



(Incorporated in Zimbabwe on 24<sup>th</sup> February 2016 under Company Registration Number 1344/2016)

## PRE-LISTING STATEMENT

**Relating to a Listing by introduction of the entire issued share capital of Axia Corporation Limited of 541,593,440 ordinary shares of US\$0.0001 nominal value on the Zimbabwe Stock Exchange**

### Financial Advisors



### Sponsoring Broker



### Reporting Accountants



### Tax Advisors



### Legal Advisors



### Transfer Secretaries



This Pre-Listing Statement is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listing Requirements of the ZSE, for the purpose of giving information to the public with regard to the Company as more fully set out in this Pre-Listing Statement. The Pre-Listing Statement is only available in English. Additional copies of this Pre-Listing statement may be obtained from the Company Secretary at the Registered Office of Axia.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant or other professional advisors. If you no longer hold any shares in Innscor, you should send this Pre-Listing Statement, as soon as possible, to the stockbroker, bank or other agent through whom the sale of your shareholding in Innscor shares was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of Axia, whose names are given in paragraph 15.2 of the Pre-Listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in the Pre-Listing Statement false or misleading and that they have made all reasonable enquiries to ascertain such material facts and that this Pre-Listing Statement contains all information required by law.

The Directors confirm that the Listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits or losses and prospects of the issuer and of the rights attaching to the securities to which the Listing particulars relate.

Each of the Company's lead financial advisors, sponsoring broker, legal advisors, tax advisors, transfer secretaries and reporting accountants have consented in writing to act in the capacity stated and to their names being stated in the Pre-Listing Statement and have not withdrawn their consents prior to the publication of this Pre-Listing Statement.

Date of issue of this document: 19<sup>th</sup> of April 2016

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## CORPORATE INFORMATION

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The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange. Axia derives professional services from the following:

***Company Secretary and Registered Office***

Andrew Lorimer  
Edward Building  
Corner 1<sup>st</sup> Street & Nelson Mandela Avenue  
Harare  
Zimbabwe

***Financial Advisors***

Inter-Horizon Advisory (Private) Limited  
4 Fleetwood Road  
Alexandra Park  
Harare  
Zimbabwe

***Sponsoring Brokers***

Inter-Horizon Securities (Private) Limited  
4 Fleetwood Road  
Alexandra Park  
Harare  
Zimbabwe

***Independent Auditors & Reporting Accountants***

Ernst & Young Chartered Accountants (Zimbabwe)  
Angwa City  
Corner Julius Nyerere Way/  
Kwame Nkrumah Avenue  
Harare  
Zimbabwe

***Legal Advisors***

Gill, Godlonton & Gerrans  
Beverley Court  
100 Nelson Mandela Avenue  
Harare  
Zimbabwe

***Tax Advisors***

Deloitte & Touche Chartered Accountants (Zimbabwe)  
Borrowdale Office Park  
Borrowdale Road  
Harare  
Zimbabwe

***Transfer Secretaries***

Corpserve Registrars (Private) Limited  
2<sup>nd</sup> Floor ZB Centre  
Corner 1st & Kwame Nkrumah Avenue  
Harare  
Zimbabwe

***Bankers***

CABS Zimbabwe  
Northridge Close  
Northridge Park  
Harare  
Zimbabwe

Stanbic Bank Zimbabwe Limited  
Stanbic Centre  
59 Samora Machel Avenue  
Harare  
Zimbabwe

Standard Chartered Bank Zimbabwe Limited  
1<sup>st</sup> Floor Africa Unit Square Building  
68 Nelson Mandela Avenue  
Harare  
Zimbabwe

## FORWARD LOOKING STATEMENTS

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This Pre-Listing Statement includes forward looking statements regarding Axia. Forward looking statements are those other than statements of historical facts included in this Pre-Listing Statement, and include without limitation those regarding Axia's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Axia's products and services). Any statements preceded by, followed by or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause Axia's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are inherently based on numerous assumptions regarding Axia's present and future business strategies and the environment in which Axia will operate in the future. The important factors that could cause Axia's actual results, performance or achievements to differ materially from those in forward looking statements include, but are not limited to, those discussed under Section 14. These forward looking statements speak only as at the date of this Pre-Listing Statement. The Directors of Axia expressly disclaim any obligation or undertaking to disseminate after the distribution of this Document any updates or revisions to any forward looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward looking statements are based, unless required to do so by any legal obligation.

## INTERPRETATION AND DEFINITIONS

In this document, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and vice versa and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

"Agreement" or "the Agreement"	The Agreement which is effective on the 1 <sup>st</sup> of April 2016, and in terms of which Axia acquired through a scheme of reconstruction, the Speciality Retail and Distribution Business of Innscor as a going concern, including the issued share capital of relevant subsidiaries, in exchange for issuing 541,593,440 shares in Axia to Innscor;
"Articles"	The Articles of Association of Axia;
"Auditors" or "Independent Reporting Accountants"	Ernst & Young Chartered Accountants (Zimbabwe), independent auditors of the Company and independent reporting accountants in connection with the Unbundling and Listing;
"Axia" or "the Company" or "the Group"	Axia Corporation Limited, a public company incorporated in Zimbabwe on the 24 <sup>th</sup> of February 2016 under company registration number 1344/2016. Axia's entire issued share capital of 541,593,440 ordinary shares is held by Innscor. Innscor intends to distribute these shares to Innscor Shareholders by way of a Dividend <i>in Specie</i> , following which these shares will be listed on the ZSE on the 17 <sup>th</sup> of May 2016;
"Axia Corporation Limited Employee Share Trust"	A trust to be established for the purposes of empowering qualifying employees of Axia;
"Benvenue"	Benvenue Investments (Private) Limited;
"Board" or "Directors"	The Board of Directors of Axia;
"Companies Act"	The Companies Act of Zimbabwe, Chapter 24:03, as amended;
"CSD"	Central Securities Depository;
"DGA"	Distribution Group Africa (Private) Limited, a subsidiary of Innscor;
"Dividend <i>in Specie</i> "	The Dividend <i>in Specie</i> of Axia's ordinary shares to Innscor's shareholders registered as such on the Record Date;
"Distribution Ratio"	The ratio of the Dividend <i>in Specie</i> of shares in Axia to Innscor shareholders registered as such on the Record Date, shall be on the basis of one (1) ordinary share in Axia for every one (1) existing Innscor ordinary share held;
"EBITDA"	Earnings before Interest, Taxation, Depreciation and Amortisation;
"EGM"	The Extraordinary General Meeting of the shareholders of Innscor to be held at Royal Harare Golf Club, Fifth Street Extension, Harare on the 10 <sup>th</sup> of May 2016 at 0900 hours, for the purpose of considering for approval the proposed Dividend <i>in Specie</i> of Axia's shares;
"EGM Notice" or "Notice"	The notice which was published in accordance with the Companies Act and the Articles on the 19 <sup>th</sup> of April 2016, advising Innscor shareholders of the EGM;
"Exchange Control Regulations"	The Exchange Control Regulations in force in Zimbabwe;
"EPS"	Earnings Per Share;
"Financial Year"	The fiscal year for the Company which runs from 1 July to 30 June;
"FMCG"	Fast moving consumer goods;

## INTERPRETATION AND DEFINITIONS (CONTINUED)

"FY"	Financial Year;
"IFRS"	International Financial Reporting Standards;
"IH Advisory"	Inter-Horizon Advisory (Private) Limited, the financial advisors to the Unbundling and Listing;
"IH Securities"	Inter-Horizon Securities (Private) Limited, the sponsoring brokers for the Unbundling and Listing;
"Innskor"	Innskor Africa Limited, a public Company incorporated in Zimbabwe and listed on the ZSE;
"LDT" or "Last Day of Trading"	The last business day to trade in a security in order to settle by the Record Date to be able to qualify or participate in the Dividend <i>in Specie</i> ;
"Legal Advisors"	Gill, Godlonton & Gerrans Legal Practitioners, the legal advisors to Axia on the proposed Unbundling and Listing;
"Listing"	The proposed listing of Axia shares by way of Introduction on the Main Board of the ZSE on the 17 <sup>th</sup> of May 2016;
"NAV"	Net Asset Value;
"Non-Resident Shareholder(s)"	A holder(s) of Innskor shares who is designated as "non-resident" in terms of the Exchange Control Regulations;
"Pre-Listing Statement" or "Document"	This Pre-Listing statement dated the 19 <sup>th</sup> of April 2016 including the appendices hereto;
"RBZ"	Reserve Bank of Zimbabwe;
"Record Date"	The date on which the register of Innskor shareholders will be closed to determine the eligibility of Shareholders for participation in the Dividend <i>in Specie</i> , which date is expected to be on the 6 <sup>th</sup> of May 2016 (1600 hours);
"Region"	Any jurisdiction outside of Zimbabwe, but primarily within Africa;
"Return On Equity"	Measures the return earned on the average capital provided by shareholders;
"Return On Total Assets"	Measures the return earned on average total assets of the Company;
"Shares"	The issued and/or authorised share capital of Axia.
"Speciality Retail and Distribution Business"	The Speciality Retail and Distribution Business of Innskor's operations;
"Tax Advisors"	Deloitte & Touche Chartered Accountants (Zimbabwe), the taxation advisors to the Unbundling and Listing;
"Transerv"	A private limited company Geribrans Services (Private) Limited incorporated in Zimbabwe and trading as Transerv;
"Transfer Secretaries"	Corpserve Registrars (Private) Limited who will provide share transfer secretarial services to Axia;
"TV Sales & Home"	A private limited company Innskor Credit Retail (Private) Limited incorporated in Zimbabwe and trading as TV Sales & Home;

## INTERPRETATION AND DEFINITIONS (CONTINUED)

"Unbundling" or "the Transaction"	The acquisition through a scheme of reconstruction by Axia of the issued share capital of the companies comprising Innscor's Speciality Retail and Distribution Business together with relevant subsidiaries, effective on the 1 <sup>st</sup> of April 2016 and the subsequent distribution of the entire issued share capital of Axia by way of a Dividend <i>in Specie</i> to shareholders of Innscor;
"US\$" or "USD"	The United States dollar, allowable trading currency under the multicurrency trading system in Zimbabwe;
"VAT"	Value added taxation;
"ZIMRA"	The Zimbabwe Revenue Authority;
"ZSE"	The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities Act of 2004 (Chapter 24:25) and regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange;

## SALIENT FEATURES OF THE LISTING

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This summary presents the salient information in relation to the proposed Listing of Axia. The detailed information on the Company together with the terms and conditions of the proposed Listing is fully set out in this Pre-Listing Statement. Accordingly, this Pre-Listing Statement should be read in its entirety for a full appreciation of the proposed Listing of Axia.

### Terms of the Listing

At a meeting of the Board of Directors of Innscor, held on the 20<sup>th</sup> of November 2015, a decision was taken approving the Unbundling and Listing of the Speciality Retail and Distribution Business from Innscor to become a stand-alone business to capitalise on its achievements to date and for it to benefit from renewed and specific focus.

Axia acquired through a scheme of reconstruction the issued share capital of the companies comprising the Speciality Retail and Distribution Business together with relevant subsidiaries from Innscor under the terms of the Agreement effective on the 1<sup>st</sup> of April 2016, in exchange for issuing 541,593,440 shares in Axia to Innscor. The proposed Unbundling, which is subject to the approval of the Shareholders of Innscor, will be effected through a distribution of the entire issued share capital of Axia, being 541,593,440 ordinary shares of nominal value US\$0.0001 each, to the shareholders of Innscor registered as such at the close of business (1600 hours) on the 6<sup>th</sup> of May 2016 through a Dividend *in Specie*. Shareholders and investors should note the LDT to be eligible for this Dividend *in Specie* is the 29<sup>th</sup> of April 2016. The Dividend *in Specie* of shares in Axia to Innscor shareholders registered as such on the Record Date shall be on the basis of one (1) ordinary share in Axia for every one (1) existing Innscor ordinary share held.

The Directors also agreed to seek a Listing of the Company on the ZSE by way of introduction.

The Innscor shareholders have been notified of the proposed Unbundling through a press announcement published in the national press on the 19<sup>th</sup> of April 2016 and will vote on the relevant resolutions at an EGM to be held on the 10<sup>th</sup> of May 2016.

The ZSE has approved the distribution of the Pre-Listing Statement as well as the Listing of the entire issued share capital of Axia.

Axia's Articles provide for the issuance and trading of shares in dematerialised form. Shareholders with CSD accounts will therefore have their CSD accounts credited with the respective entitlements while shareholders without CSD accounts will receive physical share certificates. The new ZSE platform trades securities that are dematerialised only and shareholders should contact their stockbrokers for further information.

### Rationale for the Unbundling and Listing

The principal reasons for the Unbundling and Listing of the Speciality Retail and Distribution Business are as follows:

- To unlock value for shareholders;
- To enable the Company to pursue strategies that maximise shareholder value, enabling a clear operational focus that is attractive to investors;
- To establish investment flexibility for investors;
- To allow greater financial reporting and enhanced transparency for the Speciality Retail and Distribution Business to its shareholders, allowing accurate valuation of the business;
- To enable the Speciality Retail and Distribution Business to gain direct access to capital markets;
- To allow the Speciality Retail and Distribution Business the ability to undertake mergers with and acquisitions of entities in complementary spheres of operation, without competing internally with other Innscor divisions for allocation of capital; and
- To secure and entrench trading relationships by allowing customers access to the Company's performance and sustainability.

