INNSCOR
Africa Limited

OUR PASSION FOR **VALUE CREATION**

2018 Annual Report

Vision

Our vision is to improve the quality of life of the customers in our chosen target markets and thereby create and unlock value for all our stakeholders. We do this by bringing access to best value consumer staple and durable goods at the lowest relative prices.

Mission

Innscor Africa Limited is a focused group of light manufacturing businesses which produce a number of Zimbabwe's iconic brands in the consumer staple and durable product space.

We manufacture consumer staple and durable goods for the mass market through a managed and where strategically appropriate, integrated portfolio of businesses which:

- benefit from being part of our Group
- have the ability of being lowest cost producers
- have the ability and potential to achieve scale and/or
- have the ability to become market leaders

The Group operates under the direction and management of an active, experienced team who add value through their industry expertise, deep market knowledge, professional management and entrepreneurial creativity.

Values

- Passion for value creation
- Entrepreneurial spirit
- Leadership
- Quality in all we do
- Integrity
- Accountability
- Trust
- Collaboration

ABOUT OUR REPORT

Innscor Africa Limited, a company listed on Zimbabwe Stock Exchange (ZSE), presents its annual report for the year ended 30 June 2018. This report integrates both financial and non-financial information necessary to inform our broad stakeholders on the overview of our economic, environmental and social performance, as well as prospects and strategy of the Group. The report reflects our belief in strong corporate sustainable practices underpinning our value creation for our stakeholders and shareholders.

Reporting Frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Chapter 24:03). In reporting non-financial information, the Group is guided by:

- Global Reporting Initiatives (GRI) Standards
- Listing Requirements of the Zimbabwe Stock Exchange (ZSE)
- The National Code of Corporate Governance in Zimbabwe (ZIMCODE)
- King IV Code of Corporate Governance in South Africa
- Climate Reporting Framework of the Carbon Disclosure Standards Board (CDSB)
- Business Reporting on Sustainable Development Goals (SDGS) Guide of GRI and United Nations Global Compact (UNGC)

Data and Assurance

Our financial statements were audited by Ernst & Young Zimbabwe in accordance with International Standards of Auditing (ISA). The independent auditors' report on the financial statements is contained on page 92. The Group continues to improve its disclosures requirements on selected sustainability performance indicators which were independently assured by Instinct Risk Advisory Services, the Group's Internal Audit Function. Internal audit processeses were adopted to validate the quality of sustainability data assimilation throughout our businesses and to provide reasonable assurance on our non-financial information disclosure to our stakeholders.

Forward-looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections by Innscor Africa Limited management using current available information. Future statements are not guarantees of future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report.

We would welcome your feedback on our reporting and any suggestions you may have in terms of what you would like to see incorporated in our report for 2019. To do so, please contact Andrew Lorimer or Tracey Stephens on email: andrew.lorimer@innscorafrica.com or tracey.stephens@innscorafrica.com and phone +263 242 496790/496886

Addington Chinake
Chairman

Julian Schonken
Group Chief Executive Officer

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ONLINE

You can find this report and more information about Innscor Africa Limited online at **www.innscorafrica.com**. Our Annual Report along with other relevant documents, can be downloaded at **http://www.innscorafrica.com/downloads.**

History And
Evolution of the Group

1987

First Quick Service Restaurant (QSR) branded as Chicken Inn opened on Speke Avenue in Harare.

1993

- Acquired Astra Crocodile Ranching & Shearwater Adventures.
- Opened Distribution Group Africa (DGA) and started securing international agencies.

1995

Acquired and commissioned a mechanised bread plant in Harare.

1998

- Acquired Capri Corporation Limited and reverse-listed Innscor on the ZSE (market cap USD70mn).
- Opened QSR outlets namely Chicken Inn, Pizza Inn, Bakers Inn and Creamy Inn in Zambia, Ghana, Kenya, Tanzania, Uganda and Mozambique.
- Secured Nando's Franchise and opened the first Nando's store in Avondale, Harare.

1999

- Acquired Spar Eastern Region and opened SPAR branded Corporate Stores in Harare.
- Secured Steers franchise and opened the first Steers outlet at Speke Avenue, Harare.
- Acquired a new biscuit line for the Iris Biscuit business.
- New packaging machine purchased for the Snacks business.

2000

- Concluded an Innscor-Exxon Mobil deal to open Innscor branded QSR outlets in Exxon Mobil forecourts across Africa.

2002

- Opened QSR outlets in Nigeria and Senegal on Exxon Mobil forecourts.
- Opened franchised QSR outlets in Malawi and Angola.
- Opened the first SPAR Corporate store in Zambia.

2003

Acquired shareholding in National Foods Holdings Limited (NTFD.zw), a leading supplier of Zimbabwean FMCGs (www.nationalfoods.co.zw).

2004

Acquired shareholding in Colcom Holdings Limited (COLC.zw), a leading manufacturer of pork products in Zimbabwe (www.colcom.co.zw).

2005

- Commenced construction of a third crocodile farm in Kariba.
- Expanded QSR footprint into 12 African countries, 7 company operated and 5 franchised.

2006

- Increased equity in Colcom Holdings Limited (COLC.zw) to 79.64% and started consolidating Colcom into Innscor results.

2007

- Major refurbishment of the Bakery line at Simon Mazorodze Road Site, Harare.
- Opened 2 additional SPAR stores in Lusaka and Livingstone, with a total of 6 stores now in operation in Zambia.
- Increased the number of franchised QSR outlets in the Nigerian market.

2008

- Invested into a new Timber processing plant for our Bakaya Hardwoods business.
- A new SPAR branded corporate store opened in Chawama, Zambia.

2009

Acquired shareholding in Irvine's Zimbabwe (Private) Limited, a leading Zimbabwean poultry producer (www.irvineschicken.co.zw).

2010

Unbundled through a dividend in-specie, the crocodile ranching operation and listed this separately on the ZSE as Padenga Holdings Limited (PHL.zw) (www.padenga.com).

2011

- Acquired Shepperton Road property in Harare, with space to accommodate 5 breadlines and started consolidation of Bakery operations onto one site.
- Secured Galito's Franchise.

2013

- Franchised Chicken Inn, Pizza Inn, Creamy Inn and Galito's branded QSR outlets in Swaziland and Lesotho.
- Grew QSR network in the Zimbabwean, Kenyan & Zambian markets.
- Opened QSR outlets in the Democratic Republic of Congo (DRC).

2015

Unbundled QSR operations through a dividend in-specie and listed it separately on the ZSE as Simbisa Brands Limited (SIM.zw), (www.simbisabrands.com).

2015

Acquired a non-controlling interest in a leading stockfeeds business, Profeeds (Private) Limited (www.profeeds.co.zw).

2016

- Acquired automotive retail business Transerv.
- Commenced the re-organisation of the Group into a light manufacturing business.

2016

- Disposed the Group's interest in non-core SPAR Corporate Retail stores, Distribution operations and Tourism operations of Shearwater Adventures.
- Acquired a non-controlling interest in an FMCG manufacturing and downpacking of basic commodities business, Probrands (Private) Limited, (www.probrands.co.zw).

2016

- Unbundled Speciality Retail businesses and listed it separately on the ZSE as Axia Corporation Limited (AXIA.zw).
- Consolidated the Group's light manufacturing business into key categories.

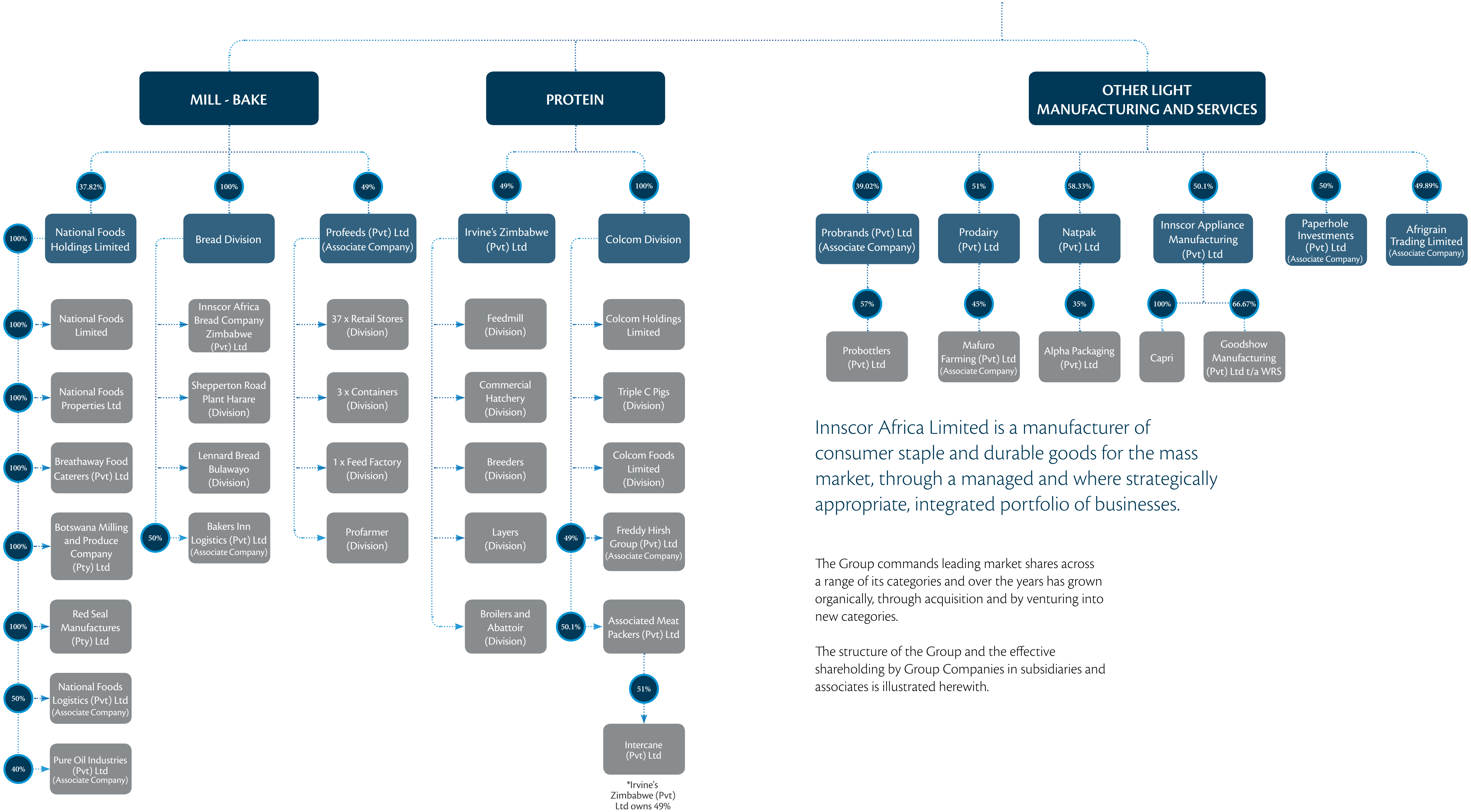
2017

Disposed SPAR Zambia Limited and The River Club.

2018

- Acquired remaining non-controlling interest in Colcom Holdings Limited and de-listed the company.
- Commenced UHT milk production at Prodairy (Private) Limited.
- Merged pie production facilities.

Group Structure
And Profile



Innscor Africa Limited is a manufacturer of consumer staple and durable goods for the mass market, through a managed and where strategically appropriate, integrated portfolio of businesses.

The Group commands leading market shares across a range of its categories and over the years has grown organically, through acquisition and by venturing into new categories.

The structure of the Group and the effective shareholding by Group Companies in subsidiaries and associates is illustrated herewith.

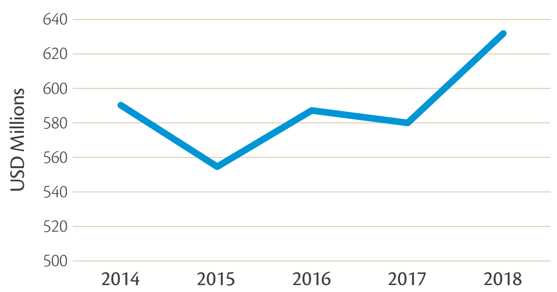
Our Products
And Brands

Maize	National Foods Ltd; Pearlenta; Red Seal; Better Buy
Flour	National Foods Ltd; Gloria (Trusted Since 1930); Red Seal; Snow White
Stockfeed and Petfood	National Foods Stockfeeds; PROfeeds; Irvine's; Bow Wow; Kenergy; Colcom
Chicken	Irvine's; Texas Meats; Texas Chicken
Table Eggs	Irvine's
Day Old Chicks	Cobb Africa; H&N International
Bread	Baker's Inn
Pies	Baker's Inn; Colcom
Pork and Beef	Colcom; Colcom Tastee; Danmeats; Oscars; Amp Meats; Prime Brand; Texas Meats; Texas Pork; Texas Beef
FMCG	Red Seal; Ma-Hat-Ma; Zimgold; Better Buy; PRObrands; Royal; PRObottlers; Fizzi; Bally House; St. Clairs
Biscuits and Snacks	National Foods Ltd; Iris; ZapNax; King Kurls; Momo Naks; Shooters
Dairy and Dairy Blends	PROdairy; Masi; Sour Sana; Life; Revive
Other	NatPak; Capri

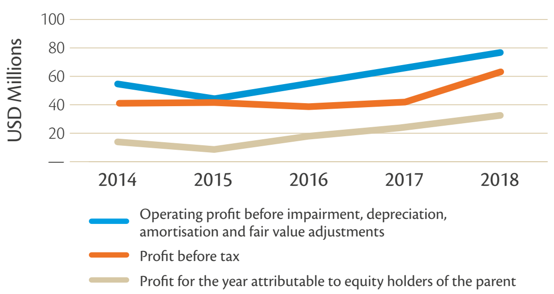
FIVE YEAR **PERFORMANCE HIGHLIGHTS**

Financial Performance

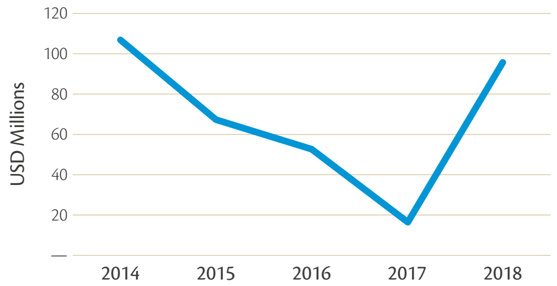
Revenue



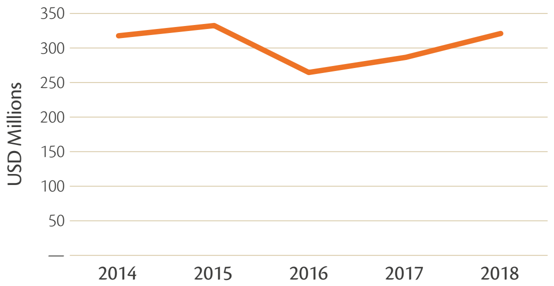
Profit Performance



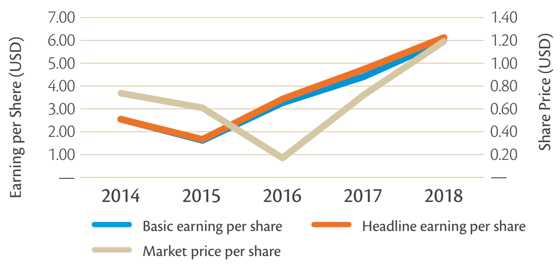
Cash Generated from Operating Activities



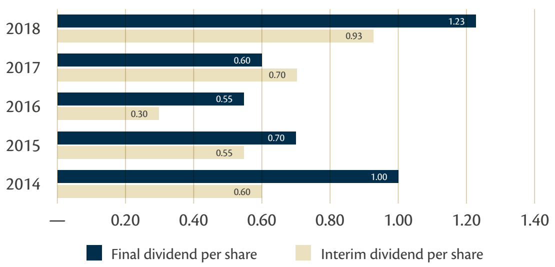
Net Assets



Earnings/Share Performance



Ordinary Dividend per share



	2018	2017	2016	2015	2014
Class "A" ordinary share dividend recognised and paid since reporting period	344 000	220 000	148 000	148 000	351 500
Number of shares in issue at 30 June	559 726 470	541 593 440	541 593 440	541 593 440	541 593 440
Market capitalisation at 30 June	660 477 235	389 947 277	93 695 665	324 956 064	400 779 146

Four Year Sustainability Performance

	2018	2017	2016	2015
Environmental Performance				
Water Usage (m3)	▲ 44%	▼ 4%	▼ 22%	▼ 21%
Solid waste (tons)	▲ 167%	▼ 46%	▼ 36%	▲ 24%
Energy – Fuel for ovens (litres)	▲ 31%	▲ 29%	▼ 3%	▼ 25%
Social Performance				
Employees	▲ 6%	▼ 19%	▼ 7%	▲ 1%
Number of injuries	▼ 2%	▼ 23%	▼ 3%	N/A
Safety training	▼ 4%	▲ 73%	▲ 4%	N/A

Chairman's Statement
And Review of Operations

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 **(Note 9.2)**; this compares to the prior year financial loss which included an impairment charge of US$7.284m **(Note 9.2)**, 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) **(Note 13)** 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 **(Note 14.6)** 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 Competition and Tariff 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.

REVENUE

US$631.283
million

9%

Chairman's Statement
And Review of Operations (continued)

Sustainability Reporting

The Group continues to strengthen practices and values in line with emerging trends in sustainability reporting across operations to ensure sustainable value creation. As part of this commitment, the Group applied the new Global Reporting Initiatives (GRI) Standards in early adoption in this annual report. The Group continues to respond to Sustainable Development Goals (SDGs) and climate change imperatives using sustainability reporting.

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 posted 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

Chairman's Statement
And Review of Operations (continued)

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.

CAPITAL EXPENDITURE

US$36.569 million

PROFIT BEFORE TAX

US$62.872 million

51%

Chairman's Statement And Review of Operations (continued)

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.

Chairman's Statement
And Review of Operations (continued)

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.

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.

Chairman's Statement
And Review of Operations (continued)

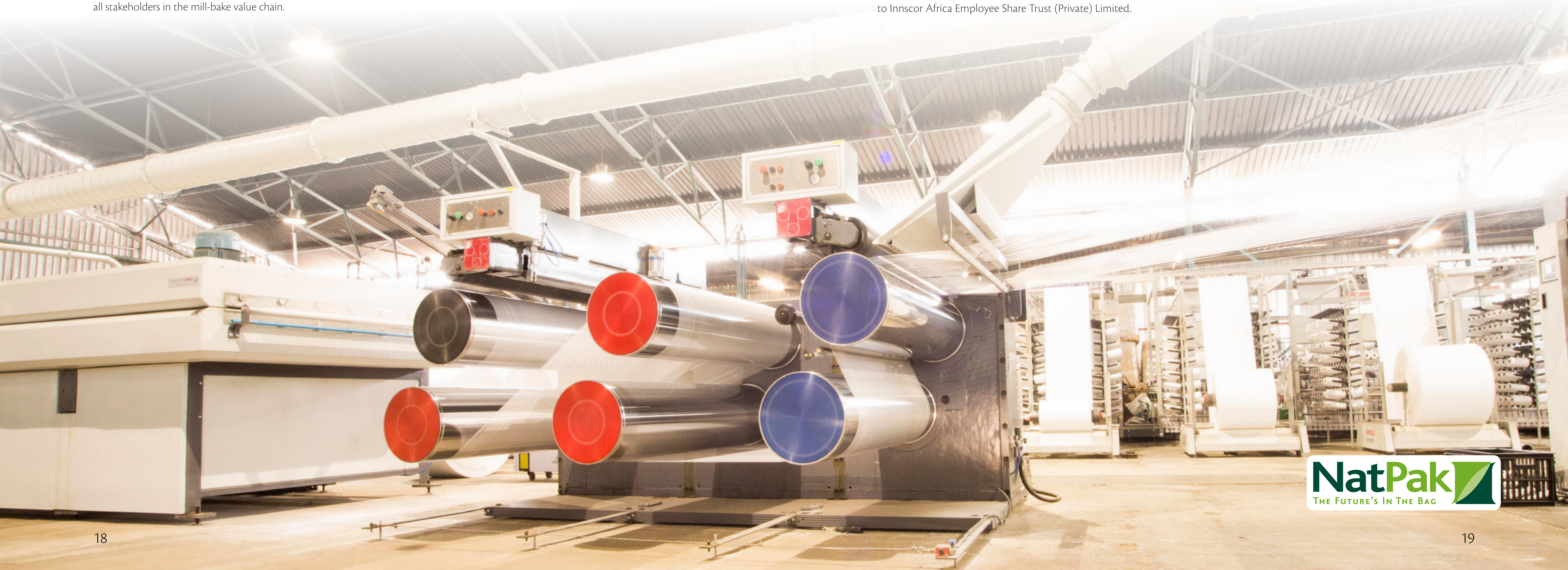
In order to sustain the Group's current growth rate and associated imported raw material requirements, it will also be imperative to evaluate investment opportunities with large export potential, even if they are outside of the Group's current focus.

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
27 September 2018



BAKER'S INN
Better taste, more value

BAKER'S INN

BUSINESS HIGHLIGHTS

Our History

The brand was born in 1989 with the opening of a retail shop on First Street in Harare which was supplied by a bakery called Andrew Foods. Baker's Inn started producing its own bread using rotary ovens in 1991 at Chitungwiza Town Centre.

In 1993 the bakery relocated to Kelvin Corner in Graniteside and production was increased from 5 000 loaves to 18 000 loaves per day. Another bakery was commissioned in Bulawayo in 1994 and it upgraded to a plant bakery in 1996.

In 1995, a mechanised plant bakery was commissioned at 38 Simon Mazorodze Road, Harare followed by an additional 2 plants at 86 Lytton Road, Harare. At the beginning of 2010, the company embarked on the installation of state of the art bakery plants in both Harare and Bulawayo, taking installed capacity to over 550 000 loaves per day.

LOAVES PRODUCED
165million

KILOMETERS TRAVELLED
17,5million

Baker's Inn
Business Highlights

Baker's Inn in The Community

Baker's Inn is devoted to making a positive impact in the communities in which it operates by supporting the needs of the society both now and in the future.

Families represent a distinct market segment that drives the growth of our business. Our thrust is to create sustainable opportunities to enable the future success of this critical segment.

In the last financial year, Baker's Inn worked with 316 organisations and supported 15 484 people through bread and financial donations. Further to that, Baker's Inn donated 2 fire engines to the Victoria Falls Municipality and the Chipinge Town Council.

PEOPLE SUPPORTED

15 484

Environment & Accreditations

Winner: FMCG Bakery & Confectionery Sector 2017
Winner: Best Business to Consumer Brand of the Year 2017

NATIONAL FOODS LTD

NATIONAL FOODS
BUSINESS HIGHLIGHTS

Our History

National Foods has a long history stretching back to the early part of the last century, when two families, the Palte family and the Harris family, started separate businesses, which eventually came together as one. Joseph Palte started his company, J. Palte & Co in 1908 in Bulawayo, where he traded as Miller and Merchants. When he died in 1934, his son, Jack, took over the business. He expanded it and in 1952, Tiger Oats became major shareholders.

Meanwhile in 1915 Mark Harris established Mark Harris Manufacturing in what was then Salisbury, using the trade name Atlas. In 1920 he sold his shares to the British South Africa Company (now Anglo American Corporation). In the same year C. Harris & Co., which was later renamed Harris Brothers, was established in Bulawayo. It was then that the brand name Red Seal was born. The Gloria brand name was also launched at this time.

In 1924 Mark Harris Manufacturing was renamed Rhodesian Milling and Manufacturing Company. In 1956 the Rhodesian Milling and Manufacturing Company purchased Harris Brothers. However, the Red Seal brand was taken over by Harris Maize Milling and Produce Company, a company founded the same year by three sons of C. Harris, the founder of Harris Brothers. In 1964 Harris Maize Milling and Produce Company merged with J. Palte & Co. to form Palte Harris. In 1970 Palte Harris went public as Palte Harris Industrial Holdings. In 1975 the Rhodesian Milling and Manufacturing Company merged with Palte Harris to form National Foods, bringing together the Gloria and Red Seal Brands.

National Foods has grown to become one of the largest manufacturers and marketers of food products in Zimbabwe and the Southern African region. Innscor acquired shareholding in National Foods in 2003 and today holds a 37.82% share with Tiger Brands holding a 37.45% share.

WHEAT MILLED
334,000
tonnes

TOTAL VOLUMES
543,000
metric tonnes

National Foods
Business Highlights (continued)

Sustainability In Our Business

During 2018, National Foods made a strategic decision to adopt sustainability reporting to provide a broader picture of the business to its stakeholders. The strategy follows the Global Reporting Initiative (GRI) Standards which require the Group to identify, measure and disclose to its internal and external stakeholders, the economic, environmental and social impacts and opportunities arising from its business activities. The strategy will transform the way the Group has been engaging and communicating with its stakeholders.

The sustainability strategy will optimise and focus sustainable decisions across the Group and transform the Group's business model. It is the Group's intention to create value in the community and to operate in a sustainable manner in response to climate change and Sustainable Development Goals (SDGs) imperatives.

Stakeholders and Relationships

The Group believes that sustainable relationships are critical for long term value creation and business success. Our stakeholders play a significant role in the value chain of the Group and as such are considered as a significant part of our business model. Our stakeholders and the relationships we have built over decades continue to inform how we manage corporate risk, enterprise risk and business development risk. The Group continues to build sustainable relations with stakeholders and business partners to ensure enduring success and competitiveness in the market. The Group continues to enhance shared values with stakeholders and business partners in a spirit of inclusivity and responsiveness to foster strong relational capital and trust for the Group.

National Foods
Business Highlights (continued)

Corporate Social Responsibility

The Group supports and assists vulnerable groups and the disadvantaged among our stakeholders and the greater community through its Corporate Social Responsibility (CSR) Program. Our CSR objective is to invest in the communities where we operate by enhancing lives, improving well-being, and building lasting emotional capital. NFL engages in proactive initiatives which have a positive impact to the socio-economic well-being of communities and through activities geared towards the preservation and long term sustainability of the environment. The Group is also involved in various livestock and wildlife initiatives around the country.

NATIONAL FOODS LTD

COLCOM

BUSINESS HIGHLIGHTS

Our History

Colcom's origins started in 1943, through a National Pig Breeders Co-operative established to assist with the marketing of pigs. The then Cold Storage Commission (CSC) acted as agents until 1957 when it was agreed that the CSC's pig processing facilities should be leased to a new commercial subsidiary of the National Pig Breeders' Co-op, named Colcom Products Central Co-op Ltd. In 1961, Colcom's own processing factory was built on the present site in Harare and officially opened in January 1962.

In 1993, it was decided to change from a Co-operative to a publicly quoted company, and Colcom Holdings was successfully floated on the Zimbabwe Stock Exchange through a public offering. Funds raised from the flotation, and from a subsequent successful rights issue, were used to expand, refurbish and update existing facilities in keeping with world standards and for the development of new "Cash and Carry" wholesale and retail outlets.

In 1998 and in line with international trends, Colcom vertically integrated its operations through investment into a Pig growing unit, Triple C Pigs. This became wholly owned by Colcom in 2004. Triple C Pigs has subsequently more than doubled its production capacity by establishing three auxiliary pig production sites.

PIGS PROCESSED
7,000
tonnes

PIES PRODUCED
650,000
and sold weekly

Colcom
Business Highlights (continued)

In return for equity in Colcom, Innscor Africa Limited funded the purchase of Triple C pigs in 2004 and was the underwriter of a rights issue during the same year, resulting in Innscor Africa Limited becoming the largest shareholder in Colcom.

In the later part of 2001, Colcom acquired Danmeats, incorporating the Oscars brand, in Ruwa. This led to the rationalisation of processing at that site and the subsequent construction of a new cold store at Ruwa, with capacity for storing 600 metric tonnes under controlled frozen conditions and blast freezing of 45 metric tonnes of product.

Associated Meat Packers (AMP) was originally established by Colcom in 2003 to process and market its diversification into beef and also to handle other meat products. AMP's beef packing and processing factory is also situated at the Colcom complex in Harare. During 2015 the factory's space and facilities were considerably expanded and enhanced to handle a significantly increasing throughput for a growing number of branded retail stores. AMP caters for a wide variety of wholesale customers as well as its own retail butchery outlets totalling 25 stores nationwide, branded as AMP, Texas Meats and Texas Chicken.

This year marks Colcom's 75th anniversary – an occasion that goes some way to underscoring the Group's tremendous progress since operations began. For over seven decades, Colcom Holdings has grown to become Zimbabwe's premier provider of meat products. Today the Group encompasses a wide and diverse range of operations under its banner offering fresh and processed pork products as well beef and chicken offerings through its various brands which include Colcom, Danmeats, Tastee, AMP, Texas Meats, Texas Chicken and Baker's Inn Pies. While Colcom maintains a dominant share in the market with our premium products, we have also diversified to low-cost processed options to service that part of the market which otherwise might struggle to afford our higher end offerings– and always with a strong emphasis on quality.

Corporate Social Responsibility

It is with a similar level of care and consideration that Colcom extends to its numerous CSR undertakings. We provide regular meals to several charitable groups and sponsor others. Colcom donates and provides food that produces meals for around 700 children and more than 100 adults per week.

Chinyaradzo, Rose of Sharon, Shirley Cripps, St Joseph/St Marceline/Emerald Hill, Jairos Jiri children's home, Athol Evans, Blue Kerry, BS Leon, Fairways, Flame Lily Trust, Malvern House Trust, MOTHS, Nazareth House, Pleasant Ways, RESCU, Waterfalls, Woodlands and Eastern Highlands Trust Old people's home are all regular recipients of Colcom products.

Animal Welfare charities supported include SPCA Harare & Mutare, Friend Animal Foundation, Tikki Hywood Trust, Veterinarians for Animal Welfare Zimbabwe (VAWZ), Vic Falls Anti-poaching Unit and Friends of Hwange Trust.

