our passion for value creation

INNSCOR Africa Limited

THE DIRECTORS ARE PLEASED TO PRESENT THE

Unaudited Financial Results of Innscor Africa Limited for the six months ended 31 December 2009

FINANCIAL

The introduction of the multi-currency system in February 2009 has brought about a sense of economic stability for the country and the first six months of this new financial year have been exciting for the Group, with volume increases being recorded in most businesses.

During the period under review the Group reported revenue of USD 208.79 million, an operating profit of USD 19.80 million and profit before tax of USD 16.06 million. Basic earnings per share amounted to 1.21 US cents.

In line with the guidance issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange and, with the exception of the Statement of Financial Position as at 30 June 2009, no comparative financial information has been disclosed. Comparative figures prior to that date were subject to distortion due to multiple exchange rates prevailing at that time, and consequently would be misleading.

The principal accounting policies of the Group are consistent with those applied in the previous financial year and conform to International Financial Reporting Standards with the exception of non-compliance with IAS1 (Presentation of Financial Statements) in terms of the non-disclosure of certain comparatives.

OPERATIONS

FMCG BUSINESSES

Milling and Manufacturing Silo

The most significant change in the structure of the Milling and Manufacturing Silo since year-end has been the acquisition, effective 1 July 2009, of a 49% shareholding in Irvine's Zimbabwe (Pvt) Ltd. Irvine's is the country's major producer of chickens and table eggs. The Innscor group is a large consumer of chicken products, and this acquisition represents an important addition to the Group's strategy of backward integration within the FMCG supply chain.

This silo comprises our three bakery plants, our subsidiary companies Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri and WRS), Innscor Snack Foods, and our associate investments in National Foods Holdings Limited and Irvine's Zimbabwe (Pvt) Ltd. The silo reported revenue for the half-year of USD 43.18 million, with profit before tax amounting to USD 4.92 million. National Foods, the Snack Foods company and Innscor Appliance Manufacturing were the only companies that did not contribute to the silo's profitability.

In the bakery operations, the first of three new make-up plants planned for the current financial year was commissioned at the Lytton Road factory in Harare in October 2009. This investment into the latest baking technology resulted in a quantum leap in bread quality, increased efficiencies, and the line's capacity increasing by 50%. This has allowed the business to focus on the value-added segment of the market. The Bulawayo factory upgrade should be commissioned in April 2010. This investment will result in this line's capacity increasing from 40,000 loaves per day to 75,000 loaves per day, and further entrench its dominant position in the Bulawayo market. Lytton Road's second line will be commissioned by June 2010, adding a further 50,000 loaves per day to Harare's capacity. The Bakers Inn brand was re-vitalised in December 2009.

Volumes at Colcom were strong, with local pork sales for the first six months of the current financial year increasing by 44% from the second six months of the previous financial year; this resulted in good profits being reported by the company during the period.

Innscor Appliance Manufacturing's volumes also showed increases, with 6,500 units being sold in the current period, compared to 4,500 units sold in the second six months of the previous financial year. The business is at an advanced stage in component pricing negotiations with suppliers to ensure competitiveness on the local market against imported product and to resume exports into the region.

The Snack Foods business posted a small loss during the current period, and competition in this market from imported products was strong. The business has implemented a process of re-organisation which should see it return to profitability in the second half of this financial year.

National Foods' total volumes increased by around 10% in the current six months to 140,000 tonnes as compared to the second six months of the last financial year. Although the operation improved its market share during the period under review, in the face of very strong import competition; this was done at the expense of achieving satisfactory margins. In addition, the business suffered from internal control weaknesses and inefficiencies which resulted in a higher cost per unit produced compared to the ideal model. National Foods represents a significant investment for Innscor; the return on this investment is not yet being realised and the full benefit of increased volumes, the organisational restructure and enhanced systems will only be felt in the latter part of the financial year.