### Tax implications of the Listing

In terms of existing legislation on dividends, Innscor is obliged to deduct ten per cent (10%) withholding tax and remit this to ZIMRA in respect of the Dividend *in Specie* of Axia's ordinary shares to all individuals, trusts and Non-Resident Shareholders. To fund this withholding tax liability, Innscor will withhold ten per cent (10%) of the ordinary shares of Axia due to all individuals, trusts and Non-Resident Shareholders in respect of this Dividend *in Specie* and remit this to ZIMRA. The Listing itself is not taxable.

For the purposes of this Transaction shares withheld from shareholders for withholding tax purposes will be rounded to the nearest whole number.

### Costs of the Listing

The costs of the Listing amount to approximately US\$300,000, being US\$30,000 for regulatory fees and US\$270,000 for professional fees, printing and distribution.



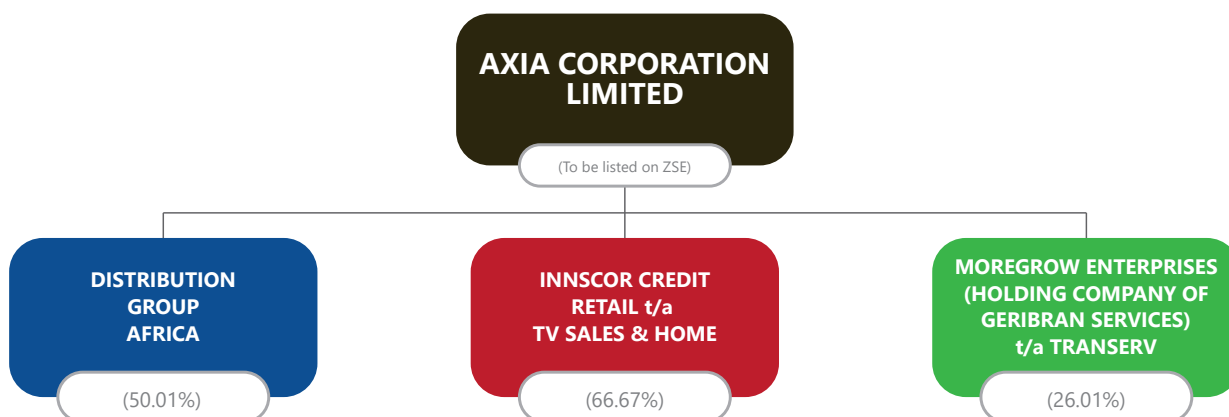
## SALIENT FEATURES OF THE LISTING (CONTINUED)

### Overview of the Business

Axia operates within the speciality retail, distribution and logistics industries selling products such as automotive spares, homeware furniture and electrical appliances as well as the distribution of many local and international branded FMCG products into the general retail and wholesale sectors whilst offering logistics, transport, marketing, merchandising and storage services thereon. Axia was incorporated on the 24<sup>th</sup> of February 2016 as a wholly owned subsidiary of Innscor.

### Business Units

Axia operates 3 business units, each operating as an independent profit centre with a dedicated management team.



*Note: A detailed Group Structure can be found in Annexure 2*

### Share Capital

The share capital of Axia is summarised below:

#### Authorised:

999,999,000 ordinary shares of nominal value US\$0.0001 each.

1,000 non-voting Class "A" ordinary shares of nominal value US\$0.0001 each.\*

*\*Note Class "A" shares are non-voting ordinary shares that will be used for the Axia Corporation Limited Employee Share Trust*

#### Issued: (1<sup>st</sup> of April 2016)

541,593,440 ordinary shares of nominal value US\$0.0001 each.

## SALIENT FEATURES OF THE LISTING (CONTINUED)

### Financial Highlights

The following abridged financial information has been extracted from the audited and reviewed financial statements of Innscor, in respect of the Speciality Retail and Distribution Business, under which Axia has been reported for the periods ended 30<sup>th</sup> of June 2011 to 2015 and the 6 months to 31<sup>st</sup> of December 2015.

	Reviewed 6 months 31-Dec-15 US\$	Audited 12 months 30-Jun-15 US\$	Audited 12 months 30-Jun-14 US\$	Audited 12 months 30-Jun-13 US\$	Audited 12 months 30-Jun-12 US\$	Audited 12 months 30-Jun-11 US\$
<b>Statement of profit or loss and other comprehensive income and cash flows</b>						
Revenue	104,455,611	154,854,577	132,497,700	131,016,579	124,721,901	90,953,981
EBITDA	13,494,398	15,918,406	15,825,831	17,447,338	16,336,836	8,901,647
EBITDA margin	12.92%	10.28%	11.94%	13.32%	13.10%	9.79%
Profit before taxation	12,631,142	14,658,160	14,231,085	15,878,016	14,511,682	7,148,464
Profit before taxation margin	12.09%	9.47%	10.74%	12.12%	11.64%	7.86%
Profit after taxation	9,397,883	10,609,382	10,642,753	11,871,088	11,144,426	5,285,630
Cash generated from operating activities	4,642,400	11,749,051	14,954,359	11,592,326	3,827,498	5,858,931
Cash realisation rate*	36.44%	78.50%	102.47%	71.06%	24.81%	73.72%
<b>Statement of financial position</b>						
Total assets	103,713,296	81,444,017	69,880,213	62,314,267	53,351,962	39,014,545
Total equity	52,464,767	44,237,405	39,284,833	32,544,142	23,335,433	15,963,006
Net debt	2,135,232	(1,988,089)	(3,230,893)	2,119,708	4,750,525	3,023,075
<b>Profitability and asset management</b>						
Return on total assets	20.30%	14.02%	16.10%	20.53%	24.13%	16.74%
Return on equity	38.87%	25.40%	29.63%	42.49%	56.72%	38.32%
Interest cover (x)	94	83	39	37	17	10
Net debt/equity	4.07%	-4.49%	-8.22%	6.51%	20.36%	18.94%

### Note:

\*Cash realisation rate is calculated as cash generated from operating activities divided by operating profit before interest and tax.

Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

### Timetable of the Listing

Important Dates	
Innscor EGM Notice and announcement published	Tuesday, 19 <sup>th</sup> April, 2016
Axia abridged Pre-Listing Statement published	Tuesday, 19 <sup>th</sup> April, 2016
Axia Pre-Listing Statement posted to shareholders	Tuesday, 19 <sup>th</sup> April, 2016
Innscor Announcement posted to shareholders	Tuesday, 19 <sup>th</sup> April, 2016
Last Day of Trading	Friday, 29 <sup>th</sup> April, 2016
Last day of lodging Proxy Forms (at 0900 hours)	Friday, 6 <sup>th</sup> May, 2016
Record Date, Innscor share register closed (end of day 1600 hours)	Friday, 6 <sup>th</sup> May, 2016
Innscor EGM (at 0900 hours)	Tuesday, 10 <sup>th</sup> May, 2016
Innscor share register reopens (After EGM)	Tuesday, 10 <sup>th</sup> May, 2016
Publication of Innscor EGM resolution results	Wednesday, 11 <sup>th</sup> May, 2016
Axia shares issued and Listing on the ZSE	Tuesday, 17 <sup>th</sup> May, 2016

The above dates may be subject to change and any such change will be published in the Zimbabwe national press. All times indicated above and elsewhere in the Pre-Listing Statement are Zimbabwean local times.

# PRE-LISTING STATEMENT

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## 1. OVERVIEW OF AXIA

### 1.1 Naming and Logo of Axia

Axia is a Greek word meaning “value” or “worth”, both of which are fundamental Group aspirations. Axia’s logo is a fresh, prismatic amalgamation of the primary colours of its three founding constituent subsidiaries with the Red of TV Sales & Home merging into the Green of Transerv which in turn flows into the Blue of DGA. Together these colours form a cohesive and distinctive brand identity.

### 1.2 History of the Speciality Retail and Distribution Business

Innscor has been operating since 1987 initially focussing on the fast foods industry. In 1998, Innscor listed on the Zimbabwe Stock Exchange and over the years has grown to become a conglomerate group with interests in various industries.

Innscor’s Speciality Retail and Distribution Business consists of three main operations:

- **Distribution Group Africa** – A business established by Innscor in 1999, in which a 50.01% stake is retained.
- **TV Sales & Home** – A company established in 1968, in which a 66.67% stake is retained.
- **Transerv** – Established in 2002, Innscor acquired an effective 26.01% shareholding in the business in July 2015.

At a meeting of the Board of Directors of Innscor, held on the 20<sup>th</sup> of November 2015, a decision was taken approving the Unbundling and Listing of the Speciality Retail and Distribution Business as part of its continued strategy to focus on core activities and to allow the Speciality Retail and Distribution Business to benefit from specific focus. The proposed Unbundling, which is subject to the approval of the shareholders of Innscor, will be effected through a distribution of the entire issued share capital of Axia to the shareholders of Innscor registered as such at the end of business on the 6<sup>th</sup> of May 2016 through a Dividend *in Specie*. The Dividend *in Specie* of shares in Axia to Innscor shareholders registered as such on the Record Date, shall be on the basis of one (1) ordinary share in Axia for every one (1) existing Innscor ordinary share held. The Directors also agreed to seek a Listing of the Company on the ZSE by way of introduction.

On the 24<sup>th</sup> of February 2016 Axia was incorporated as a wholly owned subsidiary of Innscor. Effective on the 1<sup>st</sup> of April 2016 Axia acquired through a scheme of reconstruction, in accordance with the Agreement, the issued share capital of the companies comprising the Speciality Retail and Distribution Business together with relevant subsidiaries from Innscor in exchange for 541,593,440 shares in the Company.

### 1.3 The Sector

The Zimbabwean market as a whole has faced significant challenges over several years with low Gross Domestic Product growth, high unemployment and extremes of hyperinflation followed more recently by a period of deflation. In 2015, the trend within the Zimbabwean retail sector continued with consumer down-trading as well as further informalisation of the retail sector.

In the face of further informalisation of the economy and consumer-down trading, traditional counters operating in the sector have continued to lose market share to the growing informal sector. This has been further compounded by depressed demand and consumer spend.

Despite the challenges faced within the economy, the Speciality Retail and Distribution Business adopted a competitive pricing strategy as well as growth through acquisitions and new store openings. From the 1<sup>st</sup> of July 2015 the Speciality Retail and Distribution Business acquired an effective 26,01% stake in Transerv which has increased the Speciality Retail and Distribution Business’ footprint with 24 retail outlets and 19 fitment or special service centres with a total of 16,600m<sup>2</sup> of retail, service and storage space as at the 31<sup>st</sup> of March 2016.

## PRE-LISTING STATEMENT (CONTINUED)

### 1.4 Vision and Mission

#### 1.4.1 Vision

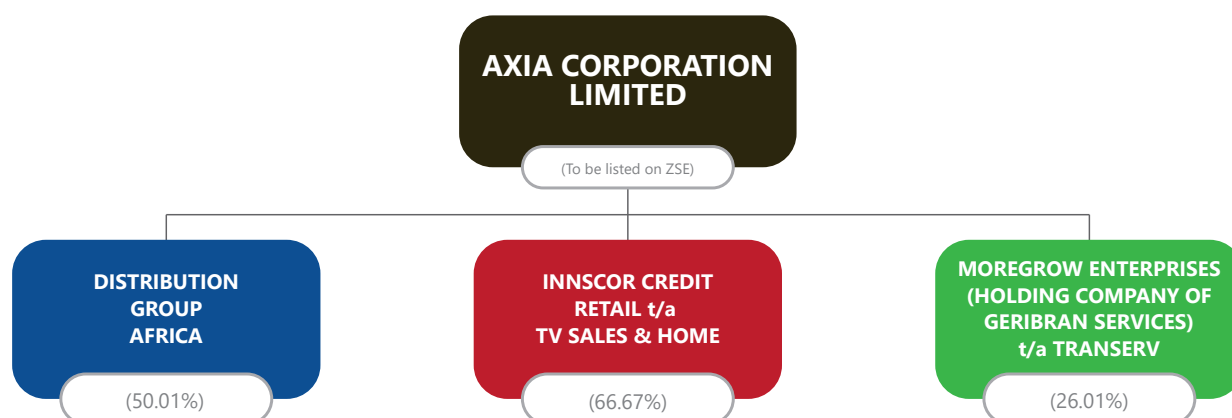
- To create value through the provision of high quality consumer and durable goods in Zimbabwe and the Region.

#### 1.4.2 Mission

- To sustainably and profitably distribute, market, merchandise and retail leading consumer and durable goods, thereby growing stakeholder value; and
- To enable easier access to high quality consumer and durable goods at reasonable prices to our customers.

### 1.5 Operations

Axia operates three separate business units as detailed below. Each business unit is managed as an independent profit centre, each with a dedicated management team. These business units are in turn overseen by a centralised management team which includes a Chief Executive Officer and Finance Director who ensure that the business units are operating at their optimal capacity and capability as well as identifying any areas where there is growth potential and allotting resources thereto.