At the farm level, Triple C Pigs assists new farmers with training and advice, and provides attachments to University/College students. The nearby Norton Country Club, which includes a golf course and other sporting amenities, is run by Triple C Pigs for benefit of the entire Norton community.

Colcom
Business Highlights (continued)

IRVINE'S
Trust earned.

IRVINE'S
BUSINESS HIGHLIGHTS

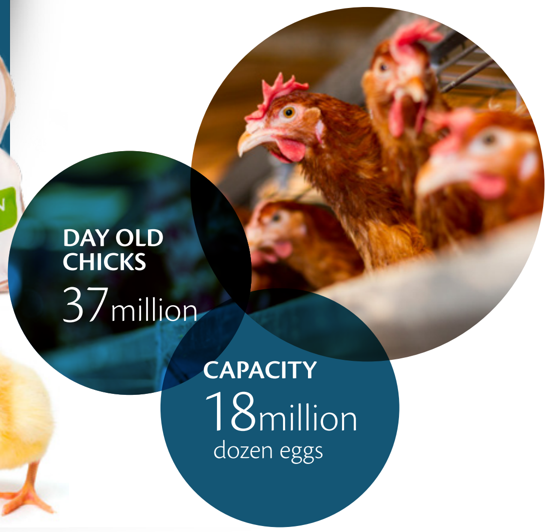
Our Roots

Bill Irvine started Irvine's Day Old Chicks with his wife using their spare bedroom in Waterfalls in 1957. Today Irvine's produces over 50 million chicks per year, over 18 million dozens of table eggs per year and over 15 000 tonnes of frozen chicken per year.

Key Milestones Along Our Journey

In its over 60 years of existence, Irvine's has achieved some significant milestones the most notable being:

- **1960** – Irvine's built a basic processing plant at Huxton Road which enabled them to start the production of frozen chicken.
- **1962** – Bill Irvine met with Tony Barnes and John Knowles of Cobb Breeding Company. They organised the first importation of COBB100 birds. These birds were placed in open sided housing at Huxton Road.
- **1963** – Irvine's installed layer laying cages at Huxton Road and the commercial production of table eggs commenced.
- **1980** – Construction of breeding houses and Grand Parent Hatchery commenced at Harare South Farms.
- **1991** – A new Commercial Hatchery was built at Derbyshire Farm.
- **1998** – The Processing Plant was upgraded to international standards.
- **2000** – The Company built a second Commercial Hatchery.
- **2001** – Automatic egg grading machines were purchased to improve and automate operations.
- **2007** – Irvine's celebrated 50 years of poultry production.
- **2008** – Irvine's ZIMVET Laboratory receives ISO17025 Certification.
- **2009** – Irvine's began a joint venture with Innscor. There was a good synergy between the two groups and Irvine's grew from strength to strength.
- **2010** – Irvine's implemented further processing upgrades and installed an individual quick frozen (IQF) spiral freezer.
- **2011** – Controlled environment houses were introduced Irvine's Processing Plant receives ISO22000 Certification.
- **2012** – Irvine's and Cobb celebrated 50 years of partnership.
- **2013** – Irvine's receives ISO22000 Certification for Commercial Hatchery and FSSC22000 for the Processing Plant.
- **2015** – Irvine's commissions its new fully automated world-class Feed Mill.
- **2018** – Irvine's Feed Mill receives its ISO 22000 Certification. The ISO 22 000 was the Management System of choice due to the fact that the Processing Plant and Hatchery within Irvine's Zimbabwe are also ISO/FSSC Certified, therefore completing the food chain within the company and living up to the Irvine's pay-off line, 'Trust Earned'. The ISO 22000 system enables Irvine's to continuously improve on feed safety, its operational processes and service so that it can consistently deliver safe, wholesome, high quality feed to its customers at the least cost and on time. It gives Irvine's and its customers confidence that the feed made at the Irvine's Feed Mill is made to the highest quality standards and is very safe for its birds and ultimately all consumers of the company's poultry range of products.



Irvine's
Business Highlights (continued)

Corporate Social Responsibility

UPLIFTING COMMUNITIES

The Cobb500 is the world's most efficient broiler with the lowest feed conversion, best growth rate and an ability to thrive on low density and less costly nutrition. These attributes combine to give the Cobb500 the competitive advantage of the lowest cost per kilogram or pound of live-weight produced for the growing customer base worldwide. In Zimbabwe, it is estimated that 45 000 families benefit from the rearing of COBB day old chicks and this number will continue to grow as individuals continue to look for lucrative income generating projects..

NatPak
THE FUTURE'S IN THE BAG

NATPAK
BUSINESS HIGHLIGHTS

Overview

Natpak is focused on investment in state of the art technology and equipment, giving it the capability to produce large volume and high quality output. Natpak was started in Bulawayo in 1981, primarily to meet the growing packaging demands of its then parent company, National Foods Limited. In 1994 Natpak expanded to Harare where it opened a full production plant for woven polypropylene sacks.

In 2010 Natpak was sold to management by National Foods with Innscor Africa Limited underwriting the management buyout and becoming its major shareholder. In 2014 Natpak diversified its operations by entering flexible film production, mostly for FMCG products. Natpak flexibles has continued to grow with current capacity in excess of 5 000 metric tonnes of packaging per annum.

In 2017 Natpak made an investment into Alpha Packaging (Private) Limited, which manufactures corrugated paper packaging. Alpha's state of the art plant will be commissioned in the first half of 2019.

Natpak is completing an investment which will give it the capability to manufacture Polyethylene (PET) preforms and High Density (HD) closures. The plant that has been purchased and is set for commissioning in late 2018.

The company is working towards being Food Safety Management System ISO 22000 certified and takes responsibility for all waste generated in the production process through recycling.

95%
recycled product

BOPP'S
89million
kilometers produced

PROfeeds

PROFEEDS

BUSINESS HIGHLIGHTS

Overview

Profeeds is Zimbabwe's premier stock feed manufacturer, dedicated to servicing livestock farmers with high quality performance feed and agro-supplies nationwide through an ever-growing network of retail outlets, Profeeds City's, Profeeds Centre's, Profeeds Containers and agents.

Established in 2007 with a monthly tonnage of 150MT feed, Profeeds has undergone exponential growth over its 11 years history through operations, research & development, feed manufacturing and the development and growth of a nationwide retail network of shops that cater for small to medium scale farmers.

Profeeds specialises in poultry feed, both broiler and layer categories, as well as manufacturing pig, horse, cattle, rabbit, fish feed and dog food. We have recently begun a successful trial of goat feed at Matopos Research Station in Matabeleland. Our feed is unique in the stock feed market using only top quality raw materials that are screened and mixed using modern formulations and processes to get the best quality for livestock. Our vision is to become Zimbabwe's premier integrated agro-business with a focus to instil a positive change in people's lives, through generating income options and offering solutions to all aspects of stock feed farming practices.

NATIONWIDE RETAIL FOOTPRINT
40

FED
22.3million
Chickens

Profeeds
Business Highlights (continued)

Corporate Social Responsibility

This last year, our Corporate Social Responsibility has seen a total amount of $610 922 given back to various organisations covering Orphanages, Sport, Community Empowerment & Development, Old Age Pensioners, Disability Support, Art and Social Support and Animal welfare.

Our two key focus areas are firstly, Community Empowerment and Development with our ongoing broiler management training sessions which are free of charge; this year, Profeeds trained nearly 1 750 customers and interested farmers quarterly.

Secondly, animal welfare; in addition to quarterly donations to ZNSPCA, a large vaccination and sterilisation project has been funded. This project is managed by Veterinarians for Animal Welfare in Zimbabwe (VAWZ) and covered various regions of Zimbabwe, with over 250 dogs/cats having been sterilised and 1 955 dogs vaccinated against rabies to date.

Profeeds
Business Highlights (continued)

PRObrands

PROBRANDS

BUSINESS HIGHLIGHTS

Overview

The company was started in 2007 as a direct result of the shrinking supply of basic commodities on the shelves which marked that era. The Company saw an opportunity to meet an urgent and growing demand by supplying affordable every day products to hard-pressed local consumers.

As the brand grew in reach and reputation, the focus switched to manufacturing and today, the company encompasses local manufacturing and value addition with a strong marketing focus.

In January 2013, Probrands with headquarters in Ruwa, widened its reach even further by commissioning its Cultured Milk Processing Plant (Masi and Sour Sawa).

Our Vision

Probrands aims to be a well-structured organisation. We manufacture affordable and quality products to create a profitable business in an established and secure environment.

Our Strategy

We strive to build long-term partnerships with our suppliers and customers, and with their support will maximize the potential of our traditional business, through a combination of enhanced service quality, creative marketing, competitive pricing and cost efficiency.

Our Values

Our corporate identity defines the kind of company we are now and the one we need to be in the future. Central to that identity is a commitment to create ways to help customers thrive in a changing environment. To do this we must live our brand values:

- **Trustworthy** - we do what we say we will
- **Helpful** - we work as one team
- **Inspiring** - we create new possibilities
- **Straightforward** - we make things clear
- **Heart** - we believe in what we do

Probrands
Business Highlights

Through our distributors, Probrands ensures products reach the supermarket shelves of consumers throughout the networks of Zimbabwe's cities and rural areas. This underpins Probrands' corporate strategy to build long term partnerships with suppliers and customers to support and maximise its potential and offer enhanced service quality, creative marketing, competitive pricing and cost efficiency.

Our product range:

- Rice
- Salt & Seasonings
- Maize Meal
- Pasta
- Pulses
- Kapenta
- Popcorn
- Canned Products
- Royal Range
- Milk Powder
- Candles
- Detergents

PRODAIRY

BUSINESS HIGHLIGHTS

Our History

Prodairy was established on 1 January 2018 following its demerger from Probrands, who, had started the production of cultured milk (Masi and Sour Sawa) in 2013.

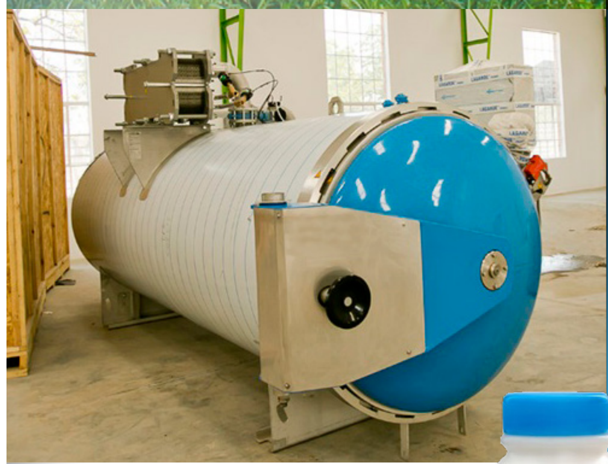
In April 2018, Prodairy commenced the bottling of the popular 'Revive' dairy juice blends.

Prodairy products fall into the categories below:

- Long Life Milk
- Cultured Milk
- Dairy Blend
- Maheu

Our Vision

Prodairy's vision is also to be able to manufacture affordable and quality products to create a profitable business in an established and secure environment.



Prodairy
Business Review

PRObottlers

PROBOTTLERS
BUSINESS HIGHLIGHTS

Our History

Probottlers was launched in 2013 with the launch of our Bally House Crush and Cordial range. Following on from the success of these cordials, a carbonated soft drink range was introduced, under the "Fizzi" brand. Fizzi now has a wide variety of flavours at unbeatable prices. More recently, the premium offering of mixers, the St Clairs range; including Indian Tonic & Soda water, Ginger Ale and Lemonade were added to the product range. We pride ourselves in bringing Zimbabweans top beverages using only the best raw materials and delivering a high-quality product at affordable prices.

CORPORATE GOVERNANCE

Group Governance & Management Approach

Balancing the interests of all stakeholders continues to be a significant focus of the Group. As such the Group continues to monitor and evaluate best practices critical for the sustainability and transformation of our Group. Critical to our corporate governance values is ensuring that we observe principles and ethical practices benchmarked on international best practices.

We continue to monitor and align codes of corporate practices and conduct with local and international corporate governance code such as National Code of Corporate Governance in Zimbabwe (ZIMCODE) and King IV Code of Corporate Governance in South Africa. We continue to explore aligning with the OECD Principles of Corporate Governance.

Our management philosophy is vested on the need to conduct the affairs of the Group with transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of our stakeholders and shareholders. This enables our shareholders and stakeholders to derive assurance that, in sustaining and adding value to Innscor Africa Limited's financial, natural, intellectual, manufactured, relational and human capital investment, the Group is being managed ethically, according to prudently determined parameters and in compliance with best international practices.

Mechanisms for Communication with Shareholders

We provide various platforms for our stakeholders to communicate with the Board of Directors and senior management. Such platforms include the Annual General Meeting, notices to shareholders and stakeholders, press announcements of interim and year-end results, investor briefings, annual reporting to shareholders and exercise of shareholders' voting rights through proxy forms. Our website contains a vast array of updated operational, sustainability and financial information which can be easily accessed by all our stakeholders.

Board and Management Ethics

The principles of observing sound ethical practices, values and conduct is ultimately the Board and Management's responsibility. Declaration of interest and any conflict arising in carrying out the effective roles and responsibilities are a requirement of all Innscor Africa Limited's Directors and Management. Such declarations are included in the business of all Board meetings held during the year by the company.

Corporate **Governance** (continued)

Declaration of Directors'

During the year under review, no Directors had any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of Directors and their families in shares of the Innscor Africa Ltd are presented in **Note 23.4.**

Share Dealings

Directors, management and all Group staff are not permitted to deal directly or indirectly in the shares of the Group or companies during:

- The period from the end of the interim or annual reporting periods to the announcement of the interim and annual results.
- Any period when they are aware of any negotiations or details which may affect the share price, or,
- Any period when they are in possession of information, the effects of which may affect the share price.

Professional Advice

The Group's policy where justifiable, entitles Directors to seek independent professional advice at the Group's expense on matters in the furtherance of their duties or advancement of the Group's business objectives.

Board Structure

In view of our long-term strategic positioning, the Group has been evolving over the last few years which has seen some companies being unbundled and disposed of to unlock value. These changes also meant that some Directors have had to be reassigned to the unbundled companies. As such, the Group continues to align the Board composition in line with governance policy and international best practices of corporate governance. During 2018 our Board of Directors consisted of 2 executive Directors, 2 Independent Non-executive Directors and 2 non-independent non-executive Directors.

The Chairman and Non-Executive Directors bring a significant amount of experience and intuition to guide an active and ambitious executive management team. The Board meets quarterly to monitor the performance of the Group and its management and to deliberate on the strategic direction of its operations. Short biographies of each of the Directors are disclosed on **page 56** and **57**.

The Group operates a decentralised structure reporting to the Group Board of Directors. Each individual business has a formal Board of Directors, with clearly defined responsibilities and objectives, for the day-to-day running of its operations. A comprehensive management reporting system ensures that each business is brought to account on a monthly basis on operational, governance, sustainability and financial matters.

Directors' Remuneration

Remuneration packages for the Group's Executive Directors are determined by the Group's Remuneration and Nominations Committee. These packages include a guaranteed salary as well as a performance-related incentive linked to the achievement of pre-set targets which takes into account the needs of the Group from time to time.

The Group also operates a long-term incentive scheme designed to retain employees in the medium to long-term, to focus their attention on longer-term strategic goals and ensure sustained growth of the Group. Details regarding the "2016 Innscor Africa Limited Share Option Scheme" are contained in **Note 23.3**.

As at 30th June 2018, there were no loans from the Group to any Director.

Summarized on **page 54** is the Board Structure and the members of the various board committees and the responsibilities of each committee

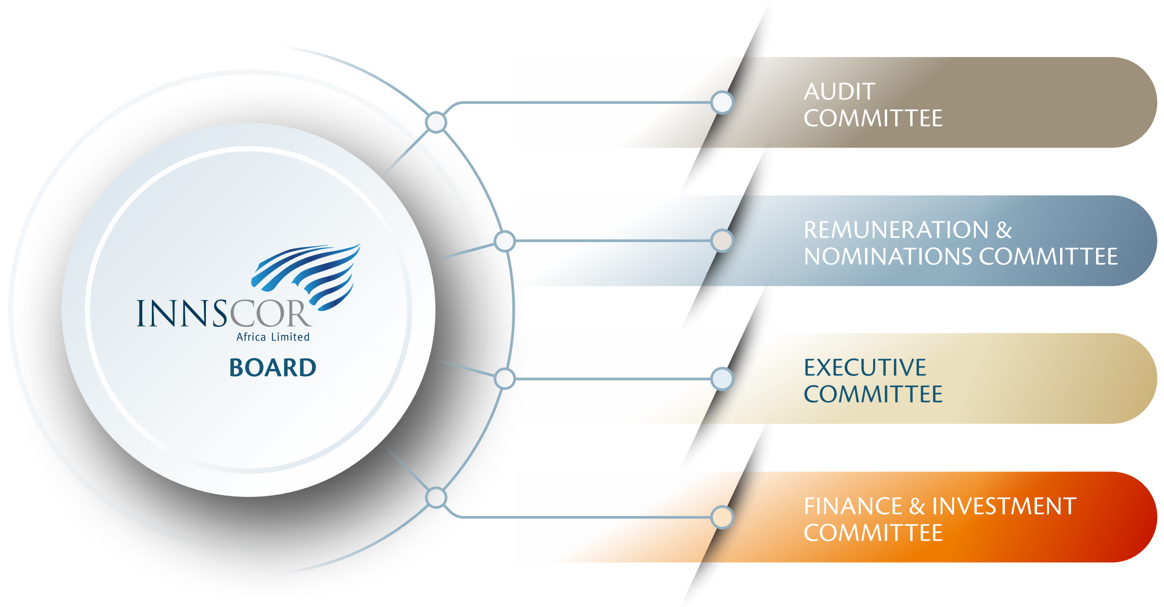
Corporate **Governance** (continued)

Committee	Members	Summary Roles & Responsibilities
Audit	T.N. Sibanda (Chairman) A.B.C. Chinake M.J. Fowler	The Audit Committee assists the Board in the fulfilment of its duties. The Audit Committee deals, inter alia, with compliance, internal control and risk management. The committee comprises two independent, non-executive Directors and one non-independent, non-executive director. An independent non-executive Director chairs the committee. The committee meets at least three times a year with the Group's external and internal auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of the systems of internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure independence and the objectivity of their findings and scope of their work.
Remuneration & Nominations	A.B.C. Chinake (Chairman) M.J. Fowler T.N. Sibanda	The Remuneration and Nominations Committee comprises an independent, non-executive Chairman and two non-executive Directors who determine, on behalf of the Board and the shareholders, the individual remuneration packages for the executive Directors and other executive management. The Group's Remuneration policy is to provide packages that attract, retain and motivate high quality individuals who contribute to the sustainable growth and success of each of the businesses in which the Group operates. Packages primarily include basic salaries, performance-related bonuses and long-term, share-based incentives. This Committee also considers the composition of the Board of the Board and its Committees, and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors.
Executive	J.P Schonken (Chairman) G. Gwainda M.J.R. Lashbrook C. Tumazos R. Nyamuziwa	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The committee meets monthly. The Committee is composed of two Group Executive Directors, CEO's from two of its largest operating subsidiaries and the Group Treasurer.
Finance & Investment	G. Gwainda (Chairman) J.P. Schonken R. Nyamuziwa	The Finance and Investment Committee is mandated by the Board to set, approve and monitor overall borrowing limits for the Group and for the individual companies within the Group. The Committee is responsible for approving financial institutions that the Group can transact with and limits of such transactions. The Committee also sets, approves and monitors the overall capital expenditure investment within the Group and specifically analyses any expansion capital expenditure and potential business acquisition or disposal. The Committee is composed of two Group Executive Directors and the Group Treasurer. The Committee meets on a monthly basis to consider banking facilities, borrowing positions, capital expenditure, investment opportunities and such other business as may be directed by the Board.

Corporate **Governance** (continued)

Attendance at Meetings during the 2018 Financial Year

DIRECTOR	YEAR OF APPOINTMENT	MAIN BOARD (5 MEETINGS)	EXECUTIVE (8 MEETINGS)	AUDIT (3 MEETINGS)	REMUNERATION & NOMINATION (2 MEETINGS)	FINANCE & INVESTMENT (7 MEETINGS)
Mr. A.B.C. Chinake	2015	5	N/A	3	2	N/A
Mr. T.N. Sibanda	2005	4	N/A	2	2	N/A
Mr. M.J. Fowler	1994	4	N/A	3	2	N/A
Mr. Z. Koudounaris	1996	3	N/A	N/A	N/A	N/A
Mr. J.P. Schonken	2007	5	8	N/A	N/A	7
Mr. G. Gwainda	2015	5	8	N/A	N/A	7
Mr. R. Nyamuziwa	2017	N/A	7	N/A	N/A	7
Mr. C. Tumazos	2017	N/A	8	N/A	N/A	N/A
Mr. M.J.R. Lashbrook	2017	N/A	7	N/A	N/A	N/A



Corporate **Governance** (continued)

Board of Directors

Addington Chinake

Independent Non-Executive Chairman
(Appointed January 2015)

Addington is a legal practitioner by profession, with more than twenty-one years of experience in legal services in Zimbabwe. He has extensive experience in all manner of legal practice in Zimbabwe. Over the past thirteen years, his area of specialisation has been corporate and commercial law including mining law, competition law, mergers and acquisitions, Leveraged Buy Outs (LBO's) and capital raising. Addington has been involved in a number of significant FDI transactions and a number of other multi-million dollar acquisitions and disposals by foreign companies of equity on Zimbabwe Stock Exchange listed entities and major greenfield mining projects. He has acted for a number of public companies on the Zimbabwe Stock Exchange and has also been a Non-Executive Director of five Zimbabwe Stock Exchange listed companies including Art Corporation, Phoenix Consolidated Industries and Murray and Roberts Zimbabwe Limited (Deputy Chairman). Addington is currently the Chairman of Astra Industries Limited and Simbisa Brands Limited. He is a member of the Group's Audit and Remuneration and Nominations Committees.

Julian Schonken

Chief Executive Officer (Appointed Director October 2007 and CEO September 2016)

Julian completed his tertiary education at Rhodes University in South Africa, where he attained a Bachelor of Commerce degree. In 1999 and shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe) with Deloitte, Julian joined Innscor and has held a number of financial and managerial positions. In October 2007, Julian was appointed to the main Board of Innscor as Group Financial Director. He also sits on the board of National Foods Holdings Limited and chairs the Group's Executive Committee and is a member of the Finance and Investment Committee. In January 2015, Julian accepted appointment as Executive Director for the Light Manufacturing Division and in September 2016, was appointed as Chief Executive Officer for the Group.

Godfrey Gwainda

Group Financial Director
(Appointed January 2015)

Godfrey is a Chartered Accountant with more than eighteen years of accounting and financial experience in the accounting profession and the business sector in Zimbabwe. Godfrey completed his articles of clerkship with KPMG and qualified as a Chartered Accountant (Zimbabwe) in 2000. In September 2001 he joined Innscor, and has held a number of financial and managerial positions. In January 2015, Godfrey was appointed to the main Board of Innscor as Group Financial Director. Godfrey is a member of the Group's Executive Committee and chairs the Finance and Investment Committee. He also sits on the board of National Foods Holdings Limited. Godfrey recently graduated with an MBA from Henley.

Corporate **Governance** (continued)

Michael Fowler

Non-Executive Director
(Appointed July 1994)

Michael is a founder shareholder of Innscor and has held a number of managerial positions within the Group including a period during which he served as the Group Chief Executive Officer. Michael was a key driver behind the Group's investment into its now unbundled crocodile ranching operations (Padenga Holdings Limited) where he has remained as an executive director since its unbundling and separate listing on the ZSE in 2010. Michael is a member of the Group's Remuneration and Nomination Committee and Audit Committee.

Thembinkosi (Themba) Sibanda

Independent Non-Executive Director
(Appointed November 2005)

Themba completed his tertiary education at the University of Zimbabwe with a Bachelor of Accounting Honours degree. Shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe), Themba was admitted into partnership and now has over 30 years experience in compliance and audit services at Schmulian & Sibanda Chartered Accountants (Zimbabwe). Themba currently chairs the Group's Audit Committee and is also a member of the Remuneration and Nomination Committee. Themba also sits on the boards of a number of other listed entities in Zimbabwe including Delta Corporation Limited, Edgars Stores Limited, Padenga Holdings Limited, Axia Corporation Limited and Pretoria Portland Cement Limited.

Zinona (Zed) Koudounaris

Non-Executive Director
(Appointed April 1996)

Zed completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Sciences. Zed is a founder shareholder of the Group and was the driving force behind the initial creation and success of the Group's core fast food brands. Zed has held a number of positions within the Group including Chief Executive Officer upon the Group's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for the Group and providing guidance to its management team. Zed also sits on the boards of Simbisa Brands Limited and Axia Corporation Limited.

Directorate And Management

Board of Directors

Independent, Non-Executive Directors

Addington Chinake (Chairman)
Thembinkosi Sibanda

Non-Independent, Non-Executive Directors

Michael Fowler
Zinona (Zed) Koudounaris

Executive Directors

Julian Schonken
Godfrey Gwainda

Audit Committee

Thembinkosi Sibanda (Chairman)
Addington Chinake
Michael Fowler

Remuneration & Nominations Committee

Addington Chinake (Chairman)
Thembinkosi Sibanda
Michael Fowler

Executive Committee

Julian Schonken (Chairman)
Godfrey Gwainda
Michael Lashbrook
Constantine Tumazos
Raymond Nyamuziwa

Group Executives

Julian Schonken	Group Chief Executive Officer
Godfrey Gwainda	Group Chief Financial Officer
Raymond Nyamuziwa	Group Treasurer
Andrew Lorimer	Group Company Secretary

Finance & Investment Committee

Godfrey Gwainda (Chairman)
Julian Schonken
Raymond Nyamuziwa

Divisional Management

CORPORATE SERVICES

Corporate & Treasury

Priti Da Silva	Group Services Executive
Farai Machodo	Group Financial Manager
Ronald Gumbo	Group Tax Officer

Providence Human Capital

Chipo Ndudzo	Managing Director

Syntegra Solutions (Private) Limited

Craig Spong	Chief Executive Officer

Directorate And Management (continued)

MILL-BAKE SEGMENT

National Foods Holdings Limited

Michael Lashbrook	Chief Executive Officer
Lovejoy Nyandoro	Financial Director
Richard Mann	Operations Director
Rosseweater Usayi	Human Resources Director
Lawrence Kutinyu	Marketing Executive
Sharon Musodza	Sales Executive
Wynand Bosch	Managing Executive - Stockfeeds
Chipo Nheta	Managing Executive - Maize Milling
Nigel Weller	Managing Executive - MCG
Gareth Rawlins	Managing Executive - Snacks & Treats

Pure Oils Industries (Private) Limited

Vikash Agarwal	Chief Executive Officer
Rodreck Musiyiwa	Head of Operations
Aman Jyoti	Head of Commercal

Innscor Africa Bread Company Division

Ngoni Mazango	Chief Executive Officer
Mandla Nkosi	Financial Director
Constantine Cyprianos	Procurement Executive
Caleb Musodza	Sales and Marketing Executive

Profeeds (Private) Ltd

Nigel Philp	Chief Executive Officer
Tidings Chimphondah	Executive Director
Sean Reid	Head of Factory Operations
Herbert Ratisai	Finance Executive
John Mtelela	HR Executive

PROTEIN SEGMENT

Colcom Division

Constantine Tumazos	Group Chief Executive Officer
Mandy Murebwa	Group Finance Director
Norita Adams	Group Sales and Marketing Director
Jan Van As	Group Operations Director
Zvitendo Matsika	Group Human Resources Executive
Ian Kennaird	Chief Executive - Triple C Pigs
Lester Jones	Chief Executive - Associated Meat Packers (Private) Limited

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
Kevin Parsons	Operations Director
Lovemore Manatsa	Sales Director
Zita Matonda	Finance Director
David Hasluck	Administration Executive
Wilfred Mapfuise	Human Resources Executive
Rutendo Dzangai	Finance Manager

OTHER LIGHT MANUFACTURING AND SERVICES

Innscor Appliance Manufacturing (Private) Limited

Gary Watson	Chief Executive Officer
Simba Muchatukwa	Financial Director
Jan Van Der Westhuizen	Research & Development Director
Tony Simoes	Marketing Manager

Natpak (Private) Limited

Guy Martell	Managing Director
Rodney Finnigan	Finance Director
Tamuka Kunaka	Operations Director

Alpha Packaging (Private) Limited

Michael Ferreira	Managing Director
Michael Dunn	Operations Director

Probrands (Private) Limited

Calum Philip	Managing Director
Nqobani Mthethwa	Finance Director
Onward Nyabadza	Probrands Operations Executive
Stacey Jackson	Procurement Executive
Basil Mabuza	Route to Market Executive

Prodairy (Private) Limited

Calum Philip	Managing Director
Nqobani Mthethwa	Finance Director
Dave Kirtkumar	Operations Executive
Tendai Hofisi	Finance Manager

Probottlers (Private) Limited

Christo Botha	Managing Director
Chris Strydom	Operations Manager
Tafadzwa Karimupfumbi	Finance Manager

SUSTAINABILITY

STRATEGY & GOVERNANCE

Group Strategic Approach

Sustainability is being firmly embedded into the Group's corporate strategy and organisation. We recognise that sustainability is a significant driver to how we manage operational risk and drive the strategic positioning of the Group for long-term business success. By integrating sustainability in our operational decision making and business strategy, we are able to identify potential risks and opportunities. Our sustainability strategy is to ensure that we minimize negative impacts and related costs on the business and on our stakeholders particularly those related to the environment and society through ensuring that there is good balance with economic success.

Our sustainability strategy is executed through implementing Global Reporting Initiatives (GRI) Standards which requires us to identify, measure and manage our material impacts wherever they are happening in the Group and within our control. We do this, by engaging with our stakeholders, which assists us in identifying potential issues and how to respond to them. Such information forms the basis for identifying performance indicators for reporting.

