INNSCOR Africa Limited

THE DIRECTORS ARE PLEASED TO PRESENT THE

Unaudited Financial Results of Innscor Africa Limited for the six months ended 31 December 2010

FINANCIAL

The first six months of the financial year have been exciting for the Group with good revenue and volume growth being recorded in the majority of businesses. Profitability also improved and was enhanced by both revenue growth and better conversion efficiencies.

During the period under review, the Group recorded revenue of USD 255.55 million, an operating profit of USD 25.99 million and a profit before tax of USD 24.22 million. Basic earnings per share amounted to 2.61 US cents.

Cash generation from operating activities continued to be strong for the Group, and amounted to USD 26.75 million for the period. A significant portion of these funds continues to be applied to expansion projects across the Group's businesses as well as to cover fixed asset refurbishment and maintenance programmes.

Toward the latter part of the period under review, the Group's crocodile ranching operation, Padenga Holdings Limited, was unbundled through a dividend in specie to existing Innscor Africa Limited shareholders. This business was separately listed on the Zimbabwe Stock Exchange on 29 November 2010.

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

OPERATIONS

FMCG BUSINESSES

Milling and Manufacturing Silo

This silo comprises our subsidiary companies; Innscor Bread, Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri and WRS), Innscor Snack Foods, and our associate investments in National Foods Holdings Limited, Irvine's Zimbabwe (Pvt) Ltd and Natpak (Pvt) Ltd. The silo reported revenue for the period of USD 62.95 million, with profit before tax amounting to USD 10.46 million. WRS and Innscor Snack Foods were the only businesses that did not contribute to the silo's profitability.

Within Innscor Bread, volumes for the first six months of the financial year increased by 54% compared to the prior period. This was primarily due to increased capacity and efficiencies resulting from the three new make-up plants that were commissioned during the course of the last financial year. This investment into new technology has seen the product and brand continue to enhance in quality as well as allowing new loaf varieties to be added. The business has recently commenced the investment into a fourth new line; this plant is expected to become operational by September 2011 and will increase capacity to around 350 000 loaves per day.

During the period under review, Colcom's revenues grew by 17% compared to the same period last year driven by volume increases in all of the main product categories. Margins however were impacted by cost increases as well as an inefficient and outdated meat utilisation monitoring system which had allowed for weaknesses in the control systems. A new real-time meat utilisation and tracking system became fully operational for all manufacturing units towards the latter part of the period and is expected to improve the overall efficiency of the manufacturing process.

Volumes achieved in the first six months of the financial year within the Innscor Appliance Manufacturing businesses grew by 124% compared to the comparative prior year period, as production bottlenecks that had been experienced in the fridge and freezer line began to improve. The operation introduced new, face-lifted, chest freezer finishes during the course of the six months and these have been well received by the market. The WRS television business continues to be depressed and has been negatively affected by the large influx of 'grey' imports on the informal market. The business model is not viable in its current manufacturing form and will require revision in the period ahead.

The Snack Food businesses have continued to struggle in the face of strong import competition and volumes declined by 26% against the comparative prior year period. A revised sales and distribution structure was implemented in November and an upgrading of the various brands produced by the operation is also underway. These initiatives together with more focus on mass market products should see the business achieve a break-even position by year-end.

National Foods recorded volumes of 165,000 metric tonnes for the period under review, being a 17% increase over the comparative six month period. All of the businesses core lines, being flour, maize, stock-feeds and FMCG pre-packs recorded profits for the period. In an effort to improve production and logistical efficiencies, the company placed its stock-feeds and flour operations in Bulawayo under care and maintenance during the latter part of the period. The operation's expansive depot network provided an excellent avenue for cash sales, doubling its current period revenue against the comparative period and providing in excess of 25% of all sales. National Foods continues to look at focusing on its core business and during the period disposed of its Natpak operation; with Innscor retaining a 40% strategic shareholding in this business. The structure of the logistics division is also currently being reviewed and this function is likely to be outsourced during the second half of the current financial year.

The expansion programme that has been in process for the past 18 months at Irvine's Zimbabwe (Pvt) Ltd has been the major driver behind the volume growth that has been achieved in the first six months of the financial year. Compared to the comparative period last year, chicken sales in the current period increased by 54%, whilst table egg sales and sales of day old chicks both increased by around 81% over the same period. The new spiral freezing facility became operational in January 2011 and will significantly enhance processing efficiencies and speed to market. Investment will continue during the next six months into both the production and manufacturing parts of the operations, resulting in additional volume growth in the short-term.