*Note: Detailed Group Structure can be found in Annexure 2*

#### 1.5.1 Distribution Group Africa (“DGA”)

DGA was established in 1999 by Inncor and has grown to become one of the largest and most successful distribution businesses in Zimbabwe, Zambia and Malawi. The business has exclusive relationships with many blue chip brands including Colgate Palmolive, Pepsi, Johnson & Johnson, Tiger Brands, Unilever, Eveready, AVI International and Reckitt Benckiser. It also counts amongst its principals Kelloggs, 3M, Rhodes Foods and Philips Electrical, to name a few.

The business boasts world class warehousing capability and vehicle fleets. It is equally proficient in both ambient and chilled/frozen logistics and warehousing. The core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled/frozen warehousing, full national logistics in all three countries, and marketing, sales and merchandising services.

DGA owns two warehouses measuring 10,000m<sup>2</sup> and leases five warehouses measuring 27,300m<sup>2</sup> and has a fleet of 65 vehicles with varying carrying capacities of up to 40 tonnes each. The company employs a total 1,019 staff with 799 in Zimbabwe, 139 in Zambia and 81 in Malawi respectively. Included in these workforces are merchandisers numbering 365 in Zimbabwe, 65 in Zambia and 40 in Malawi.

Having won numerous All Africa Awards for being one of the top distributors in Africa, DGA is well positioned for continued profitable long term growth using a multi-talented, experienced and passionate team to deliver results of the highest order.

## PRE-LISTING STATEMENT (CONTINUED)

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### 1.5.2 TV Sales & Home

Launched in 1968 the company originally became a household name as TV Sales & Hire. In the early days, the business model was to sell electronic appliances on credit via its “hire to buy” scheme as well as leasing appliances to customers who never intended owning the product.

In the 2000’s as the sourcing of product improved, the brand was re-invented and it soon became known as the leader in quality branded electronics in Zimbabwe. After the years of hyperinflation and price controls (2008/9), there was further rebranding to show the market that the company had expanded further into furniture and no longer hired out electronic products and thus the company became known as TV Sales & Home. Today TV Sales & Home is a leading furniture and electronic retailer in Zimbabwe with 38 retail sites totalling 22,780m<sup>2</sup> located countrywide and has a staff complement of 270.

The company maintains strong long term partnerships with many key suppliers to ensure quality products. Some of these partnerships include: Alpine Lounge, Calgan Lounge, Flair International, KIC/Whirlpool, Defy, Sony, Samsung, La-z-Boy, and Serta Bedding.

After nearly 50 years of trading, the company’s brand is synonymous with “trust”. Zimbabwean customers’ trust and loyalty has been earned through providing durable and quality home appliances and furniture and investing in reputable customer care service teams.

### 1.5.3 Transerv

Transerv was established in 2002 initially as a cross border transport company also importing automotive spares for light vehicle workshops. Transerv capitalised on a niche market opportunity that arose in the spares wholesale market supplying larger operators with fast moving stock. Following Zimbabwe’s dollarization in 2009, the wholesale market became more competitive and a decision was taken to expand into the retail space with the first retail branch opened in Graniteside in May 2009.

Today, Transerv employs 339 people and utilises multiple retail channels to service the needs of its customers countrywide, operating through a network of 21 of its homegrown branded Transerv retail branches and 3 franchised Midas retail branches operating a total of 8,290m<sup>2</sup> in retail space.

In addition, Transerv Fitment Center was launched as a complementary brand to offer customers a venue to fit their tyres, batteries and suspension, etc bought at Transerv. There are now 15 Transerv fitment centres operating from a total of 5,050m<sup>2</sup> spread across the country.

The company continues to service a small portion of the wholesale market through Zimbabwe Spares Wholesalers (ZSW) and also opened the first and only Zimbabwe franchise of Midas’ Clutch & Brake Specialists (CBS) as well as ADCO and Transerv Auto Cycle Centre. These various outlets together with the Central Warehouse occupy 3,260m<sup>2</sup>.

The business has been grown and managed with strong disciplines in place that have created excellent relationships with both suppliers and customers and offers quality services and products in a sector which is permeated with informal trading.

The company’s other two shareholders are the founders with an effective 25% shareholding and Africa Automotive Aftermarket Solutions (Proprietary) Limited (formerly known as Midas Group (Proprietary) Limited) of South Africa with an effective 49% shareholding.

## PRE-LISTING STATEMENT (CONTINUED)

### 1.5.4 Summary

A summary of Speciality Retail and Distribution outlets as at 31<sup>st</sup> of March 2016 is found in the table below:

Outlets	Total
Distribution Group Africa	7
Warehouses	7
TV Sales & Home	38
Retail outlets	38
Transerv	43
Transerv retail outlets	21
Midas retail outlets	3
Transerv fitment centre	15
Auto Cycle centre	1
Zimbabwe Spares Wholesaler (ZSW)	1
Clutch and Brake Specialist (CBS)	1
ADCO	1
<b>Total</b>	<b>88</b>

## 2. SHARE CAPITAL

The share capital of Axia is shown below:

### Authorised:

999,999,000 ordinary shares of nominal value US\$0.0001 each.

1,000 non-voting Class "A" ordinary shares of nominal value US\$0.0001 each.\*

\*Note Class "A" shares are non-voting ordinary shares that will be used for Axia Corporation Limited Employee Share Trust

### Issued: (1<sup>st</sup> of April 2016)

541,593,440 ordinary shares of nominal value US\$0.0001 each.

### 2.1 Authorised but unissued share capital

The authorised but unissued share capital of the Company is under the control of the Directors.

### 2.2 Variation of Rights

According to the Company's Articles, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than three-fourths of the members of that class present at a separate general meeting of the holders of the shares of the class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### 2.3 Summary of Issues and Offers

Since the date of incorporation of Axia, there has been no additional issue of shares, other than the 541,593,440 shares that were issued to Innscor.

## PRE-LISTING STATEMENT (CONTINUED)

### 2.4 Voting Rights

The authorised but unissued and issued Axia ordinary shares are of the same class and rank *pari passu* in every respect.

The authorised but unissued Class "A" shares are non-voting ordinary shares that will be used for Axia Corporation Limited Employee Share Trust to ensure the Company adheres to the requirements of the Indigenisation and Empowerment Act of the Republic of Zimbabwe.

### 2.5 Adequacy of Capital, Working Capital and Cash Flow

The Directors are of the opinion that the Company's share capital and working capital are adequate for the foreseeable future. The Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company.

## 3. INDIGENISATION

In line with Innscor's indigenisation transaction, approved by its shareholders on the 24<sup>th</sup> of January 2014, Innscor entered into the following two Share Option Agreements:

- 1) The first option agreement is with an indigenous company, Benvenue. The terms of the Benvenue Share Option are as follows:

Benvenue Share Option	
Number of Innscor Ordinary shares	Fifty million (50,000,000)
Tenure	Ten years
Pricing	The higher of 75% of the volume weighted average price of Innscor shares over the previous 60 trading days, or for the first five years, USD 0.89 per share and for the second five years, USD 1.31 per share

These two adjusted prices were recently approved by the Boards of Directors of Innscor and the recently unbundled Simbisa Brands Limited. Prior to the unbundling of Simbisa Brands Limited these two option prices were USD 1.37 and USD 2.01 respectively.

- 2) The second option is with the Innscor Africa Limited Employee Share Trust. The terms of the Innscor Africa Limited Employee Share Trust are as follows:

Employee Share Trust	
Number of Innscor Ordinary shares	Thirty million (30,000,000)
Tenure	Ten years
Pricing	At the volume weighted average price of Innscor shares over the previous 60 trading days
Discretionary income	At the sole discretion of the Innscor Board, the Trust would be entitled to receive discretionary income equivalent to up to 5% of any ordinary dividends declared by the Board of Innscor.

## PRE-LISTING STATEMENT (CONTINUED)

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Clause 5 in both of the above Share Option Agreements caters for eventualities where an adjustment to either the number of shares under option or the exercise price of such option shares can be effected. One such eventuality included therein was that of a share dividend (i.e. Dividend *in Specie*). Therefore, the Unbundling and Listing of Innscor's Speciality Retail and Distribution Business interests will result in the following positions with regard to the indigenisation transactions of both Innscor and Axia:

- 1) Benvenue will now have options over fifty million shares in Innscor and Axia (as well as Simbisa Brands Limited). The minimum exercise prices of these two separate options will be, as was the case with the Simbisa Brands Limited unbundling, underpinned by reference to the volume weighted average price of Axia shares in their first 60 trading days and the relevant proportion of Innscor earnings and equity which the Speciality Retail and Distribution Business represents. Once the first 60 days trading in Axia shares have elapsed, the Boards of Directors of Innscor and Axia will determine the split of the minimum exercise prices for the periods ending on the 23<sup>rd</sup> of January 2019 (the first five years from original granting) and the 23<sup>rd</sup> of January 2024 (the second five years from original granting) for Benvenue Share Option agreement.
- 2) Innscor Africa Limited Employee Share Trust will continue to have options over thirty million Innscor shares at the volume weighted price of Innscor shares over the preceding 60 trading days and similarly Axia Corporation Limited Employee Share Trust will have options over thirty million Axia shares at the volume weighted average price of Axia shares over the preceding 60 trading days. An applicable portion of the discretionary income earned by the Innscor Africa Limited Employee Share Trust will be transferred to the Axia Corporation Limited Employee Trust on or around the date of the Unbundling.
- 3) All other terms and conditions of the two Innscor Share Option agreements will be retained in the Axia Share Option agreements.

#### **4. REORGANISATION AND RESTRUCTURING**

Axia has acquired through a scheme of reconstruction the issued share capital of the companies comprising the Speciality Retail and Distribution Business of Innscor together with relevant subsidiaries, under the terms of the Agreement effective on the 1<sup>st</sup> of April 2016, in exchange for issuing 541,593,440 shares in Axia to Innscor. The terms of the Agreement stipulated that Axia would acquire the Speciality Retail and Distribution Business as a going concern, including the issued share capital of relevant subsidiaries, in exchange for issuing 541,593,440 shares in Axia to Innscor.

#### **5. RECENT ACQUISITIONS**

Effective from the 1<sup>st</sup> of July 2015, the Speciality Retail and Distribution Business purchased an effective 26.01% stake in Transerv.



## PRE-LISTING STATEMENT (CONTINUED)

### 6. FINANCIAL INFORMATION

Below are extracts from the financial statements of Inncor relating to the Speciality Retail and Distribution Business. Information in this paragraph should be read in conjunction with Annexure 1 – The Independent Reporting Accountants' Report.

#### 6.1 Statement of Comprehensive Income of the Speciality Retail and Distribution Business extracted from Inncor Audited and Reviewed Financial Statements

	Reviewed 6 months 31-Dec-15 US\$	Audited 12 months 30-Jun-15 US\$	Audited 12 months 30-Jun-14 US\$	Audited 12 months 30-Jun-13 US\$	Audited 12 months 30-Jun-12 US\$	Audited 12 months 30-Jun-11 US\$
<b>Revenue</b>	<b>104,455,611</b>	<b>154,854,577</b>	<b>132,497,700</b>	<b>131,016,579</b>	<b>124,721,901</b>	<b>90,953,981</b>
<b>Operating profit before depreciation and amortisation</b>	<b>13,494,398</b>	<b>15,918,406</b>	<b>15,825,831</b>	<b>17,447,338</b>	<b>16,336,836</b>	<b>8,901,647</b>
Depreciation and amortisation	(726,400)	(951,242)	(1,230,994)	(1,110,471)	(903,613)	(967,019)
<b>Operating profit before interest and fair value adjustments</b>	<b>12,767,998</b>	<b>14,967,164</b>	<b>14,594,837</b>	<b>16,336,867</b>	<b>15,433,223</b>	<b>7,934,628</b>
Impairment of motor vehicles	-	-	(16,767)	-	-	-
Fair value adjustments - listed equities	(29,406)	(654)	16,501	(22,383)	(5,389)	12,500
<b>Operating profit before interest and tax</b>	<b>12,738,592</b>	<b>14,966,510</b>	<b>14,594,571</b>	<b>16,314,484</b>	<b>15,427,834</b>	<b>7,947,128</b>
Net interest	(135,486)	(181,410)	(377,746)	(436,468)	(916,152)	(798,664)
Equity accounted earnings	28,036	(126,940)	14,260	-	-	-
<b>Profit before tax</b>	<b>12,631,142</b>	<b>14,658,160</b>	<b>14,231,085</b>	<b>15,878,016</b>	<b>14,511,682</b>	<b>7,148,464</b>
Tax expense	(3,233,259)	(4,048,778)	(3,588,332)	(4,006,928)	(3,367,256)	(1,862,834)
<b>Profit after tax</b>	<b>9,397,883</b>	<b>10,609,382</b>	<b>10,642,753</b>	<b>11,871,088</b>	<b>11,144,426</b>	<b>5,285,630</b>
Non-controlling interests	(4,877,930)	(4,439,662)	(4,398,144)	(5,015,750)	(4,695,391)	(2,190,730)
<b>Net profit attributable to shareholders</b>	<b>4,519,953</b>	<b>6,169,720</b>	<b>6,244,609</b>	<b>6,855,338</b>	<b>6,449,035</b>	<b>3,094,900</b>
Dividends	(1,744,465)	(2,842,038)	(2,175,779)	(1,122,248)	(1,093,679)	(529,494)
<b>Profit retained for the period</b>	<b>2,775,488</b>	<b>3,327,682</b>	<b>4,068,830</b>	<b>5,733,090</b>	<b>5,355,356</b>	<b>2,565,406</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

## PRE-LISTING STATEMENT (CONTINUED)

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### 6.1.1 Statement of Comprehensive Income Review

In the six months to the 31<sup>st</sup> of December 2015, the Speciality Retail and Distribution Business achieved significant growth in turnover and profitability through the acquisition of Transerv. On a like for like basis (including Transerv in the comparative period), turnover grew marginally by 1% year on year despite economic weakness and environmental complexities. With Transerv only included in FY2016, turnover grew by 27% to US\$104,455,611.

