17 811 532**	**(13 134 620)**	**140 568**	**—**	**(687 790)**	**854 922**	**(12 826 920)**	**205 333 414**	**215 915 300**	**105 641 812**	**321 557 112**

Supplementary Information

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Operating Segments

The Group's operations comprise of the Mill-Bake, Protein, Other Light Manufacturing and Services businesses and Head Office Services Segments explained as follows:

Mill-Bake Segment - reports the results of the Group's interests in National Foods Holdings Limited, the Bakery division and non-controlling interest in Profeeds (Private) Limited.

Protein Segment - reports the results of the Group's interests in the Colcom division and Irvine's Zimbabwe (Private) Limited.

Other Light Manufacturing and Services - reports the results of the Group's controlling interests in Innscor Appliance Manufacturing (Private) Limited t/a Capri, Natpak (Private) Limited, Prodairy (Private) Limited and associated interests in Probrands (Private) Limited, Probottlers (Private) Limited, Paperhole Investments (Private) Limited and Afrigrain Trading Limited.

Head Office Services - reports the Group's shared services functions of treasury, legal, tax, audit, payroll, information technology and the residual results of the Group's interests in SPAR.

The Group's discontinued operations in the prior year comprise SPAR Zambia Limited and The River Club.

	Mill-Bake USD	Protein USD	Other Light Manufacturing and Services USD	Head Office Services USD	Adjustments USD	Total Continuing Operations USD	Total Discontinuing Operations USD
Revenue							
30 June 2018	392 023 406	181 672 041	74 965 438	5 164 512	(22 542 607)	631 282 790	—
30 June 2017	376 081 886	173 710 258	45 169 656	3 115 743	(17 774 317)	580 303 226	13 421 385
Operating profit/(loss) before depreciation and amortisation							
30 June 2018	38 420 219	20 208 773	12 560 231	5 972 759	—	77 161 982	—
30 June 2017	38 900 361	16 842 887	6 933 730	2 841 646	—	65 518 624	(930 019)
Depreciation and amortisation							
30 June 2018	6 933 430	5 652 802	3 400 517	270 654	362 227	16 619 630	—
30 June 2017	7 506 496	5 271 155	1 888 781	260 773	362 227	15 289 432	273 338
Equity accounted earnings							
30 June 2018	7 679 715	389 138	3 716 555	—	—	11 785 408	—
30 June 2017	3 469 192	296 427	2 457 932	—	—	6 223 551	—
Profit before tax							
30 June 2018	35 197 030	12 972 186	11 689 798	3 374 748	(362 227)	62 871 535	—
30 June 2017	31 796 216	2 954 201	5 318 530	1 922 080	(362 227)	41 628 800	984 189
Segment assets							
30 June 2018	316 181 725	125 162 922	78 000 728	37 810 484	4 585 224	561 741 083	3 402 447
30 June 2017	285 404 868	98 832 337	59 223 831	18 425 401	11 031 088	472 917 525	—
Segment liabilities							
30 June 2018	114 139 330	44 981 616	23 478 145	55 417 739	5 399 437	243 416 267	170 151
30 June 2017	84 538 017	27 938 073	30 632 503	67 351 811	(23 001 658)	187 458 746	—
Capital expenditure							
30 June 2018	10 695 911	6 102 166	16 611 346	3 159 696	—	36 569 119	—
30 June 2017	7 606 081	4 054 864	4 643 890	7 965	—	16 312 800	243 523

	30 June 2018 audited USD	30 June 2017 audited USD
3 Financial loss		
Exchange losses - realised	2 735 922	3 578 797
Exchange losses - unrealised	281 035	135 611
Profit on restructure of associate and disposal of listed equities	(375 164)	—
Profit on disposal of property, plant and equipment and intangibles assets	(72 386)	(948 997)
Livestock and stockfeed impaired	1 169 741	7 284 546
Other	(128 124)	(141 572)
	3 611 024	**9 908 385**
4 Future lease commitments		
Payable within one year	3 482 073	3 139 132
Payable two to five years	11 550 999	13 367 320
Payable after five years	3 582 885	4 587 856
	18 615 957	**21 094 308**
5 Commitments for capital expenditure		
Contracts and orders placed	23 891 422	3 436 143
Authorised by Directors but not contracted	30 114 794	20 859 574
	54 006 216	**24 295 717**

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

6 Interest-bearing borrowings

Interest-bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 5.96% per annum. The facilities expire at different dates and will be reviewed and renewed when they mature.