Over the past twelve months, Irvine's Zimbabwe (Pvt) Ltd, has focused on rebuilding its capacity after severe feed and working capital shortages experienced during the hyperinflation era. Exceptional volume growth has been recorded in the business, with chicken sales increasing by 62% from the second half of the last financial year to the first six months of the current financial year and egg sales increasing by 74% over the same period.

Distribution and Wholesale Silo

This reporting silo comprises the SPAR Distribution Centre in Harare, Distribution Group Africa and Innscor Transport. The silo reported revenue for the half-year of USD 29.87 million, with profit before tax amounting to USD 1.43 million. All businesses within the silo were profitable in the current period.

The SPAR Distribution Centre is one of the two franchise holders of the SPAR brand in the country responsible for servicing SPAR supermarkets, KwikSpar supermarkets and SaveMor retail outlets in the eastern region. Volumes at the Distribution Centre grew by 40% against the second half of the last financial year as the trading environment improved. The SPAR Distribution Centre supported 41 SPAR member stores and 22 SaveMor branded stores at the end of the period under review. Whilst some franchise stores were discontinued for non-compliance to brand standards, a total of 8 new stores were launched during the period under review.

Distribution Group Africa showed similar volume growth to the SPAR Distribution Centre and during the period, additional agencies were added. The business will continue to focus on its core volume-driven agencies and profitability will grow as the retail industry revives.

Innscor Transport comprises Vehicle Hire, Over Night Express (ONE), Fleet Management and a Workshop division. The Over Night Express division offers freight haulage as well as a courier and consolidation service within Zimbabwe and the Region. Volumes recorded in this business for the first six months grew marginally over the second half of the previous financial year.

Retail Silo

This reporting silo comprises the SPAR Corporate Store retail operations, the Fast Foods operations and TV Sales and Home. The silo reported revenue for the half-year of USD 74.14 million, with profit before tax amounting to USD 9.21 million. Whilst all businesses in this silo posted profits for the period under review, the Fast Foods businesses were the most dominant in terms of overall contribution.

The SPAR Retail operations comprise of 13 SPAR Corporate Retail outlets operating under the SPAR, KwikSpar and SaveMor brands. Volumes in the current period grew by 49% compared to the second half of the previous financial year as consumer disposable incomes continued to stabilise. Two Corporate stores were added during the period namely Greencroft SPAR and Golden Stairs SPAR.

The Fast Food operations also benefitted from stabilising disposable incomes and together with improved product offering and availability, resulted in customer counts increasing by 34% compared to the second half of the previous financial year. A new look Creamy Inn shop was commissioned midway through December and is trading ahead of forecasts; in addition the "Dial-A-Delivery" service that had been suspended several years ago was re-introduced. A "face-lifting" of all the Fast Food outlets is currently underway and a number of new counters will be commissioned in Harare, Masvingo and Chinhoyi in the second half of the current financial year.

TV Sales and Home volumes increased by 67% over the second six months of the previous financial year, with the re-launching of credit facilities proving extremely popular. The business opened a new shop in Gweru during the period, focusing on electrical items; plans are now at an advanced stage to expand this outlet by adding furniture lines. The "YourSPACE" luxury brand has continued to grow and contributed significantly to the profitability of the business in the period under review.

NILOTICUS

Niloticus, the Group's crocodile ranching operation reported revenue for the half-year of USD 4.47 million and a loss before tax of USD 1.92 million. Reduced livestock levels following the destocking exercise in the last financial year, together with reduced average skin prices, resulted in a fair value charge of USD 1.3 million; this was the main contributor to the Division's overall loss.

By December 2009, the business had culled just under 17,000 crocodiles against an annual budgeted cull of around 57,000. Depressed market conditions remained in place during the period and as a consequence customers requested changes in size distribution. These changes impacted negatively on off-take rates as animals had to be accommodated longer to achieve the larger skin sizes demanded by the market. The size and quality of skins still in pens has however benefitted as a consequence of the delay and the operation is now primed to capitalise on this advantage gained. As previously reported, the 2011 financial year will see the operation reduce annual off-take to 42,000 animals.