Operating expenditure savings contributed to operating margins improving from 9.6% in FY2015 to 11.1% at the half year 31<sup>st</sup> December 2015, on a like for like basis. This resulted in a 16.1% growth in operating profit before interest, equity accounted earnings and tax to US\$12,738,592; if Transerv was only included in FY2016 the growth was 71%. In DGA Zimbabwe, whilst margins in the business were lower than those achieved in the comparative period in response to customer price pressures, profit growth was driven by cost restructuring initiatives, favourable depreciation of the South African Rand against the US\$ and increased revenues from new agencies, all on a substantially fixed overhead base. The creation of Vital Logistics in the previous year resulted in administrative, warehousing and distribution cost efficiencies. The regional businesses were mainly affected by currency depreciation whilst remaining profitable in local currencies. The average regional spend in US\$ terms increased 11% year on year but the volumes decreased by 15% in the six months to 31<sup>st</sup> of December 2015. Given the environmental uncertainty, customers are holding back on credit offerings, resulting in credit sales dropping at TV Sales & Home over the comparative period thus reducing the debtors' book by 9%. Profits dropped at TV Sales & Home by 16% compared to the same period in 2014. Transerv reported a 7% drop on the comparative period's revenue. This decline was however limited to 3% at profit before tax level as a result of efficient procurement, overhead control and the depreciating South African Rand.

The Speciality Retail and Distribution Business recorded a profit before tax of US\$12,631,142 in the six months ended 31<sup>st</sup> of December 2015 which, overall, was 19% above prior year, on a like for like basis; if Transerv was only included in FY2016 the growth was 73%.

## PRE-LISTING STATEMENT (CONTINUED)

### 6.2 Statement of Financial Position of the Speciality Retail and Distribution Business extracted from Innscor Audited and Reviewed Financial Statements

	Reviewed 31-Dec-15 US\$	Audited 30-Jun-15 US\$	Audited 30-Jun-14 US\$	Audited 30-Jun-13 US\$	Audited 30-Jun-12 US\$	Audited 30-Jun-11 US\$
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	8,012,409	6,939,207	6,152,745	5,570,127	4,554,075	5,127,254
Intangible assets	4,171,858	101,635	101,635	101,635	101,635	101,635
Investment in associates	2,470,400	2,364,379	1,750,958	-	-	-
Financial assets	-	-	103,140	93,923	74,611	80,000
Deferred tax assets	558,849	501,406	501,021	305,323	598,932	-
	15,213,516	9,906,627	8,609,499	6,071,008	5,329,253	5,308,889
<b>Current assets</b>						
Financial assets	122,450	253,820	111,088	83,434	83,391	-
Inventories	30,484,145	25,091,469	21,945,027	22,323,900	21,138,479	12,851,241
Trade and other receivables	46,819,819	37,503,062	30,717,131	29,514,722	23,962,201	18,270,381
Cash and cash equivalents	11,073,366	8,689,039	8,497,468	4,321,203	2,838,638	2,584,034
	88,499,780	71,537,390	61,270,714	56,243,259	48,022,709	33,705,656
<b>Total assets</b>	<b>103,713,296</b>	<b>81,444,017</b>	<b>69,880,213</b>	<b>62,314,267</b>	<b>53,351,962</b>	<b>39,014,545</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Ordinary share capital	-	-	-	-	-	-
Non-distributable reserves	(2,825,521)	(2,056,090)	(1,596,629)	641,181	899,336	1,603,680
Distributable reserves	34,676,055	27,702,888	24,375,206	18,447,182	12,714,092	7,358,736
<b>Attributable to equity holders of the parent</b>	<b>31,850,534</b>	<b>25,646,798</b>	<b>22,778,577</b>	<b>19,088,363</b>	<b>13,613,428</b>	<b>8,962,416</b>
Non-controlling interests	20,614,233	18,590,607	16,506,256	13,455,779	9,722,005	7,000,590
<b>Total equity</b>	<b>52,464,767</b>	<b>44,237,405</b>	<b>39,284,833</b>	<b>32,544,142</b>	<b>23,335,433</b>	<b>15,963,006</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	3,228,043	2,777,348	3,112,400	2,942,735	2,203,934	1,208,757
Interest bearing borrowings	170,863	3,008,938	3,224,394	3,966,212	4,653,148	3,232,346
	3,398,906	5,786,286	6,336,794	6,908,947	6,857,082	4,441,103
<b>Current liabilities</b>						
Interest bearing borrowings	13,037,735	3,692,012	2,042,181	2,474,699	2,936,015	2,374,763
Trade and other payables	31,693,613	26,679,353	20,521,534	20,007,987	18,781,194	16,258,000
Provisions and other liabilities	2,224,700	710,382	623,000	548,889	468,472	424,909
Current tax liabilities	893,575	338,579	1,071,871	(170,397)	973,766	(447,236)
	47,849,623	31,420,326	24,258,586	22,861,178	23,159,447	18,610,436
<b>Total liabilities</b>	<b>51,248,529</b>	<b>37,206,612</b>	<b>30,595,380</b>	<b>29,770,125</b>	<b>30,016,529</b>	<b>23,051,539</b>
<b>Total equity and liabilities</b>	<b>103,713,296</b>	<b>81,444,017</b>	<b>69,880,213</b>	<b>62,314,267</b>	<b>53,351,962</b>	<b>39,014,545</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

#### 6.2.1 Statement of financial position review at 31<sup>st</sup> December 2015

##### Property, plant and equipment (US\$8,012,409)

The carrying amount of property, plant and equipment has grown significantly over the last 6 months mainly due to the acquisition of an interest in Transerv.

##### Intangible assets (US\$4,171,858)

Intangible assets comprise mainly of goodwill arising from the acquisition of an interest in Transerv.

##### Inventories (US\$30,484,145)

Inventory balance is within model days and the increase from June 2015 is mainly as a result of the acquisition of an interest in Transerv.

##### Trade and other receivables (US\$46,819,819)

This consists of trade receivables, prepayments and other receivables. Increases in trade and other receivables occurred in the distribution business. Trade receivables have increased from the 30<sup>th</sup> of June 2015 balance mainly due to the increase in turnover whilst an increase in other receivables is a result of VAT and duties prepaid.

## PRE-LISTING STATEMENT (CONTINUED)

### 6.2.1 Statement of financial position review at 31<sup>st</sup> December 2015 (continued)

#### Non-distributable reserves (-US\$2,825,521)

The non-distributable reserves are comprised of the foreign currency translation reserve which is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

From June 2011 to June 2013, the non-distributable reserves also included the foreign currency conversion reserve that arose as a result of the change in functional currency from the Zimbabwean dollar to the United States dollar. It represented the residual equity in existence as at the change-over period and was recognised as a non-distributable reserve. This reserve was recycled to distributable reserves during the year ended 30<sup>th</sup> June 2014.

#### Interest bearing borrowings (US\$13,208,598)

Borrowings have increased with the investment in Transerv and to support working capital requirements. The average cost of borrowings for Axia Group's operations in Zimbabwe is 8.11% per annum, whilst it is 15.00% per annum for Regional operations.

#### Trade and other payables (US\$31,693,613)

Trade payables are all within normal business terms. An increase in trade and other payables from June 2015 is mainly driven by the distribution business and the acquisition of an interest in Transerv. In the distribution business, growth in trade payables mainly resulted from more extended payment terms with some suppliers.

#### Provisions and other liabilities (US\$2,224,700)

Included in provisions and other liabilities are payroll provisions and dividend accruals, which were not present in June 2015. These were settled post the 31<sup>st</sup> of December 2015 reporting date.

### 6.3 Statement of Cash Flows of the Speciality Retail and Distribution Business extracted from Innscor Audited and Reviewed Financial Statements

	Reviewed 6 months 31-Dec-15 US\$	Audited 12 months 30-Jun-15 US\$	Audited 12 months 30-Jun-14 US\$	Audited 12 months 30-Jun-13 US\$	Audited 12 months 30-Jun-12 US\$	Audited 12 months 30-Jun-11 US\$
<b>Cash generated from operating activities</b>	4,642,400	11,749,051	14,954,359	11,592,326	3,827,498	5,858,931
Net interest paid	(135,486)	(181,410)	(377,746)	(436,468)	(916,152)	(798,664)
Taxation paid	(2,305,009)	(5,030,334)	(2,539,529)	(4,139,340)	(1,786,318)	(1,812,979)
<b>Total cash generated from operations</b>	<b>2,201,905</b>	<b>6,537,307</b>	<b>12,037,084</b>	<b>7,016,518</b>	<b>1,125,028</b>	<b>3,247,288</b>
<b>Investing activities</b>	1,078,164	(3,068,246)	(3,196,737)	(2,225,728)	(553,442)	(2,361,291)
<b>Net cash flow before financing activities</b>	<b>3,280,069</b>	<b>3,469,061</b>	<b>8,840,347</b>	<b>4,790,790</b>	<b>571,586</b>	<b>885,997</b>
<b>Financing activities</b>	<b>(895,742)</b>	<b>(3,277,490)</b>	<b>(4,664,082)</b>	<b>(3,308,225)</b>	<b>(316,982)</b>	<b>822,717</b>
Dividends paid to holding company	(1,744,465)	(2,842,038)	(2,175,779)	(1,122,248)	(1,093,679)	(529,494)
Dividends paid by subsidiaries to non-controlling interests	(2,218,939)	(1,670,694)	(1,800,763)	(840,944)	(974,321)	(482,098)
Increase/(decrease) in borrowings	3,318,253	1,455,398	(1,151,182)	(1,162,156)	1,995,853	1,444,309
Cash (paid to)/received from non-controlling interests	(250,591)	(220,156)	463,642	(182,877)	(244,835)	390,000
<b>Net increase in cash and cash equivalents</b>	<b>2,384,327</b>	<b>191,571</b>	<b>4,176,265</b>	<b>1,482,565</b>	<b>254,604</b>	<b>1,708,714</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>8,689,039</b>	<b>8,497,468</b>	<b>4,321,203</b>	<b>2,838,638</b>	<b>2,584,034</b>	<b>875,320</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,073,366</b>	<b>8,689,039</b>	<b>8,497,468</b>	<b>4,321,203</b>	<b>2,838,638</b>	<b>2,584,034</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

## PRE-LISTING STATEMENT (CONTINUED)

### 7. MATERIAL CHANGES

There have been no material changes in the trading and financial position of Axia since acquiring, through a scheme of reconstruction, the issued share capital of the companies comprising the Speciality Retail and Distribution Business of Inncor together with relevant subsidiaries, effective on the 1<sup>st</sup> of April 2016.

### 8. AVAILABLE FOR SALE FINANCIAL ASSETS

The Company has no financial assets available for sale.

### 9. CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

#### 9.1 Capital Commitments

The Speciality Retail and Distribution Business had the following capital commitments as at the 31<sup>st</sup> of December 2015.

	<b>&lt; 1 year US\$</b>
Maintenance	955,628
Expansion	1,497,878
<b>Total</b>	<b>2,453,506</b>

#### 9.2 Operating Lease Commitments

The Speciality Retail and Distribution Business had the following material operating leases as at the 31<sup>st</sup> of December 2015.

	<b>US\$</b>
Due within 1 year	1,963,972
Due within 2 – 5 years	5,728,709
Due within 6 – 10 years	154,508
<b>Total</b>	<b>7,847,189</b>

#### 9.3 Finance Lease Commitments

As at the 31<sup>st</sup> of December 2015, the Speciality Retail and Distribution Business had no material Finance Lease Commitments.

#### 9.4 Contingent Liabilities

As at the 31<sup>st</sup> of December 2015, the Speciality Retail and Distribution Business had no material Contingent Liabilities.

## PRE-LISTING STATEMENT (CONTINUED)

### 10. INTEREST-BEARING LOANS AND BORROWINGS

#### 10.1 Borrowing Powers

In terms of the Company's Articles, the Directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company save that the Directors shall procure that the aggregate principle amount at any one time outstanding in respect of monies borrowed or raised by the Company and/or any of its subsidiaries for the time being of the Company (excluding monies borrowed or raised by any such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyship given by the Company or any of its subsidiaries for the time being for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the monies so borrowed or raised) shall not, without the previous sanction of an ordinary resolution of the Company in general meeting, exceed twice the aggregate of: -

- (i) The nominal amount of the issued and paid share capital for the time being of the Company; and
- (ii) The aggregate of the amounts standing to the credit of all capital and revenue reserve accounts, any share premium account and profit and loss account as set out in the latest consolidated audited balance sheet of the Company and its subsidiaries which has been drawn up to be laid before shareholders of the Company in general meeting at the relevant time.