Distribution and Wholesale Silo

The main businesses in this reporting silo are the SPAR Distribution Centre in Harare and Distribution Group Africa. The silo reported revenue for the period of USD 48.53 million, with profit before tax amounting to USD 2.26 million. All businesses within the silo were profitable in the current period.

The SPAR Distribution Centre is one of two franchise holders of the SPAR brand in the country responsible for servicing SPAR, SPAR Express, SaveMor Supermarkets, and TOPS bottle store outlets in the North Eastern region of Zimbabwe. Volumes processed through the Distribution Centre for the first six months of the financial year increased by 64% over the comparative prior year period. This volume growth was attributable to intensified sales and marketing campaigns, which resulted in improved customer loyalty. A new stock and ordering system is currently being implemented which will link individual stores directly to the Distribution Centre and allow for improved product flow. The SPAR Distribution Centre was supporting 40 SPAR member stores, 2 SPAR Express Stores, 8 SaveMor branded stores and 1 TOPS bottle store as at 31 December 2010.

Volumes at Distribution Group Africa for the current period increased marginally over the prior year comparative period. During the period, adjustments were made to the operation's business model, which will ensure improved product pricing and increased volumes in the second half of the financial year. Working capital management was greatly improved as a result of more foreign suppliers now granting credit terms as well as greater focus on debtor control. As a result, the business was optimally stocked throughout the period.

Retail Silo

This reporting silo comprises the Fast Food operations, the SPAR Corporate Store retail operations and TV Sales and Home. The silo reported revenue for the period of USD 85.43 million, with profit before tax amounting to USD 6.43 million. The SPAR Corporate Store retail operation was the only business that did not contribute to the silo's profitability.

The Fast Food businesses performed well during the six months under review with customer counts increasing by 19% in the current period compared to the comparative period in prior year. This volume growth was a direct translation of improved service efficiencies, renovation of key sites and the addition of new counters to the network.

During the period a number of new complexes were opened, each carrying a selection of the Group's home-grown fast food brands. New complexes were opened in the outlying areas of Masvingo which opened in July 2010, Chinhoyi (October 2010) and Beit Bridge (December 2010). In Harare, new counters were opened in Mbuya Nehanda Street (July 2010) and Julius Nyerere Way (December 2010). More recently, in January 2011, the Kwe Kwe complex was opened.

At the same time, the refurbishment of existing sites continued with the Speke Avenue complex re-opening in December 2010, and at least a further three sites due for upgrade before the end of the current financial year. The Group's Nando's franchised counters were also subjected to upgrades during the period with an outlet in each of Harare and Bulawayo converting to the latest Nando's specification during the period, whilst the Mutare outlet re-opened in January 2011.

A considerable amount of restructuring work was undertaken in the SPAR Corporate Store retail operation during the period. This saw the disposal of a number of the smaller stores namely Waterfalls SaveMor, Mabvuku SPAR and Hillside KwikSPAR; and a general move to operating larger stores in the network. Avondale SPAR Express was opened in October 2010 whilst Borrowdale Village SPAR opened in January 2011 and Groombridge SPAR was scheduled to open in March 2011. The closure costs for the smaller stores together with the pre-opening costs of the new larger stores was the main reason for the operation, as a whole, posting a loss for the period. The existing large stores in the network are now stable and profitable.

Within TV Sales and Home, current period volumes grew by 22% compared to those in the comparative period. This growth was mainly driven through increased credit sales as well as an increase in the branch network. During the current period new outlets were opened in Chinhoyi and Masvingo, and a further two outlets will be opened in Harare during the third quarter of the current financial year.

REGIONAL BUSINESSES

Innscor Zambia

The main businesses in Zambia are the SPAR Corporate Store retail operations and the Distribution business. Overall, the businesses reported revenue for the period of USD 34.13 million and a profit before tax of USD 1.56 million.

The SPAR Corporate Store retail operation continued to consolidate its performance following the completion of the restructuring exercise and showed pleasing profitability for the period under review. The small SPAR Choma outlet was disposed of in November 2010, but remains a franchised operation, and leaves the network with four wholly owned corporate stores and three franchised stores. Two further franchised outlets are due to open in the second half of the financial year, and two additional corporate store sites are in the initial stages of investigation.