Since 2016, we have aligned our sustainability performance indicators with Sustainable Development Goals (SDGs) which the Group contributed towards. In 2018, we continue to monitor our business impacts on climate change using Carbon Disclosure Standards (CDS) issued by the Carbon Disclosures Standards Board (CDSB) to track our carbon footprint. We continue to be driven by the spirit of inclusivity, responsiveness and accountability in the way we operate. In line with our commitment in 2017, this report is prepared in accordance with the new GRI Standards.

Governance

Our sustainability management is structured into two levels, starting at the company level all the way to the Group. We have sustainability teams set up in our companies, tasked with identification, evaluation and assisting in managing our sustainability impacts on economic, environmental and social issues. In addition, the teams are responsible for monitoring and evaluating systems from which data is collected to ensure quality and reliability.

Inclusivity and Responsiveness

We continue to integrate stakeholder engagement in the overall corporate and risk management strategy of our businesses. Our approach is achieving sustainable business success driven by sustainable relations with all our stakeholders as business partners.

Maintaining sustainable stakeholder relationships based on shared values of honest, inclusivity and responsiveness contribute to trust and strong relational capital for the Group. Our stakeholder engagement strategy is a responsibility that is shared among all employees and management embedded in how we interface with our stakeholder in our day-to-day activities.

Suppy Chain

Our corporate strategy is to maintain a sustainable supply chain which thrives on shared values. Supply chain management is a critical component in our business value chain and sustains our brand name and image. Therefore, we provide systems which ensure that all suppliers are screened on their track record and consideration of sustainability issues such as environmental, social, behaviour, corruption, statutory compliance and human rights practices. We try by all means to ensure that most of our suppliers share our common values for sustainability in our value chain. Irvine's Zimbabwe (Private) Limited, Colcom Holdings (Private) Limited, Profeeds (Private) Limited, Probrands (Private) Limited, Associated Meat Packers (Private) Limited and National Foods Holdings provide opportunities for disadvantaged groups, small scale farmers, youths and the less privileged to be part of our supply chain through their contribution to economic empowerment of our society and sustainable development in the places of operation. Appropriate trainings and support are provided to ensure quality and standards are met.

Sustainable Capital Management

We recognise that it is critical to apply integrated thinking in the manner in which we manage the capitals of our business. We consider natural, human, intellectual, financial, manufacturing and social relations as capital input into our business model. Therefore, sustainable management of these capitals remains a critical aspect of our business strategy formulation and execution, for creating and sustaining business value for our shareholders and stakeholders in the short and long term.

External and Independent Assurance of Data

In providing assurance to our stakeholders and readers of our report, our approach is to ensure that information contained in our annual reports is independently assured. In this case, this report was prepared with external oversight of the Institute for Sustainability Africa for compliance with GRI Standards while data on environmental and social performance indicators was assured by Instinct Advisory Services; an internal audit service company in which the Group is in partnership. Financial information contained in this report was assured by our independent external auditors, Ernst and Young Chartered Accountants (Zimbabwe) in the audit of financial statements and accompanying information.

MANAGING MATERIAL ISSUES AND REPORTING

Management Approach

The Group applies a collective approach in determining material issues identified by our stakeholders during engagement and assessment processes in our business units. Material issues are identified and prioritised using a multi-stage process which starts at business unit level to Group Level. At business unit level, the operation's material issues and topics are identified and their relevant impacts assessed at business level as well as shared with our stakeholders.

At Group level, all material issues and topics are assessed for their relevance and impacts on our broad stakeholders, corporate strategy and national context in relations to economic, environmental and social aspects. The Group Sustainability Team consolidate material topics as part of the Executive Board Committee Packages for evaluation during their meetings.

The material topics and issues considered at Group Level for the year were also considered at government level to have significant impacts on our stakeholders. Key material issues considered included economic growth, poverty, climate change, poverty alleviation, supply chain, sustainable development, energy, water and environmental impacts. Our assessments were based on the fact that Zimbabwe ratified the Paris Agreement (2016) on climate change and made commitment to implement the UN Sustainable Development Goals (SDGs).

At a National level, Zimbabwe published the National Climate Change Strategy with the Climate Change Policy expected to be launched in 2018. In addition, the country prioritised 10 of 17 SDGs for implementation in the following order: **Goal 2** (Agriculture, Food Security and Nutrition), **Goal 3** (Health), **Goal 4** (Education), **Goal 5** (Gender and Women Empowerment). **Goal 6** (Water and Sanitation), **Goal 7** (Energy), **Goal 8** (Economic Growth), **Goal 9** (Infrastructure), **Goal 13** (combating Climate Change), and **Goal 17** (Partnership). As such, these national developments goals have impacts in the way we operate, manage risk and identify business opportunities for the Group. Therefore, material issues and topics at Group level were significantly influenced by how the Group was responding to the above sustainable development goals in creating and sustaining value for our stakeholders.

At Company level, material issues were identified by company based Sustainability Teams and Coordinators through feedback from stakeholder engagement processes. The teams/coordinators report to company management which evaluate and address material issues at that level in line with Group and Company policies. The Group's Management evaluate the issues and their impact on the business and stakeholders for action, response and accountability to the stakeholders.

Report Boundary

In defining the reporting boundaries, we focused on identified material impacts and from companies where the impacts occurred. While sustainability reporting continued to be fully embedded in some of our companies, we opted to define reporting boundaries by considering key Group companies with high and material impacts on economic, environmental and social aspects. However, sustainability performance indicators provided in this report were drawn from all our subsidiaries and associates companies.

STAKEHOLDER CAPITAL AND ENGAGEMENT

The Group understands that effective stakeholder engagements allows the gaining of valuable insights of material concerns and expectations of our stakeholders. Our stakeholder engagement strategy is integrated with our risk and business development management. We consider the dialogue with our stakeholders as a critical function in our business value chain. Our stakeholders who include our employees, customers, suppliers, regulators, society, shareholders and investors are regarded as business partners. Engaging with stakeholders builds an important capital, crucial for the sustainable success of the Group and products.

Management Approach

The Group places the responsibility of stakeholder engagement upon all management and employees. Ultimately, the Board is responsible for stakeholder engagement and management through various committees and business unit management. The Group's approach to stakeholder engagement is such that business units are responsible for managing operational stakeholders while the corporate stakeholders are managed at Group level. Engaging with stakeholders allows the Group to identify and verify material issues impacting our business and stakeholders. Material issues identified at the business unit are evaluated at that level before being consolidated at Group level to inform corporate strategy and responses.

The Group's stakeholder engagement framework is to categorise material issues raised by stakeholders into those relating to economic, environmental or social impacts and opportunities. The framework allows the Group to consider material issues with significant impacts on the Group and stakeholders to be disclosed for accountability and response strategy formulation.

Engaging with our Stakeholders

During 2018, the Group engaged with stakeholders and identified material issues presented below.

Stakeholder Capital and Engagement (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Employees/Staff	• Fair treatment • Engagement and inclusion • Employee benefits and awards • Working hours • Professional and continuing education and development • Staff accommodation and facilities • Safety, health and hygiene • Competitive company performance and remuneration • Death and post retirement benefits • Regular engagement	• Development, implementation and monitoring of effective Human Resource policy and procedures • Training and Staff retention • Regular communication • Company pension fund in addition to the NSSA pension scheme • Production based incentive schemes • Safety and health matters resolution through SHEQ Officer and company doctors • Regular briefing on company performance and strategy • Renovations of staff accommodation and facilities • Continuous engagement	• Performance Review feedback • Internal communications • Tip offs anonymous • Internal communications through workers council • Face to face meetings • Noticeboard • Emails • CEO and Line manager engagement • Employee benefits reviews • Code of conduct reviews • Training sessions • Quarterly newsletter • Health and safety reviews and audits
Suppliers	• Timely payment • Taxation compliance • Ethical business practices • Conflicts of interests • Sustainable business practices	• Supplier audits • Supplier screening • Product returns • Weekly distribution of withholding tax certificates • Supplier contracts • Supplier training	• Top management supplier's visits • Telephone calls • Emails • Supplier Code of Conduct • Company profiles • Conflict of interest declarations
Industry	• Safety, health and the environment • Labour, collective bargaining issues • Animal disease control • Training & development • Price control and monitoring • Fair competition • Fair pricing • Duty protection	• Full time Health and safety officer • Involved as employer representatives at NEC level • Interaction with the Department of Veterinary Services Zimbabwe • Financial institution engagement on allocation of foreign currency	• Meetings • Acceptance of inspection by NSSA officers • Engaging Zimbabwe Poultry Association (ZPA) and National Bakers Association of Zimbabwe (NBAZ), CZI • Engagement with all line government ministries

Stakeholder
Capital and Engagement (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Government & Regulators	• Transparent reporting • Regulatory compliance • Price control and monitoring • Import/export permits • Foreign currency funding • Import substitution	• Full compliance with regulations • Lobbying government	• Integrated annual report • Annual general meeting • Statutory returns • Face to face meetings • Engagement with Line Ministries • Engaging the National Bakers Association of Zimbabwe (NBAZ) • Monthly financial reviews • Internal audit reviews
Shareholders and Potential Investors	• Competitive returns • Regulatory compliances • Free cash generation	• Improve Profitability and returns year on year • Enhance governance oversight by the Board	• Integrated annual report • Annual General Meeting • Regular investor engagement • Investor conferences
Customers and Consumers	• Safe, quality products • Competitive and affordable pricing • Nutritious option • Product uniformity • Promotions and branded products • Timely deliveries through distributors • Recyclability of product packaging • Innovative product options	• Rigorous quality checks of products • Continuous product development • Recycling awareness campaigns • Improve efficiencies in the value chain • Research and development • Retail promotions and road shows • Service level agreement monitoring of distributors	• Food safety standards compliance • Regular meetings with key account contacts and key customers • Sales team interactions • Sharing of research results with customers • Customer surveys • Shop visits
Local Communities	• Economic opportunities • Environmental protection and waste management • Visible corporate social responsibility activities • Community training and development	• Compliance with legislation • Engaging certified waste disposal companies • Donations to Veterinarians for Animal Welfare Zimbabwe • Development of strategic corporate social investments portfolios • Training and support to women and children • Recreational activities	• Regular interaction with local authorities • Corporate social responsibility • Above the line and below the line advertising

SUSTAINABILITY
IN OUR VALUE CHAIN

MANAGING SUSTAINABILITY IN THE GROUP

Sustainability Data

All of the data and information for the reporting period was collected from all business units and was consolidated with Head Office data. All business units take responsibility for compiling data using a standardised system across the Group. Data collected is validated through an internal assurance system service provided by Instinct Risk Advisory. The Group continues to improve on data collection, measurement systems and quality.

SUPPLY CHAIN MANAGEMENT

Our Strategy

The Group's strategy is to ensure that all raw materials and resource procurement is conducted in a professional and transparent manner, meeting prescribed standards and quality. Our objective is to ensure that the Group procures raw materials in a sustainable way that minimises business risk. The Group places responsibility on management to ensure sustainable supply chain management in all our businesses. We also seek to ensure that our supply chain objectives are delivered in a sustainable manner.

Our Management Approach

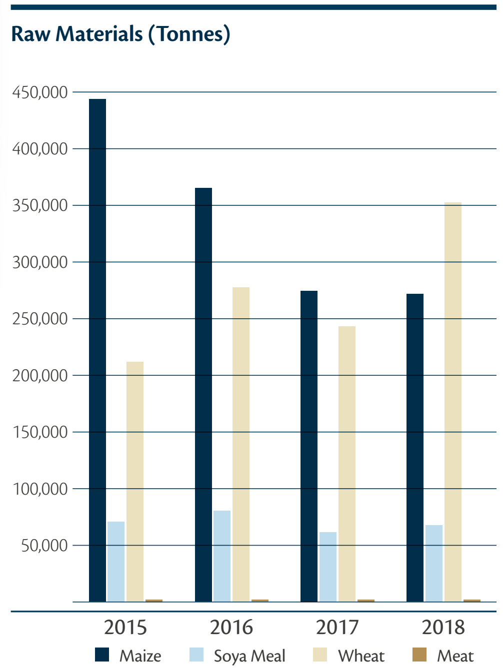
The Group expects suppliers to operate in accordance with our values, adhering to national laws, health and safety standards and ethics in the supply chain business relationships. We engage suppliers on our sustainability values through supplier briefings, meetings, audits and trainings. We create economic opportunities for small scale and previously disadvantaged groups in our supply chain as part of our inclusive business approach.

We provide appropriate training to small scale and previously disadvantaged groups in the supply chain to ensure that they meet expected quality and standards. In managing risk, our suppliers are introduced to global standards requirements and evaluation criteria so as to sustain our brands and reputation.

RAW MATERIALS

Our key products are manufactured and produced from maize, soya beans, soya meal, wheat, chicken, table eggs, mealie meal and stock feeds. These require high quality standards to be met. For the reporting year, our consumption of key raw materials were as follows:

Materials Used	Unit	2018	2017	2016	2015
Maize	Tons	271 581	272 711	363 629	443 118
Soya meal and Beans	Tons	66 454	60 461	78 925	72 144
Wheat	Tons	352 298	242 196	277 610	211 902
Meats – Pigs, Birds and Cattle	Tons	2 722	1 231	1 411	2 373
		703 055	576 599	721 575	729 607



Sustainability
In our Value Chain (continued)

RAW MATERIALS (continued)

Percentage of materials used that are recycled input materials

The Group's approach to recycling is to ensure that all materials that can be recycled as inputs into other products are screened for negative impacts, and that they meet the quality and standards for re-use in other products. For the reporting year, the percentage of materials recycled was as follows:

Materials	Unit	2018	2017	2016	2015
Overall Material recycled	%	14	17	6	12

ENVIRONMENTAL STEWARDSHIP

As a Group, environment stewardship is a key responsibility of our management which carries both financial and physical risks. This necessitates the Group to take appropriate measures to minimise the effects on the environment while being proactive to monitor our impacts.

Our Strategy

In upholding our responsibility on the environment as a natural capital, the Group ensures that operations are in compliance with environmental laws, voluntary and international best practices and standards. We identify waste and effluent from our factories, evaluate potential risks and take appropriate measures to control or ensure appropriate disposals are undertaken with minimum impacts. We observe environmental standards procedures within the Group to minimise impacts on the ecosystem, biodiversity and climate.

WASTE AND EFFLUENT

The Group ensures that disposal of waste and effluent meet environmental laws, statutory obligations and international best practices and standards. Our Safety, Health, Environmental and Quality (SHEQ) Officers evaluate disposal methods and ensure that approved disposal methods are in line with our environmental stewardship values, statutory and international best practices and standards. The table below analyses our waste type, disposal method and volume during the reporting year.

Waste Type	Disposal Method	Unit	2018	2017	2016	2015
Solid Wastes	Landfill and Compost	Tons	2 746	1 030	1 897	2 966
Chicken manure	Grass pasture spread	Tons	5 248	6 075	6 543	7 560
Maturation (rich with Phosphate)	Pond Irrigation	Cubic ml	56 135	52 156	48 987	46 800
Sweepings mixed with sand	Containerway disposal	Tons	665	561	925	118
Polyethylene Plastics	Sold for recycling	Tons	616	629	699	449

The Group continues to ensure that waste is disposed appropriately and in a responsible manner. We will continue to put in place measures to ensure that all waste is separated and quantified appropriately.

ENERGY, WATER AND CLIMATE CHANGE

Achieving energy efficient and sustainable water consumption remains a priority for the Group. As a Light Manufacturing Group, energy and water are fundamental in our operations. The Group continues to seek alternative strategies for managing and responding to energy, water and climate change imperatives.

Sustainability
In our Value Chain (continued)

Our Strategy

The Group remains committed to principles of energy and water efficiency in the business value chain. We recognise climate change as a strong emerging business challenge which has financial implications. Our strategy is to monitor our own carbon footprint and water usage with the goal of ensuring that we play our part in minimising negative impacts from our business operations.

ENERGY

Our Management Approach

The Group ensures that manufacturing operations are energy efficient and achieve low energy intensity. All new equipment is evaluated for energy efficiency on procurement. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all non-core manufacturing areas. The table below presents energy consumption (within and outside the Group) during the reporting period:

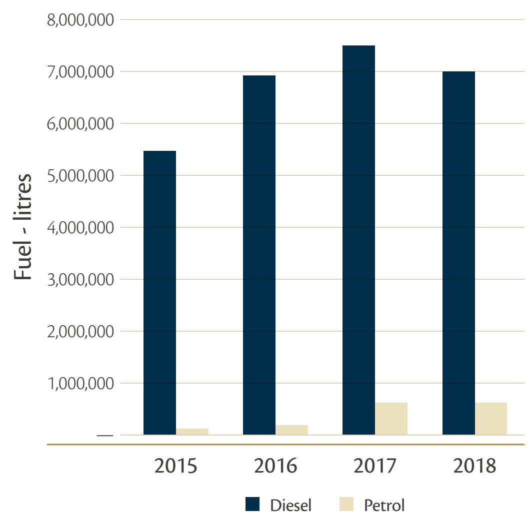
Energy Consumption - Within the Organisation

Energy Type	Unit	2018	2017	2016	2015
Electricity	MWH	93 569	87 115	64 888	66 145
Heating (Coal)	Tons	2 039	2 637	3 997	2 303
Fuel for Ovens	Litres	4 615 374	3 533 330	2 746 268	2 818 076

Energy Consumption - Outside the Organisation

Energy Type	Unit	2018	2017	2016	2015
Diesel	Litres	6 970 940	7 459 780	6 890 361	5 423 142
Petrol	Litres	596 011	655 784	503 623	135 509
Total		7 566 951	8 115 564	7 393 984	5 558 651

Fuel Consumption outside the Organisation



Sustainability
In our Value Chain (continued)

WATER RESOURCE

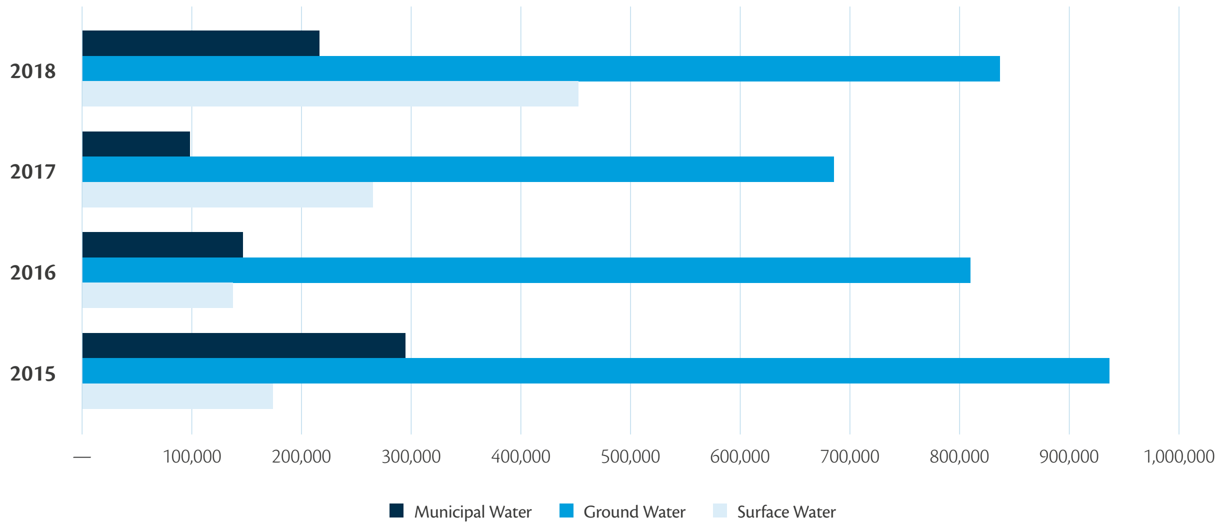
Water is a fundamental resource in our manufacturing processes and operations, and is utilised in our core processes as a cleaning agent, solvent, boiler steam, coolant and in product manufacturing. We are committed to responsible use of this valuable resource in our entire value chain by ensuring that we constantly monitor our consumption from different sources.

Our Management Approach

The Group requires all business units to measure and report their water consumption for sustainable water management. Our approach is that we minimise water leakages and wastage within our business premises. Below are the sources of water and quantifies withdrawn from each of the sources:

Source	Unit	2018	2017	2016	2015
Surface (from dams)	m^3	451 162	262 833	138 671	174 784
Ground Water (Borehole)	m^3	837 064	683 531	807 544	934 438
Municipal Water Supply	m^3	215 567	97 665	146 514	293 797
Total		1 503 793	1 044 029	1 092 729	1 403 019

Water Usage (cubic meter)



CLIMATE CHANGE

We recognise that our operations contribute to climate change in some way. It is our responsibility that we respond to climate change protection and mitigation calls. We took the initiative to constantly monitor and disclose our carbon footprint in our value chain. We considered the use of Carbon Disclosure Standards (CDS) developed by the Carbon Disclosures Standards Board (CDSB) and Global Reporting Initiatives (GRI) Standards for our disclosures. We convert our fuel and electricity consumption into carbon emission equivalency.

Our Management Approach

As a Group, we support climate protection by recognising that we have a part to play. Climate change impacts some of our businesses that heavily rely on water usage and on agricultural inputs. Our goal is to report our carbon footprint across the value chain of all our businesses. For this reporting year, we calculated carbon emission equivalency using the Department for Environment, Food and Rural Affairs (DEFRA) (United Kingdom) Emission Factors on fuel usage and Ecometrica Emission factors for Zimbabwe on electricity. Our carbon footprint is presented below according the Scopes 1 and 2.

Sustainability
In our Value Chain (continued)

Scope 1: Direct Emissions

Scope 1 Relates to direct emission arising from business activities within our control and ownership. During the year, Scope 1 carbon emission equivalency was as follows:

Emissions Sources (CO2)	Unit	2018	2017	2016	2015
Bio and Fossil Fuels (Petrol, Diesel and Coal)*	Kg CO2e/Litre	36 749 824	36 525 410	35 936 329	27 388 102

* New conversion factors were used for 2018, issued out by DEFRA

Scope 2: Indirect Emissions

Scope 2 Relates to emissions released into the atmosphere from consumption or use of electricity energy generated by third parties or sources we do not have control. During the year, our indirect emissions were as follows:

Emissions Sources (CO2)	Unit	2018	2017	2016	2015
Electricity	Kg CO2e/kWh	37 506 452	57 851 364	43 090 849	43 925 598

Biodiversity

We recognise that biodiversity is critical in sustainability of the ecological system. Two of our businesses operate farms which interact with biodiversity. Therefore, we take responsibility of ensuring that appropriate systems are in place to minimise negative impacts and manage our interaction with the areas.

Our Management Approach

The Group monitors interactions between the operations and the areas considered as biodiversity. We ensure that no waste is discharged into biodiversity areas. We also monitor human activities for ensuring than any interaction do not negatively impact or disturb the natural ecological setting. Below is the space considered as biodiversity area:

	Unit	2018	2017	2016	2015
Biodiversity Area	Hectares	4 061	4 061	4 061	4 061

INVESTING IN OUR COMMUNITY

The Group takes community empowerment and development to be of significant business value in the places we operate. Our main focus is creating sustainable partnerships with communities in ways that bring long-term impact and sustainable benefits to both ourselves and those communities. The Group supports communities as part of its commitment to good corporate citizenship.

Our Strategy

The Group's community empowerment and development strategy is to ensure that the Group provides economic opportunities in the value chain that help alleviate poverty and contribute towards better conditions of life for the community and individuals therein.

Our Management Approach

The Group supports community development that empowers the disadvantaged and less privileged with opportunities to access health care, education and recreational activities. We support children, disabled, orphans and senior citizens in improving their living conditions. The Group also supports areas of art, culture and sports around the communities we operate as well as supporting animal welfare. Our communities include those within which our employees and their families live as well as where our business operate.

Sustainability
In our Value Chain (continued)

Community Development Support

	Beneficiaries	Support
Education	Kapnek Trust, Ngezi and Sanyati Schools, Falcon College, Chisipite Junior Schools, Chiredzi High School, Nhowe Mission, Chiremba Primary School, Marirangwe School, Hellenic School, Derbyshire and Ardno Schools, University of Zimbabwe, Chinhoyi University of Technology and Midlands State University.	Financial support and awards prizes, school fees support, grocery hampers, beverages, Teachers' incentives, Graduate Trainee Programmes, university students attachment support, education and community research
Community Infrastructure and empowerment support	Ekuphumeleni Nursing, Shingirai Trust, Seventh Day Adventist, Sebastian Hamadziripi, Heartfelt Children Ministry, Red Frogs Sponsorship, Marondera Field Day, Little Rock School, MAGS, Brand Agro, Agribusiness Systems International (ASI), Crop growing communities (from Murewa, Mutoko, Chivhu, Murambinda, Wedza, Harare, Mvurwi, Guruve, Glendale, Nzvimbo, Banket, Masvingo, Gutu, Zvishavane, Gwanda, Plumtree, Bulawayo, Chivi, Kadoma), Rotary Club Msasa, Women Excel, Ballantyne Park Conservancy, Mpilo Project, Redemption, Mirazvo, Rosep, Amazing Grace, Tose Respite Care Centre, Destiny for Women, Tariro Youth Project, Mashambanzou, Vision Missionaries of Charity, Wing Of Grace, Newstart, Northcort, Zimbabwe Republic Police (ZRP) Crime Consultative Committee Braeside, ZRP Commissioner's Gala, Zimbabwe National Army (ZNA) Army Charities, Harare Hospital, Mauya Adventist Primary School, Victoria Falls Municipality, Chipinge Town Council and Primary health care centres	Supply of groceries (such as mealie meal, sugar beans, salt, rice, eggs, bread, popcorn, drink, Jelly, fruit juice), metal bins, water tanks plus fittings, event awards and sponsorship, supporting out-growers, beef feed, top dairy, training, recruitment of students on attachment, financial assistance, fire engine, tree planting, charity race and golf tournament, cancer dinner, HIV awareness campaigns, Women's day commemoration, contribution to vehicle for The ZRP Criminal Investigation Department, building material for Mbalabala classroom blocks and hospital surgery fees.
Sport	Childline, Kidzcan, Polocross, Zimbabwe Equestrian Federation, Azaluna Horse Trials, High Performance Azaluna Equestrian Centre, Sharon School Golf Day, Hunting Shooting Fishing Tournament, Triple C Pigs community, Royal Harare Golf Club, Chapman Golf Club, Chisipite Junior Swimming Nationals, Women Golf Championship, Eve's Fitness Run, Natpak Football Club, Tangy Rugby Trust, Annual Wellness day, Girl Child Soccer Tournament, Bulawayo City Football Club, Bulawayo Golf Club, Highlanders Football Club, Zimbabwe Junior Gymnastics Team	Financial support for Golf Day and Mud Run, Innscor Sponsorship of teams and events, supply of milk, Rosettes for riders and horses, caps, prizes and awards, groceries and sporting equipment

Sustainability
In our Value Chain (continued)

Charity support

	Beneficiaries	Support
Disability support	Zimcare Trust, Homefield, Individuals, Healing with Horses Therapy (Bulawayo and Harare), St Joseph & St Marceline, Jairosi Jiri Waterfalls, Deaf Zimbabwe Trust, Jairos Jiri Southerton, Danhiko Project Msasa, Emerald Hill Children's Home, National Social Security Authority Disability support, Parents of disabled Children, Dorothy Duncan, Siyantubanye, Emerald Hill School for the Deaf, Ingutsheni Hospital	Dish Wala, Supply of sugar beans, salt, eggs, chicken mixed portions, meals and budget support
Orphanages	Mola Hostels, Kambuzuma, Mother of Peace, Yambiro Aids Awareness, Harare Mayors fund, St Joseph - Home of Boys, Chinyaradzo Children's Home, Rose of Sharon, St Catherine, With Love Foundation, Runyararo Children's Home, Harare Children's Home, John Smale, Kidscan, Chiedza Khayalihle, Childline Zimbabwe, Christ the King, Queen Elizabeth Children's Home, Little Flock of Jesus, Assemblies of God, Hupenyu Hutsva, Entembeni, Good Hope, Just children foundation, Thembiso, Mathew Rusike, Bartely Block, Rose of Sharon, Salvation Army, Rugare, Orphanage, Tuthuka, Simudzai With love	Supply of Mealie Meal, Sugar Beans Salt, Rice, eggs , Bread, Charity dinner, Supply of purchase of gas stove & gas tank, Supply of Cancer drugs, Financial support
Old People's Home	Mucheke Old People, Malvern House Old people, Place of Safety, Rotary Club of Harare dinner, Dinner for the aged, Shearly Cripps, Westreign Old Age Home, Athol Evans, Harare Senior Citizens Club, Waterfalls Trust, Beezer Organisation, Ekuphumeleni Geriatric, Bhumhudzo, Ralstein Home for the Aged, Idawekwako, Emthunzini.	Bone density checks, Food Hampers, Groceries, low fat milk, candles, Revive drinks, eggs, chickens, Retirement seminar, HIV Rapid testing, Blood pressure checks, Glucose checks, BMI checks, Optical checks and Water checks
Arts, Social and Region	Vocational Training Centres, Sharon School, Lynde Francis Trust, National Allied Arts, National Art Gallery, St John's College Pipe Band, Zimbabwe Marimba Fest 2018	Supply of Roller Meal, popcorn, Various Packaging for making of Handbags, Cash, Funding the operations of the National Allied Arts.
Animal Welfare	Zambezi Society, Healing with Horses, Zimbabwe National Society for the Prevention and Cruelty to Animals, Veterinary and Animal Welfare of Zimbabwe, Riddle Stables, Friendly Animal Foundation, Tikki Hywood Foundation, Zimbabwe Republic Police Waterfalls Dog Section	Animal Feed, financial support to the Sterilisation and Vaccinations projects, and Groceries
Prisoners	Khami/Bulawayo & Matebeleland North Prisons	Supply of bread
General	Adhoc and compassionate support, and Choice Children's Choir	Supply of Roller Meal, Sugar Beans, Salt, Sponsorship, and CEO's Hampers

Sustainability
In our Value Chain (continued)

HUMAN CAPITAL

The Group's employees deliver on our tagline which is 'Passion for Value Creation'. We thrive to attract and retain talented and passionate people for our businesses and support them in their skills and knowledge development. We create a working environment which makes our employees feel that they are partners in fulfilling the Group's mission, founded on mutual trust, respect and dedication to performance, quality, respect for each other and undying passion for value creation.