The borrowing powers of the Directors have not been exceeded since the Company's incorporation on the 24<sup>th</sup> of February 2016.

#### 10.2 Material Borrowings

The Speciality Retail and Distribution Business has the following material borrowings:

	Reviewed 31-Dec-15 US\$	Audited 30-Jun-15 US\$	Audited 30-Jun-14 US\$	Audited 30-Jun-13 US\$	Audited 30-Jun-12 US\$	Audited 30-Jun-11 US\$
<b>Long-term financing</b>						
Secured	170,863	2,996	264,489	400,562	131,869	90,828
Unsecured	-	3,005,942	2,959,905	3,565,650	4,521,279	3,141,518
<b>Total long-term financing</b>	<b>170,863</b>	<b>3,008,938</b>	<b>3,224,394</b>	<b>3,966,212</b>	<b>4,653,148</b>	<b>3,232,346</b>
<b>Short-term financing</b>						
Secured	5,001	-	-	-	-	-
Unsecured	4,403,117	-	-	-	-	-
Short-term portion of long-term financing	66,576	36,799	26,093	228,354	65,935	45,415
Overdraft	8,563,041	3,655,213	2,016,088	2,246,345	2,870,080	2,329,348
<b>Total short-term financing</b>	<b>13,037,735</b>	<b>3,692,012</b>	<b>2,042,181</b>	<b>2,474,699</b>	<b>2,936,015</b>	<b>2,374,763</b>
<b>Total interest bearing borrowings</b>	<b>13,208,598</b>	<b>6,700,950</b>	<b>5,266,575</b>	<b>6,440,911</b>	<b>7,589,163</b>	<b>5,607,109</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

### 11. MATERIAL CONTRACTS

As at the 31<sup>st</sup> of December 2015, the Speciality Retail and Distribution Business had not entered into any material contracts, other than in the ordinary course of business.

## PRE-LISTING STATEMENT (CONTINUED)

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### 12. LITIGATION STATEMENT

The Company is not involved in any material litigation or arbitration proceedings which may have, or which have had, during the twelve months preceding the date of this Pre-Listing Statement, a significant effect on the financial position of the Speciality Retail and Distribution Business, nor is the Company aware that any such proceedings are pending or threatening.

### 13. BUSINESS RISK FACTORS

#### 13.1 Financial Risk Management

The Company'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 raise finance for the Company's operations or to achieve a return on surplus short-term funds. The Company 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 Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks.

#### 13.2 Interest Rate Risk

The Group's exposure to risk for 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.

#### 13.3 Foreign Currency Risk

Foreign currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group currently has limited exposure from regional operations with only DGA operating outside of Zimbabwe.

However, the Group has transactional currency exposures, arising from the sale or purchase in currencies other than the Group's functional currency, for example on imported stock for resale. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stocks until the foreign currency to settle the related liability has been secured.

#### 13.4 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. Credit granting and vetting procedures in TV Sales & Home are regularly monitored to ensure that they are appropriate to constantly changing market conditions and as such deposit levels, credit limits and the tenure of the debtors' book is amended where deemed appropriate. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to debt impairment is not significant.

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 by assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be properties, listed shares or other assets.

## PRE-LISTING STATEMENT (CONTINUED)

### 13.5 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 Speciality Retail and Distribution Business' financial assets and liabilities as at the 31<sup>st</sup> of December 2015.

	Within 3 months US\$	Between 4-12 months US\$	More than 12 months US\$	Total US\$
<b>Liabilities</b>				
Interest bearing borrowings	(10,127,748)	(5,176,443)	(202,685)	(15,506,876)
Trade and other payables	(31,693,613)	-	-	(31,693,613)
<b>Total</b>	<b>(41,821,361)</b>	<b>(5,176,443)</b>	<b>(202,685)</b>	<b>(47,200,489)</b>
<b>Assets</b>				
Cash and cash equivalents	11,073,366	-	-	11,073,366
Trade and other receivables (excluding prepayments)	42,510,960	2,182,788	-	44,693,748
<b>Total</b>	<b>53,584,326</b>	<b>2,182,788</b>	<b>-</b>	<b>55,767,114</b>
<b>Net Position</b>	<b>11,762,965</b>	<b>(2,993,655)</b>	<b>(202,685)</b>	<b>8,566,625</b>



## PRE-LISTING STATEMENT (CONTINUED)

### 14. FACTS AND EVENTS WHICH MAY HAVE A MATERIAL ADVERSE EFFECT ON AXIA

As a Speciality Retail and Distribution Business, Axia is exposed to various risks. These include, but are not limited to:

Risk	Mitigation
<p>14.1 The Speciality Retail market is deemed as a durable product offering rather than a necessity and so during times when the market conditions are depressed (deflation, high unemployment and high cost of living resulting in lower disposable income), as is the situation in Zimbabwe the demand for durable product offerings is depressed in favour of necessity products.</p>	<p>Axia has somewhat managed to combat this risk by ensuring prices are set at reasonable levels to make its products affordable to consumers. Additionally, through offering credit facilities on some products, the Group stimulates demand through providing an opportunity for consumers to pay for big ticket items over extended periods.</p> <p>The inclusion of DGA in Axia helps mitigate exposure to this risk as the majority of its product offerings are necessities.</p>
<p>14.2 Zimbabwe operates in a multi-currency market mainly using the US\$. Whilst the US\$ is strong, the weakness in other currencies can make sourcing of stocks locally less competitive and fluctuations in currencies can affect the price of imports.</p> <p>DGA also operates in Zambia and Malawi where local currencies are inherently volatile at times.</p>	<p>In Zimbabwe, Axia reduces currency risk by either pre-paying for purchases and/or securing forward contracts to take advantage of exchange rate movements.</p> <p>In the Region, DGA also secures forward contracts in Zambia and actively looks to manage its debtors' book downwards both in Zambia and Malawi. Margin management in both these countries is very active to ensure that any currency devaluation is mitigated as much as possible.</p> <p>Additional mitigating measures include, where appropriate, longer positions taken on stocks where currency devaluations are favourable, stock re-pricing at regular intervals and negotiations are held to ensure that purchases are invoiced in softer currencies.</p>
<p>14.3 Changes in the cost of supplies both locally and internationally can significantly impact the business, making its pricing less competitive. Supply chain disruptions can have a significant impact on the business.</p>	<p>Through its core supplier networks and relationships, Axia ensures that supplies are sourced sustainably and at affordable prices resulting in reliable supply chain pipelines.</p>
<p>14.4 Government policies impacting the retail industry could include taxes on raw materials, taxes on retail products, import restrictions and changes to industry standards, amongst others.</p>	<p>Axia has an experienced management team, including an in-house legal team to manage the impact of changes in local government policies on the business. The Company also continuously engages stakeholders from local government to identify risks and opportunities.</p>
<p>14.5 The weaknesses experienced in the local manufacturing market have an impact on the ability to source quality and reasonably priced raw materials and stocks to make the retail products competitive.</p>	<p>Where possible, Axia will synchronise its procurement of certain inputs (e.g. inventory, freight and warehousing) to curtail cost of sales and boost margins whilst maintaining quality and sustainability of supplies.</p>
<p>14.6 Axia Group operations are mainly domiciled in Zimbabwe where it generates 86% of its turnover. Zimbabwe is currently facing economic weaknesses and environmental complexities.</p>	<p>Axia will continue to leverage its extensive stakeholder network and manage the day to day challenges that arise from the very fluid and changing dynamics of the Zimbabwean economic landscape.</p>

## PRE-LISTING STATEMENT (CONTINUED)

### 15. CORPORATE GOVERNANCE

#### 15.1 Introduction

Axia is committed to a Code of Corporate Practices and Conduct based on the principles laid out in the King Reports and the Principles of Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Company's shareholders and stakeholders to derive the assurance that, in protecting and adding value to Axia's financial and human capital investment, the Company is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

#### 15.2 Board of Directors

The primary responsibility of the Board is to discharge its fiduciary responsibility to the shareholders and the Company. The Board is accordingly the highest policy organ of the Company and also acts to direct strategy. The Board meets regularly to monitor the performance of management and to ensure proper control over the strategic direction of the Company.

The Board comprises 2 Executive and 4 Non-Executive Directors, made up of individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit. The Non-Executive Directors also provide crucial independence and guidance to the Company's strategic decision making process and corporate governance practices.

The full names, ages, addresses and positions of the Directors of Axia are set out below:

Full Name	Age	Residential Address	Position
Luke Ngwerume	62	29 Stratford Drive, Greystone Park, Harare, Zimbabwe.	Independent Non-Executive Chairman
John Koumides	58	3 Cudmore Road, Mount Pleasant, Harare, Zimbabwe	Group Chief Executive Officer
Ray Rambanapasi	32	119A Harare Drive, Marlborough, Harare, Zimbabwe.	Group Finance Director
Zinona (Zed) Koudounaris	53	20 Basset Crescent, Alexandra Park, Harare, Zimbabwe.	Non-Executive Director
Thembiwe Mazingi	57	5 Viewdale Close, Borrowdale, Harare, Zimbabwe.	Independent Non-Executive Director
Theminkosi Sibanda	61	72 Gwanda Road, Sunninghill, Bulawayo, Zimbabwe.	Independent Non-Executive Director

## PRE-LISTING STATEMENT (CONTINUED)

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### **Luke Ngwerume – Independent Non-Executive Chairman**

Luke Ngwerume is an MBA graduate from the University of Cape Town Business School. He is a retired Group CEO of Old Mutual, the largest integrated financial services group in Zimbabwe. He comes from an investment background and is a seasoned business leader in Zimbabwe. He sits on the boards of Delta Corporation Limited, CABS, Cimas and Old Mutual Nigeria. He is currently leading an innovative financial services distribution digital business, the first of its kind in Zimbabwe. He was twice voted the Old Mutual African CEO of the year in 2011 and 2012.

### **John Koumidis – Group Chief Executive Officer**

John Koumidis is a former partner of Deloitte in Harare. During his career, John spent nine years at Delta Corporation Limited where he served as Group Financial Director and his last year as Group Operations Director. Thereafter, John joined Innscor as a Non-Executive Director in 2003. He was appointed the CEO of Innscor in 2003 until 2006 and was again appointed the CEO of Innscor for two years starting in 2013. John is currently the Executive Director of Corporate Finance at Innscor and has overseen the company's unbundling and disposal processes.

John is a member of Innscor's audit, finance and investment committees. He currently chairs the Board of Directors of Colcom Holdings Limited and is a member of the Board for Irvine's Zimbabwe (Private) Limited.

### **Ray Rambanapasi – Group Finance Director**

Ray Rambanapasi is a Chartered Accountant experienced in financial analysis, financial control and reporting, corporate finance and internal control. He joined Innscor Africa Limited in December 2011 as an Assistant Group Finance Manager and he is currently the Group Finance Manager. Prior to joining Innscor Africa Limited, Ray worked for PricewaterhouseCoopers (PwC) where he qualified in 2010 and became Assistant Audit Manager the same year. Of the experience gained at PwC, he spent 6 months in the United States of America, New York City Office - Alternative Investments department, where he spent time coaching and supervising audit teams as well as reviewing valuations of private equity firms. Ray is currently studying for a Masters in Business Administration, in his final year, with the University of Cape Town Business School.

### **Zinona (Zed) Koudounaris – Non-Executive Director**

Born in Zimbabwe, Zinona (Zed) Koudounaris completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Science. Zed is a founder shareholder of Innscor. He was the driving force behind the initial creation and success of Innscor's core Quick Service Restaurant brands. Zed has held a number of positions within Innscor, including Chief Executive Officer upon Innscor's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for Innscor and providing guidance to its management team.

Zinona currently sits on the Boards of Directors of Innscor Africa Limited and Simbisa Brands Limited.

### **Thembiwe Mazingi – Independent Non-Executive Director**

Thembiwe is a partner in the legal firm, Coghlan, Welsh & Guest, a position she has held since 1989, having joined the firm in 1982. Her responsibilities include providing legal services and advice on the law of property, conveyancing and notarial practice, trusts, estate planning, taxation, commercial law, corporate compliance and regulatory issues more particularly the interpretation of a diverse range of legislation, evaluating its impact on organisations and policy development, intellectual property law (patents, trademarks, industrial designs and copyrights).

Thembiwe has a Masters in Business Administration from the University of Zimbabwe and sits on the Board of Directors of Nicoz Diamond Insurance Company, Ariston Holdings Limited and African Century Limited.

### **Thembinkosi (Themba) Sibanda – Independent Non-Executive Director**

Themba graduated from the University of Zimbabwe in 1978 majoring in Accounting, and subsequently joined Barclays Bank of Botswana at its Head Office in Gaborone. Having returned to Zimbabwe in the early 1980's he qualified as a Chartered Accountant. He has remained in the profession since, and has worked in compliance and audit for the past 34 years at Schmulian & Sibanda where he is the Principal. Themba currently sits on various boards of Stock Exchange listed Companies including Delta Corporation Limited, Innscor Africa Limited and P.P.C Zimbabwe Limited. He currently chairs the Board of Edgars Stores Zimbabwe Limited. Themba is also a trustee of several organisations of a public character.