REGIONAL BUSINESSES

Innscor Zambia

The main businesses in Zambia are the SPAR retail operations and the Distribution business. Overall, the businesses reported revenue for the half-year of USD 39.60 million and a profit before tax of USD 0.48 million.

The Zambian management team have made good progress during the period in stabilising the control environment within the SPAR Group. The business posted an operating profit for the period under review of just over USD 0.5 million; although after interest and depreciation charges, a break-even position resulted. The outlet at Livingstone, a wholly owned subsidiary, was disposed of during October 2009 but remained as a franchised outlet.

Our regional Distribution businesses continued to operate well as the leading distributors in Zambia and Malawi with volumes increasing by 10% compared to the same period last year.

Regional Fast Foods

Our Regional Fast Foods operations consist of counters in Kenya, Ghana, Zambia, and Senegal, as well as the regional franchising arm, where Nigeria is our largest franchised market. Overall, the businesses reported revenue for the half-year of USD 17.19 million and a profit before tax of USD 0.98 million.

All operations in the Region were profitable and showed improved customer counts. The strong cash generation produced by these businesses has allowed management to start accelerating the roll-out of additional counters in the territories in which we operate. By December 2009, the number of counters being operated in the region totalled 210, including franchised operations.

PROSPECTS

The relative stability of the economy over the past six months has been extremely beneficial to the Group's operations and its results for this period are encouraging. This period has required all our business units to carefully revisit their trading and working capital models and effect changes where necessary in order to meet the challenges of a dollarised economy. Databases of comparable financial information can now be analysed and this is important in being able to bring businesses to account. Overall our businesses remain focused on achieving adequate returns on shareholders' equity as well as achieving their targeted levels of cash generation.

In Zimbabwe, our manufacturing businesses will continue to focus on ensuring optimum volume through-put, achieving desired margins and reducing their cost profiles. Enhanced mechanisation will continue to be effected at National Foods to improve product quality and efficiencies in the milling operations. The Bakery Plants and Irvine's have begun to invest considerably in new technology to improve capacities, efficiencies and product quality; the benefits of which will begin to be felt in the latter part of the current financial year. Our Distribution businesses will continue to improve on product range and availability to meet the demand of the retail industry as it recovers.

The long-term success of Innscor will be driven in part by its ability to have powerfully branded and world-class retail operations with a foot-print that reaches throughout Zimbabwe and to certain regional territories. Our SPAR operations in Zimbabwe will continue to expand on retail space through the addition of Corporate retail outlets as well as franchised operations. The Fast Foods operations have embarked on a process of re-launching their very popular home-grown and internationally franchised brands. Considerable capital is being invested in this program and the new outlets that have been identified for expanding this business. The TV Sales and Home operation is an important part of the Group's retail operations and will continue to identify new sites countrywide, providing a full range of electrical and furniture products to an ever-increasing customer base through both cash and credit.

Whilst Niloticus has been affected by the depressed global environment in the period under review, we are confident that the operation has the requisite skin quality and size that is now in demand. It is important that we maximise the value of these skins to achieve the best possible return and this may require the business to hold certain levels of skins in stock while the market recovers.

Regionally, our management in Zambia will continue to consolidate the gains made in the SPAR operations during the period under review and once this process has been fully completed will start to look for expansion opportunities in that country.

DIVIDEND

The Board has declared an interim dividend of 0.4 US cents per share payable on or about 8 April 2010 to shareholders registered in the books of the Company by noon on 25 March 2010. The transfer books and register of members will be closed from 26 March 2010 to 1 April 2010, both days inclusive.