Our Strategy

The Group consists of highly motivated executives, management and support teams that help the Group achieve its corporate strategy and goals. To achieve this, we focus on creating working conditions that inspire our employees to achieve set targets. We are strongly committed to labour and social standards that attract and retain excellent people and leaders whom we continue to develop through long life learning and support.

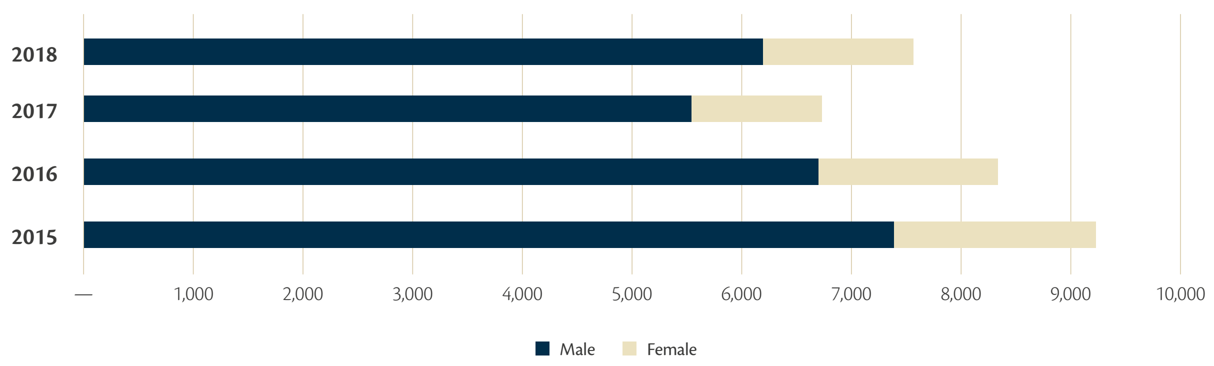
Our Management Approach

The Group provides employment opportunities through various forms that includes short-term contracts, casual positions, fixed term contracts and full time or permanent positions. These opportunities are managed through adherence to local and international labour standards. We allow our employees to be members of trade unions of their choice in our business sectors to enable us to build sustainable relations. The following presents our employee base:

Employee Base (Permanent, Contracts & Outsourced)

Total Employees	Unit	2018	2017	2016	2015
Male	Count	6 207	5 534	6 707	7 393
Female	Count	1 359	1 205	1 641	1 848
Total Employees		7 566	6 739	8 348	9 241

Employee Base



Sustainability
In our Value Chain (continued)

Employee Skills base

The Group maintains a skills base that allows sustainable value creation. Some of the Group employees are members to the following professional bodies:

- Institute of Chartered Accountants Zimbabwe (ICAZ)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ)
- The Open Group Architecture Framework (TOGAF)
- Chartered Institute of Logistics and Transport (CILT)
- Institute of People Management in Zimbabwe (IPMZ)
- Project Management Institute (PMI)
- Institute of Marketing Management - South Africa (IMMSA)

Work Related Accidents/Injuries

The Group considers health and safety in our work place as critical to all our businesses. Any incidences are treated seriously and receive the necessary attention. Regular audits are conducted to ensure safety measures are in place at all times and appropriate training conducted to ensure that all employees are aware of health and safety issues. The Group's policy is to ensure incidences are kept as low as possible.

	Unit	2018	2017	2016	2015
Total Number of Injuries	Incidence	260	266	344	354
Number of work related fatalities	Incidence	—	1	—	—
Safety Training (days)	Days	232	242	140	135

The total number of work related injuries continues to reduce due to continued health and safety training. Total number of injuries was down by 2% from 2017, relative to the number of safety training days which decreased by 4% in 2018.

Health and Safety topics covered in formal agreements with Trade Unions

The Group's commitment to health, safety and welfare for all of its employees requires all businesses to ensure that they adopt and apply best practices at all times. Our employees' workers council works with trade unions on key topics and standard practices on health and safety observed in our factories and operations. Our employees are members to several trade unions. During the year, major topics discussed at various employees sessions are presented below.

EMPLOYEE CONDITIONS
- Fatigue & Stress

SAFETY TOPIC
- Chemical Handling
- Accident Prevention
- Fire Fighting Training
- Emergence preparedness

WORKPLACE
- Fire alarm systems
- Machine Start up Procedures
- Ventilation
- Environmental Control
- Health and safety audits

HEALTH
- Respiratory Diseases
- Breathalyser Introduction
- HIV & STIs Awareness

In response to the above, our Wellness Programme managed by Providence Human Capital hosted training activities covering emergency preparedness, fire fighter training, fire drills, risks and hazards in the workplace. Audits of factories were conducted to compile adequate information to enable appropriate response and action on material issues raised. The fire fighter training established Fire Champions for the Group.

Sustainability
In our Value Chain (continued)

Enhancing Employees Wellness

The Group continues to support and prioritise safety, health and well-being of employees and their families through the Group's Wellness Program. Our wellness interventions which include counselling and coaching have continued to help manage and mitigate some adverse effects on our employees. All our centres are manned by experienced and trained personnel to provide the best support to our employees. Our strategy of integrating wellness in the workplace will continue to enhance women participation and to drive in wellness activities in the workplaces and homes.

Our Management Approach

The Group's Wellness Programme is managed through Providence Human Capital and provides primary healthcare to all our employees and their dependents through our industrial clinics. Our health clinics provide consultation, medication and where necessary transfers to referral hospitals. We also work with the City of Harare and the Ministry of Health in promoting primary healthcare to our employees and their dependents. The table below summarises Wellness activities conducted during the year:

Programmes	Activities & Outcomes
Annual Wellness Day	• 7 years running the day event. • Event activities included visual screening, dental check-up, HIV testing and counselling, men's sexual reproductive health planning, Cancer awareness, stress management, general health check, Eye testing, VCT, Blood typing, BP check, BMI, Glucose Testing and emotional counselling. • Employees from across the country participated in soccer, netball, volleyball and other activities.
HIV/Aids Programmes	• Provided awareness, Testing and Anti-Retroviral Treatment to employees and their dependants. • Distributed male and female condoms. • Voluntary counselling
Men's Health	• Hosted a men's health talk events to help men manage preventable health issues through managing their life style choices and physical activities. • Shared daily health routines for men.
Lectures and Workshop	• Conducted counselling, coaching and mentorship activities meant to guide employee to live in positive ways. • Activities provided space for learning through experiences among employees.
Cancer Awareness	• Employees participated in workplace based cancer awareness and self-examination. • Cancer Awareness dinner hosted bring together cancer survivors to share their experience.
Financial Wellness Outreach	• Monthly Financial wellness seminars were hosted to help employees take control of their finance to minimise cases of stress. • Seminars share implications of borrowing and importance of financial planning. • Retirement seminars were hosted in partnership with NSSA, Old Mutual and Minerva financial advisors.

Sustainability
In our Value Chain (continued)

Wellness Programs Attendance

Our Wellness and Health Workplace programs are proving to have a significant positive impact on the health and wellbeing of our employees, their families and in turn their communities. Therefore, the Group will continue to increase employee positive health seeking behaviour and enhance its Wellness Programmes. The Group continues to witness growth in wellness attendance and participation as presented below:

ACTIVITY	UNIT	2018	2017	2016	2015
BMI/BP/BL SUGAR	Counts	357	298	264	212
Massage & Wellness	Counts	102	82	68	23
Men's Health	Counts	205	192	180	54
HIV Testing	Counts	483	423	370	291
Counselling	Counts	903	182	170	82
Blood Typing	Counts	33	114	98	46
Cancer Awareness talks	Counts	153	472	397	312
Dental Checks	Counts	205	289	235	251
Visual Screening	Counts	99	189	154	97
Total		2 540	2 241	1 936	1 368

EMPLOYEE LIFE LEARNING AND DEVELOPMENT

Our Management Approach

We strive to ensure that our production facilities maintain the highest standard and skills, by providing opportunities to our employees to attend relevant training courses and programmes which advance their knowledge and skills that benefit our business value chain. Our life learning and development opportunities are available through internal and external training activities in an equitable manner. Below are the average training hours for our employees:

Average Training hours per Employee – Internal Training	Unit	2018	2017	2016	2015
Male	Hours	85	43	35	38
Female	Hours	71	69	29	32

HUMAN RIGHTS IN OUR BUSINESS

Our Management Approach

The Group believes that every human has rights that need to be observed including our employees in the work place. We recognise guiding principles for business and human rights as developed by the United Nations (UNGP) which are also included in the GRI Standards. The Group monitors practices in our business conduct and engagement with employees. All business units are encouraged to manage human rights issues as a risk to our business and brands by conducting human rights assessments.

During the reporting year, some of our business units managed to conduct human rights assessment for the first time and the results were encouraging. As such, the Group will continue to extend the assessments across the Group after Human Rights Training has been conducted by our internal human resources services managed by Providence Human Capital in the next financial year. During the year, no material human rights issues were brought to the attention of management.

Sustainability
In our Value Chain (continued)

RESPONSIBLE PRODUCTION

The Group strives to ensure that our production facilities maintain the highest of standards that do not compromise on quality and safety of our consumers and employees. We take comprehensive preventative measures to ensure that our production facilities meet the highest standards which allow responsible consumption of raw materials in our production processes.

PRODUCTS RESPONSIBILITY

Our Management Approach

We monitor and review the safety of our products through our quality control units from raw material procurement, production all the way to our customers. We do this through customer satisfaction surveys and engagements. We work continuously to ensure that our products pose no risk to our customers, consumers, employees and the environment and that they are, and are seen to be used responsibly and in the manner intended. Our Strategy is to ensure that high standards are applied in the manufacturing and distribution process. For the reporting year, our companies retained their ISO9001, ISO17025, ISO22000 and FSS22000 certifications.

During the year, the outcomes of our customer satisfaction surveys showed that customers were generally satisfied with the quality of our products. Our brands received significantly higher rankings in the market in terms of awareness and satisfaction rating. The Group continues to promote responsible marketing by ensuring that all our products contains all necessary information on the product for our consumers.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Sustainable Development Goals (SDGS) Contribution

Sustainable development is critical in all our businesses. Our vision is to 'Improve the quality of life of the customers in our chosen markets' which is in line with the United Nations supported Sustainable Development Goals (SDGs). These goals have been incorporated into the way we operate, therefore, it is important for our Group to contribute to their achievement.

Our Management Approach

The Group ensures that actions taken on implementing our sustainability strategies contribute to the implementation of SDGs in the places we operate. Our actions are aligned to contribute to the 10 national priority SDGs adopted by the Government of Zimbabwe. Our approach is to ensure that we continue to report on our contribution to the SDGs along our sustainability reporting using the newly launched guide manual developed by GRI and United Nations Global Compact (UNGC) for Business Reporting on SDGs. During the year, some of our actions and contributions were towards the following SDGs:

Sustainability
In our Value Chain (continued)

SDG	Theme	Our Business Response(s)
3 GOOD HEALTH AND WELL-BEING	'Good health and well-being'	• Provided support to our employees and their families through wellness programmes (total of 2 540 people attended wellness activities).
4 QUALITY EDUCATION	'Quality Education"	• Provided employees with training and education. Our average training hours were 85 hours for male and 71 hours for female. • The Group supported a number of schools across the country with learning materials, food stuffs and sporting equipment.
6 CLEAN WATER AND SANITATION	'Ensure availability and sustainable management of water and sanitation'.	• The Group enhanced the utilisation of water resources in its operation by effectively managing the resource in a way that meets regulatory requirements and avoiding harming water sources.
7 AFFORDABLE AND CLEAN ENERGY	'Sustainable and modern energy'.	• The Group monitors energy utilisation and continues to work towards clean energy in business operations.
8 DECENT WORK AND ECONOMIC GROWTH	'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.	• The Group enhanced its production efficiency for materials used to minimise waste, production energy and waste disposal (see above sections).
	'Employment and decent work for all'.	• Created and sustained employment and decent working conditions through health and safety, and wellness programmes.
	'Promote sustained, inclusive and sustainable economic growth'	• Distributed economic value created to support economic growth through taxes paid to government, employee welfare, supporting community development and local supply chain support in our business activities (See Economic Value Distributed statement on **page 84**).
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	'Promote peaceful and inclusive societies for sustainable development'.	• Financial investment of US$1 425 929 into various social, community development and charities.

Sustainability
In our Value Chain (continued)

ECONOMIC PERFORMANCE

We are operating in an economic environment heavily constrained by domestic and global challenges which impact on our business performance. As the global economic slowdown in major economies continues, the Group continues to take appropriate measures and strategies to explore alternative opportunities for value creation.

Our Strategy

We continue to build a resilient Group of businesses that will create and deliver sustainable value for our shareholders and stakeholders. Our strategy is to ensure that our experienced teams with industry expertise, deep market knowledge and entrepreneurial creativity continue to manage all capitals deployed for value creation and sustaining in the short and long term.

DEFINED CONTRIBUTION PENSION PLAN

Our Management Approach

The Group ensures that all qualifying employees are members of voluntary and statutory pension schemes managed through self-administered defined contribution pensions and the relevant statutory bodies. We manage the Innscor Africa Limited Pension Fund, National Foods Pension Fund and Colcom Pension Fund under the Group. Compulsory external schemes comprise the National Social Security Authority Scheme, Workers Compensation Insurance Fund and the Catering Industry Pension Fund.

The total contributions to the schemes for the year is presented below:

	Unit	2018	2017	2016	2015
Amount Paid	US$	4 286 639	4 446 408	3 230 269	3 363 290

Economic Value Distributed

Economic value generated is distributed through different forms that include operating costs, employment, procurement, taxes and capital investment which is presented in detail through our financial statements. However, in this section, we present distributions considered significant and material to our stakeholders.

Economic Value Generation	Unit	2018	2017	2016	2015
Value Generated	US$	235 386 509	210 019 919	207 930 097	196 645 360
Other income and interest	US$	5 278 646	4 527 464	5 905 253	6 341 000
Equity Accounted Earnings	US$	11 785 408	6 223 551	4 760 760	2 872 970
	US$	252 450 563	220 770 934	218 596 110	205 859 330
Economic Value Distribution					
Other operating costs	US$	(85 793 959)	(81 622 545)	(83 600 705)	(84 122 337)
Staff Costs and benefits	US$	(75 327 739)	(66 088 198)	(72 183 166)	(71 045 397)
Impairment and related charges	US$	(3 611 024)	(9 908 385)	(1 708 921)	(415 868)
Depreciation and Amortisation	US$	(16 619 630)	(15 289 432)	(15 974 415)	(14 291 179)
Providers of Capital	US$	(8 226 676)	(6 233 574)	(6 127 835)	(4 806 204)
Provision for Taxes	US$	(14 155 566)	(7 940 188)	(8 523 652)	(8 038 306)
Value Added	US$	48 715 969	33 688 612	30 477 416	23 140 039

Sustainability
In our Value Chain (continued)

Payments to Government

Our payments to Government are through taxes, licences and fees paid by our operations. Below is a summary of taxes paid by continuing operations.

	Unit	2018	2017	2016	2015
Corporate Tax – Associates	US$	5 224 084	1 084 357	1 148 496	1 007 136
Corporate Tax – Subsidiaries	US$	8 226 676	6 562 720	11 548 556	9 186 042
Net Value Added Tax (VAT)	US$	5 249 569	6 624 349	5 855 393	3 950 770
Import Duty	US$	5 419 164	4 359 389	5 124 560	5 045 309
Other Taxes	US$	9 683 949	5 259 775	5 718 613	5 012 956
Grand Total	US$	33 803 447	23 890 950	29 395 618	24 202 212

Sustainability
In our Value Chain (continued)

Group Awards

The Group received the following awards during the period.

- 1st Prize – "Best Governed Company on the ZSE" – Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)'s National Corporate Governance Awards 2016.
- 1st Prize – "Best Stakeholders Practices and Sustainability Reporting for ZSE Listed Company" - Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) 's National Corporate Governance Awards 2016.
- 3rd Prize – "Best Shareholder Treatment for a Company Listed on the ZSE" – Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)'s National Corporate Governance Awards 2016.

Individual Businesses Awards

- 20 of the Group Brands and Products were listed in the Top 100 Zimbabwe Megafest Brands Survey 2017.

The following companies received specific accolades:

NATIONAL FOODS LTD

- Products of the year **(1st Runner-up)** (Broiler Tri-phase range; Layer Tri-phase range; Red Seal Dog Meal) - Buy Zimbabwe

PRObrands

- **6th Position** Marketers Association of Zimbabwe (Business to Business brand of the year)
- **Winner** - Megafest leader in FCMG category

amp

- AMP Meats - **Best Butchery Retailer of the Year**

BAKER'S INN
Better taste, more value

- 1st position Business to Consumer Rankings (2017) - Superbrands
- **1st position** FMCG Bakery Sector (2017) Superbrands

Business
Association Memberships

The Group and its businesses are involved in a number of bodies and associations or have employees that belong to these industrial bodies and associations. Depending on the business, the membership is to the following bodies:

General

- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- CFU - Commercial Farmers Union
- Business Council for Sustainable Development Zimbabwe (BCSDZ)

Industry

- Federation of Master Printers of Zimbabwe (FMPZ)
- Zimbabwe Poultry Association (ZPA)
- Health Professions Authority of Zimbabwe (HPAZ)
- Pig Producers Association of Zimbabwe (PPAZ)
- Livestock Identification Trust (LIT)
- National Bakers Association of Zimbabwe (NBAZ)
- Stock feeds Manufacturers Association (SMA)
- Livestock Meat Advisory Council (LMAC)
- Grain Millers Association of Zimbabwe (GMAZ)
- Zimbabwe Association of Dairy Farmers (ZADF)
- Zimbabwe Dairy Industry Trust (ZDIT)
- Dairy Processors Association of Zimbabwe (DPAZ)
- Groceries Manufacturers Association (GMA)
- Association of Meat Importers & Exporters (AMIE)

STANDARDS & CERTIFICATIONS

We act according to values and standards prescribed in our business value chain to deliver high quality products and services. We strive to uphold national laws and regulations while taking into account global best practices and standards. The Group subscribes to the following international and local standards:

- ISO 9001 [SABS]
- ISO 22000 [SABS]
- ISO 17 025 [SABS]
- FSSC 22000
- Health Professions Authority of Zimbabwe (HPA)
- Agricultural Marketing Authority (AMA)
- Ministry of Health Certification
- Ministry of Agriculture Certification
- Factory License (National Social Security Authority)
- City Health License (City of Harare)
- Environmental Management Agency Licences
- Health Registration Certificate (Ruwa Town Council)

Prize giving held for the Visual Arts Festival 2018, proudly sponsored by Innscor Africa Limited.

ANNUAL **FINANCIAL STATEMENTS**

Directors' Responsibility and Approval of Financial Statements

The Directors of the Company are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. Innscor maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports and the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of Innscor it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements for the year ended 30 June 2018, which appear on **pages 99** to **184,** have been approved by the Board of Directors and are signed on its behalf by:

A B C CHINAKE
Chairman
Harare
27 September 2018

G GWAINDA
Executive Director

Company Secretary's Certification

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
27 September 2018

Report of Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2018.

Share Capital

At 30 June 2018 the authorised share capital of the Company comprised of 800 000 000 ordinary shares of USD 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.01 (one cent) each. The issued share capital was at USD 5 597 264 divided into 559 726 470 ordinary shares of USD 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.01 (one cent) each.

Group Results	**USD**
Profit before tax	62 871 535
Tax	(14 155 566)
Profit for the year	48 715 969
Non-controlling interests	(15 833 303)
Profit for the year attributable to equity holders of the parent	32 882 666

Dividends

Ordinary shares

The Board declared an interim dividend of 0.93 US cents per share and a final dividend of 1.23 US cents per share. This brings the total dividend in respect of the 2018 financial year to 2.16 US cents per share.

Non-voting class "A" ordinary shares

The Board declared an interim dividend of USD 261 000 and a final dividend of USD 344 000 to the Innscor Africa Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2018 financial year to USD 605 000.

Directors and their Interests

In terms of the Company's Articles of Association, Messrs A.B.C. Chinake and M.J. Fowler retire from office by rotation at the Company's Annual General Meeting of Shareholders on 5th December 2018 and being eligible offer themselves for re-election as Directors. The beneficial interests of the Directors in the shares of the Company are disclosed in **Note 23.4** of the financial statements.

Directors' Fees

Members will be asked to approve the payments of the Directors' fees in respect of the year ended 30 June 2018.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2018 and to reappoint Ernst & Young Chartered Accountants (Zimbabwe) as auditors of the Company to hold office for the ensuing year.

For and on behalf of the Board.

A B C CHINAKE
Chairman
Harare
27 September 2018

A D LORIMER
Company Secretary

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INNSCOR AFRICA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Innscor Africa Limited and its subsidiaries ("the Group) set out on pages 99 to 184, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
1. Fair valuation of the biological assets	
Biological assets accounted for 2.7% (2017: 1.9%) of total assets and the fair valuation of biological assets represents an area of significant judgment. The valuation of biological assets is dependent on the weight ranges and cold dressed mass (CDM) of pigs at each age, market prices of layers and cattle at the nearest active market and costs incurred in rearing birds. The valuation of biological assets was important to our audit given the valuation models needed to take into account numerous factors and judgements as well as use of unobservable inputs such as age, weight and mortality details, that directly affect the value of the biological assets produced. The disclosures relating to biological assets are included in Notes 20.1 and 20.2 to the consolidated financial statements and relating non-current biological assets and inventory biological assets respectively.	Our key procedures included, among others, the following: - Evaluated the reasonableness of management's assumptions with reference to the economic environment, related industry norms and other relevant factors/ considerations. - Assessed the fair valuation process adopted by management for conformity with the requirements of International Financial Reporting Standards, specifically International Accounting Standard (IAS) 41: *Agriculture.* - Assessed the consistency of application of the valuation model compared with prior year. - Independently calculated a range of fair values per farm, biological asset category and per age bands taking into account of factors such as the different locations and feeding systems. - Compared the valuation model inputs including age of livestock, cold dressed mass, present average live weight, feed consumption, assumed mortality, cull age and market price at point of lay to internal and external data. - Re-performed the valuation process using management's model.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
2. Inventory existence	
A key part of the Group business involves milling of flour and maize as well as manufacture of stockfeed. These processes require procurement and storage of large quantities of raw materials and finished goods. The Group uses its own and leased silos for storage of bulk inventory and which typically need to be calibrated for the specific types of products stored. In determining quantities in stock on a periodic basis, management performs validation checks through silo dipping from which quantity measurement estimations are computed. These are corroborated through checks with the detailed records maintained including throughput reconciliations. Variances arising are benchmarked to expectations set as part of the business model. The estimation process used to determine the existence of maize, flour and stockfeed inventory was considered significant to our audit of the existence of inventories as it required considerable reliance on management procedures and review of large amounts of data arising from receipting and issuance transactions. As disclosed in Note 21 to the consolidated financial statements, raw materials amounted to $58,970,923 representing 10.4% and 20.9%% of total assets and current assets respectively.	Our procedures included among others; - Attended the year end physical inventory counts, observing the counting and quantity estimation processes and compared the inventory count results to underlying stock records. - Tested management's controls in place specifically the key process whereby periodically they empty silos and reconcile to the perpetual inventory records. - Assessed the estimated inventory quantities by reviewing the models and processes including silo calibration and compared it to prior periods. - Compared estimated inventory quantities to throughput reconciliations and other inventory records. - Performed analytical procedures on the amount of purchases of raw materials and the amounts of raw materials issued into finished goods and then sold to assess whether the inventory movements during the year were in line with our expectations. Where actual values were outside our expectation we corroborated management's explanation for the difference through inspection of, for example, invoices from suppliers and issues into finished goods.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
3. Inventory valuation	
The Group imports a large portion of its raw materials. Funding these imports requires significant amounts of foreign currency which has been in short supply which results in increased costs. The valuation of inventories therefore becomes key as the models are complex, involve large pieces of data derived from operating and accounting computer systems and allocation of costs based on management consideration of operating capacity, historical trends and unique production models. This required extensive validation of inputs and re-computations as management's estimation processes are continuously changing to account for shifting market dynamics. As a result, the valuation of finished goods was considered a key audit matter. Due to the magnitude of the account balance of $13,079,618 representing 2.3% and 4.6% of total assets and current assets respectively on the consolidated statement of financial position and the complex costing models which required extensive validation of inputs and re-computations. Inventory details are disclosed in Note 21 to the consolidated financial statements.	For our audit, the key procedures involved ; - Involved our Information Technology (IT) Risk Assurance experts as part of the audit team to test the configuration of the inventory system to assess the system computed unit costs for processed meat based on the approved recipes for each finished product. - Evaluated the models in use, including the first-in-first-out basis for raw materials and finished goods and, where appropriate, direct labour and manufacturing overheads related to stage of manufacture based on applicable accounting conventions and the Group's production processes. - Tested a sample of costing calculations to underlying purchase invoices and the transfer from raw material to finished goods. - Evaluated re-computations on selected product lines and assessed the Group's application of the valuation policy based on the lower of cost and net realisable value. - Considered the consistency of the application of the valuation method to prior year processes.

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
4. Allowance for credit losses	
A significant part of the Group's revenue from sales of goods is derived from credit sales to varied customers including large wholesalers and retailers. The Group's net trade receivables at 30 June 2018 amounted to $51,613,277 (9.1% of total assets and 18.3% of current assets) after accounting for an allowance for credit losses of $7,215,266 (or 12.3% of gross trade receivables). Accordingly, the Group is exposed to credit risk which continues to be high in view of the recurrent adverse economic and business environment. Risk mitigation across the group companies occurs through a number of well-defined and structured processes such as credit evaluations & approvals and collateral security arrangements. The process of both managing the debtors' book and determining allowance for credit losses involves considerable management time and judgements on accounts and amounts to be booked as doubtful. The determination of the adequacy of the allowance for credit losses on trade receivables was significant to our audit due to the significant amount of effort devoted in evaluating management's processes, estimates and judgements and reviewing supporting evidence from different sources. Related disclosures are included in Note 22 to the consolidated financial statements.	Our audit procedures included among others; - Evaluated evidence supporting trade receivables which were past due but not impaired such as collateral security arrangements in place, payments plans and post year end movements. - Recalculated the allowance for credit losses based on the group wide model and taking account of specific circumstances unique to some of the customers. - Inspected external lawyers' confirmations and internal legal correspondence for matters handled during the year in relation to customer accounts for consideration in the allowance for credit losses. - Obtained management representations on the allowance for credit losses booked as at 30 June 2018. - Assessed the Group's disclosures by comparing it to the accounting policies and the requirements of International Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Chairman's Statement and the Company Statement of Financial Position, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. The Review of Operations, Director's Responsibility and Approval of Financial Statements and the Report of Directors are expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements, have in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practising Certificate Number 132).