## PRE-LISTING STATEMENT (CONTINUED)

### 15.3 Directors Interests

As at the 10<sup>th</sup> of March 2016, the Directors directly and/or indirectly, held beneficial interests totalling 110,701,852 Innscor shares representing 20.44% of the issued share capital of Innscor. These holdings will entitle the Directors to the same shareholding in Axia following the Dividend *in Specie* less any shares withheld for withholding tax purposes. The details of the direct and indirect interests held by the Directors are summarised below:

Directors	Direct shareholding	Indirect shareholding	Total
Luke Ngwerume	6,007	-	6,007
John Koumides	-	720,000	720,000
Ray Rambanapasi	-	-	-
Zinona (Zed) Koudounaris*	-	109,973,843	109,973,843
Thembiwe Mazingi	2,002	-	2,002
Theminkosi Sibanda	-	-	-

The Group leases properties from Television City (Bulawayo) (Private) Limited, a company in which a Director has either a financial or custodial interest, partly or wholly (\*Director as denoted in the table above). The leases are undertaken on an arm's length basis. The financial implications of these leases are as follows:

**Dec 2015  
US\$**

Lease payments for the six months ended 31 <sup>st</sup> December 2015	71,140
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### 15.4 Other interests

Except as disclosed in this Document, none of the Directors of Axia have an interest in any contracts of significance relating to services provided to Axia by third parties.

### 15.5 Governance

Axia is an organisation built on the pillars of transparency, accountability, efficiency, integrity, and sustainability. The Axia Board of Directors is committed to ensuring that these values, standards and principles are upheld and practiced at the highest level. In support of this pledge, the organisation's executive leadership utilises firm corporate governance to guide all aspects of the organisation's business, its never ending development and its application of best practices.

### 15.6 Audit and Risk Committee

The Company has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee of the Board deals, inter-alia, with compliance, internal control and risk management. The committee currently comprises of Themba Sibanda (Chairman) and Thembiwe Mazingi, with John Koumides and Ray Rambanapasi as invitees. The committee will meet regularly and responsibilities include but are not limited to the following:

- Ensuring that financial reporting across the organisation is transparent, accurate and reliable;
- Overseeing and managing the performance, functioning and effectiveness of the organisation's finance and risk functions and the internal audit functions;
- Assisting the Board in fulfilling its corporate governance oversight responsibility in regards to the identification, evaluation and mitigation of operational, strategic and external risks;
- Monitoring and reviewing the organisation's risk management practices;
- Reviewing and approving risk related disclosures; and
- Appointing external auditors and ensuring that the roles and functions of both internal and external audit are lucid and synchronized.

## PRE-LISTING STATEMENT (CONTINUED)

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### 15.7 Remuneration and Nomination Committee

The remuneration and nomination committee comprises Luke Ngwerume (Chairman), Themba Sibanda and Thembiwe Mazingi with John Koumides as an invitee. The remuneration and nomination committee's mandate has two primary responsibilities. It is to evaluate and sanction the appointment of, and remuneration packages for, all Board members, Executive Directors and senior management. In doing so, it will assemble a structure and strategy related to the terms of employment for employees, management and board members, as well as any compensation that aims to reward in a manner that attracts and retains talented individuals, and motivates employees to constantly seek to elevate and contribute to the Group's success. It is to assure that Executive Directors and staff receive remuneration packages that are consistent with market reality. The committee is also responsible for orchestrating succession planning within the Company, particularly that of the chief executive and executive management. The responsibilities of the Committee include but are not limited to the following:

- Evaluating and determining the appointment of suitable candidates to the Board, as well as terminations;
- Evaluating, directing and determining human resource policies and systems;
- Annual performance reviews that will determine any changes to the remuneration package of all Directors and Senior Management;
- Producing annual reports that ensure that all statutory requirements concerning disclosure of remuneration, pensions and share options are met;
- Assessing the performance, value and effectiveness of the Board, Board Committees and Directors;
- Development of the remuneration policy which will seek to provide a structured and balanced remuneration package that incorporates performance based variable rewards; core fixed elements, pension, terms of service contracts and/or compensation payments; and
- Approving remuneration packages for high-performing executives.

### 15.8 Finance and Investment Committee

The finance and investment committee comprises of a representative management team, including Executive Directors John Koumides and Ray Rambanapasi. The committee is tasked with applying the Board's action plans and policies, as well as establishing and evaluating risks within the organisation and establishing new business opportunities. The committee will also be tasked with evaluating cash forecasts and overseeing both long and short term investments to manage liquidity within the Company. Diversity of the organisation's investments among the various financial establishments is also part of its responsibilities, as it is to maximize returns on investments within the Board's scope of work. The responsibilities of the Committee include but are not limited to the following:

- Systematically assessing business risks, and implementation of mitigation measures;
- Constructing and implementing risk management strategies and policies;
- Constructing operational plans, strategies, guidelines and budgets for consideration by the Board;
- Administering capital allocation across the Company;
- Engineering the Company's strategy;
- Engineering and managing the Company's operational activities.

### 15.9 Dealing in Shares

The Company has a policy in line with the ZSE Listing Requirements prohibiting dealings in shares by Directors, officers and executive management for a designated period, which is one month prior to the end of the reporting period and the preliminary announcement of the Company's interim and year end results, or when they are in possession of price sensitive information not within the public domain.

### 15.10 Ethics and Business Integrity

Professional and ethical standards and the highest standards of integrity are an integral part of how the Company conducts its business affairs. The Company recognises that investor and stakeholder perceptions are based on the manner in which the Company, its Directors, management and staff conduct business and the Company therefore strives to achieve the highest standards of integrity and business ethics at all times.

## PRE-LISTING STATEMENT (CONTINUED)

### 16. MANAGEMENT

The executive management team are extremely professional and committed to the future growth and profitability of Axia. The key members of the executive management team are included in the table below:

Management	Position
Axia Head Office	
John Koumides	Group Chief Executive Officer
Ray Rambanapasi	Group Finance Director
DGA	
Craig Hodgson	Chief Executive Officer
Sevious Mushosho	Finance Director
TV Sales & Home	
Sean Gorringer	Chief Executive Officer
Joseph Kamasho	Finance Director
Transerv	
Ilonka Bekker	Managing Director
Ryan Bekker	Executive Director

### 17. DIVIDEND POLICY

According to the Articles of Axia, the Company in a general meeting may declare dividends but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare and pay to members such dividends and interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be payable except out of profits of the Company, and no dividend shall carry interest against the Company.

### 18. SKILLS RETENTION ARRANGEMENTS AND REMUNERATION

#### 18.1 Share Option Scheme

Currently there is no management share option scheme in place. The Directors of Axia do intend to introduce such a scheme and shareholders will be notified as to the contents of the scheme in due course.

### 19. FUTURE PROSPECTS FOR THE COMPANY

Following the Unbundling of Axia from Innscor, the Company will offer a unique speciality retail and distribution value proposition for local and international investors. Following the Listing, Axia will:

- Establish itself as a strong stand alone Group;
- Have clear operational and strategic focus with a clear goal to increase shareholder value;
- Be financially independent which will allow for transparent and understandable reporting to its stakeholders;
- Seek opportunities to undertake mergers with, and acquisitions of, organisations in the same or complementary spheres of operation, both in Zimbabwe and in the Region;
- Expand its existing Speciality Retail footprint; and
- Acquire many more lucrative Distribution agencies.

### 20. ARTICLES AND MEMORANDUM OF ASSOCIATION OF AXIA

The ZSE has reviewed the Articles and Memorandum of Association of the Company and has confirmed that they comply with the ZSE Listing Requirements.

## PRE-LISTING STATEMENT (CONTINUED)

### 21. MAJOR SHAREHOLDERS

#### 21.1 Details of the Dividend *in Specie*

The Dividend *in Specie* of shares will be based on one (1) ordinary share in Axia with a nominal value of US\$0.0001 each for every one (1) Innscor ordinary share already held.

Holders of Innscor ordinary shares registered as such at the close of business (1600 hours) on the 6<sup>th</sup> of May 2016, being the Record Date, will be entitled to receive Axia shares less shares withheld from Non-Resident Shareholders, individuals and trusts for withholding tax purposes. Shareholders and investors should note the LDT to be eligible for this Dividend *in Specie* is the 29<sup>th</sup> of April 2016. Shareholders with CSD accounts will have their CSD accounts credited with the respective entitlements while shareholders without CSD accounts will receive physical share certificates. The new ZSE platform trades securities that are dematerialised only, and shareholders should contact their stockbrokers for further information. The Axia shares will be listed on the 17<sup>th</sup> of May 2016 on the ZSE.

#### 21.2 Innscor/Axia Shareholding Structure

The table below details the top twenty shareholders of Innscor as at the 10<sup>th</sup> of March 2016 and these shareholders will have approximately the same initial shareholding in Axia:

Rank	Name	Shares as at 10 <sup>th</sup> March 2016	Percentage
1	ZMD INVESTMENTS (PVT) LTD	102,829,853	18.99%
2	H M BARBOUR (PVT) LTD	100,000,000	18.46%
3	OLD MUTUAL LIFE ASS CO ZIM LTD	34,280,070	6.33%
4	SARCOR INVESTMENTS (PVT) LTD	22,484,058	4.15%
5	STANBIC NOMINEES 130043040031	14,386,705	2.66%
6	PHARAOH LIMITED- NNR	12,939,921	2.39%
7	STANBIC NOMINEES 120024430134	11,110,584	2.05%
8	STANBIC NOMINEES 120024430200	10,735,448	1.98%
9	STANBIC NOMINEES 130043040022	10,526,667	1.94%
10	CITY & GENERAL HOLDINGS (PVT) LTD	9,822,598	1.81%
11	SCB NOMINEES ZW0000010862	9,676,997	1.79%
12	STANBIC NOMINEES 110008180010	9,425,581	1.74%
13	MUSIC VENTURES (PVT) LTD	7,465,382	1.38%
14	MINING INDUSTRY PENSION FUND	6,975,660	1.29%
15	STANBIC NOMINEES 108092505	6,841,511	1.26%
16	SCB NOMINEES 033667800001	4,720,539	0.87%
17	GENERAL ELECTRONICS (PVT) LTD	4,542,942	0.84%
18	SCHUTEX INVESTMENTS (PVT) LTD	4,465,319	0.82%
19	OLD MUTUAL ZIMBABWE LIMITED	4,424,008	0.82%
20	J-SOFT (PVT) LTD	4,232,780	0.78%
	<b>Total Top Twenty Shareholders</b>	<b>391,886,623</b>	<b>72.36%</b>
	Other Shareholders	149,706,817	27.64%
	<b>Total Issued Shares</b>	<b>541,593,440</b>	<b>100.00%</b>

The Directors of the two (2) largest shareholders, ZMD Investments (Private) Limited and H M Barbour (Private) Limited, who between them own 37.45% of Innscor, have provided written undertakings not to sell their shares in Axia for a period until at least after the first audited results of Axia are published or nine (9) months from the date of Axia Listing on the ZSE which ever period is greater.

The Transfer Secretaries have provided a letter dated the 24<sup>th</sup> of February 2016 which shows that the shareholders spread according to the ZSE Listing Requirements are met.

The above documents are available for inspection at the Axia Registered Offices.



## PRE-LISTING STATEMENT (CONTINUED)

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### 22. WITHHOLDING TAX PAYABLE ON THE DIVIDEND *IN SPECIE*

In terms of existing legislation on dividends, Innscor is obliged to deduct ten per cent (10%) withholding tax and remit this to ZIMRA in respect of the Dividend *in Specie* of Axia's ordinary shares to all individuals, trusts and Non-Resident Shareholders. To fund this withholding tax liability, Innscor will withhold ten per cent (10%) of the ordinary shares of Axia due to all individuals, trusts and Non-Resident Shareholders in respect of this Dividend *in Specie* and remit this to ZIMRA. The Listing itself is not taxable.

For the purposes of this Transaction shares withheld from shareholders for withholding tax purposes will be rounded to the nearest whole number.

### 23. EXCHANGE CONTROL APPROVAL

An application for approval for the Dividend *in Specie* to Non-Resident Shareholders is under consideration by the RBZ.

### 24. EXPERTS' CONSENTS

The Financial Advisors, Sponsoring Brokers, Legal Advisors, Tax Advisors, Transfer Secretaries, Auditors and Independent Reporting Accountants have submitted their written consents to act in the capacities stated and to their names being stated in this Pre-Listing Statement and these consents have not been withdrawn as at the date of this Pre-Listing Statement. The above mentioned consents are available for inspection by interested parties in terms of Paragraph 27 below.

### 25. CONDITIONS PRECEDENT

- The proposed Transaction is subject to the approval by shareholders of Innscor at an EGM to be held on Tuesday the 10<sup>th</sup> of May 2016 in terms of the Notice of the EGM to Innscor shareholders published in the national press dated the 19<sup>th</sup> of April 2016; and
- RBZ approval of the Dividend *in Specie* to Non-Resident Shareholders.

### 26. REGULATORY ISSUES

This Pre-Listing statement is being issued in compliance with the ZSE Listing Requirements. The ZSE approved the distribution of this Pre-Listing Statement and the Listing of Axia on the 11<sup>th</sup> of April 2016.