In the regional Distribution business, the Zambian operation showed good growth in volumes due both to a recovery in the local economy as well as the entry of new foreign retailers into that market, whilst the performance in the Malawi operation was constrained by the foreign currency shortages that inhibited the working capital cycle and overall trading.

Regional Fast Foods

Our regional Fast Food 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 period of USD 19.64 million and a profit before tax of USD 1.60 million.

All regional Fast Food operations were profitable and total customer counts for the period under review increased by 10% as compared to the comparative period in the prior year. A total of 9 franchised counters were closed in Nigeria during the first six months, but an additional 8 corporate counters were opened across Zambia, Kenya and Ghana. As at December 2010, the number of counters being operated in the region totalled 199, including the 70 franchised counters in Nigeria. A further 19 counters are due to be opened in the region during the course of the next six months.

PROSPECTS

During the second six months of the financial year, the Group intends to continue with its expansion and refurbishment projects, and capitalise on the good progress made in the period to December 2010.

In the Manufacturing Silo, focus on core operations and investment into new technology will continue at National Foods, Irvine's, Colcom and the Bread Plants; this will improve long-term production efficiencies and product quality as well as secure the ability to grow volumes in the future.

In the Distribution Silo, both of the main businesses, being the SPAR Distribution Centre and Distribution Group Africa, will continue to focus on increasing customer loyalty through competitive pricing, cost containment, product range and continuity of supply. Additionally the consolidation of the SPAR Distribution Centre operations is of paramount importance and efforts will continue to achieve this objective.

In the Retail Silo, the aggressive expansion and refurbishment programme will continue in the Fast Food operations, and in addition, product ranges will be enhanced in line with market demands and international trends.

The SPAR Corporate Store retail operations will continue to receive significant management attention with the intention of having all stores operating to profitable trading models by year-end.

Regionally, and as previously highlighted, the Fast Food operations will continue to roll-out additional counters in Zambia, Kenya and Malawi and capitalise on the strong brand equity that has been built in the region over the past 12 years, whilst the SPAR Zambian operation will start looking to increase its footprint whether through franchised or corporate outlets.

DIVIDEND

The Board has declared an interim dividend of 0.6 US cents per share payable on or about 8 April 2011 to shareholders registered in the books of the Company by noon on 25 March 2011. The transfer books and register of members will be closed from 26 March 2011 to 3 April 2011, both days inclusive.

DIRECTORATE

During the period under review, Mr MJ Fowler was appointed as an executive director of Padenga Holdings Limited, which was separately listed on the Zimbabwe Stock Exchange on 29 November 2010. Accordingly, and with effect from this date, Mr Fowler continues in his role as Deputy Chairman of Innscor Africa Limited, but does so in a non-executive capacity.

DLL MORGAN
Chairman
25 February 2011

SALIENT FEATURES

	USD		
Revenue	255 553 836	▲	22%
Operating profit	25 995 905	▲	31%
Profit before tax	24 223 245	▲	51%
Cash generated from operating activities	26 751 932	▲	158%
Basic earnings per share (cents)	2.61	▲	116%
Interim dividend declared (cents)	0.6	▲	50%

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME

	6 Months Ended 31 Dec 2010 unaudited USD	6 Months Ended 31 Dec 2009 unaudited USD
Revenue	**255 553 836**	**208 791 130**
Operating profit before depreciation and amortisation	**25 995 905**	**19 798 398**
depreciation and amortisation	(4 207 549)	(3 730 968)
Operating profit before interest and fair value adjustments	**21 788 356**	**16 067 430**
fair value adjustments	(821 400)	(1 253 776)
Profit before interest and tax	**20 966 956**	**14 813 654**
net interest	(1 135 754)	(361 375)
equity accounted earnings	4 392 043	1 610 273
Profit before tax	**24 223 245**	**16 062 552**
tax	(4 932 009)	(4 681 618)
Profit for the period	**19 291 236**	**11 380 934**
Other comprehensive income		
exchange differences arising on translation of foreign operations	71 679	75 310
Other comprehensive income for the period, net of tax	**71 679**	**75 310**
Total comprehensive income for the period	**19 362 915**	**11 456 244**
Profit for the period attributable to:		
equity holders of the parent	14 109 479	6 522 589
non-controlling interest	5 181 757	4 858 345
	19 291 236	**11 380 934**
Total comprehensive income for the period attributable to:		
equity holders of the parent	14 161 905	6 552 088
non-controlling interest	5 201 010	4 904 156
	19 362 915	**11 456 244**
Basic earnings per share (cents)	**2.61**	**1.21**