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare
27 September 2018

Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	2018 USD	2017 USD
Continuing Operations			
Revenue	8	631 282 790	580 303 226
Cost of sales		(395 896 281)	(370 283 307)
Gross profit		235 386 509	210 019 919
other income	9.1	2 897 171	3 209 448
operating expenses	10	(161 121 698)	(147 710 743)
Operating profit before depreciation, amortisation and fair value adjustments		77 161 982	65 518 624
financial loss	9.2	(3 611 024)	(9 908 385)
depreciation and amortisation		(16 619 630)	(15 289 432)
fair value adjustments on listed equities	19.2	(860 467)	—
fair value adjustments on biological assets	20.4	1 815 522	(321 170)
Profit before interest, equity accounted earnings and tax		57 886 383	39 999 637
interest income	11.1	1 426 420	1 639 186
interest expense	11.2	(8 226 676)	(6 233 574)
equity accounted earnings	17.1	11 785 408	6 223 551
Profit before tax		62 871 535	41 628 800
tax expense	12.1	(14 155 566)	(7 940 188)
Profit for the year from continuing operations		48 715 969	33 688 612
profit for the year attributable to equity holders of the parent	6.4	32 882 666	23 915 544
profit for the year attributable to non-controlling interests		15 833 303	9 773 068

Group Statement of Profit or Loss and Other Comprehensive Income (continued)

for the year ended 30 June 2018

	Note	2018 USD	2017 USD
Discontinued and Discontinuing Operations			
Profit after tax for the year from discontinued and discontinuing operations	13	—	983 931
profit after tax for the year from operations	13	—	734 437
recycling of foreign exchange differences arising on disposal of foreign operations	24	—	249 494
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	24	—	(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 attributable to:			
equity holders of the parent	25	32 882 666	25 717 439
non-controlling interests	26	15 833 303	8 955 104
		48 715 969	34 672 543
Total comprehensive income for the year attributable:			
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	6.4	5.99	4.43
Basic earnings per share - continuing and discontinuing operations	6.7	5.99	4.76
Headline earnings per share - continuing operations	6.4	6.09	4.74
Headline earnings per share - continuing and discontinuing operations	6.7	6.09	4.57
Diluted basic earnings per share - continuing operations	6.4	5.99	4.42
Diluted basic earnings per share - continuing and discontinuing operations	6.7	5.99	4.75
Diluted headline earnings per share - continuing operations	6.4	6.09	4.73
Diluted headline earnings per share - continuing and discontinuing operations	6.7	6.09	4.56

Group Statement of Financial Position

As at 30 June 2018

	Note	2018 USD	2017 USD
ASSETS			
Non-current assets			
property, plant and equipment	15	181 132 524	166 731 014
intangible assets	16	38 953 388	38 952 509
investments in associates	17	40 425 550	28 426 278
other financial assets	19	14 417 752	7 093 139
biological assets	20.1	2 643 232	1 626 343
deferred tax assets	27.1	4 920 894	7 905 502
		282 493 340	250 734 785
Current assets			
other financial assets	19	—	100 266
biological assets	20.2	12 508 176	7 329 155
inventories	21	90 444 976	76 967 363
trade and other receivables	22	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	13.1	3 402 447	—
		282 650 190	222 182 740
Total assets		565 143 530	472 917 525
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23.2	5 597 264	5 415 934
class "A" ordinary share capital	23.2	10	10
share premium	14.6	17 811 532	—
other reserves	24	(12 826 920)	(2 866 055)
distributable reserves	25	205 333 414	183 872 413
attributable to equity holders of the parent		215 915 300	186 422 302
non-controlling interests	26	105 641 812	99 036 477
Total equity		321 557 112	285 458 779
Non-current liabilities			
deferred tax liabilities	27.1	29 935 155	28 201 694
interest-bearing borrowings	28.1	4 627 166	11 966 016
		34 562 321	40 167 710
Current liabilities			
interest-bearing borrowings	28.1	85 169 851	69 920 969
trade and other payables	29	120 381 353	75 023 977
provisions and other liabilities	30	2 522 215	2 294 717
current tax liabilities	31	780 527	51 373
		208 853 946	147 291 036
Liabilities directly associated with the assets classified as held for sale	13.1	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

A B C CHINAKE
Chairman
Harare
27 September 2018

G GWAINDA
Executive Director

Group Statement of Changes in Equity

		Attributable to equity holders of the parent												
					Other Reserves									
	Note	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	7.1 & 7.2	—	—	—	—	—	—	—	—	—	(7 275 412)	(7 275 412)	(6 394 444)	(13 669 856)
Acquisition of treasury shares	24.4	—	—	—	—	—	—	(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	26.1	—	—	—	—	—	—	—	—	—	—	—	2 041 256	2 041 256
Distribution to owners	25 & 26	—	—	—	—	—	—	—	—	—	(3 803 453)	(3 803 453)	345 454	(3 457 999)
Derecognition of subsidiaries on disposal	25 & 26	—	—	—	622 763	—	8 664	—	—	631 427	—	631 427	1 371 882	2 003 309
Utilisation of treasury shares	24	—	—	—	—	—	—	946 400	—	946 400	1 053 600	2 000 000	—	2 000 000
Other transactions with owners in their capacity as owners	24; 25 & 26	—	—	—	—	—	—	(41 188)	—	(41 188)	(793 513)	(834 701)	(217 632)	(1 052 333)
Share-based payment charge for the year, net of tax	23.3	—	—	—	—	—	—	—	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	7.1 & 7.2	—	—	—	—	—	—	—	—	—	(10 530 535)	(10 530 535)	(6 977 060)	(17 507 595)
Issue of shares - Acquisition of Colcom Holdings Limited non-controlling interests	14.6	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	26.1	—	—	—	—	—	—	—	—	—	—	—	6 181 689	6 181 689
Acquisition of treasury shares	24.4	—	—	—	—	—	—	(335 935)	—	(335 935)	—	(335 935)	—	(335 935)
Acquisition of non-controlling interest	14.6; 25 & 26	—	—	—	(10 342 638)	—	—	—	—	(10 342 638)	—	(10 342 638)	(7 790 392)	(18 133 030)
Disposal of treasury shares	24.4	—	—	—	—	—	—	41 188	—	41 188	132 240	173 428	217 418	390 846
Other transactions with owners in their capacity as owners	25 & 26	—	—	(140 168)	—	—	—	—	—	—	(1 023 370)	(1 163 538)	(859 194)	(2 022 732)
Share-based payment charge for the year, net of tax	23.3	—	—	—	—	—	—	—	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

Group Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 USD	2017 USD
Cash generated from operating activities	14.1	95 308 153	16 266 561
interest income - continuing and discontinuing operations	11.1	1 426 420	1 640 121
interest expense - continuing and discontinuing operations	11.2	(8 226 676)	(6 613 468)
tax paid - continuing and discontinuing operations	14.2	(8 171 060)	(6 562 720)
Total cash available from operations		80 336 837	4 730 494
Investing activities	14.3	(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
dividends paid by holding company	7.1	(10 530 535)	(7 275 412)
dividends paid by subsidiaries to non-controlling interests	7.2	(6 977 060)	(6 394 444)
drawdowns on borrowings	28.2	57 963 216	29 168 113
repayment of borrowings	28.2	(50 053 184)	(9 636 085)
purchase of treasury shares	24.4	(335 935)	(1 298 255)
cash received from non-controlling interests	26.1	6 504 180	583 257
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

Notes to the Financial Statements

1 Corporate Information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 14 September 2018. Innscor Africa Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The principal activities of the Group include that of the light manufacturing of fast moving and durable consumer goods.

2 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements also comply with the Zimbabwe Companies Act (Chapter 24:03) and Zimbabwe Stock Exchange (ZSE) listing rules.

2.1 Going concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments and biological assets that have been measured at fair value. The consolidated financial statements are presented in United States of America Dollar (USD) and all values are rounded to the nearest dollar, except where otherwise indicated.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Financial Statements (continued)

3 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognise any resulting difference as gain or loss in profit or loss attributable to the parent.
- Reclassify to profit or loss or transfer direct to retained earnings if amount recognised in other comprehensive income in relation to the subsidiary.

4 Changes in accounting policy and disclosures

4.1 New and Amended IFRSs adopted

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in **Note 28.2**

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective.

a. Classification and Measurement of Share-based Payment Transaction – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Based on management's assessment the standard will not have any impact on the Group's consolidated financial statements.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

b. IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group plans to adopt the new standard on 1 July 2018 and will not restate comparative information.

The Group is performing an impact assessment of the classification and measurement principles of IFRS 9 as well as the assessment on the impact of impairment.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. There is no longer a cost exemption (for equity instruments).

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, are considered to be in default or otherwise credit impaired, are in 'stage 3'. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39, and the resulting impairment charge may be more volatile.

The group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required by IFRS 9. In general, the directors anticipate that the application of the expected loss model for IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

Transitional impact

The requirements of IFRS 9 'Financial Instruments' will be adopted from 1 July 2018. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening Statement of Financial Position at the date of initial application, with no requirement to restate comparative periods. The Group does not intend to restate comparatives.

The Group and its components are in the process of implementing this standard effective 1st of July 2018.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

c. IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate transaction price to performance obligation
Step 5: Recognise revenue

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e when 'control' of the goods or service underlying the performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, IFRS 15 requires extensive disclosures.

The Group and its components are in the process of implementing this standard effective 1st of July 2018 and will adopt a modified approach in implementing IFRS 15.

d. IFRS 16 – Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17 ,that is, Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

d. IFRS 16 – Leases (continued)

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. These changes are likely to have a significant impact on the Group, given the Group's leasing arrangements.

The Group embarked in training for key finance personnel on the requirements and implementation of IFRS16.

e. IAS 40 Investment Property: Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

These amendments are effective for annual financial statements for periods beginning on or after 1 January 2018.

The Group do not have investment properties hence the amendment will not have an impact to the Group.

f. IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Effective date of this amendment was postponed indefinitely and the Group is currently assessing the impact of the proposed amendment.

g. Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts that is, a temporary exemption from applying IFRS 9 and an overlay approach.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

Temporary exemption from IFRS 9:

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest.

The overlay approach:

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income.

The Group and its subsidiaries do not have insurance operations hence the amendment will not have impact on its financial statements.

h. IFRS 17 – Insurance Contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods starting on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Board decided on a retrospective approach for estimating the CSM on the transition date.

IFRS 17, together with IFRS 9, will result in a profound change to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

The amendments are effective for annual financial statements for periods beginning on or after 1 January 2021.

The Group and its subsidiaries do not have insurance operations hence the standard will not have impact on its financial statements.

i. IFRS 11 – Joint arrangements - Previously held Interests in a joint operation

The amendment clarifies that, a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019 whilst earlier application is permitted.

The amendments do not have an impact on the Group's consolidated financial statements.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

j. IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019 whilst earlier application is permitted.

The Group is assessing the potential effect of the amendments on its consolidated financial statements.

k. IFRIC 22 – Foreign currency transactions and advance considerations

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

l. IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. However, as the Group does not operate in a complex tax environment, applying the Interpretation may not have significant impact on its consolidated financial statements and the required disclosures.

m. IFRS 1 – First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

With effect from 1 January 2018, IASB deleted paragraph E3-E7 of IFRS 1, that deals with short-term exemptions because they have now served their intended purpose.

This amendment is not applicable to the Group.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

n. IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity, associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity, associate or joint venture first becomes a parent.

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

The amendments do not have an impact on the Group's consolidated financial statements since there are no investments in Associates and Joint ventures measured at fair value.

o. Prepayment Features with Negative Compensation - Amendments to IFRS 9

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small. Most likely, the costs to terminate a 'plain vanilla' interest rate swap that is collateralised, so as to minimise the credit risks for the parties to the swap, will meet this requirement.

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the remainder of IFRS 9.

The Group will assess the impact of the proposed improvement and implement when applicable.

p. Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28

The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

p. Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28 (continued)

The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

The Group is still assessing the impact of the proposed improvement and will implement when applicable.

q. IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

The Group is still assessing the impact of the proposed improvement and will implement when applicable.

r. Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

When accounting for defined benefit plans under IAS 19, the standard generally requires entities to measure the current service cost using actuarial assumptions determined at the start of the annual reporting period. Similarly, the net interest is generally calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the annual reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset)

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019. Early application is permitted and should be disclosed.

The Group is still assessing the impact of the proposed amended and will implement when applicable.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

4.2 Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective. (continued)

s. The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The Group is still assessing the impact of the proposed amendments.

t. AIP IFRS 3 Business Combinations - Previously held Interests in a joint operation

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.

In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

The Group is still assessing the impact of the proposed improvement and will implement when applicable.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding discounts, rebates, and value added tax. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery and when the entity retains neither continual managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income

Revenue is recognised as interest accrues using the effective interest method ,that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed as incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Employee benefits

Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Innscor Africa Limited Pension Fund, the Catering Industry Pension Fund, National Foods Pension Fund and Colcom Pension Fund. The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Employee benefits (continued)

Retirement benefit costs (continued)

All eligible employees contribute to the National Social Security Authority defined contribution pension scheme, or the equivalent in foreign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Leases-Group as Leasee

The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

Leases where all the risks and benefits of ownership of the asset are not transferred to the Group are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease period.

Royalties

Royalties are calculated as per agreed contracts and are expensed on an accrual basis.

Foreign currency translation

The Group's financial statements are presented in United States Dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated on retranslation of non-monetary items are treated in line with the recognition of gain or loss on change in fair value of the item.

Foreign operations

Assets and liabilities of subsidiaries and associated companies denominated in foreign currencies are translated into United States Dollars at rates of exchange ruling at reporting date and their statements of comprehensive income results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two.

Where there are drastic movements between the opening and closing rates of exchange, the statement of comprehensive income results are translated on a month on-month basis using the average rate of exchange for each month. Differences on exchange arising from re-translation of the opening net investment in subsidiaries and associated companies and from the translation of the results of those entities at average rates, are recognised in other comprehensive income.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Business combinations and Goodwill (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, that is a financial instrument, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed and the amount recognised for non-controlling interest. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are requiring replacement in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is carried at cost and is not depreciated whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets.

The various rates of depreciation are listed below:

Freehold property	-	2%
Leasehold improvements	-	the lesser of period of lease or 10 years
Plant, Fittings and Equipment	-	3% - 25%
Vehicles	-	10% - 30%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor jointly controlled operations. Under the equity method, investments in associates are initially carried in the statement of financial position at cost. Subsequently, the investments in associates are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associates less dividends received from the associates. Goodwill relating to an associate is included in the carrying amount of the investment. The statement of comprehensive income reflects the share of the results of operations of the associates attributable to the Group.

Loans to associates are also included as part of net investment in associates.

Where there have been changes recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Investments in associates (continued)

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence, and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Financial assets

Financial assets include trade and other accounts receivable, cash and cash equivalents and investments. Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near-term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. These are initially measured at fair value. After initial measurement held-to-maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other accounts receivables are subsequently carried at amortised cost. Allowance for credit losses is made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are impaired when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Financial liabilities include trade and other accounts payables, bank overdrafts and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Biological assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, pigs, birds and hatching eggs. At initial recognition, biological assets are valued at fair value.

Subsequent to initial recognition, biological assets are measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Refer note 20.3 on determination of fair value of biological assets.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Fair value movements on biological assets are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. In general, cost is established on the first in, first out basis. Cost represents the cost of materials and, where appropriate, direct labour and manufacturing overheads related to stage of manufacture. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any certain reimbursements.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a borrowing cost.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Provision for warranty claims

In respect of provision for warranty claims, the Group warrants its refrigeration products, television products and certain component parts. The provision is made on the basis of previous experience of the incidence of such claims.

Contingent liabilities

Contingent liabilities, which include certain financial guarantees, litigation and other letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of Value Added Tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. Costs to sale are the incremental costs directly attributable to sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to a plan to sell the asset and the sale should be expected to qualify for recognition as a complete sale within one year from the date of classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Non-current assets held for sale and discontinued operations (continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
  Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in **Note 13.1**. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in **Note 23**.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Further details are given in **Note 6**.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Board of Directors.

Key estimates, uncertainties and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

i) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on **page 117** and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

ii) Fair valuation of biological assets

Pigs

The Group estimates the slaughter weights of the pig grower head based on a 21 week profile. The Group also estimates average slaughter weights for the breeding head. Refer **Note 20.3** on fair value determination.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

ii) Fair valuation of biological assets (continued)

Birds and hatching eggs

Breeder livestock is valued at fair value based on the replacement cost of the livestock in an active market. The valuation of broilers livestock is fair value based on the price of chicken per kilogram in the market. Layers are valued at fair market price less selling costs. Fair market price is determined from the price the company sells point of lay and end of lay birds to the market.

Refer to **Note 20.2** and **Note 20.3** for the carrying amount of biological assets and the estimates and assumptions used to determine fair value.

iii) Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the value of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to **Note 27** for the carrying amount of deferred tax assets and the evidence supporting recognition.

iv) Material non-controlling interest

The Group considers non-controlling interest in investees to be significant if it holds less than the majority voting rights in investee. Refer **Note 18.2** for financial information disclosure relating to material non-controlling interest.

v) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Refer to **Note 16** for the assumptions applied in testing cash generating units with goodwill for impairment

vi) Consolidation of entities in which the Group holds less than majority of voting rights

For the Group's investments in National Foods Holdings Limited, Irvine's Zimbabwe (Private) Limited, Syntegra Solutions (Private) Limited and Callcape Investmets (Private) Limited (in both current and prior year), the Group has determined that it has control over these entities as defined by IFRS 10 and as such, these entities have been consolidated as subsidiaries.

For National Foods Limited, the Group contractually has the right to appoint both the entity's Managing Director, Financial Director and two other Board members. For Irvine's Zimbabwe (Private) Limited, the Group contractually has the right to appoint both the Board Chairperson and the entiy's Chief Executive Officer.

Refer to **Note 18.2** for more details on National Foods Holdings Limited and Irvine's Zimbabwe (Private) Limited.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

vii) Non-consolidated entities

For the Group's investments in Paperhole Investments (Private) Limited, Afrigrain Trading Limited, Bakers Inn Logistics (Private) Limited and National Foods Logistics (Private) Limited, the Group has determined that it does not have control over these entities as defined by IFRS 10 and as such, these entities have not been consolidated and are equity accounted in accordance with IAS 28 'Investments in Associates and Joint Ventures'. The current shareholding arrangement is such that the Group does not have a controlling interest in these entities.

viii) Share Based Payments

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Share Options awarded to employees in terms of the rules of the 2016 Innscor Africa Limited Share Option Scheme are measured by reference to the fair value at the date on which they are granted. Estimating the fair value for share-based payments transactions requires determining the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield and making assumptions about them. The fair value is determined by an external valuer using the Binomial Tree model, further details of which are provided in **Note 23.3**.

The cost of equity settled transactions is recognised, together with the corresponding increase in equity, over the period in which the services conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised reflects the extent to which the vesting period has expired and the group's best estimates of the number of equity instruments that will ultimately vest. The profit or loss charge for the period represents the movement in the cumulative expense at the beginning and end of that period.

ix) Accounting for Indigenisation Compliance Transactions

Where equity instruments are issued in compliance to the Indigenisation rules at less than fair value, the instruments are accounted for as a share-based payments in terms of the stated policy. Any difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in the statement of profit or loss and other comprehensive income.

x) Treasury Shares

Share in Innscor Africa Limited held by and within the Group are classified within total equity as treasury shares. Treasury shares are treated as a deduction from the issued share capital and weighted average number of shares for earnings per share and headline earnings per share purposes, and the cost price of the shares is reflected as a separate component of capital and reserves in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.

No gain or loss is recognised on the purchase, sale, issue or cancellation of treasury shares. Consideration received or paid in respect of treasury shares is recognised in equity.

Notes to the Financial Statements (continued)

6 Earnings per share

6.1 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.

6.2 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 6.4** 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 6.4** below.

6.3 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:

	2018 USD	2017 USD
6.4 Continuing Operations		
Net profit attributable to equity holders of the parent	32 882 666	23 915 544
Number of shares:		
Number of ordinary shares in issue at the beginning of the year	541 593 440	541 593 440
Add: Weighted average number of shares issued during the year	9 216 789	—
Less: Weighted average number of treasury shares	(1 738 103)	(1 213 651)
Weighted average number of ordinary shares for basic and headline earning per share	549 072 126	540 379 789
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares for basic and headline earnings per share	549 072 126	540 379 789
Effect of dilution from the indigenisation transaction		
Share Option **(Note 23.3a)**	176 451	—
Innscor Africa Limited Employee Share Trust Share Options **(Note 23.3b)**	—	1 296 958
Weighted average number of ordinary shares adjusted for the effect of dilution	549 248 577	541 676 747

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
6 Earnings per share (continued)			
6.4 Continuing Operations (continued)			
Reconciliation of basic earnings to headline earnings:			
Profit for the year attributable to equity holders of the parent		32 882 666	23 915 544
Adjustment for capital items (gross of tax):			
Profit on disposal of property, plant and equipment and intangibles	9.2	(72 385)	(948 997)
Profit on restructure of associate	9.2	(138 184)	—
Livestock impaired due to Avian Influenza	9.2	1 169 741	7 284 546
Stockfeeds impaired due to Avian Influenza		872 257	—
Tax effect on adjustments		(507 176)	(1 877 134)
Non-controlling interests' share of adjustments		(773 732)	(2 761 808)
Net reconciling items for headline earnings	6.5	550 521	1 696 607
Headline earnings attributable to equity holders of the parent		33 433 187	25 612 151
Basic earnings per share (cents)		5.99	4.43
Headline earnings per share (cents)		6.09	4.74
Diluted basic earnings per share (cents)		5.99	4.42
Diluted headline earnings per share (cents)		6.09	4.73
6.5 Continuing Operations - after distribution to owners in their capacity as owners			
Net profit attributable to equity holders of the parent			
Attributable earnings before distribution to owners in their capacity as owners	6.4	32 882 666	23 915 544
Less: distribution to owners in their capacity as owners		—	(3 457 999)
Attributable earnings after distribution to owners in their capacity as owners		32 882 666	20 457 545
Reconciliation of basic earnings to headline earnings:			
Net reconciling items for headline earnings	6.4	550 521	1 696 607
Headline earnings attributable to equity holders of the parent		33 433 187	22 154 152
Basic earnings per share (cents)		5.99	3.79
Headline earnings per share (cents)		6.09	4.10
Diluted basic earnings per share (cents)		5.99	3.78
Diluted headline earnings per share (cents)		6.09	4.09

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
6 Earnings per share (continued)			
6.6 Discontinuing Operations			
Profit for the year attributable to equity holders of the parent before recycling		—	1 552 401
Recycling of foreign exchange differences arising on disposal of foreign operations, net of tax	14.5	—	249 494
Total profit attributable to equity holders of the parent	13	—	1 801 895
Reconciliation of basic earnings to headline earnings:			
Adjustment for capital items (gross of tax):			
Profit on disposal of property, plant and equipment		—	(12 736)
Recycling of foreign exchange differences arising on unbundling of foreign operations	14.5	—	(249 494)
Profit on disposal of subsidiaries	14.5	—	(2 448 815)
Tax effect on adjustments		—	3 057
Non-controlling interests' share of adjustments		—	(1 699)
Net reconciling items for headline aernings		—	(2 709 687)
Headline earnings attributable to equity holders of the parent		—	(907 792)
Basic earnings per share (cents) - before recycling of translation differences		—	0.29
Basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Basic earnings per share (cents) - after recycling of translation differences		—	0.34
Headline earnings per share (cents)		—	(0.17)
Diluted basic earnings per share (cents) - before recycling of translation differences		—	0.29
Diluted basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Diluted basic earnings per share (cents) - after recycling of translation differences		—	0.34
Diluted headline earnings per share (cents)		—	(0.17)

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
6 Earnings per share (continued)			
6.7 Total Operations			
Profit for the year attributable to equity holders of the parent before recycling		32 882 666	25 467 945
Recycling of foreign exchange differences arising on			
disposal of foreign operations, net of tax	24	—	249 494
Total profit attributable to equity holders of the parent		32 882 666	25 717 439
Adjustment for capital items (gross of tax):			
Recycling of foreign exchange differences arising on unbundling of foreign operations	24	—	(249 494)
Profit on disposal of property, plant and equipment		(72 385)	(961 733)
Profit on restructure of associates	9.2	(138 184)	—
Profit on disposal of subsidiaries	14.5	—	(2 448 815)
Livestock impaired due to Avian Influenza	20.2	1 169 741	7 284 546
Stockfeeds impaired due to Avian Influenza		872 257	—
Tax effect on adjustments		(507 176)	(1 874 077)
Non-controlling interests' share of adjustments		(773 732)	(2 763 507)
Net reconciling items for headline earnings		550 521	(1 013 080)
Headline earnings attributable to equity holders of the parent		33 433 187	24 704 359
Basic earnings per share (cents) - before recycling of translation differences		5.99	4.71
Basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Basic earnings per share (cents) - after recycling of translation differences		5.99	4.76
Headline earnings per share (cents)		6.09	4.57
Diluted basic earnings per share (cents) - before recycling of translation differences		5.99	4.70
Diluted basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Diluted basic earnings per share (cents) - after recycling of translation differences		5.99	4.75
Diluted headline earnings per share (cents)		6.09	4.56
6.8 Total Operations - after distribution to owners in their capacity as owners			
Profit for the year attributable to equity holders of the parent before recycling		32 882 666	25 467 945
Recycling of foreign exchange differences arising			
on disposal of foreign operations, net of tax	24	—	249 494
Attributable earnings before distribution to owners in their capacity as owners		32 882 666	25 717 439
Less distribution to owners in their capacity as owners		—	(3 457 999)
Attributable earnings after distribution to owners in their capacity as owners		32 882 666	22 259 440
Net reconciling items for headline earnings	6.7	550 521	(1 013 080)
Headline earnings attributable to equity holders of the parent after distribution to owners in their capacity as owners		33 433 187	21 246 360
Basic earnings per share (cents) - before recycling of translation differences		5.99	4.07
Basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Basic earnings per share (cents) - after recycling of translation differences		5.99	4.12
Headline earnings per share (cents)		6.09	3.93
Diluted basic earnings per share (cents) - before recycling of translation differences		5.99	4.06
Diluted basic earnings per share (cents) - effect of recycling of translation differences		—	0.05
Diluted basic earnings per share (cents) - after recycling of translation differences		5.99	4.11
Diluted headline earnings per share (cents)		6.09	3.92

Notes to the Financial Statements (continued)

7.0 Dividends

7.1 Dividends Paid

Dividends paid per share are based on the ordinary shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. The final dividend declared with respect to 2017 of 0.90 US cents per share (2016: 0.60 US cents per share) was paid during the current year. In addition, a current year interim dividend of 0.93 US cents per share (2017: 0.70 US cents per share) was declared and paid to ordinary shareholders whilst USD 220 000 (2017: USD 148 000) was declared and paid to Innscor Africa Employee Share Trust (Private) Limited, class "A" ordinary shares with respect to the prior year and USD 261 000 (2017: USD 160 000) in respect of the current year interim dividend.

No dividend was paid with respect to treasury shares.

	2018 USD	2017 USD
Prior year final dividend	4 860 995	3 214 639
Current year interim dividend	5 188 540	3 752 773
Prior year class "A" ordinary share dividend recognised in current year	481 000	308 000
Total dividend paid	10 530 535	7 275 412

On 14 September 2018, the Board declared a final dividend of 1.23 US cents per share in respect of the year 2018 (2017: 0.90 US cents per share) to shareholders registered in the books of the Company by close of business on 19 October 2018. This brings the total dividend in respect of the 2018 financial year to 2.16 US cents per share (2017: 1.60 US cents per share).

On the 14th of September 2018, the Board also declared a final dividend totalling USD 344 000 to the Innscor Africa Employee Share Trust (Private) Limited which brings the total dividend in respect of the 2018 financial year to USD 605 000 (2017: USD 380 000).

7.2 Dividends paid by subsidiaries to non-controlling interests

	2018 USD	2017 USD
National Foods Holdings Limited	5 153 844	4 438 269
Irvine's Zimbabwe (Private) Limited	510 000	1 326 000
Colcom Holdings Limited	141 768	346 175
Callcape Investments (Private) Limited	112 500	106 200
Associated Meat Packers (Private) Limited	99 800	99 800
Innscor Appliance Manufacturing (Private) Limited t/a Capri	593 000	78 000
Natpak Mauritius (Private) Limited	183 348	—
Rafferty Investments (Private) Limited t/a Providence Human Capital	135 000	—
Syntegra Solutions (Private) Limited	47 800	—
Total dividends paid	6 977 060	6 394 444

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
8 Revenue			
Sale of goods		631 282 790	580 303 226
9 Other income			
9.1 Other income			
Sundry income and sales		382 888	929 543
Rebates		625 648	263 056
Rent Received		23 114	275 911
Management fees		540 720	700 517
Export incentives		277 170	104 379
Insurance claim		256 971	237 585
Other*		790 660	698 457
		2 897 171	3 209 448
* Includes sale of empty bags, directors' fees received from associates, commissions and discounts			
9.2 Financial loss			
Exchange losses - realised		2 735 922	3 578 797
Exchange losses - unrealised	14.1	281 035	135 611
Profit on disposal of listed equities	14.1	(236 980)	—
Profit on restructure of associate	14.1	(138 184)	—
Profit on disposal of property, plant and equipment and intangible assets	6.4	(72 385)	(948 997)
Livestock impaired due to Avian Influenza	20.2	1 169 741	7 284 546
Other		(128 125)	(141 572)
		3 611 024	9 908 385
10 Operating expenses			
Pensions	35	4 286 639	4 446 408
Other staff costs		71 041 100	61 641 790
Audit fees and expenses	10.2	462 597	528 373
Operating lease charges - fixed		1 248 194	1 396 136
Operating lease charges - variable		2 290 418	4 159 294
Distribution costs		32 908 733	31 365 231
Repairs and maintenance		10 318 258	6 656 481
Electricity, water and rates		10 706 392	7 704 705
Fuel		2 438 833	2 860 288
Advertising and marketing		5 729 427	5 418 585
Security		1 925 628	2 014 688
Insurance and licenses		1 669 999	1 185 186
Inventory written off	21	2 311 023	1 484 323
Other		13 784 457	16 849 255
		161 121 698	147 710 743

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
10 Operating expenses (continued)			
10.1 Included in staff costs are key management's emoluments comprising:			
Independent, non-executive directors - fees		108 689	112 130
Non-independent, non-executive directors - fees		70 170	61 555
Executive and other management remuneration**		9 976 022	7 750 298
Total		10 154 881	7 923 983
** This constitutes the total remuneration and all other benefits to Group, Subsidiaries and Divisional executives and management shown on **pages 58** and **59**.			
10.2 Audit fees and expenses			
Current year		445 056	474 933
Prior year underprovision		17 541	7 219
Fees for other services		—	46 221
		462 597	528 373
11 Interest income and expense			
11.1 Interest income			
Continuing operations		1 426 420	1 639 186
Discontinuing operations	13	—	935
		1 426 420	1 640 121
Interest income was earned from positive bank balances and advances to associate companies.			
11.2 Interest expense			
Continuing operations		(8 226 676)	(6 233 574)
Discontinuing operations	13	—	(379 894)
		(8 226 676)	(6 613 468)
Interest expense arose from bank overdrafts and other borrowings			
12 Tax expense			
12.1 Tax expense			
Continuing operations			
Current income tax charge	14.2	8 754 547	5 802 075
Withholding tax	14.2	160 287	240 769
Deferred tax	27.2	5 240 732	1 897 344
Total continuing operations		14 155 566	7 940 188
Discontinuing operations			
Current income tax charge	13	—	258
Total discontinuing operations		—	258

Notes to the Financial Statements (continued)

	2018 %	2017 %
12 Tax expense (continued)		
12.2 Tax rate reconciliation		
Statutory rate of taxation, inclusive of AIDS levy	25.75	25.75
Adjusted for:		
Excess pension	0.09	0.13
Donations, fines and legal expenses	0.15	0.46
Profit on sale of investments	(0.10)	(0.69)
Depreciation on excess cost of passenger motor vehicles	0.33	0.19
Tax on associates income	(4.83)	(3.81)
Effect of assets transferred and/or disposed	0.33	(2.11)
Other	0.80	(0.85)
Effective tax rate	22.52	19.07

13 Discontinued and Discontinuing Operations

During the prior year, the Group concluded the disposal of SPAR Zambia Limited and Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia. Both operations were classified as assets of disposal group classified as held for sale as at 30 June 2016. The results of these operations (six months for SPAR Zambia and 12 months for The River Club) are included in discontinued operations. Refer to **note 14.4** for further information on the disposal of Spar Zambia and The River Club.