### 27. DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

Between the 19<sup>th</sup> of April 2016 and the 10<sup>th</sup> of May 2016, copies of the following documents will be available for inspection, during normal working hours, at the Financial Advisors, Sponsoring Brokers, and Axia's Registered Offices at the addresses set out in the "Corporate Information" section at the beginning of this document:

- The Articles and Memorandum of Association of the Company;
- The written consents stated in Paragraph 24 of the document;
- The written undertakings from ZMD Investments (Private) Limited and H M Barbour (Private) Limited;
- The Agreement effective on the 1<sup>st</sup> of April 2016;
- The written letter from Corpserve showing that the shareholders spread is met according to the ZSE Listing Requirement;
- The financial statements of the Speciality Retail and Distribution Business for the five financial years ended 30<sup>th</sup> of June 2015 and for the six months ended 31<sup>st</sup> of December 2015.
- The Independent Reporting Accountant's Report on the historical information for the five financial years ended 30<sup>th</sup> of June 2015 and for the six months ended 31<sup>st</sup> of December 2015, which is set out in Annexure 1; and
- A letter summarising the terms of the Axia Board of Directors service agreements.



## PRE-LISTING STATEMENT (CONTINUED)

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### 28. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information provided in this Pre-Listing Statement, and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and that this Pre-Listing Statement contains all information required by law.

The Directors confirm that these Pre-Listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquires) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits or losses and prospects of the issuer, and of the rights attaching to the securities to which the listing particulars relate.

#### Signed on the 19<sup>th</sup> of April 2016:

Director's Name	Position	Signature
Luke Ngwerume	Non-Executive Chairman	[Signed on original]
John Koumides	Group Chief Executive Officer	[Signed on original]
Ray Rambanapasi	Group Finance Director	[Signed on original]
Zinona (Zed) Koudounaris	Non-Executive Director	[Signed on original]
Thembiwe Mazingi	Non-Executive Director	[Signed on original]
Thembinkosi Sibanda	Non-Executive Director	[Signed on original]

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# ANNEXURE 1 – INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON THE HISTORICAL FINANCIAL INFORMATION

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**Ernst & Young**  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
Angwa City  
Cnr Julius Nyerere Way/  
Kwame Nkrumah Avenue  
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Zimbabwe

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19<sup>th</sup> April 2016

## **The Directors**

Axia Corporation Limited  
Edward Building  
Corner 1st Street /Nelson Mandela Avenue  
**HARARE**

Dear Sirs,

## **INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE SPECIALITY RETAIL AND DISTRIBUTION BUSINESS OF INNASCOR AFRICA LIMITED FOR THE FIVE FINANCIAL PERIODS TO 30 JUNE 2015 AND FOR THE HALF YEAR ENDED 31 DECEMBER 2015.**

(Axia Corporation Limited (“Axia”) was incorporated in the Republic of Zimbabwe in 2016 under company registration number 1344/2016).

### **1. Introduction**

At your request and for the purposes of the Pre-Listing Statement to Axia Corporation Limited (“Axia”) shareholders, to be dated the 19<sup>th</sup> of April 2016, we present our report on the historical Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity (collectively referred to as “The historical financial information”) as set out on pages 27 to 30 of the Pre-Listing Statement, issued in compliance with the Listing Requirements of the Zimbabwe Stock Exchange. Axia was incorporated as a wholly-owned subsidiary of Innscor Africa Limited (“Innscor”) on the 24<sup>th</sup> of February 2016.

Axia acquired through a scheme of reconstruction the issued share capital of the companies comprising the Speciality Retail and Distribution Business together with relevant subsidiaries from Innscor under the terms of the Agreement effective on the 1<sup>st</sup> of April 2016, in exchange for issuing 541,593,440 shares in Axia to Innscor. The Directors are proposing a listing by introduction of the entire issued share capital of Axia of 541,593,440 ordinary shares of US\$ 0.0001 nominal value on the Zimbabwe Stock Exchange.

This report is prepared in terms of the Listing Requirements of the Zimbabwe Stock Exchange.

In accordance with Section 8.2 of the Zimbabwe Stock Exchange Listing Requirements, we confirm that the engagement partner is a registered accountant and auditor, and, together with the firm, is independent of Axia, the issuer of the Pre-Listing Statement containing the historical financial information.

# ANNEXURE 1 - INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

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## 2. Responsibilities

The Directors are solely responsible for the preparation of the Pre-Listing Statement to which this report relates and the information contained therein. Our responsibility is to express an opinion on the historical financial information set out on pages 27 to 30 of the Pre-Listing Statement.

It is our responsibility to form an opinion on the basis used for the compilation of the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the financial information beyond that owed to those to whom those reports were addressed at their dates of issue.

## 3. Scope – Historical Financial Information

Previously the Speciality Retail and Distribution Business (transferred to Axia) was not consolidated as a division. The financial information included in this report was that compiled by management basing on the historical performance of the units transferred to Axia. Our work involved agreeing the historical financial statements prepared by management to the underlying Innscor divisional reporting packs as well as verifying the accuracy of the aggregation computations. The underlying financial information from which the historical financial information was prepared is based on accounting policies that comply with International Financial Reporting Standards. The entities that were part of the Speciality Retail and Distribution Business and were transferred to Axia are:

- i. Distribution Group Africa (Private) Limited
- ii. Innscor Credit Retail (Private) Limited t/a TV Sales & Home
- iii. Moregrow Enterprises (Private) Limited

We audited the divisional historical financial information of Distribution Group Africa and Innscor Credit Retail t/a TV Sales & Home for the years ended 30<sup>th</sup> June 2011 to 30<sup>th</sup> June 2015 while they were under Innscor.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform that audit to obtain reasonable assurance whether the historical financial information relating to the financial years ended 30<sup>th</sup> June 2011 to 30<sup>th</sup> June 2015 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

From our enquiries of Axia management, we understand that:

- i. There are no material assets included in the financial information that are not owned by Axia
- ii. There are no material contingent liabilities and commitments relating to Axia, and
- iii. There have been no material subsequent events arising which have, or that could reasonably be expected to have a material impact on the statement of financial position as at 30<sup>th</sup> June 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# ANNEXURE 1 - INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

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## 4. Opinion – Historical Financial Information

The financial statements for Innscor Africa Limited for the years ended 30<sup>th</sup> June 2011 to 30<sup>th</sup> of June 2015 from which the financial information for Axia was compiled were issued without qualification.

In our opinion the aggregation of the historical results of the Speciality Retail and Distribution business was based on audited financial information and is appropriate for purposes of the historical financial information of Axia.

## 5. Scope – Interim Financial Information

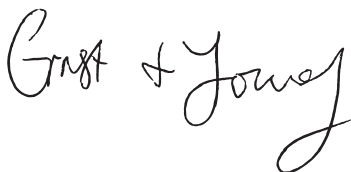
This report also includes unaudited interim financial information for the Speciality and Distribution Business as at 31<sup>st</sup> of December 2015. The financial information used to prepare the interim financial information was previously not consolidated and was compiled by management basing on the performance of the units transferred to Axia as at 31<sup>st</sup> of December 2015. Our work involved agreeing the interim financial statements prepared by management to the underlying Innscor divisional reporting packs as well as verifying the accuracy of the aggregation computations. The underlying financial information from which the interim financial information was prepared is based on accounting policies that comply with International Financial Reporting Standards.

The financial information for the half year ended 31<sup>st</sup> of December 2015 has not been audited in accordance with International Standards on Auditing. We conducted a review of the financial information in accordance with the International Auditing Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## 6. Distribution and Assurances

This report is prepared solely for the Directors of Axia Corporation Limited. Any uses that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

Yours faithfully,



**ERNST & YOUNG**  
**Chartered Accountants (Zimbabwe)**  
**Harare**

Statement of Comprehensive Income of the Speciality Retail and Distribution Business extracted from Inncor Audited and Reviewed Financial Statements

	<b>Reviewed 6 months 31-Dec-15 US\$</b>	<b>Audited 12 months 30-Jun-15 US\$</b>	<b>Audited 12 months 30-Jun-14 US\$</b>	<b>Audited 12 months 30-Jun-13 US\$</b>	<b>Audited 12 months 30-Jun-12 US\$</b>	<b>Audited 12 months 30-Jun-11 US\$</b>
<b>Revenue</b>	<b>104,455,611</b>	<b>154,854,577</b>	<b>132,497,700</b>	<b>131,016,579</b>	<b>124,721,901</b>	<b>90,953,981</b>
<b>Operating profit before depreciation and amortisation</b>	<b>13,494,398</b>	<b>15,918,406</b>	<b>15,825,831</b>	<b>17,447,338</b>	<b>16,336,836</b>	<b>8,901,647</b>
Depreciation and amortisation	(726,400)	(951,242)	(1,230,994)	(1,110,471)	(903,613)	(967,019)
<b>Operating profit before interest and fair value adjustments</b>	<b>12,767,998</b>	<b>14,967,164</b>	<b>14,594,837</b>	<b>16,336,867</b>	<b>15,433,223</b>	<b>7,934,628</b>
Impairment of motor vehicles	-	-	(16,767)	-	-	-
Fair value adjustments - listed equities	(29,406)	(654)	16,501	(22,383)	(5,389)	12,500
<b>Operating profit before interest and tax</b>	<b>12,738,592</b>	<b>14,966,510</b>	<b>14,594,571</b>	<b>16,314,484</b>	<b>15,427,834</b>	<b>7,947,128</b>
Net interest	(135,486)	(181,410)	(377,746)	(436,468)	(916,152)	(798,664)
Equity accounted earnings	28,036	(126,940)	14,260	-	-	-
<b>Profit before tax</b>	<b>12,631,142</b>	<b>14,658,160</b>	<b>14,231,085</b>	<b>15,878,016</b>	<b>14,511,682</b>	<b>7,148,464</b>
Tax expense	(3,233,259)	(4,048,778)	(3,588,332)	(4,006,928)	(3,367,256)	(1,862,834)
<b>Profit after tax</b>	<b>9,397,883</b>	<b>10,609,382</b>	<b>10,642,753</b>	<b>11,871,088</b>	<b>11,144,426</b>	<b>5,285,630</b>
Non-controlling interests	(4,877,930)	(4,439,662)	(4,398,144)	(5,015,750)	(4,695,391)	(2,190,730)
<b>Net profit attributable to shareholders</b>	<b>4,519,953</b>	<b>6,169,720</b>	<b>6,244,609</b>	<b>6,855,338</b>	<b>6,449,035</b>	<b>3,094,900</b>
Dividends	(1,744,465)	(2,842,038)	(2,175,779)	(1,122,248)	(1,093,679)	(529,494)
<b>Profit retained for the period</b>	<b>2,775,488</b>	<b>3,327,682</b>	<b>4,068,830</b>	<b>5,733,090</b>	<b>5,355,356</b>	<b>2,565,406</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

Statement of Financial Position of the Speciality Retail and Distribution Business  
extracted from Innscor Audited and Reviewed Financial Statements

	<b>Reviewed 31-Dec-15 US\$</b>	<b>Audited 30-Jun-15 US\$</b>	<b>Audited 30-Jun-14 US\$</b>	<b>Audited 30-Jun-13 US\$</b>	<b>Audited 30-Jun-12 US\$</b>	<b>Audited 30-Jun-11 US\$</b>
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	8,012,409	6,939,207	6,152,745	5,570,127	4,554,075	5,127,254
Intangible assets	4,171,858	101,635	101,635	101,635	101,635	101,635
Investment in associates	2,470,400	2,364,379	1,750,958	-	-	-
Financial assets	-	-	103,140	93,923	74,611	80,000
Deferred tax assets	558,849	501,406	501,021	305,323	598,932	-
	<b>15,213,516</b>	<b>9,906,627</b>	<b>8,609,499</b>	<b>6,071,008</b>	<b>5,329,253</b>	<b>5,308,889</b>
<b>Current assets</b>						
Financial assets	122,450	253,820	111,088	83,434	83,391	-
Inventories	30,484,145	25,091,469	21,945,027	22,323,900	21,138,479	12,851,241
Trade and other receivables	46,819,819	37,503,062	30,717,131	29,514,722	23,962,201	18,270,381
Cash and cash equivalents	11,073,366	8,689,039	8,497,468	4,321,203	2,838,638	2,584,034
	<b>88,499,780</b>	<b>71,537,390</b>	<b>61,270,714</b>	<b>56,243,259</b>	<b>48,022,709</b>	<b>33,705,656</b>
<b>Total assets</b>	<b>103,713,296</b>	<b>81,444,017</b>	<b>69,880,213</b>	<b>62,314,267</b>	<b>53,351,962</b>	<b>39,014,545</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Ordinary share capital	-	-	-	-	-	-
Non-distributable reserves	(2,825,521)	(2,056,090)	(1,596,629)	641,181	899,336	1,603,680
Distributable reserves	34,676,055	27,702,888	24,375,206	18,447,182	12,714,092	7,358,736
	<b>31,850,534</b>	<b>25,646,798</b>	<b>22,778,577</b>	<b>19,088,363</b>	<b>13,613,428</b>	<b>8,962,416</b>
Non-controlling interests	20,614,233	18,590,607	16,506,256	13,455,779	9,722,005	7,000,590
<b>Total equity</b>	<b>52,464,767</b>	<b>44,237,405</b>	<b>39,284,833</b>	<b>32,544,142</b>	<b>23,335,433</b>	<b>15,963,006</b>
<b>Non-current liabilities</b>						
Deferred tax liabilities	3,228,043	2,777,348	3,112,400	2,942,735	2,203,934	1,208,757
Interest bearing borrowings	170,863	3,008,938	3,224,394	3,966,212	4,653,148	3,232,346
	<b>3,398,906</b>	<b>5,786,286</b>	<b>6,336,794</b>	<b>6,908,947</b>	<b>6,857,082</b>	<b>4,441,103</b>
<b>Current liabilities</b>						
Interest bearing borrowings	13,037,735	3,692,012	2,042,181	2,474,699	2,936,015	2,374,763
Trade and other payables	31,693,613	26,679,353	20,521,534	20,007,987	18,781,194	16,258,000
Provisions and other liabilities	2,224,700	710,382	623,000	548,889	468,472	424,909
Current tax liabilities	893,575	338,579	1,071,871	(170,397)	973,766	(447,236)
	<b>47,849,623</b>	<b>31,420,326</b>	<b>24,258,586</b>	<b>22,861,178</b>	<b>23,159,447</b>	<b>18,610,436</b>
<b>Total liabilities</b>	<b>51,248,529</b>	<b>37,206,612</b>	<b>30,595,380</b>	<b>29,770,125</b>	<b>30,016,529</b>	<b>23,051,539</b>
<b>Total equity and liabilities</b>	<b>103,713,296</b>	<b>81,444,017</b>	<b>69,880,213</b>	<b>62,314,267</b>	<b>53,351,962</b>	<b>39,014,545</b>

Note: Historical financials (June 2011 – June 2015) exclude Transerv. Transerv was acquired effective 1<sup>st</sup> July 2015.