DLL MORGAN
Chairman
25 February 2010

SALIENT FEATURES

	USD
Revenue	208 791 130
Operating profit	19 798 398
Profit before tax	16 062 552
Basic earnings per share (cents)	1.21

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 Months Ended 31 Dec 2009 unaudited USD
Revenue	208 791 130
Operating profit before depreciation and amortisation	19 798 398
depreciation and amortisation	(3 730 968)
Operating profit before interest and fair value adjustments	16 067 430
fair value adjustments	(1 253 776)
Profit before interest and tax	14 813 654
net interest	(361 375)
equity accounted earnings	1 610 273
Profit before tax	16 062 552
tax	(4 681 618)
Profit for the period	11 380 934
Other comprehensive income	
exchange differences arising on the translation of foreign operations	75 310
Other comprehensive income for the period, net of tax	75 310
Total comprehensive income for the period	11 456 244
Profit for the period attributable to:	
equity holders of the parent	6 522 589
non-controlling interests	4 858 345
	11 380 934
Total comprehensive income for the period attributable to:	
equity holders of the parent	6 552 088
non-controlling interests	4 904 156
	11 456 244
Basic earnings per share (cents)	1.21

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	At 31 Dec 2009 unaudited USD	At 30 June 2009 audited USD
ASSETS		
Non-current assets		
property, plant and equipment	62 810 556	57 352 244
other non-current assets	34 509 403	33 543 675
	97 319 959	90 895 919
Current assets		
cash and cash equivalents	15 925 404	14 209 411
other current assets	92 407 774	74 708 630
	108 333 178	88 918 041
assets classified as held for sale	-	3 029 857
Total assets	205 653 137	182 843 817
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	5 401 331	-
non-distributable reserves	50 794 389	56 152 727
distributable reserves	56 220 496	49 697 907
	112 416 216	105 850 634
non-controlling interests	22 333 335	18 658 876
Total shareholders' equity	134 749 551	124 509 510
Non-current liabilities		
deferred tax liability	1 007 595	697 526
interest bearing borrowings	334 052	851 406
	1 341 647	1 548 932
Current liabilities		
interest bearing borrowings	17 343 516	13 043 697
trade and other payables	49 801 367	39 558 546
current tax liability	2 417 056	1 637 737
	69 561 939	54 239 980
liabilities directly associated with assets classified as held for sale	-	2 545 395
Total liabilities	70 903 586	58 334 307
Total equity and liabilities	205 653 137	182 843 817

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	6 Months Ended 31 Dec 2009 unaudited USD
Cash generated from operating activities	10 368 819
net interest paid	(361 375)
tax	(3 193 418)
Total cash available from operations	6 814 026
Investing activities	(7 806 132)
Net cash outflow before financing activities	(992 106)
Financing activities	2 522 560
Net increase in cash	1 530 454
Cash and cash equivalents at 30 June 2009	14 394 950
continuing operations	14 209 411
discontinued operations	185 539
Cash and cash equivalents at 31 December 2009	15 925 404

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	6 Months Ended 31 Dec 2009 unaudited USD
Changes in share capital	5 401 331
transfer of redenominated share capital	5 401 184
share options exercised	147
Changes in non-distributable reserves	(5 358 338)
transfer of redenominated share capital	(5 401 184)
arising on the translation of foreign operations	29 499
arising on the restructuring of the Group and on the consolidation of subsidiaries	13 347
Changes in distributable reserves	6 522 589
net profit attributable to equity holders of the parent	6 522 589
Changes in non-controlling interests	3 674 459
Shareholders' equity at 30 June 2009	124 509 510
Shareholders' equity at 31 December 2009	134 749 551

SUPPLEMENTARY INFORMATION

	6 Months Ended 31 Dec 2009 unaudited USD
1 Depreciation	3 723 627
2 Capital expenditure for the period	9 226 190
3 Future lease commitments	
Payable within one year	4 911 082
Payable two to five years	14 993 454
Payable after five years	7 975 059
4 Commitments for capital expenditure	
Contracts and orders placed	-
Authorised by directors but not contracted	20 517 490
	20 517 490

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