The abridged consolidated results for the above-mentioned discontinued operations are as follows:

	Note	2018 USD	2017 USD
Revenue		—	13 421 385
Operating loss before depreciation and amortisation		—	(930 019)
profit on sale of subsidiaries/associates	6.6	—	2 448 815
other income		—	(131 804)
depreciation and amortisation	14.1	—	(273 338)
Profit before interest and tax		—	1 113 654
interest income	11.1	—	935
interest expense	11.2	—	(379 894)
Profit before tax		—	734 695
tax expense	12.1	—	(258)
Profit for the year from discontinuing operations		—	734 437
recycling of foreign exchange differences arising on disposal of foreign operations*	24	—	249 494
Profit from operations for the year from discontinuing operations		—	983 931

* The recycling of foreign exchange differences on the disposal of foreign operations has no tax impact.

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
13 Discontinued and Discontinuing Operations (continued)			
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations, net of tax		—	5 761
recycling of foreign exchange differences arising on disposal of foreign operations		—	(249 494)
Other comprehensive loss for the year, net of tax		—	(243 733)
Total comprehensive income for the year		—	740 198
Profit for the year attributable to:			
equity holders of the parent	6.6	—	1 801 895
non-controlling interests		—	(817 964)
		—	983 931
Total comprehensive income/(loss) for the year attributable to:			
equity holders of the parent	6.6	—	1 555 021
non-controlling interests		—	(814 823)
		—	740 198
Earnings per share (cents)			
Basic earnings per share (cents) - before recycling of translation reserves	6.6	—	0.29
Basic earnings per share (cents) - effect of recycling of translation reserves	6.6	—	0.05
Basic earnings per share (cents) - discontinuing operations		—	0.34
Headline earnings per share (cents) - discontinuing operations	6.6	—	(0.17)
Basic earnings per share (cents) - before recycling of translation reserves	6.6	—	0.29
Basic earnings per share (cents) - effect of recycling of translation reserves	6.6	—	0.05
Basic earnings per share (cents) - discontinuing operations		—	0.34
Diluted headline earnings per share (cents) - discontinuing operations	6.6	—	(0.17)

* The recycling of foreign exchange differences on the disposal of foreign operations has no tax impact.

13.1 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 for disposal Group classified as held for sale and are due to be disposed in the next six months. The assets, which were previously reported under the Mill-Bake Segment, are held at a value that approximates fair value.

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
13 Discontinued and Discontinuing Operations (continued)			
13.1 Assets of disposal group classified as held for sale (continued)			
Land and Buildings at cost	15	4 039 621	—
Accumulated depreciation on Land and Buildings	15	(637 174)	—
Net carrying amount		3 402 447	—
Deferred tax relating to assets of disposal group classified as held for sale	27.2	(170 151)	—
14 Cash flow information			
14.1 Cash generated from operating activities			
Profit before interest, equity accounted earnings and tax from continuing operations		57 886 383	39 999 637
Profit before interest, equity accounted earnings and tax from discontinued and discontinuing operations	13	—	1 113 654
Profit before interest, equity accounted earnings and tax		57 886 383	41 113 291
Depreciation - continuing operations	15	16 605 292	15 275 939
Depreciation - discontinuing operations	13	—	273 338
Amortisation of intangible assets - continuing operations	16	14 338	13 493
Other movements in biological assets - continuing operations		47 991	—
Unrealised exchange losses - continuing operations	9.2	281 035	135 611
Unrealised exchange losses - discontinued and discontinuing operations		—	936
Inventories written off and provisions charged to income statement - continuing operations	21	2 311 023	1 484 323
Allowance for credit losses - continuing operations	22	(475 834)	449 138
Bad debts written off - continuing operations		1 170 094	152 713
Bad debts written off - discontinued and discontinuing operations		—	4 026
Increase in provision for leave pay and warranty charges - continuing operations	30.1	1 080 606	655 143
Decrease in provision for leave pay and warranty charges - discontinued and discontinuing operations		—	(1 558)
Fair value adjustment on listed equity investments - continuing operations	19.2	860 467	—
Fair value adjustment on biological assets - continuing operations	20.4	(1 815 522)	321 170
Profit on disposal of property, plant and equipment and intangible assets - continuing operations	9.2	(72 385)	(948 997)
Profit on disposal of property, plant and equipment - discontinued and discontinuing operations		—	(12 736)
Profit on disposal of subsidiaries	14.5	—	(2 448 815)
Share based payment charge	23.3	934 100	217 310
Profit on disposal of quoted investments - continuing operations	19.2	(236 980)	—
Profit on restructure of associate	17.9	(138 184)	—
Livestock impaired due to Avian Influenza	20.2	1 169 741	7 284 546
Stockfeeds impaired due to Avian Influenza		872 257	—
(Increase)/decrease in inventories		(17 881 212)	3 335 176
Increase in current biological assets		(3 272 112)	(309 705)
Increase in trade and other receivables		(6 836 335)	(35 731 174)
Increase/(decrease) in trade and other payables		43 694 770	(14 159 444)
Decrease in provisions and other liabilities - continuing operations	30.1	(891 380)	(813 553)
Decrease in provisions and other liabilities - discontinuing operations		—	(23 610)
		95 308 153	16 266 561

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
14 Cash flow information (continued)			
14.2 Tax paid			
Opening balance		(51 373)	(491 735)
Charged to profit or loss - continuing operations	31	(8 754 547)	(5 802 075)
Charged to profit or loss - discontinued and discontinuing operations	31	—	(258)
Withholding tax charged to profit or loss - continuing operations	31	(160 287)	(240 769)
Acquisition of subsidiaries	14.7	14 620	—
Disposal of subsidiaries	14.4	—	(118 766)
Exchange and other non-cash movements	31	—	39 510
Closing balance - continuing and discontinuing operations	31	780 527	51 373
		(8 171 060)	(6 562 720)
14.3 Investing activities			
Expenditure on property, plant and equipment - continuing operations	15	(36 569 118)	(16 312 801)
Expenditure on property, plant and equipment to maintain operations		(12 175 229)	(7 504 569)
Expenditure on property, plant and equipment to expand operations		(24 393 889)	(8 808 232)
Expenditure on property, plant and equipment - discontinued and discontinuing operations		—	(243 522)
Expenditure on property, plant and equipment to maintain operations		—	(197 245)
Expenditure on property, plant and equipment to expand operations		—	(46 277)
Proceeds on disposal of property, plant and equipment and intangible assets - continuing operations		637 564	5 688 126
Proceeds on disposal of property, plant and equipment - discontinued and discontinuing operations		—	44 437
Purchase of intangible assets	16	(15 217)	—
Purchase of quoted investments	19.2	(10 000 000)	—
Purchase of unquoted investments	19.2	—	(929 883)
Interest capitalised to other financial assets	19.2	(72 262)	(55 746)
Investment in associates	17.2	(2 280 415)	—
Net loans repaid by/(advanced to) associate companies	17.2	265 978	(1 289 992)
Dividends received from associates - continuing operations	17.2	1 404 800	1 035 000
Movement in non-current biological assets	20.1	(1 108 286)	(187 391)
Proceeds on disposal of quoted investments	19.2	337 246	—
Cash flow on disposal of subsidiaries - net of cash disposed	14.4	—	1 421 901
Acquisition of subsidiaries	14.7	83 378	—
Proceeds on restructure of associates	17.9	533 957	—
Proceeds on disposal of unquoted investments	19.2	121 936	3 132 701
		(46 660 439)	(7 697 170)

Notes to the Financial Statements (continued)

14 Cash flow information (continued)

14.4 Net cash flow from the disposal of subsidiaries

During 2017, the Group disposed of its interest in Spar Zambia Limited effective 1 December 2016 and its interest in Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia with effect from 30 June 2017. The net assets disposed for the two subsidiaries are as shown below.

		2017		
	Note	Spar Zambia Limited USD	Atuleo Amanzi (Zambia) (Private) Limited USD	USD
Property, plant and equipment		3 421 341	`39 309	3 460 650
Intangible assets		183 943	—	183 943
Inventories		2 025 705	11 450	2 037 155
Trade and other accounts receivable		137 432	67 914	205 346
Cash and cash equivalents		(276 825)	4 924	(271 901)
Trade and other accounts payable		(4 789 887)	(72 602)	(4 862 489)
Provisions		(101 497)	(1 034)	(102 531)
Interest-bearing borrowings	28.2	(3 624 341)	(11 564)	(3 635 905)
Deferred tax asset		134 554	61 714	196 268
Current tax liabilities	31	(277)	119 043	118 766
Net (liabilities)/assets of subsidiary at date of disposal		(2 889 852)	219 154	(2 670 698)
Non -controlling interests share therein	26	1 444 926	(73 043)	1 371 883
Attributable net (liabilities)/assets disposed		(1 444 926)	146 111	(1 298 815)
Cumulative translation differences recycled to profit or loss	14.5	(275 093)	25 599	(249 494)
Adjusted attributable fair value of net (liabilities)/assets disposed		(1 720 019)	171 710	(1 548 309)
Profit on disposal of subsidiaries	14.5	1 720 019	978 290	2 698 309
Proceeds from sale		—	1 150 000	1 150 000
Less cash at bank disposed		276 825	(4 924)	271 901
Net cash inflow	14.3	276 825	1 145 076	1 421 901

14.5 Profit on disposal of subsidiaries

Profit on disposal	14.4	1 720 019	978 290	2 698 309
Cumulative translation differences rcycled to profit or loss	14.4	(275 093)	25 599	(249 494)
Net profit on disposal of subsidiaries		1 444 926	1 003 889	2 448 815

Notes to the Financial Statements (continued)

14 Cash flow information (continued)

14.6 Aquisition of non-controlling interests in Colcom Holdings Limited

The Board of Directors of Innscor Africa Limited authorised the buyout of the 20.36% non-controlling shareholding in Colcom Holdings Limited on 18 September 2017 which was effected on the 28th of December 2017. The non-controlling interests in Colcom Holdings Limited were offered 18 133 030 Innscor Africa Limited shares in exchange of their shareholding in Colcom Holdings Limited. The effect of the transaction on the Group's financial statements is as follows:

	Share Capital USD	Share Premium USD	Restructure Reserve USD	Non-Controlling Interests USD	Total USD
18 133 030 Ordinary Shares at US$0.01 each	181 330	—	—	—	181 330
Increase in Share Premium Reserve -					
18 133 030 shares at US$0.99 per share	—	17 951 700	—	—	17 951 700
Transaction Costs Charged to Share Premium Reserve	—	(140 168)	—	—	(140 168)
Decrease in Restructure Reserve (Other Reserves) -					
difference between carrying amount of non-controlling					
Interests bought out and fair value of consideration paid	—	—	(10 342 638)	—	(10 342 638)
Decrease in Non-Controlling Interests	—	—	—	(7 790 392)	(7 790 392)
Net change in Equity	181 330	17 811 532	(10 342 638)	(7 790 392)	(140 168)

14.7 Net cash flow from the acquisition of subsidiary

During the period, the Group acquired a 50% interest in a new entity, Syntegra Solutions (Private) Limited, an information technology services provider. The fair values of identifiable assets and liabilities at acquisition date were:

	Note	2018 USD
Property, plant and equipment	15.1	(15 520)
Trade and other accounts receivable		(113 833)
Cash and cash equivalents		(83 378)
Trade and other accounts payable		127 451
Provisions		38 272
Deferred tax liability		1 389
Current tax assets	14.2	(14 620)
Fair Value of Net assets of subsidiary at date of acquisition		(60 239)
Fair Value of non-controlling interests share therein	26	30 119
Attributable Fair Value of Net Assets Acquired		(30 120)
Attributable Net Assets		30 120
Cash Consideration		—
Less cash at bank acquired		83 378
Net cash inflow		83 378

Notes to the Financial Statements (continued)

15 Property, plant and equipment

	Note	Freehold property USD	Leasehold improvements USD	Plant, Fittings & Equipment USD	Motor vehicles USD	Total USD
Cost						
At 1 July 2016		60 743 156	4 409 961	158 397 581	23 093 459	246 644 157
Additions	14.3	1 381 418	43 817	12 827 707	2 059 859	16 312 801
Disposals		(916 403)	(67 949)	(4 409 242)	(7 329 619)	(12 723 213)
Exchange movements		2 209	—	—	—	2 209
At 30 June 2017		61 210 380	4 385 829	166 816 046	17 823 699	250 235 954
Additions	14.3	4 965 606	1 455 697	26 755 633	3 392 182	36 569 118
Disposals		(150 939)	—	(271 119)	(3 653 992)	(4 076 050)
Unrealised profit	36.1	—	—	(1 646 990)	—	(1 646 990)
Acquisition of subsidiaries	14.7	—	—	15 520	—	15 520
Reclassified to Held for sale	13.1	(4 039 621)	—	—	—	(4 039 621)
Exchange movements		(438)	—	—	—	(438)
At 30 June 2018		61 984 988	5 841 526	191 669 090	17 561 889	277 057 493
Depreciation						
At 1 July 2016		7 162 409	386 759	51 346 934	17 326 293	76 222 395
Disposals		(28 875)	(58 469)	(1 909 366)	(5 996 684)	(7 993 394)
Charge for the year	15.1	1 347 467	115 268	11 682 114	2 131 090	15 275 939
At 30 June 2017		8 481 001	443 558	61 119 682	13 460 699	83 504 940
Disposals		—	—	(279 569)	(3 231 306)	(3 510 875)
Charge for the year	15.1	1 312 334	166 903	13 093 960	2 032 095	16 605 292
Reclassified to Held for sale	13.1	(637 174)	—	—	—	(637 174)
Exchange movements		(37 214)	—	—	—	(37 214)
At 30 June 2018		9 118 947	610 461	73 934 073	12 261 488	95 924 969
Net carrying amount						
At 30 June 2018		52 866 041	5 231 065	117 735 017	5 300 401	181 132 524
At 30 June 2017		52 729 379	3 942 271	105 696 364	4 363 000	166 731 014

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
15 Property, plant and equipment (continued)			
15.1 Reconciliation of opening and closing carrying amounts			
Opening net carrying amount		166 731 014	170 421 762
Cost	15	250 235 954	246 644 157
Accumulated depreciation and impairment losses	15	(83 504 940)	(76 222 395)
Movement in net carrying amount for the year:			
Additions at cost	14.3	36 569 118	16 312 801
Unrealised profit	36.1	(1 646 990)	—
Disposals		(565 175)	(4 729 819)
Depreciation charge for the year	15	(16 605 292)	(15 275 939)
Acquisition of subsidiaries	14.7	15 520	—
Reclassified to Held for sale	13.1	(3 402 447)	—
Exchange movements		36 776	2 209
Closing net carrying amount	15	181 132 524	166 731 014
Cost	15	277 057 493	250 235 954
Accumulated depreciation and impairment losses	15	(95 924 969)	(83 504 940)

15.2 Impairment loss on property, plant and equipment

There was no impairment loss on property, plant and equipment during the year.

15.3 Property, plant and equipment pledged as security

As at 30 June 2018, no items of property, plant and equipment were pledged as security for borrowings.

Notes to the Financial Statements (continued)

	Note	Goodwill arising on acquisition USD	Other intangible assets USD	Total USD
16 Intangible assets				
Net carrying amount 1 July 2016		38 871 564	108 883	38 980 447
Gross carrying amount		38 871 564	557 794	39 429 358
Accumulated amortisation and impairment losses		—	(448 911)	(448 911)
Amortisation	14.1	—	(13 493)	(13 493)
Net carrying amount of intangible assets disposed		—	(14 445)	(14 445)
Net carrying amount 30 June 2017		38 871 564	80 945	38 952 509
Gross carrying amount		38 871 564	543 349	39 414 913
Accumulated amortisation and impairment losses		—	(462 404)	(462 404)
Acquisitions at cost	14.3	—	15 217	15 217
Amortisation	14.1	—	(14 338)	(14 338)
Net carrying amount 30 June 2018		38 871 564	81 824	38 953 388
Gross carrying amount		38 871 564	558 566	39 430 130
Accumulated amortisation and impairment losses		—	(476 742)	(476 742)

Other intangible assets consist of computer software and brand rights. These are deemed to have a finite useful life and are amortised over a period of up to 4 years.

For impairment tests of computer software, the Group considers the usage and the remaining useful life. As at 30 June 2018, there were no indications that the computer software was impaired.

Notes to the Financial Statements (continued)

16 Intangible assets (continued)

16.1 Impairment testing of Goodwill

Goodwill impairment assessment is performed every year.

The Group performed an annual impairment test as at 30 June 2018. Goodwill acquired through business combinations has been allocated to cash generating units, i.e. business units. The recoverable amount of the cash generating units has been determined using value in use that takes into account the present value of future cash flows from the cash generating units using a pre-tax discount rate.

Goodwill has been allocated to the following businesses:	2018 USD	2017 USD
National Foods Limited	35 847 595	35 847 595
Irvine's Zimbabwe (Private) Limited	2 656 429	2 656 429
Other Subsidiaries	367 540	367 540
	38 871 564	38 871 564

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the cash flow forecasts and discount rates.

Discount rates

The pre-tax discount rate applied to the future cash flow projections is 8.5% p.a. (2017: 8.5% p.a.). This assessment showed that there was no impairment required on the goodwill for the period.

Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax cash flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 14% (i.e. +5.5%) would not result in an impairment.

Period of Projected Cash Flows

The annual impairment assessment was performed by considering net cash flows for a period of 5 years beyond the reporting date (FY2019 to FY2023). An annual growth rate of 5% was assumed at the end of the 5 year period and the results indicate that the goodwill is not impaired.

Notes to the Financial Statements (continued)

17 Investments in associates

17.1 Movements in investments in associates

Associate	Note	Opening balance USD	Loan advanced/ (repaid) USD 14.3	Purchase of investment USD 14.3	Restructure USD 17.9	Dividend received USD 14.3	Equity accounted earnings USD 17.2	Closing balance USD
Freddy Hirsch Group (Private) Limited	17.3	1 735 511	—	—	—	—	296 427	2 031 938
Parperhole Investments (Private) Limited	17.4	1 739 043	—	—	—	(300 000)	298 833	1 737 876
Profeeds (Private) Limited	17.5	9 035 973	—	—	—	(735 000)	1 455 072	9 756 045
Probrands (Private) Limited	17.6	723 342	—	—	—	—	301 449	1 024 791
Pure Oil Industries (Private) Limited	17.7	2 854 400	—	—	—	—	1 831 471	4 685 871
Bakers Inn Logistics (Private) Limited	17.8	925 900	638 612	—	—	—	182 649	1 747 161
Afrigrain Trading Limited	17.9	4 933 566	651 380	—	—	—	1 857 650	7 442 596
Total 30 June 2017		21 947 735	1 289 992	—	—	(1 035 000)	6 223 551	28 426 278
Freddy Hirsch Group (Private) Limited	17.3	2 031 938	—	—	—	—	389 138	2 421 076
Parperhole Investments (Private) Limited	17.4	1 737 876	—	—	—	(200 000)	1 315 817	2 853 693
Profeeds (Private) Limited	17.5	9 756 045	—	—	—	(392 000)	2 288 129	11 652 174
Probrands (Private) Limited	17.6	1 024 791	—	—	—	—	194 459	1 219 250
Pure Oil Industries (Private) Limited	17.7	4 685 871	—	—	—	—	5 158 438	9 844 309
Bakers Inn Logistics (Private) Limited	17.8	1 747 161	(364 589)	—	—	(172 800)	195 648	1 405 420
Afrigrain Trading Limited	17.9	7 442 596	(651 389)	—	(395 773)	(640 000)	2 206 279	7 961 713
Mafuro Farming (Private) Limited	17.10	—	—	294 840	—	—	—	294 840
National Foods Logistics (Private) Limited	17.11	—	750 000	1 985 575	—	—	37 500	2 773 075
Total 30 June 2018		28 426 278	(265 978)	2 280 415	(395 773)	(1 404 800)	11 785 408	40 425 550

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
17 Investments in associates (continued)			
17.2 Reconciliation of movements in associates			
Balance at the beginning of the year	17.1	28 426 278	21 947 735
Purchases at cost	14.3	2 280 415	—
Equity accounted earnings	17.1	11 785 408	6 223 551
Dividends received	14.3	(1 404 800)	(1 035 000)
Loans (repaid)/advanced	14.3	(265 978)	1 289 992
Restructure	17.9	(395 773)	—
Balance at the end of the year		40 425 550	28 426 278

The movement in each of the Group's investment in associates is shown below:

17.3 Freddy Hirsch Group (Private) Limited

Freddy Hirsch Group (Private) Limited is an entity involved in the manufacture and selling of spices and packaging. The Group holds an effective 49% shareholding in Freddy Hirsch Group (Private) Limited.

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	2 031 938	1 735 511
Equity accounted earnings	389 138	296 427
Balance at the end of the year	2 421 076	2 031 938
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	4 940 971	4 146 812
49% Share of net assets	2 421 076	2 031 938
Carrying amount of Investment	2 421 076	2 031 938

17.4 Paperhole Investments (Private) Limited

Paperhole Investments (Private) Limited is an entity involved in the procurement of grain. The Group holds an effective 50% shareholding in Paperhole Investments (Private) Limited.

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 737 876	1 739 043
Equity accounted earnings	1 315 817	298 833
Dividends received from associate	(200 000)	(300 000)
Balance at the end of the year	2 853 693	1 737 876
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	5 707 386	3 475 752
50% Share of net assets	2 853 693	1 737 876
Carrying amount of investment	2 853 693	1 737 876

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.5 Profeeds (Private) Limited

Profeeds (Private) Limited is an entity involved in the manufacture and retail of stock feeds and the retail of day old chicks. The Group has an effective 49% shareholding in Profeeds (Private) Limited.

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	9 756 045	9 035 973
Equity accounted earnings	2 288 129	1 455 072
Dividend received	(392 000)	(735 000)
Balance at the end of the year	11 652 174	9 756 045
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	17 392 071	13 522 421
49% Share of net assets	8 522 115	6 625 986
Goodwill	3 130 059	3 130 059
Carrying amount of investment	11 652 174	9 756 045

17.6 Probrands (Private) Limited

Probrands (Private) Limited is an entity involved in down-packing, manufacture and retail of a number of grocery products such as rice, candles and beverages. The Group holds an effective 39.2% in Probrands (Private) Limited.

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 024 791	723 342
Equity accounted earnings	194 459	301 449
Balance at the end of the year	1 219 250	1 024 791
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	(2 613 034)	(3 123 445)
39.2% Share of net assets	(1 024 309)	(1 218 768)
Goodwill	2 243 559	2 243 559
Carrying amount of investment	1 219 250	1 024 791

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.7 Pure Oil Industries (Private) Limited

Pure Oil Industries (Private) Limited is an entity involved in manufacture of cooking oil as well as protein oil cakes which are used in the production of animal feed. The Group has an effective 15.13% in Pure Oil Industries (Private) Limited. (National Foods Limited holds 40% in the company, which is the portion that the Group equity accounts).

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	4 685 871	2 854 400
Equity accounted earnings	5 158 438	1 831 471
Balance at the end of the year	9 844 309	4 685 871
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	24 610 772	11 714 678
40% Share of net assets	9 844 309	4 685 871
Carrying amount of investment	9 844 309	4 685 871

17.8 Bakers Inn Logistics (Private) Limited

Bakers Inn Logistics (Private) Limited is a logistics company which handles distribution for the Group's Bakery Operations and other third parties. The Group has an effective 50% in Bakers Inn Logistics (Private) Limited.

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 747 161	925 900
Equity accounted earnings	195 648	182 649
Dividend received from associate	(172 800)	—
Loans (repaid)/advanced	(364 589)	638 612
Balance at the end of the year	1 405 420	1 747 161
Reconciliation of share of net assets to carrying amount of the investment;		
Net Assets	2 810 840	2 217 155
50% Share of net assets	1 131 426	1 108 577
Loan advanced	273 994	638 584
Carrying amount of investment	1 405 420	1 747 161

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.9 Afrigrain Trading Limited

Afrigrain Trading Limited is an entity involved in the procurement of grain. The Group restructured its previous effective 40% shareholding in Afrigrain Trading Limited on 1 July 2017 through a share buy-back conducted by the company resulting in the Group increasing its effective shareholding to 49.89%.

	Note	2018 USD	2017 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year		7 442 596	4 933 566
Equity accounted earnings		2 206 279	1 857 650
Net movement from restructure		(395 773)	—
Proceeds received on share buy-back	14.3	(533 957)	—
Profit arising from share buy-back	9.2	138 184	—
Dividend received		(640 000)	—
Loans (repaid)/ advanced		(651 389)	651 380
Balance at the end of the year		7 961 713	7 442 596
Reconciliation of share of net assets to carrying amount of the investment;			
Net Assets		15 958 535	16 978 040
49.89% (2017: 40%) Share of net assets		7 961 713	6 791 216
Loans advanced		—	651 380
Carrying amount of investment		7 961 713	7 442 596

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.10 Mafuro Farming (Private) Limited

Mafuro Farming (Private) Limited is an entity involved in dairy farming. The Group acquired an effective 22.55% in Mafuro Farming (Private) Limited on 1 January 2018 through Prodairy (Private) Limited. Prodairy (Private) Limited holds 45% in the company, (this is the portion that the Group equity accounts).

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
45% of total equity injection at inception	294 840	—
Balance at the end of the year	294 840	—
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	655 198	—
45% Share of net assets	294 840	—
Carrying amount of investment	294 840	—

17.11 National Foods Logistics (Private) Limited

National Foods Logistics (Private) Limited is a logistics company which handles distribution for National Foods Limited and other third parties. The Group acquired an effective 18.91% in National Foods Logistics (Private) Limited on 1 April 2018 through National Foods Limited. (National Foods Limited holds 50% in the company, which is the portion that the Group equity accounts).

	2018 USD	2017 USD
Reconciliation of the investment in associate;		
50% of total equity injection at inception	1 985 575	—
Equity accounted earnings	37 500	—
Loans advanced	750 000	—
Balance at the end of the year	2 773 075	—
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	1 575 838	—
50% Share of net assets	787 919	—
Loan advanced	750 000	—
Goodwill	1 235 156	—
Carrying amount of investment	2 773 075	—

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.12 Summarised financial information of associates

	Note	Revenue USD	Profit after tax/total comprehensive income USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD	Equity USD
Freddy Hirsch Group (Private) Limited	17.3							
30 June 2018		8 142 593	1 228 045	271 818	5 809 877	30 960	1 109 764	4 940 971
30 June 2017		5 765 789	604 954	427 732	4 547 843	68 907	775 509	4 146 812
Paperhole Investments (Private) Limited	17.4							
30 June 2018		168 520 377	2 540 961	14 333 008	80 822 306	2 142 235	87 305 693	5 707 386
30 June 2017		111 240 696	597 666	12 101 009	24 132 503	151 628	32 606 132	3 475 752
Profeeds (Private) Limited	17.5							
30 June 2018		54 415 332	4 709 512	11 543 647	40 616 874	4 872 319	29 896 131	17 392 071
30 June 2017		76 886 793	2 971 835	12 056 528	26 487 224	5 417 356	19 603 975	13 522 421
Probrands (Private) Limited	17.6							
30 June 2018		39 876 414	2 469 524	5 499 884	12 934 647	5 108 338	15 939 227	(2 613 034)
30 June 2017		38 653 581	772 550	7 704 906	9 862 210	6 044 657	14 645 904	(3 123 445)
Pure Oil Industries (Private) Limited	17.7							
30 June 2018		107 345 175	12 932 128	20 666 787	31 858 946	3 611 249	24 303 712	24 610 772
30 June 2017		110 821 220	4 578 678	19 070 729	18 607 783	11 585 535	14 378 299	11 714 678

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.12 Summarised financial information of associates (continued)

	Note	Revenue USD	Profit after tax/total comprehensive income USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD	Equity USD
Bakers Inn Logistics (Private) Limited	17.8							
30 June 2018		14 022 679	391 297	9 398 142	1 506 467	7 252 663	1 389 095	2 262 851
30 June 2017		13 771 627	365 298	5 534 976	2 583 983	4 127 189	1 774 615	2 217 155
Afrigrain Trading Limited	17.9							
30 June 2018		106 529 562	4 422 288	6 534 878	34 487 452	—	25 063 795	15 958 535
30 June 2017		159 906 753	4 644 125	3 847 186	23 207 729	—	10 076 875	16 978 040
Mafuro Farming (Private) Limited	17.10							
30 June 2018		—	—	1 202 906	318 581	—	866 289	655 198
30 June 2017		—	—	—	—	—	—	—
National Foods Logistics (Private) Limited	17.11							
30 June 2018		2 586 914	75 000	791 806	4 244 457	2 001 701	1 458 724	1 575 838
30 June 2017		—	—	—	—	—	—	—

Notes to the Financial Statements (continued)

18 Group investments

Listed below are the Group's effective ordinary shareholding in each of the companies excluding dormant companies.