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

	At 31 Dec 2010 unaudited USD	At 30 June 2010 audited USD
ASSETS		
Non-current assets		
property, plant and equipment	69 260 448	53 022 159
other non-current assets	49 496 110	36 394 472
	118 756 558	**89 416 631**
Current assets		
cash and cash equivalents	17 943 023	16 274 303
other current assets	88 720 086	67 327 456
	106 663 109	**83 601 759**
assets classified as held for sale	-	39 625 904
Total assets	**225 419 667**	**212 644 294**
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	5 415 934	5 415 934
non-distributable reserves	33 847 749	45 766 011
distributable reserves	57 815 814	62 523 181
	97 079 497	113 705 126
non-controlling interest	22 411 612	18 974 156
Total shareholders' equity	**119 491 109**	**132 679 282**
Non-current liabilities		
deferred tax liability	4 002 497	4 480 455
interest bearing borrowings	5 794 930	6 712 188
	9 797 427	11 192 643
Current liabilities		
interest bearing borrowings	24 959 822	8 473 930
trade and other payables	69 379 987	48 676 967
current tax liability	1 791 322	876 103
	96 131 131	58 027 000
liabilities directly associated with assets classified as held for sale	-	10 745 369
Total liabilities	**105 928 558**	**79 965 012**
Total equity and liabilities	**225 419 667**	**212 644 294**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

	6 Months Ended 31 Dec 2010 unaudited USD	6 Months Ended 31 Dec 2009 unaudited USD
Cash generated from operating activities	**26 751 932**	**10 368 819**
net interest paid	(1 135 754)	(361 375)
tax	(3 803 976)	(3 193 418)
Total cash available from operations	**21 812 202**	**6 814 026**
Investing activities	**(24 985 277)**	**(7 806 132)**
Net cash outflow before financing activities	**(3 173 075)**	**(992 106)**
Financing activities	**3 882 181**	**2 522 560**
Net increase in cash and cash equivalents	**709 106**	**1 530 454**
Cash and cash equivalents at 30 June	**17 233 917**	**14 394 950**
cash and cash equivalents attributable to continuing operations	16 274 303	14 209 411
cash and cash equivalents attributable to discontinuing operations	959 614	185 539
Cash and cash equivalents at 31 December	**17 943 023**	**15 925 404**

SUPPLEMENTARY INFORMATION

		6 Months Ended 31 Dec 2010 unaudited USD	6 Months Ended 31 Dec 2009 unaudited USD
1	**Depreciation**	**4 188 375**	**3 723 627**
2	**Capital expenditure for the period**	**21 549 754**	**9 226 190**
3	**Future lease commitments**		
	Payable within one year	7 834 435	4 911 082
	Payable two to five years	16 360 219	14 993 454
	Payable after five years	12 870 607	7 975 059
		37 065 261	**27 879 595**
4	**Commitments for capital expenditure**		
	Contracts and orders placed	5 582 902	-
	Authorised by Directors but not contracted	27 451 436	20 517 490
		33 034 338	**20 517 490**

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

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital USD	Non-Distributable Reserves USD	Distributable Reserves USD	Total USD	Non-controlling Interest USD	Total USD
Balance at 30 June 2010	**5 415 934**	**45 766 011**	**62 523 181**	**113 705 126**	**18 974 156**	**132 679 282**
Profit for the period	-	-	14 109 479	14 109 479	5 181 757	19 291 236
Other comprehensive income	-	52 426	-	52 426	19 253	71 679
Dividends paid	-	-	(2 166 375)	(2 166 375)	(1 266 697)	(3 433 072)
Transactions with owners in their capacity as owners	-	-	-	-	(496 857)	(496 857)
Dividend in specie	-	(11 970 688)	(16 650 471)	(28 621 159)	-	(28 621 159)
Balance at 31 December 2010	**5 415 934**	**33 847 749**	**57 815 814**	**97 079 497**	**22 411 612**	**119 491 109**

Directors : *D.L.L. Morgan (Chairman), *M.J. Fowler (Deputy Chairman), T.W. Brown (Chief Executive), *Z. Koudounaris, *J. Koumides, J.P. Schonken, *T.N. Sibanda *Non Executive