	30 June 2018 audited USD	30 June 2017 audited USD
Net book value of inventories and accounts receivables pledged as security for interest-bearing borrowings.	**13 500 000**	**13 500 000**
7 Inventories		
Consumable stores	17 574 438	13 728 729
Finished products, net of allowance for obsolence	13 079 618	15 857 188
Raw materials and packaging	58 970 923	45 870 209
Goods in transit	39 808	1 207 623
Work in progress	780 189	303 614
	90 444 976	**76 967 363**
8 Trade and other receivables		
Trade receivables	58 828 543	60 114 232
Prepayments	38 872 033	30 515 548
Rental deposits	47 844	40 350
VAT Receivable	11 496 108	4 776 606
Other receivables	13 763 846	19 775 917
	123 008 374	**115 222 653**
Allowance for credit losses	(7 215 266)	(7 691 100)
	115 793 108	**107 531 553**
9 Trade and other payables		
Trade payables	67 975 714	24 452 582
Accruals	13 551 311	10 789 457
Other payables	38 854 328	39 781 938
	120 381 353	**75 023 977**

Audited Abridged Group Financial Results

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Supplementary Information (continued)

10 Assets of disposal group classified as held for sale

The Group continues to dispose of non-core or aging assets in order to apply the value of the statement of financial position more appropriately. Following the disposal of the National Foods Holdings Limited depot operations in October 2016, the Board has identified the properties from which some of these depots operate to be non-core. As such, the properties have been categorised as assets of disposal group classified as held for sale and are due to be disposed in the next six months. The assets are held at a value that approximates fair value and were previously reported under the Mill-Bake segment.

	30 June 2018 audited USD	30 June 2017 audited USD
Land and Buildings	3 402 447	—
Deferred tax relating to assets of disposal group classified as held for sale	(170 151)	—

11 Earnings per share

Basic earnings basis

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the year.

Diluted earnings basis

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for potential conversion of share options. The potential conversion is possible when the average market price of ordinary shares during the year exceeds the exercise price of such options.

The share options arising from the Group's Employee Share Trust Scheme and the 2016 Innscor Africa Limited Share Option Scheme were not dilutive as at the end of the current financial year. The dilutive effect of the Group's Employee Share Trust Scheme at the end of the prior financial year is shown under note 11c below.

The share options arising from the Group's Indigenisation transaction had a dilutive effect at the end of the current financial year as shown on note 11c below.

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable. The effect of the Avian Influenza outbreak has also been excluded from headline earnings.

The following reflects the income data used in the basic, headline and diluted earnings per share computations:

	Continuing Operations		Continuing and Discontinued Operations	
	30 June 2018 audited USD	30 June 2017 audited USD	30 June 2018 audited USD	30 June 2017 audited USD
a Net profit attributable to equity holders of the parent	32 882 666	23 915 544	32 882 666	25 717 439
b Reconciliation of basic earnings to headline earnings				
Profit for the period attributable to equity holders of the parent	32 882 666	23 915 544	32 882 666	25 717 439
Adjustment for non-headline items (gross of tax):				
Livestock and stockfeed impaired	2 041 998	7 284 546	2 041 998	7 284 546
Recycling of foreign exchange differences arising on disposal of foreign operations	—	—	—	(249 494)
Profit on disposal of property, plant and equipment and intangible assets	(72 385)	(948 997)	(72 385)	(961 733)
Profit on restructure/disposal of associates/subsidiaries	(138 184)	—	(138 184)	(2 448 815)
Tax effect on adjustments	(507 176)	(1 877 134)	(507 176)	(1 874 077)
Non-controlling interests' share of adjustments	(773 732)	(2 761 808)	(773 732)	(2 763 507)
Headline earnings attributable to ordinary shareholders	33 433 187	25 612 151	33 433 187	24 704 359

	Continuing Operations		Continuing and Discontinued Operations	
	30 June 2018 audited shares	30 June 2017 audited shares	30 June 2018 audited shares	30 June 2017 audited shares
c Reconciliation of weighted average number of ordinary shares before effect of dilution:				
Number of shares in issue at the beginning of the year	541 593 440	541 593 440	541 593 440	541 593 440
Add: Weighted Average number of shares issued for acquisition of Colcom non-controlling interests'	9 216 789	—	9 216 789	—
Less: Weighted Average number of Treasury Shares	(1 738 103)	(1 213 651)	(1 738 103)	(1 213 651)
Weighted Average Number of Shares	549 072 126	540 379 789	549 072 126	540 379 789
Weighted average number of ordinary shares before effect of dilution	549 072 126	540 379 789	549 072 126	540 379 789
Effect of dilution from Innscor Africa Limited Employee Share Trust share options	—	1 296 958	—	1 296 958
Effect of dilution from Indigenisation transaction share options	176 451	—	176 451	—
Weighted average number of ordinary shares adjusted for the effect of dilution	549 248 577	541 676 747	549 248 577	541 676 747
Basic earnings per share (cents)	5.99	4.43	5.99	4.76
Headline earnings per share (cents)	6.09	4.74	6.09	4.57
Diluted basic earnings per share (cents	5.99	4.42	5.99	4.75
Diluted headline earnings per share (cents)	6.09	4.73	6.09	4.56

	Continuing Operations		Continuing and Discontinued Operations	
	30 June 2018 audited USD	30 June 2017 audited USD	30 June 2018 audited USD	30 June 2017 audited USD
12 Contingent liabilities				
Guarantees				
The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at 30 June 2018	169 900 000	97 000 000	169 900 000	97 000 000