	2018	2017
Mill-Bake Segment		
National Foods Holdings Limited	37.82%	37.82%
Bakery Division:		
Lennard Manufacturing (Private) Limited t/a Innscor Bread Bulawayo	*100.00%*	*100.00%*
Innscor Africa Bread Company Zimbabwe (Private) Limited t/a Innscor Bread Harare	*100.00%*	*100.00%*
LSS Investments (Private) Limited	*100.00%*	*100.00%*
Pure Oil Industries (Private) Limited **	15.13%	15.13%
Breathaway Food Caterers (Private) Limited t/a Innscor Snacks Manufacturing #	37.82%	37.82%
Bakers Inn Logistics (Pravate) Limited	50.00%	50.00%
National Foods Logistics (Private) Limited **	18.91%	—
Profeeds (Private) Limited *	49.00%	49.00%
Protein Segment		
Colcom Holdings Limited	100.00%	79.64%
Associated Meat Packers (Private) Limited	51.00%	39.90%
Freddy Hirsch Group (Private) Limited *	49.00%	39.02%
Great Rift Delight (Private) Limited	100.00%	79.64%
Intercane (Private) Limited	75.01%	44.36%
Silkchin Trading (Private) Limited	25.55%	—
Irvine's Zimbabwe (Private) Limited	49.00%	49.00%
Other Light Manufacturing and Services		
Innscor Appliance Manufacturing (Private) Limited t/a Capri	50.10%	50.10%
Goodshow Manufacturing (Private) Limited t/a WRS #	33.40%	33.40%
Natpak (Private) Limited	58.33%	58.33%
Alpha Packaging (Private) Limited #	20.42%	20.42%
Natpak Mauritius Limited	58.33%	58.33%
Bedra Enterprises (Private) Limited	50.10%	50.10%
Probrands (Private) Limited *	39.20%	39.20%
Prodairy (Private) Limited	50.10%	—
Pangolin (Private) Limited	50.10%	—
Mafuro Farming (Private) Limited **	22.55%	—
Paperhole Investments (Private) Limited *	50.00%	50.00%
Afrigrain Trading Limited *	49.89%	40.00%

Notes to the Financial Statements (continued)

18 Group investments (continued)

	2018	2017
Head Office Services		
Innscor (Private) Limited	100.00%	100.00%
Innscor International Limited	100.00%	100.00%
Innscor South Africa (Proprietary) Limited	100.00%	100.00%
Callcape Investments (Private) Limited	50.00%	50.00%
Capri Signs (Private) Limited	100.00%	100.00%
Yeldam Investments (Private) Limited #	35.00%	35.00%
Botanegra (Private) Limited #	35.00%	35.00%
Capri Corporation (Private) Limited	100.00%	100.00%
Ajax Finance (Private) Limited	100.00%	100.00%
Investline (Private) Limited	70.00%	70.00%
Rafferty Investments (Private) Limited t/a Providence Human Capital	70.00%	70.00%
Syntegra Solutions (Private) Limited	50.00%	—
Spar Harare (Private) Limited t/a SPAR DC #	65.00%	65.00%
Camelbags (Private) Limited	100.00%	100.00%
Unibax Investments (Private) Limited t/a Arundel Village SPAR	100.00%	100.00%
Jaytrack Investments (Private) Limited t/a N Mandela SPAR	100.00%	100.00%
Scopeserve Investments (Private) Limited	100.00%	100.00%
Spearhead Sales (Private) Limited	100.00%	100.00%
Swissmart Investments (Private) Limited	100.00%	100.00%
Katrice Investments (Private) Limited #	50.00%	50.00%
Innscor Zambia Holdings Limited	100.00%	100.00%
Innscor Africa (Zambia) Limited	100.00%	100.00%

* Associates # Subsidiaries of subsidiaries
** Associates of a subsidiary

18.1 Country of incorporation

All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Innscor International Limited	Mauritius
Innscor South Africa (Proprietary) Limited	South Africa
Innscor Africa (Zambia) Limited	Zambia
Innscor Zambia Holdings Limited	Zambia
Afrigrain Trading Limited	Mauritius
Natpak Mauritius Limited	Mauritius

Notes to the Financial Statements (continued)

18 Group investments (continued)

18.2 Non-controlling interests in significant subsidiaries

The Group has the following subsidiaries that have significant non-controlling interests:

			National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Principal place of business			Zimbabwe	Zimbabwe
Proportion of ownership interests held by non-controlling interests before intragroup and consolidation adjustments			62.18%	51.00%
Profit/(loss) allocated to non-controlling interests for the year ended:	30-Jun-18		10 679 201	1 433 962
	30-Jun-17		8 521 534	(1 365 687)
Accumulated non-controlling interests of the subsidiary as at:	30-Jun-18		64 562 729	18 797 764
	30-Jun-17		59 031 941	17 497 424

The summarised financial information of these subsidiaries based on amounts before inter-company eliminations is provided below:

	Note		
Year ended 30 June 2018:			
Revenue		297 929 498	106 378 236
Profit after tax		17 175 201	2 811 690
Current assets		138 409 032	42 443 348
Non-current assets		62 660 983	22 647 823
Current liabilities		(88 863 043)	(23 444 010)
Non-current liabilities		(8 371 690)	(5 157 798)
Cash flows from operating activities		52 119 721	(676 884)
Cash flows from investing activities		(6 110 759)	(893 127)
Cash Flows from financing activities		501 322	4 225 044
Dividends paid to non-controlling interests	7.2	5 153 844	510 000
Year ended 30 June 2017:			
Revenue		289 508 168	107 755 421
Profit/(loss) after tax		13 704 622	(2 677 817)
Current assets		104 536 184	28 955 312
Non-current assets		53 386 789	24 487 031
Current liabilities		(44 156 485)	(14 651 179)
Non-current liabilities		(18 829 304)	(4 482 488)
Cash flows from operating activities		6 466 497	5 009 340
Cash flows from investing activities		(1 787 037)	(1 379 057)
Cash Flows from financing activities		(2 415 599)	(1 970 895)
Dividends paid to non-controlling interests	7.2	4 438 269	1 326 000

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
19 Other Financial Assets			
Financial assets consist of investments in equity, unit trusts, term deposits and long-term interest bearing receivables:			
Non-current other financial assets			
Property unit trust		687 500	687 500
Quoted equity investments		9 140 451	918
Unquoted investments		113 192	221 936
Non-current trade and other receivables		4 476 609	6 182 785
Total non-current other financial assets		14 417 752	7 093 139
Current other financial assets			
Quoted equity investments		—	100 266
Total current other financial assets		—	100 266
Total other financial assets		14 417 752	7 193 405
19.1 Reconciled as follows:			
Balance at the beginning of the year		7 193 405	4 027 579
Purchases at cost - quoted investments	14.3	10 000 000	—
Purchase at cost - unquoted investments	14.3	—	929 883
Quoted equity instruments received in lieu of receivables		—	100 266
Profit on disposal of quoted investments	14.1	236 980	—
Proceeds on disposal of quoted investments		(592 662)	—
Proceeds on disposal of quoted investments - other	14.3	(337 246)	—
Proceeds on disposal of unquoted investments	14.3	(121 936)	(3 132 701)
Fair value adjustments through profit or loss	14.1	(860 467)	—
Capitalised interest	14.3	72 262	55 746
Settlement of non-current trade receivables		(1 172 584)	—
Transfer from trade and other receivables		—	5 252 902
Transferred to treasury shares	24	—	(41 188)
Transferred from discontinuing operations		—	918
Balance at the end of the year		14 417 752	7 193 405

Notes to the Financial Statements (continued)

19 Other Financial Assets (continued)

19.2 Other financial assets are analysed as follows:

	Note	Fair value through profit or loss USD	Other financial assets at cost* USD	Other financial assets at amortised cost USD	Total USD
Opening balance - 1 July 2016		41 188	687 500	3 298 891	4 027 579
Purchases at cost	14.3	—	—	929 883	929 883
Quoted equity instruments received in lieu of receivables		100 266	—	—	100 266
Proceeds on disposal of investments	14.3	—	—	(3 132 701)	(3 132 701)
Transferred to treasury shares	24	(41 188)	—	—	(41 188)
Interest capitalised	14.3	—	—	55 746	55 746
Transfer from trade and other receivables		—	—	5 252 902	5 252 902
Transferred from discontinuing operations		918	—	—	918
Closing balance - 30 June 2017		101 184	687 500	6 404 721	7 193 405
Purchases at cost	14.3	10 000 000	—	—	10 000 000
Proceeds on disposal of quoted investments	26.1	—	—	(592 662)	(592 662)
Proceeds on disposal of quoted investments - other	14.3	(337 246)	—	—	(337 246)
Proceeds on disposal of unquoted investments	14.3	—	—	(121 936)	(121 936)
Fair value adjustments through profit or loss	14.1	(860 467)	—	—	(860 467)
Profit on disposal of quoted investments	14.1	236 980	—	—	236 980
Interest capitalised	14.3	—	—	72 262	72 262
Settlement of non-current trade receivables		—	—	(1 172 584)	(1 172 584)
Closing balance - 30 June 2018		9 140 451	687 500	4 589 801	14 417 752

* The fair value for these financial assets has not been disclosed because it cannot be measured reliably and the assets are privately held and not traded.

19.3 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value and are not based on observable market data.

Fair value through profit or loss:	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2018				
Quoted investments - non-current	9 140 451	—	—	9 140 451
	9 140 451	—	—	9 140 451
30 June 2017				
Quoted investments - current	100 266	—	—	100 266
Quoted investments - non-current	918	—	—	918
	101 184	—		101 184

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
20 Biological assets			
20.1 Non-current biological assets			
At Fair Value:			
Opening balance		1 626 343	1 607 026
Increase due to purchases and sales	14.3	1 108 286	187 391
Transfer from current biological assets	20.2	98 881	73 119
Fair value loss		(190 278)	(241 193)
Closing balance		2 643 232	1 626 343

At 30 June 2018, the Group had the following number of living animals (pigs) within non-current biological assets:

	2018	2017
Number of living animals	5 928	4 761
Live weight estimates (kg)	553 554	680 530

20.2 Current biological assets

	Note	Birds USD	Hatching Eggs USD	Cattle USD	Pigs USD	Total USD
At 1 July 2016		11 914 234	105 427	38 972	2 398 458	14 457 091
Purchases		3 453 512	1 981 722	—	—	5 435 234
Feed costs		34 514 349	—	—	11 080 182	45 594 531
Sales		(3 001 858)	(1 781 467)	—	—	(4 783 325)
Slaughter		(35 210 954)	—	—	(10 725 780)	(45 936 734)
Livestock impairement arising from Avian Influenza	9.2	(6 978 864)	(305 682)	—	—	(7 284 546)
Transfer to non-current biological assets	20.1	—	—	—	(73 119)	(73 119)
Fair value adjustments		122 139	—	4 921	(207 037)	(79 977)
At 30 June 2017		4 812 558	—	43 893	2 472 704	7 329 155
Purchases		3 422 931	—	240 069	11 273 425	14 936 425
Feed costs		26 109 997	—	—	—	26 109 997
Sales		(1 425 875)	—	—	(10 616 301)	(12 042 176)
Slaughter		(24 562 403)	—	—	—	(24 562 403)
Livestock impairement arising from Avian Influenza	9.2	(1 169 741)	—	—	—	(1 169 741)
Transfer to non-current biological assets	20.1	—	—	—	(98 881)	(98 881)
Fair value adjustments		1 641 784	—	62 969	301 047	2 005 800
At 30 June 2018		8 829 251	—	346 931	3 331 994	12 508 176

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.2 Current biological assets (continued)

At 30 June 2018, the Group had the following number of living animals within current biological assets:

	Birds	Hatching Eggs	Cattle	Pigs
30 June 2018				
Number of living animals	1 219 643	n/a	521	38 616
Live weight estimates (kg)	n/a	n/a	149 165	1 027 855

	Birds	Hatching Eggs	Cattle	Pigs
30 June 2017				
Number of living animals	1 401 117	n/a	97	30 932
Live weight estimates (kg)	n/a	n/a	24 377	1 939 094

No biological assets have been pledged as collateral for borrowings.

20.3 Valuation Process

1. The Group engages independent consultants to determine the estimated cold dressed mass (CDM) of live pigs at each age. The fair value of pigs is calculated by applying the market price per kg to the CDM.
2. The value of cattle is determined by the fair market prices of cattle at the nearest active market.
3. The valuation of bird breeder livestock is based on the actual costs incurred in rearing the birds and is amortised in relation to the expected total hatching eggs to end of lay. The valuation of broiler livestock is based on the actual costs incurred in rearing the birds.
4. Layers are valued at the fair market price less selling costs. The fair market price is the price at which the Group can sell point of lay and end of lay birds to the market.

Valuation Technique

Type		Valuation Technique	Significant Unobservable Inputs	2018 Significant Unobservable Inputs Range	2017 Significant Unobservable Inputs Range
Birds -	Broiler Breeders - Grandparents	Market Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days left	10% 12% 65 weeks to slaughter 129 $28.29 per pullet 280 days	10% 12% 65 weeks to slaughter 129 $27.43 0 days (Birds culled due to AI)

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.3 Valuation Process (continued)

Valuation Technique

Type		Valuation Technique	Significant Unobservable Inputs	2018 Significant Unobservable Inputs Range	2017 Significant Unobservable Inputs Range
Birds	Broiler Breeders - Parents	Market Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days left	10% 12% 65 weeks to slaughter 170 $5.55 238 days	10% 12% 65 weeks to slaughter 170 $3.62 218 days
	Layer Breeders	Market Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days left	10% 20% 70 weeks to slaughter 200 $7.37 252 days	10% 20% 70 weeks to slaughter 200 $7.02 0 days (Birds culled due to AI)
	Layers	Market Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird	6% 12% 80 weeks 340 $1.31	6% 12% 80 weeks 340 $0.72
	Broilers	Market Approach	Mortality Kill Age	5% 35 days	5% 33 days
Cattle - Comprising of bulls, cows, weaner heifers, weaner steers, bulling heifers, steers and calves		Market Approach	—	—	—
Pigs - Comprising of piglets, weaners, growers, gilts, sows and boars		Market Approach	Price per kg, CDM discounting factor Age of pigs 22 weeks Weight of pigs	$1.84 - $3.09 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	$1.62 - $2.71 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs
Pigs - Comprising imported breeders		Market Approach	Cost of a breeder of similar type	$4 007 per breeder	$2 594 per breeder

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.4 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets:

Level 1: quoted (unadjusted) prices in active markets for identical assets.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

30 June 2018	Level 1	Level 2	Level 3	Total current and non-current	Fair value gain/(loss)
Pigs	—	—	5 975 226	5 975 226	110 769
Cattle	—	346 931	—	346 931	62 969
Birds	—	—	8 829 251	8 829 251	1 641 784
Total	**—**	**346 931**	**14 804 477**	**15 151 408**	**1 815 522**

30 June 2017	Level 1	Level 2	Level 3	Total current and non-current	Fair value gain/(loss)
Pigs	—	—	4 099 045	4 099 045	(448 229)
Cattle	—	43 889	—	43 889	4 920
Birds	—	2 392 136	2 420 422	4 812 558	122 139
Total	**—**	**2 436 025**	**6 519 467**	**8 955 492**	**(321 170)**

The table below presents the sensitivity of profit or loss before tax due to changes in weight (pigs and cattle) and market price (layer birds). The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable, the negative impact on profit would be of a similar magnitude.

	% Change	Effect on profit before tax USD
Pigs		
Fair value less costs to sell - meat	3%	147 976
Cattle		
Fair value less costs to sell - meat	5%	2 014
Layers		
Fair value less costs to sell - birds	10%	525 999

A significant increase/(decrease) in price per kg in isolation would result in a significantly higher or lower fair value measurement, while a significant increase/(decrease) in weight of pigs in isolation would result in a significantly higher or lower fair value measurement. Significant increase/(decrease) in replacement cost per breeder would result in a significantly higher or lower fair value measurement of breeder pigs.

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.4 Fair Value Hierarchy (continued)

Biological assets risk management policies

Biological assets are living animals that are managed by the Group. Biological assets of the Group include cattle, pigs, birds and hatching eggs.

These biological assets are exposed to various risks, which include disease/infection outbreaks, theft and price fluctuations. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things, bio-security monitoring, vaccination to prevent infections, regular and routine disease tests and regular evaluation of prices.

In May 2017, a case of Avian Influenza was detected on one of the operation's farms, resulting in a preventative and precautionary cull-out of all the birds on this particular site. During the latter part of July 2017, notwithstanding normal mortality levels, routine sampling revealed further positive cases of Avian Influenza and the Department of Veterinary Services deemed it prudent, and recommended a de-population exercise of this entire farm. This exercise resulted in exceptional charges of US$7 284 546 being processed to profit or loss in the prior year.

In the current year, an additional charge of US$1 169 741, relating to feed and vaccines capitalised to biological assets, was written off.

	2018 USD	2017 USD
21 Inventories		
Consumable stores	17 574 438	13 728 729
Finished products, net of allowance for obsolescence	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

The amount of inventories recognised as an expense in cost of sales is USD 395 896 281 (2017: USD 370 283 307). The amount of inventories written down in respect of obsolescence expense is USD 2 311 023 (2017: USD 1 484 323). Some of the Group's inventories have been pledged to secure borrowings in some of the Group's entities, as shown on **Note 28**.

	2018 USD	2017 USD
22 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

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
22 Trade and other receivables (continued)			
Reconciliation of allowance for credit losses is as follows:			
Opening balance		7 691 100	7 574 615
Charge for the year	14.1	(475 834)	449 138
Disposed through sale of subsidiaries		—	(332 653)
Closing balance		7 215 266	7 691 100

Credit terms vary per business unit, but do not exceed 90 days. Interest is charged on overdue accounts at rates that vary and are above the cost of borrowing for the business concerned.

Some of the Group's trade and other receivables and in certain entities, have been pledged to secure part of those entities' borrowings, as shown on **Note 28**.

As at 30 June 2018, the age analysis of trade and other receivables (excluding prepayments) was as follows:

			Past due before impairment	
	Total USD	Neither past due nor impaired USD	60-90 days USD	More than 90 days USD
Continuing and discontinued operations				
30 June 2018	84 136 341	47 186 151	5 819 462	31 130 728
30 June 2017	84 707 105	48 841 255	3 083 254	32 782 596

Note 37 on credit risk of trade receivables explains how the Group manages and measures the quality of credit on trade receivables that are neither past due nor impaired.

	2018 USD	2017 USD
23 Ordinary share capital		
23.1 Authorised		
800 000 000 ordinary shares of 1 cent each	8 000 000	8 000 000
1 000 Non-Voting Class "A" ordinary shares of 1 cent each	10	10
	8 000 010	8 000 010

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
23 Ordinary share capital (continued)			
23.2 Issued and fully paid			
Ordinary share capital			
Opening balance - 541 593 440 ordinary shares of 1 cent each		5 415 934	5 415 934
Issued during the year - 18 133 030 ordinary shares of 1 cent each	14.6	181 330	—
Closing balance - 559 726 470 ordinary shares of 1 cent each		5 597 264	5 415 934
Class "A" Ordinary Shares			
1 000 Non-Voting Class "A" ordinary shares of 1 cent each		10	10

There were no changes in Authorised share capital during the current year.

23.3 Share Options

As at 30 June 2018, Innscor Africa Limited had the following Share Option agreements:

a) Benvenue Investments (Private) Limited.

This is an option held by an indigenous partner in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33). The terms of the Indigenisation Share Option are as follows:

Commencement date:	January 2014
Number of shares:	Fifty Million (50 000 000)
Tenure:	10 years
Pricing:	The higher of 75% of the volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days, or for the first five years USD 0.70 per share and for the second five years, USD 1.03 per share.

At the end of the year, the scheme had a remaining contractual life of five and a half years.

The share options arising from the Benvenue Investments (Private) Limited share option scheme had a dilutive effect at the end of the financial year. Refer to **Notes 6.4, 6.5** and **6.6** for the dilutive effect.

b) Innscor Africa Limited Employee Share Trust.

This is an option held by Innscor Africa Limited Employee Share Trust (Private) Limited in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33). The terms of the Innscor Africa Limited Employee Share Trust Option are as follows:

Commencement date:	January 2014
Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years
Pricing:	The volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days.

At the end of the year, the scheme had a remaining contractual life of five and a half years.

The share options arising from the Innscor Africa Limited Employee Share Trust had no dilutive effect at the end of the financial year, as the exercise price exceeded the closing market price.

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

c) 2016 Innscor Africa Limited Share Option Scheme

Certain senior employees are offered options based on conditions set by the Board.

The share option scheme is an equity scheme and the terms of the scheme are as follows:

Maximum Number of shares available under the scheme:	54 159 344
Vesting Period:	3 years from grant date
Exercise Price:	The higher of: 45-day volume weighted average price of Innscor Africa Limited shares immediately preceding the grant date and the nominal value of the shares.
Other Conditions:	The employee must be in continuous employment by the Group from grant date throughout the vesting period. The options are exercisable starting three years after the grant date. The Group achieving a set growth in headline earnings per share over the three year period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The movements in the number of oustanding Share Options in respect of the 2016 Innscor Africa Limited Share Option Scheme are as follows:

	2018	2017
Opening balance	5 400 000	—
Granted during the period	5 400 000	5 400 000
Closing balance	10 800 000	5 400 000

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

c) 2016 Innscor Africa Limited Share Option Scheme (continued)

Details of outstanding share options are as follows:

Grant Date	Number of share options	Financial year of option grant	Financial year in which options vest	Exercise price in US cents per share option	Option fair value at grant date in US cents per share option
6 December 2016	5 400 000	June 2017	June 2020	29.94	21.48
5 September 2017	5 400 000	June 2018	June 2021	72.43	37.09

The fair value of the share options was determined as follows:

Valuation model	Binomial Tree Model
Volatility	50%
Basis for volatility	Historical volatility of the Innscor Africa Limited share price
Dividend Yield	2%
Annual Risk Free Rate	1.68%

	2018 USD	2017 USD
Gross share option charge	934 100	217 310
Tax charge	(240 531)	(55 957)
Net share-based payment reserve	693 569	161 353

As at the end of the financial year, no options had been exercised as the vetting conditions had not been met.

23.4 Directors' shareholdings

At 30 June 2018, the company Directors held directly and indirectly the following number of shares:

M J Fowler	112 393 212	109 973 843
Z Koudounaris	109 566 827	109 566 827
J P Schonken	1 528 820	1 528 820
G Gwainda	1 035	1 035
	223 489 894	221 070 525

There has been no material change in the company Directors' interests from 30 June 2018 to the date of this report.

Notes to the Financial Statements (continued)

	Note	Restructure reserve USD	Foreign currency translation reserve USD	Share based payment reserve USD	Translation reserve of disposal group held for sale USD	Treasury shares USD	Total other reserves USD
24 Other reserves							
Opening balance 1 July 2016		(3 414 745)	138 526	—	238 210	—	(3 038 009)
Transactions with owners in their capacity as owners		622 763	—	—	8 664	905 212	1 536 639
Disposal of Spar Zambia Limited and The River Club		622 763	—	—	8 664	—	631 427
Utilisation of treasury shares		—	—	—	—	946 400	946 400
Transferred from other financial assets	19.1	—	—	—	—	(41 188)	(41 188)
Total other comprehensive income for the year		—	19 091	—	(246 874)	—	(227 783)
Translation reserve relating to disposed subsidiary recycled to profit or loss*	13	—	—	—	(249 494)	—	(249 494)
Exchange differences arising on the translation of foreign operations		—	19 091	—	2 620	—	21 711
Purchase of treasury shares	24.4	—	—	—	—	(1 298 255)	(1 298 255)
Share based payment charge for the year, net of tax	23.3	—	—	161 353	—	—	161 353
Closing balance 30 June 2017		(2 791 982)	157 617	161 353	—	(393 043)	(2 866 055)

* Arising on the disposal of Spar Zambia Limited and The River Club.

Notes to the Financial Statements (continued)

	Note	Restructure reserve USD	Foreign currency translation reserve USD	Share based payment reserve USD	Translation reserve of disposal group held for sale USD	Treasury shares USD	Total other reserves USD
24 Other reserves (continued)							
Opening balance 1 July 2018		(2 791 982)	157 617	161 353	—	(393 043)	(2 866 055)
Transactions with owners in their capacity as owners		(10 342 638)	—	—	—	41 188	(10 301 450)
Acquisition of non-controlling interest in Colcom Holdings Limited	14.6	(10 342 638)	—	—	—	—	(10 342 638)
Disposal of treasury shares	24.4	—	—	—	—	41 188	41 188
Total other comprehensive income for the year		—	(17 049)	—	—	—	(17 049)
Exchange differences arising on the translation of foreign operations		—	(17 049)	—	—	—	(17 049)
Purchase of treasury shares	24.4	—	—	—	—	(335 935)	(335 935)
Share based payment charge for the year, net of tax	23.3	—	—	693 569	—	—	693 569
Closing balance 30 June 2018		(13 134 620)	140 568	854 922	—	(687 790)	(12 826 920)

Notes to the Financial Statements (continued)

24 Other reserves (continued)

24.1 Nature and purpose of reserves

(a) Restructure reserve

The restructure reserve is used to record restructure transactions, the most significant of which is the buyout of non-controlling interests in the currrent financial year. Refer to **Note 14.6**.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

(c) Share Based Payment Reserve

The reserve is in respect of Share Based payment of which the 2016 Innscor Africa Limited Share Scheme is one such scheme. Refer to **Note 23.3.**

(d) Treasury Shares Reserve

This reserve records Innscor Africa Limited ordinary shares held by the holding company and its subsidiaries. The shares are recorded at the cost at which they were acquired. As at 30 June 2018, the Group held the following treasury shares:

	2018		2017	
	shares	USD	shares	USD
Opening balance	1 820 477	393 043	—	—
Acquisition of shares at cost	335 935	335 935	5 482 977	1 298 255
Shares transferred from other financial assets	—	—	337 500	41 188
Utilisation of shares	—	—	(4 000 000)	(946 400)
Disposal of shares	(337 500)	(41 188)	—	—
Closing balance	1 818 912	687 790	1 820 477	393 043

25 Distributable reserves

	Note	2018 USD	2017 USD
Opening balance		183 872 413	168 973 752
Profit for the year		32 882 666	25 717 439
Dividends paid	7.1	(10 530 535)	(7 275 412)
Distribution to owners		—	(3 803 453)
Profit on disposal of treasury shares		132 240	—
Utilisation of treasury shares		—	1 053 600
Other transactions with owners in their capacity as owners		(1 023 370)	(793 513)
Closing balance		205 333 414	183 872 413
Retained in:			
Holding company		142 606 076	85 570 937
Subsidiary companies		35 853 539	83 213 085
Associate companies		26 873 799	15 088 391
		205 333 414	183 872 413

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
26 Non-controlling interests			
Opening balance		99 036 477	92 930 342
Profit for the year		15 833 303	8 955 104
Dividends paid	7.2	(6 977 060)	(6 394 444)
Disposal of subsidiaries	14.4	—	1 371 882
Acquisition of subsidiaries	14.7	30 119	—
Acquisition of non-controlling interests	14.6	(7 790 392)	—
Other comprehensive income for the year		(429)	4 515
Contributions from non-controlling interests	26.1	6 181 689	2 041 256
Distributions to non-controlling interests		—	345 454
Other transactions with non-controlling interests		(671 895)	(217 632)
Closing balance		105 641 812	99 036 477
26.1 Cash received from non-controlling interests			
Contributions were received from non-controlling interests in the following businesses.			
Callcape Investments (Private) Limited		23 792	—
Investline (Private) Limited		210 712	—
Silkchin Trading (Private) Limited		75 435	—
Alpha Packaging (Private) Limited		3 780 976	750 000
Spar Harare (Private) Limited t/a SPAR DC		—	1 291 256
Prodairy (Private) Limited		1 994 434	—
Pangolin (Private) Limited		96 340	—
Contributions from non-controlling interests		6 181 689	2 041 256
Cash paid to non-controlling interests		270 171	—
Proceeds on disposal of treasury shares		592 662	—
Cash Distribution to owners in their capacity as owners		—	(1 457 999)
Net Cash received from non-controlling interests		6 504 180	583 257
27 Net deferred tax liabilities			
27.1 The net deferred tax liabilities are made up as follows:			
Deferred tax assets		(4 920 894)	(7 905 502)
Deferred tax liabilities		29 935 155	28 201 694
		25 014 261	20 296 192
27.2 Reconciliation			
Opening balance		20 296 192	22 052 127
Charged to profit or loss - continuing operations	12.1	5 240 732	1 897 344
Acquisition and establishment of subsidiaries		16 485	—
Reversal of prior year overprovision through equity		(368 997)	—
Deferred tax liabilities transferred to assets held for sale	13.1	(170 151)	—
Deferred tax assets transferred from assets held for sale		—	(3 653 279)
Closing balance		25 014 261	20 296 192

Notes to the Financial Statements (continued)

		2018 USD	2017 USD
27 Net deferred tax liabilities (continued)			
27.3 Analysis of net deferred tax liabilities			
Accelerated depreciation for tax purposes		21 055 692	21 546 081
Fair value adjustments on biological assets		1 314 195	846 698
Tax losses		(4 920 894)	(7 905 502)
Unrealised exchange (losses)/gains		(72 366)	34 920
Prepayments		10 009 548	7 857 754
Allowance for credit losses		(1 857 931)	(1 980 458)
Provision for warranties		(47 344)	(47 344)
Deferred tax on share based payments reserve		(296 388)	(55 957)
Transfer to disposal group held for sale			
Deferred tax liabilities	13.1	(170 151)	—
		25 014 261	20 296 192

The Group recognises deferred tax assets arising from tax losses where there is a reasonable expectation that sufficient taxable profit will be available in future to utilise these losses.

The tax losses recorded are expected to be fully utilised in the next two financial years.

28 Interest-bearing borrowings

28.1 Interest-bearing borrowings

	Rate of interest	Years repayable	2018 USD	2017 USD
Long-term financing				
Secured				
Zimbabwe Operations	4.5 - 9%	2019 - 2020	4 627 166	11 966 016
Total long-term financing			4 627 166	11 966 016
Short-term financing				
Zimbabwe Operations	7 - 9%	up to 365 days	74 901 511	37 655 259
Overdraft - Zimbabwe Operations	4.5 - 9%	On demand	10 268 340	32 265 710
Total short-term financing			85 169 851	69 920 969
Total interest-bearing borrowings			89 797 017	81 886 985

As at 30 June 2018, the Board of Directors had authorised aggregate borrowing limits of USD200 million (2017: USD152.2 million).

Notes to the Financial Statements (continued)

28 Interest-bearing borrowings (continued)

28.1 Interest-bearing borrowings (continued)

Short-term borrowings expire at different dates during the year and are reviewed on maturity with the relevant financial institutions. Included in the borrowings are the following facilities secured by a cession of accounts receivables and inventories.

	2018 USD	2017 USD
Total facility amount	51 000 000	51 000 000
Facility utilisation at 30 June	17 510 383	20 807 528
Value of inventories ceded as security	7 500 000	7 500 000
Value of accounts receivables ceded as security	6 000 000	6 000 000
Total working capital ceded as security	13 500 000	13 500 000

As at 30 June 2018, the Group's undrawn facilities amounted to USD170.7 million (2017: USD 100.6 million)

28.2 Interest-bearing borrowings - reconciliation

The movements in interest-bearing borrowings which are included in financing activities are as follows:

		2018 USD	2017 USD
Opening balance		81 886 985	62 433 988
Opening balance classified as held for distribution		—	3 560 990
Drawdowns - continuing and discontinuing operations		57 963 216	29 168 113
Repayments - continuing and discontinuing operations		(50 053 184)	(9 636 085)
Disposal of subsidiaries	14.4	—	(3 635 905)
Exchange movements		—	(4 116)
Closing balance		89 797 017	81 886 985

29 Trade and other payables

	2018 USD	2017 USD
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

Trade payables are non-interest bearing and are normally settled within 7 to 90 days.
Other payables are non-interest bearing and have varying settlement terms.

Notes to the Financial Statements (continued)

	Note	2018 USD	2017 USD
30 Provisions and other liabilities			
Leave pay provision		2 338 353	2 110 855
Provision for warranty		183 862	183 862
		2 522 215	2 294 717

30.1 Reconciliation of provisions and other liabilities	Note	Provision for leave pay USD	Provision for warranties USD	Total USD
At 1 July 2016		2 238 367	214 760	2 453 127
Charge/(reversal) for the year	14.1	686 041	(30 898)	655 143
Less paid	14.1	(813 553)	—	(813 553)
At 30 June 2017		2 110 855	183 862	2 294 717
Charge for the year	14.1	1 080 606	—	1 080 606
Acquisition of subsidiaries	14.7	38 272	—	38 272
Less paid	14.1	(891 380)	—	(891 380)
At 30 June 2018		2 338 353	183 862	2 522 215

	Note	2018 USD	2017 USD
31 Current tax liabilities			
Opening balance		51 373	491 735
Current tax charged to profit or loss - continuing operations	14.2	8 754 547	5 802 075
Current tax charged to profit or loss - discontinuing operations	12.1	—	258
Withholding tax charged to profit or loss - continuing operations	14.2	160 287	240 769
Acquisition of subsidiaries	14.7	(14 620)	—
Disposal of subsidiaries	14.4	—	118 766
Exchange and other non cash movements	14.2	—	(39 510)
Tax paid - continuing and discontinuing operations	14.2	(8 171 060)	(6 562 720)
Closing balance		780 527	51 373
32 Capital expenditure commitments			
Authorised and contracted		23 891 422	3 436 143
Authorised but not yet contracted		30 114 794	20 859 574
		54 006 216	24 295 717

The capital expenditure will be financed from the Group's own resources and from existing borrowing facilities if need be.

Notes to the Financial Statements (continued)

33 Future lease commitments - Group as a lessee

The Group has entered into commercial leases on certain properties and motor vehicles. These leases have varying terms with renewable options included in some of the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals or lease charges payable under non-cancellable operating leases at 30 June are as follows:

	2018 USD	2017 USD
Payable within one year	3 482 073	3 139 132
Payable between two and five years	11 550 999	13 367 320
Payable after five years	3 582 885	4 587 856
	18 615 957	21 094 308

34 Segmental analysis

Management determined the Group's operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently and are in accordance with what has been reported in the consolidated financial statements.

Business Segments

The Group's operating segments have been restructured from Light Manufacturing and Head Office Services into those of the Mill-Bake, Protein, Other Light Manufacturing and Services and the Group's Head Office Services. The segment report comparatives have been restated to take into account the new segments.

The discontinued and discontinuing segments in the prior year (reported under the Statement of Profit or Loss and Other Comprehensive Income) reports the results of SPAR Zambia Limited and The River Club. In the current year, properties under National Foods Limited have been classified as held for sale and are reported as assets of disposal group clasified as held for sale.

Significant Customers

The Group does not have any significant customers to which it sells more than 10% of its total revenue.

Mill-Bake Segment

This segment reports the Group's interests in National Foods Holdings Limited, the Bakeries Division and the non-controlling interest in Profeeds (Private) Limited.

National Foods Holdings Limited is involved in the milling of flour and maize, the manufacture of stockfeeds, soft snacks, and the downpacking of grocery products.

The Group's Bakery Division operates bread lines in Harare and in Bulawayo. The bread is distributed across the country through Bakers' Inn Logistics (Private) Limited, an associate company of the Group.

Profeeds (Private) Limited is involved in the manufacture of stock feeds and the retail of day old chicks, stockfeeds and farming accessories.

Notes to the Financial Statements (continued)

34 Segmental analysis (continued)

Protein Segment

This segment reports the Group's interest in the Colcom Division and Irvine's Zimbabwe (Private) Limited.

Colcom is involved in the production, processing and marketing of pork, beef and related food products.

Irvine's Zimbabwe (Private) Limited is involved in the production of frozen chicken, table eggs and day-old chicks.

Other Light Manufacturing and Services Segment

The main operations in this reporting segment are Appliance Manufacturing (t/a Capri), Natpak (Private) Limited, Prodairy (Private) Limited and the non-controlling interest in Probrands (Private) Limited and Probottlers (Private) Limited. The commodity broking associates of Paperhole Investments (Private) Limited and Afrigrain (Private) Limited are also reported as part of this segment.

Capri manufactures and retails household goods and appliances.

Natpak (Private) Limited produces a variety of bags for packaging such as open mouth bags, general purpose bags, carrier bags and BOPP bags.

Probrands (Private) Limited is involved in the down-packing and manufacture of a number of grocery products such as rice and candles.

Probottlers (Private) Limited is involved the in manufacture and sale of carbonated soft drinks and cordials.

Prodairy (Private) Limited is involved in the manufacture and sale of dairy-based products which include fresh milk and dairy juice products.

Head Office Services

This segment reports the Group's shared services functions of treasury, internal audit, legal, company secretarial services and payroll. The segment also includes the remaining dormant SPAR Zimbabwe operations balances which are being collected and settled as part of ongoing Head Office Services activities.

Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe (**Note 18.1**)

Notes to the Financial Statements (continued)

	Mill-Bake USD	Protein USD	Other Light Manufacturing and Services USD	Head Office Services USD	Inter-segment Adjustments USD	Total Continuing Operations USD	Total Discontinuing Operations USD
34 Segmental analysis (continued)							
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, amortisation and fair value adjustments							
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	—

Notes to the Financial Statements (continued)

	Mill-Bake USD	Protein USD	Other Light Manufacturing and Services USD	Head Office Services USD	Inter-segment Adjustments USD	Total Continuing Operations USD	Total Discontinuing Operations USD
34 Segmental analysis (continued)							
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
Cash flow from operating activities							
30 June 2018	69 073 058	13 018 155	6 248 721	9 861 752	(2 893 533)	95 308 153	—
30 June 2017	(4 233 072)	9 862 178	4 615 961	8 999 131	(2 683 116)	16 561 082	(294 521)
Cash flow from investing activities							
30 June 2018	(11 464 017)	(6 864 706)	(16 851 776)	(12 541 176)	1 061 236	(46 660 439)	—
30 June 2017	(3 673 601)	(4 117 012)	(4 650 568)	1 767 995	2 164 725	(8 508 461)	811 291
Cash flow from financing activities							
30 June 2018	(17 353 694)	(811 335)	13 529 310	3 162 527	(1 956 126)	(3 429 318)	—
30 June 2017	6 778 927	(5 230 780)	3 597 251	(1 362 536)	2 980 937	6 763 799	(1 616 625)

Notes to the Financial Statements (continued)

34 Segmental analysis (continued)

34.1 Geographical segments

	Revenue USD	Profit before tax USD	Total assets USD	Total liabilities USD
Zimbabwe Continuing Operations				
30 June 2018	631 282 790	59 819 242	538 006 233	238 593 273
30 June 2017	580 303 226	38 641 159	450 481 847	180 144 655
Regional Continuing Operations				
30 June 2018	—	3 052 293	23 734 850	4 822 994
30 June 2017	—	2 987 641	22 435 678	7 314 091

35 Pension funds

National Social Security Authority Scheme (NSSA)

The scheme was established and is administered in terms of statutory Instrument 393 of 1993. The Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is USD 700, resulting in a maximum monthly contribution of USD 49 from the employee and USD 49 from the employer.

Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 2000. Membership is compulsory for employees of the Group who are not members of other occupational pension funds. Contributions are at the rate of 14% of pensionable emoluments after NSSA and members pay 7%.

National Foods Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees of National Foods Limited and Natpak (Private) Limited. Contributions are at the rate of 17.5% of pensionable emoluments of which members pay 7% after NSSA.

Colcom Pension Fund

This is a self administered, defined contribution fund where all permanent employees are eligible to become members. Contributions are at the rate of 22.5% of pensionable emoluments less NSSA contributions of which members contribute 7.5% for all those who joined the fund prior to 1 June 2012. Contributions for new entrants after 1 June 2012 are at the rate of 15% with members contributing 7.5%.

Notes to the Financial Statements (continued)

35 Pension funds (continued)

Pension costs recognised as an expense for the year:

	Note	2018 USD	2017 USD
Innscor Africa Limited Pension Fund		1 454 094	1 473 919
National Social Security Authority Scheme & Workers' Compensation Insurance Fund		1 326 189	1 466 971
National Foods Pension Fund		835 571	835 622
Colcom Pension Fund		670 785	669 896
	10	4 286 639	4 446 408

36 Related party transactions

36.1 Trading transactions

Related party activities consist of transactions between Innscor Africa Limited's subsidiaries and its associates.

The table below shows transactions and balances from the perspective of the related party, summarised as follows:

	Sales USD	Purchases USD	Rent received /(paid) USD	Interest (received)/ paid USD	Trade & other receivables USD	Trade & other payables USD
Name of related party						
Freddy Hirsch Group (Private) Limited						
30 June 2018	1 854 414	—	—	45 393	234 643	—
30 June 2017	1 125 247	89 064	—	—	—	—
Paperhole Investments (Private) Limited						
30 June 2018	96 661 909	33 866 784	—	(269 697)	7 213 718	327 849
30 June 2017	80 297 526	38 818 542	—	(404 354)	1 054 797	2 480 883
Profeeds (Private) Limited						
30 June 2018	1 047 418	12 326 735	—	3 549	441 916	124 369
30 June 2017	536 489	8 773 281	—	2 738	22 606	281 250
Probrands (Private) Limited*						
30 June 2018	3 797 631	1 253 382	—	—	692 640	—
30 June 2017	—	—	—	—	—	—
National Foods Logistics (Private) Limited						
30 June 2018	2 722 671	—	—	—	770 676	—
30 June 2017	—	—	—	—	—	—
Afrigrain Trading Limited						
30 June 2018	106 529 562	—	—	(283 604)	30 778 176	—
30 June 2017	101 086 139	—	—	(770 204)	12 018 376	135

Notes to the Financial Statements (continued)

36 Related party transactions (continued)

36.1 Trading transactions (continued)

	Sales USD	Purchases USD	Rent received /(paid) USD	Interest (received)/ paid USD	Trade & other receivables USD	Trade & other payables USD
Name of related party						
Bakers Inn Logistics (Private) Limited						
30 June 2018	14 022 679	—	(76 164)	(33 161)	1 257 739	—
30 June 2017	13 771 627	—	(50 796)	(22 739)	1 455 761	—
Pure Oil Industries (Private) Limited						
30 June 2018	3 682 109	—	—	—	781 086	—
30 June 2017	8 656 755	—	—	—	866 282	—

* During the year, Probrands (Private) Limited sold equipment within the Group at a profit of USD1 646 990.

36.2 Compensation of key personnel to the Group

		2017 USD
Short - term employee benefits (**Note 10.1**)	10 154 881	7 923 983
Fees for other services paid directly or indirectly to non - independent, non - executive directors	796 214	466 726

36.3 Transactions with Directors

The Group receives loans at arms length terms from Directors or entities where Directors have a direct or beneficial interest from time to time. The loans from Director-related entities are short-term and interest is below the Group's average borrowing rate which was 5.96% as at 30 June 2018.

Loans from Director-related entities (presented under other payables - **Note 29**)	9 304 030	3 659 361

36.4 Other Related Party Balances

Other related party balances as at 30 June 2018 are as follows:

Amount payable to:		
Innscor Africa Limited Employee Share Trust (Private) Limited	1 289 786	1 138 657
Amount receivable from:		
Innscor Africa Limited Pension Fund	—	2 306 702

The amounts shown above are long-term in nature and interest accrues above the Group's average borrowing rate which was 5.96% as at 30 June 2018.

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing borrowings, overdrafts, financial assets, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations or to achieve a return on surplus short-term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and the Group's management of these are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to variable short-term overdraft rates. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short-term overdrafts.

	2018 USD	2017 USD
Effect on period profit before tax		
Increase of 3%	(638 011)	(710 468)
Decrease of 3 %	638 011	710 468

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of significant imports, the Group's statement of financial position can be affected significantly by movements in foreign currency exchange rates. The Group also has transactional currency exposures. Such exposure arises from the sale or purchase by an operating unit in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

30 June 2018 Currency	Liabilities USD Equivalent	Assets USD Equivalent	Net position USD Equivalent
South African Rand	(2 403 129)	292 837	2 110 292
Great Britain Pound	66 104	130	65 974
Botswana Pula	34 183	2 214	31 969
Euro	22 413	—	22 413

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

30 June 2017 Currency	Liabilities USD Equivalent	Assets USD Equivalent	Net position USD Equivalent
South African Rand	(2 966 300)	252 121	(2 714 179)
Great Britain Pound	(109 068)	238	(108 830)
Botswana Pula	(4 741)	—	(4 741)
Euro	(355 998)	—	(355 998)

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the US Dollar (USD) closing exchange rate against the following currencies, with all other variables held constant.

30 June 2018	Change in rate	Effect on period profit before tax USD	Effect on equity USD
South African Rand	+10%	(215 400)	(407 245)
	-10%	142 367	376 844
Great Britain Pound	+10%	(2 879)	(8 876)
	-10%	5 923	13 254
Botswana Pula	+10%	(1 604)	(4 510)
	-10%	5 900	9 452
Euro	+10%	(4 878)	(6 915)
	-10%	15 579	22 336

30 June 2017	Change in rate	Effect on period profit before tax USD	Effect on equity USD
South African Rand	+10%	(19 392)	(266 136)
	-10%	23 701	325 276
Great Britain Pound	+10%	—	22
	-10%	—	(26)
Botswana Pula	+10%	(24)	(455)
	-10%	29	555
Euro	+10%	(109)	(7 527)
	-10%	(1 203)	25 506

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debt impairment is managed within acceptable levels. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe.

There is no concentration risk as the Group trades with a wide range of customers with different risk profiles. Credit limits are set by the Group to avoid exposure to a single customer.

Where it sees fit, the Group can from time to time ask for collateral security from debtors. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be bank guarantees, holding company guarantees, properties, listed shares or other assets.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and held for trading financial assets, the Group's Finance and Investment Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

The maximum exposure arising from default equals the carrying amount.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings.

The table below summarises the maturity profile of the Group's financial assets and liabilities:

30 June 2018	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings*	(46 985 543)	(38 759 452)	(6 124 548)	(91 869 543)
Trade and other payables	(112 954 161)	(7 427 193)	—	(120 381 354)
Total	(159 939 704)	(46 186 645)	(6 124 548)	(212 250 897)
Assets				
Cash and cash equivalents	60 501 483	—	—	60 501 483
Trade and other receivables excluding prepayments	66 373 066	10 548 009	—	76 921 075
Financial assets	—	—	14 417 752	14 417 752
Total	126 874 549	10 548 009	14 417 752	151 840 310

* Includes future interest

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

30 June 2017	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings*	(58 604 830)	(11 619 777)	(12 293 516)	(82 518 123)
Trade and other payables	(41 850 255)	(33 173 722)	—	(75 023 977)
Total	(100 455 085)	(44 793 499)	(12 293 516)	(157 542 100)
Assets				
Cash and cash equivalents	30 254 403	—	—	30 254 403
Trade and other receivables excluding prepayments	72 684 748	4 331 257	—	77 016 005
Financial assets	—	100 266	7 093 139	7 193 405
Total	102 939 151	4 431 523	7 093 139	114 463 813

* Includes future interest

Equity price risk

The Group is exposed to the movement in the fair value of quoted equities. Investments in quoted equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk. The carrying value of such quoted equities at reporting date was not material.

The Group's Finance and Investment Committee is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This Committee monitors the performance of the current investment portfolio and reports to the Board of Directors.

The following table demonstrates the sensitivity to a reasonably possible change in the share price of quoted investments.

	2018 USD
Effect on period profit before tax	
Increase of 3%	274 186
Decrease of 3%	(274 186)

38 Fair value of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

39 Capital management

The primary objective of the Group's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital (total equity) and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30 June 2018 and 30 June 2017. The Group manages capital using gross gearing and net gearing ratios. The Gross gearing ratio is calculated as total borrowings divided by the total of borrowings and total shareholders equity. The net gearing ratio adjusts the borrowings in this formula for cash and cash equivalents.

Notes to the Financial Statements (continued)

39 Capital management (continued)

	Note	2018 USD	2017 USD
Total Borrowings	28	89 797 017	81 886 985
Total Equity		321 557 112	285 458 779
Total Cash and Cash Equivalents		60 501 483	30 254 403
Gross gearing ratio		22%	22%
Net gearing ratio		8%	15%

40 Translation rates

The table below provides the closing translation rates used to translate the statement of financial position of foreign operations.

	2018 FX: USD 1	2017 FX: USD 1
South African Rand	13.73	13.06
Zambian Kwacha	10.25	9.17

41 Contingent liabilities

	2018 USD	2017 USD
Guarantees	169 900 000	97 000 000

The contingent liabilities relate to bank guarantees provided in respect of Innscor related companies as at 30 June 2018. Of the total guarantees USD 141 000 000 (2017: USD 70 000 000) relates to associate companies.

42 Events after reporting date

42.1 Final Divided Declaration

On the 14th of September 2018, the Board declared 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.

On the same date, the Board also declared a final dividend totalling US$ 344 000 to Innscor Africa Employee Share Trust (Private) Limited.

Company Statement of Financial Position

	Note	COMPANY 2018 USD	COMPANY 2017 USD
ASSETS			
Non-current assets			
property, plant and equipment		57 577 198	99 017
intangible assets		868	14 989
investments	A	137 144 900	131 763 929
biological assets		2 643 232	—
deferred tax asset		—	3 187 936
		197 366 198	135 065 871
Current assets			
biological assets		3 438 855	—
inventories		16 018 710	—
trade and other receivables		27 248 859	16 764 442
cash and cash equivalents		13 438 613	3 723 711
		60 145 037	20 488 153
Total assets		257 511 235	155 554 024
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23.2	5 597 264	5 415 934
class "A" ordinary share capital		10	10
share premium		17 811 532	—
other reserves		167 133	(190 502)
distributable reserves	25	142 606 076	85 570 937
Total equity		166 182 015	90 796 379
Non-current liabilities			
deferred tax liability		8 116 293	—
interest-bearing borrowings		1 039 616	—
		9 155 909	—
Current liabilities			
interest-bearing borrowings		40 302 574	41 658 894
trade and other payables		40 759 437	22 972 455
provisions		1 111 300	126 296
		82 173 311	64 757 645
Total liabilities		91 329 220	64 757 645
Total equity and liabilities		257 511 235	155 554 024

Note A
Investments

Investments in associates		5 883 879	4 797 215
Quoted investments		9 139 533	—
Property unit trusts		687 500	687 500
Investments in subsidiaries		95 264 056	81 481 448
Other		3 075 394	990 146
Amounts due from group companies		23 094 538	43 807 620
		137 144 900	131 763 929

A B C CHINAKE
Chairman
Harare
27 September 2018

G GWAINDA
Executive Director

Glossary of Terms

- **Business Theme** – Subject of business action.
- **Core Option** – Represents the essential elements of a sustainability report prepared according to GRI Standards.
- **GRI Standards** – New formulated sustainability reporting standards effective 1 July 2018.
- **Global Reporting Initiatives** – The organisation responsible for developing standards for sustainability reporting.
- **Government** – Goverment of the Republic of Zimbabwe.
- **GRI** – Global Reporting Initiatives.
- **GRI Standards** – New set of reporting standards effective 1 July 2018.
- **IFRS** – International Financial Reporting Standards.
- **Inclusivity** – taking into account material concerns of stakeholders.
- **Operations** – strategic business units of Innscor Africa Limited.
- **Proxy** – person appointed to act on behalf of a shareholder or rights holder.
- **Responsiveness** – taking action or response to material issues raised by stakeholders.
- **SDGs** – United Nations supported Sustainable Development Goals.
- **Shareholder** – A holder of equity in the company or Group.
- **Stakeholders** – Persons whom we can impact or who can impact of us.
- **Sustainability Reporting** – The practices of measuring, disclosing and being accountable to internal and external stakeholders for organisation performance while working towards the goal of sustainable development.
- **Sustainability Report** – A report that provides a balanced and reasonable representation of the sustainability performance of the reporting organisation, including both positive and negative contributions.
- **Sustainable Business Practices** – Business practices that have taken into account environmental and social issues in all processes and decision making of the Company.
- **Sustainable Development** – Ability to meet current human need or benefits without compromising the ability of future generation to meet their own need or enjoy same benefits.
- **The Group** – Innscor Africa Limited divisions, subsidiaries and associates units.
- **ZIMCODE** – The National Code on Corporate Governance Zimbabwe.

GRI Content Index – 'Core'

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE (S)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
GRI102-14	14	Not Assured
ORGANISATIONAL PROFILE		
GRI102-1	Cover	Not Assured
GRI102-2	8-9	Not Assured
GRI102-3	192	Not Assured
GRI102-4	6-7, 153-154	Not Assured
GRI102-5	190	Not Assured
GRI102-6	173-174	Assured
GRI102-7	2-3	Not Assured
GRI102-8	77	Not Assured
GRI102-41	N/A	Not Assured
GRI102-9	68-69	Not Assured
GRI102-10	7	Not Assured
GRI102-11	52-53	Not Assured
GRI102-12	73-75	Not Assured
GRI102-13	87	Not Assured
INDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
GRI102-45	2-3, 144-154	Not Assured
GRI102-46	IFC, 62-63	Not Assured
GRI102-47	62	Not Assured
GRI103-1	63	Not Assured
GRI103-1	60-61	Not Assured
GRI102-48	68	Not Assured
GRI102-49	N/A	Not Assured
STAKEHOLDER ENGAGEMENT		
GRI102-40	64	Not Assured
GRI102-42	64	Not Assured
GRI102-43	64	Not Assured
GRI102-44	65	Not Assured
REPORT PROFILE		
GRI102-50	IFC	Not Assured
GRI102-51	IFC	Not Assured
GRI102-52	IFC	Not Assured
GRI102-53	IFC	Not Assured
GRI102-54	IFC, 60	Not Assured
GRI102-55	187-189	Not Assured
GOVERNANCE		
GRI102-18	60	Not Assured
ETHICS AND INTEGRITY		
GRI102-16	52	Not Assured

GRI Content Index – 'Core' (continued)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS: DMA AND INDICATORS	PAGE(S)	OMMISSION	ASSURANCE	SUSTAINABLE DEVELOPMENT GOAL (SDG)	BUSINESS THEME
ECONOMIC					
Economic Performance					
GRI201-1: Direct Economic Value Generated and distributed	84-85	N/A	Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Economic Performance
GRI201-3: Coverage of the organisation's defined Contribution plan obligation	84	N/A	Assured	N/A	N/A
GRI201-4: Finance Assistance from Government	—	N/A	Not Assured	N/A	N/A
ENVIRONMENTAL					
Materials					
GRI301-1: Materials used by weight or volume	69	N/A	Not Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Material Efficiency
GRI301-2: Percentage of materials used that are recycled input materials	70	N/A	Not Assured		
Energy					
GRI302-1: Energy consumption within the organisation	71	N/A	Not Assured	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	Energy Efficiency
GRI302-2: Energy Consumption outside the organisation	71	N/A	Not Assured		
Water					
GRI303-1: Water withdrawn by source	72			Goal 6: Ensure availability and sustainable management of water and sanitation for all	Sustainable Water withdrawals
Effluent and Waste					
GRI306-2: Total weight of waste by type and disposal method	70	N/A	Not Assured	Goal 6: Ensure availability and sustainable management of water and sanitation for all	Waste
Biodiversity					
GRI304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	73	N/A			

GRI Content Index – 'Core' (continued)

SPECIFIC STANDARD DISCLOSURES (continued)

MATERIAL ASPECTS: DMA AND INDICATORS	PAGE(S)	OMMISSION	ASSURANCE	SUSTAINABLE DEVELOPMENT GOAL (SDG)	BUSINESS THEME
SOCIAL					
Employment					
GRI401-1: Total number and rates of new employee hires and employee turnover	77	N/A	Not Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employment, Occupational health and safety
GRI403-2: Total injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	78	N/A	Not Assured		
GRI403-4: Health and Safety Topics covered in formal agreements with Trade Unions	78	N/A	Not Assured		
Training and Education					
GRI404-1: Average hours of training per year per employee	80	N/A	Not Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Training and Education
Compliance					
GRI414-1: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/A	N/A	Not Assured	**Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Compliance with law and regulations
Human Rights					
GRI103-2: The management approach and its components	80				
GRI406-1: Incidents of discrimination and corrective actions taken	80				
Product Responsibility					
GRI102- 43-44: Approach to stakeholder engagement Key topics and concerns raised	66, 82				

Shareholders' Analysis and Company Calendar

Size of Shareholding	Number of Shareholders	Shareholders %	Issued Shares	Shares %
1 - 10 000	5 344	88.54	5 328 618	0.95
10 001 - 25 000	198	3.28	3 215 410	0.57
25 001 - 50 000	117	1.94	4 218 896	0.75
50 001 - 100 000	101	1.67	6 882 248	1.23
100 001 - 200 000	85	1.41	12 407 327	2.22
200 001 - 500 000	94	1.56	29 453 999	5.26
500 001 - and over	97	1.61	498 219 952	89.01
	6 036	100.00	559 726 450	100.00
Trade Classification				
Companies	728	16.06	291 969 171	54.21
Insurance Companies	46	1.15	62 174 514	9.41
Investment Companies	348	1.79	2 209 801	0.23
Trust Nominees	143	3.01	10 094 697	14.63
Pension Funds	336	8.23	91 820 517	16.44
Private Individuals	4 257	67.48	11 557 072	1.80
New Non- Residents	178	2.28	89 900 678	3.28
	6 036	100.00	559 726 450	100.00
Top Ten Shareholders				
ZMD Investments (Pvt) Ltd			105 249 222	19.43
H M Barbour (Pvt) Ltd			100 024 000	18.46
Stanbic Nominees (Pvt) Ltd			98 702 754	16.16
Old Mutual Life Assurance Company Zimbabwe Limited			55 993 721	6.43
Sarcor Investments (Pvt) Ltd			22 484 058	5.07
Standard Chartered Bank Nominees (Pvt) Ltd			21 598 017	4.15
Pharaoh Limited			13 165 487	2.39
Mining Industry Pension Fund			8 271 217	1.52
Music Ventures (Pvt) Ltd			7 465 382	1.38
General Electronics (Pvt) Ltd			7 257 942	1.36
Other			119 514 650	23.65
			559 726 450	100.00

Shareholders' Calendar

Twenty-Second Annual General Meeting	5 December 2018
Financial Year End	30 June
Interim Reports	
6 months to December 2018	March 2019
12 months to 30 June 2019	September 2019
Annual Report Published	November 2019
Twenty-Third Annual General Meeting	November 2019

Registered Office
Innscor Africa Limited
Edward Building, Corner 1st Street/Nelson Mandela Ave Harare, Zimbabwe

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre, 1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
email: enquiries@corpserve.co.zw

Notice to Members

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Wednesday 5 December 2018 at 08h15, for the purpose of transacting the following business:-

Ordinary Business

1. To receive and consider the financial statements for the financial year ended 30 June 2018 together with the reports of the Directors and Auditors thereon.

2. To re - elect retiring Directors: Mr A.B.C. Chinake and Mr. M. J. Fowler who retire by rotation and being eligible offer themselves for re-election.

3. To approve Directors' fees for the financial year ended 30 June 2018.

4. To approve the remuneration of the Auditors of the Company for the financial year ended 30 June 2018 and re-appoint Messrs. Ernst & Young of Harare as Auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

5. **Share Buy-back.**
   To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution: "That the Company authorises in advance, in terms of section 79 of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that: -

   i) the authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and

   ii) acquisitions shall be of ordinary shares which, in the aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital; and

   iii) the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will be not more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and

   iv) a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition; and

   v) if during the subsistence of this resolution the Company is unable to declare and pay a cash dividend then this resolution shall be of no force and effect."

Note:-
In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

6. **Loans to Executive Directors**
   To resolve as an ordinary resolution, with or without amendments: "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director.

Any Other Business

7. To transact any other business competent to be dealt with at the Annual General Meeting.

Proxies
Members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the Company.

Proxy forms must reach the Company's registered office not less than 48 hours before the meeting.

By order of the Board
INNSCOR AFRICA LIMITED

A. D. Lorimer
Company Secretary
Harare
13 November 2018

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Light Manufacturer of Fast Moving Consumer Goods

Registered Office
Edward Building
1st Street/Nelson Mandela Avenue
Harare, Zimbabwe

Postal Address
1 Ranelagh Road
Highlands
P O Box A88 Avondale
Harare, Zimbabwe

Contact Details
Telephone: +263 242 496886 / 496790
Fax: +263 242 496845
Email: admin@innscorafrica.com

Company Secretary
A D Lorimer

Auditors
Ernst & Young
Chartered Accountants (Zimbabwe)

Legal Advisors
Coghlan, Welsh and Guest;
Dube, Manikai and Hwacha;
Gill, Godlonton and Gerrans;
Kantor and Immerman

Principal Bankers
Barclays Bank of Zimbabwe Limited
CABS
CBZ Bank Limited
Ecobank Zimbabwe Limited
MBCA
Standard Chartered Bank Zimbabwe Limited
Stanbic Bank Zimbabwe

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
Email: enquiries@corpserve.co.zw

Sustainability Advisors
Institute for Sustainability Africa
22 Walter Hill Avenue
Eastlea
Harare, Zimbabwe
Email: admin@insafrica.org.zw

Notes

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