# Statement of Changes in Equity of the Speciality Retail Business extracted from Inncor Audited and Reviewed Financial Statements

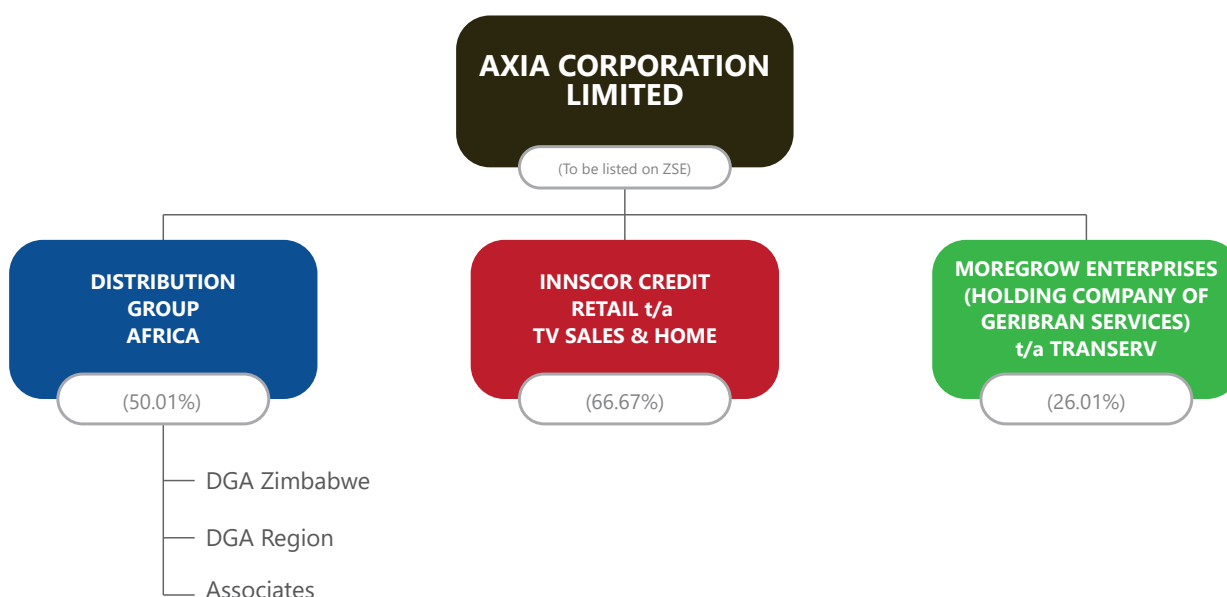
	Attributable to equity holders of the parent				Non Controlling Interest US\$	Total US\$
	Share Capital US\$	Non Distributable Reserves US\$	Distributable Reserves US\$	Total US\$		
<b>Balance at 30 June 2011</b>	-	<b>1,603,680</b>	<b>7,358,736</b>	<b>8,962,416</b>	<b>7,000,590</b>	<b>15,963,006</b>
Profit for the year	-	-	6,449,035	6,449,035	4,695,391	11,144,426
Other comprehensive income	-	(704,344)	-	(704,344)	(704,344)	(1,408,688)
Total comprehensive income	-	(704,344)	6,449,035	5,744,691	3,991,047	9,735,738
Dividends	-	-	(1,093,679)	(1,093,679)	(974,321)	(2,068,000)
Transactions with owners in their capacity as owners	-	-	-	-	(295,311)	(295,311)
<b>Balance at 30 June 2012</b>	-	<b>899,336</b>	<b>12,714,092</b>	<b>13,613,428</b>	<b>9,722,005</b>	<b>23,335,433</b>
Profit for the year	-	-	6,855,338	6,855,338	5,015,750	11,871,088
Other comprehensive income	-	(258,155)	-	(258,155)	(258,155)	(516,310)
Total comprehensive income	-	(258,155)	6,855,338	6,597,183	4,757,595	11,354,778
Dividends	-	-	(1,122,248)	(1,122,248)	(840,944)	(1,963,192)
Transactions with owners in their capacity as owners	-	-	-	-	(182,877)	(182,877)
<b>Balance at 30 June 2013</b>	-	<b>641,181</b>	<b>18,447,182</b>	<b>19,088,363</b>	<b>13,455,779</b>	<b>32,544,142</b>
Profit for the year	-	-	6,244,609	6,244,609	4,398,144	10,642,753
Other comprehensive income	-	(322,627)	-	(322,627)	(322,628)	(645,255)
Total comprehensive income	-	(322,627)	6,244,609	5,921,982	4,075,516	9,997,498
Dividends	-	-	(2,175,779)	(2,175,779)	(1,800,763)	(3,976,542)
Transactions with owners in their capacity as owners	-	-	(55,989)	(55,989)	775,724	719,735
Transfers of foreign currency conversion reserves	-	(1,915,183)	1,915,183	-	-	-
<b>Balance at 30 June 2014</b>	-	<b>(1,596,629)</b>	<b>24,375,206</b>	<b>22,778,577</b>	<b>16,506,256</b>	<b>39,284,833</b>
Profit for the year	-	-	6,169,720	6,169,720	4,439,662	10,609,382
Other comprehensive income	-	(459,461)	-	(459,461)	(459,461)	(918,922)
Total comprehensive income	-	(459,461)	6,169,720	5,710,259	3,980,201	9,690,460
Dividends	-	-	(2,842,038)	(2,842,038)	(1,670,694)	(4,512,732)
Transactions with owners in their capacity as owners	-	-	-	-	(225,156)	(225,156)
<b>Balance at 30 June 2015</b>	-	<b>(2,056,090)</b>	<b>27,702,888</b>	<b>25,646,798</b>	<b>18,590,607</b>	<b>44,237,405</b>
Profit for the year	-	-	4,519,953	4,519,953	4,877,930	9,397,883
Other comprehensive income	-	(769,431)	-	(769,431)	(785,502)	(1,554,933)
Total comprehensive income	-	(769,431)	4,519,953	3,750,522	4,092,428	7,842,950
Dividends	-	-	(1,744,465)	(1,744,465)	(2,218,939)	(3,963,404)
Transactions with owners in their capacity as owners	-	-	4,197,679	4,197,679	150,137	4,347,816
<b>Balance at 31 December 2015</b>	-	<b>(2,825,521)</b>	<b>34,676,055</b>	<b>31,850,534</b>	<b>20,614,233</b>	<b>52,464,767</b>

Statement of Cash Flows of the Speciality Retail Business extracted  
from Inncor Audited and Reviewed Financial Statements

	<b>Reviewed 6 months 31-Dec-15 US\$</b>	<b>Audited 12 months 30-Jun-15 US\$</b>	<b>Audited 12 months 30-Jun-14 US\$</b>	<b>Audited 12 months 30-Jun-13 US\$</b>	<b>Audited 12 months 30-Jun-12 US\$</b>	<b>Audited 12 months 30-Jun-11 US\$</b>
<b>Cash generated from operating activities</b>	4,642,400	11,749,051	14,954,359	11,592,326	3,827,498	5,858,931
Net interest paid	(135,486)	(181,410)	(377,746)	(436,468)	(916,152)	(798,664)
Taxation paid	(2,305,009)	(5,030,334)	(2,539,529)	(4,139,340)	(1,786,318)	(1,812,979)
<b>Total cash generated from operations</b>	<b>2,201,905</b>	<b>6,537,307</b>	<b>12,037,084</b>	<b>7,016,518</b>	<b>1,125,028</b>	<b>3,247,288</b>
<b>Investing activities</b>	1,078,164	(3,068,246)	(3,196,737)	(2,225,728)	(553,442)	(2,361,291)
<b>Net cash flow before financing activities</b>	<b>3,280,069</b>	<b>3,469,061</b>	<b>8,840,347</b>	<b>4,790,790</b>	<b>571,586</b>	<b>885,997</b>
<b>Financing activities</b>	(895,742)	(3,277,490)	(4,664,082)	(3,308,225)	(316,982)	822,717
Dividends paid to holding company	(1,744,465)	(2,842,038)	(2,175,779)	(1,122,248)	(1,093,679)	(529,494)
Dividends paid by subsidiaries to non-controlling interests	(2,218,939)	(1,670,694)	(1,800,763)	(840,944)	(974,321)	(482,098)
Increase/(decrease) in borrowings	3,318,253	1,455,398	(1,151,182)	(1,162,156)	1,995,853	1,444,309
Cash (paid to)/received from non-controlling interests	(250,591)	(220,156)	463,642	(182,877)	(244,835)	390,000
<b>Net increase in cash and cash equivalents</b>	<b>2,384,327</b>	<b>191,571</b>	<b>4,176,265</b>	<b>1,482,565</b>	<b>254,604</b>	<b>1,708,714</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>8,689,039</b>	<b>8,497,468</b>	<b>4,321,203</b>	<b>2,838,638</b>	<b>2,584,034</b>	<b>875,320</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,073,366</b>	<b>8,689,039</b>	<b>8,497,468</b>	<b>4,321,203</b>	<b>2,838,638</b>	<b>2,584,034</b>



## ANNEXURE 2 – AXIA GROUP STRUCTURE



The table below shows the group's effective ordinary shareholding and includes dormant companies.

	Effective shareholding	Country of Incorporation
<b>Distribution Group Africa</b>		
Distribution Group Africa (Pvt) Ltd	50.01%	Zimbabwe
Innscor Distribution (Pvt) Ltd	50.01%	Zimbabwe
Comox Trading (Pvt) Ltd	50.01%	Zimbabwe
Eagle Agencies (Pvt) Ltd #	37.51%	Zimbabwe
Biscuit Company (Pvt) Ltd t/a Snacks Sales & Distribution #	41.67%	Zimbabwe
Tevason Investments (Pvt) Ltd t/a Freshpro #	50.01%	Zimbabwe
Brands House Marketing (Pvt) Ltd # (Dormant Company)	50.01%	Zimbabwe
Innscor Retail & Distribution Ltd (Dormant Company)	51.00%	Zimbabwe
Vital Logistics Zimbabwe (Pvt) Ltd #	50.01%	Zimbabwe
Innscor Distribution Africa Ltd	50.00%	Mauritius
Innscor Distribution (Malawi) Ltd #	50.01%	Malawi
Photo Marketing (Malawi) Ltd t/a Comox #	50.01%	Malawi
Innscor Distribution (Zambia) Ltd #	50.01%	Zambia
Comox Trading (Zambia) Ltd #	50.01%	Zambia
Mukwa Distribution Ltd Zambia #	37.51%	Zambia
Trading Inn (Pvt) Ltd t/a ZPM (Dormant Company)	50.01%	Zimbabwe
Commview Investments (Pvt) Ltd	100.00%	Zimbabwe
Baobab Africa (Pvt) Ltd *	33.33%	Zimbabwe
FMCG (Pvt) Ltd ^	33.33%	Zimbabwe
Willcase (Pvt) Ltd ^	33.33%	Zimbabwe
Shipserv (Pvt) Ltd ^	26.66%	Zimbabwe
Fast n Fresh (Pvt) Ltd ^	33.33%	Zimbabwe
Shelf Impact (Pvt) Ltd ^	33.33%	Zimbabwe
Hat On Investments (Pvt) Ltd *	33.33%	Zimbabwe
Bloemendal Investments (Pvt) Ltd ^ (Dormant Company)	33.33%	Zimbabwe
Dynamaster (Pvt) Ltd t/a Tiger Sales and Distribution ^	25.00%	Zimbabwe
<b>TV Sales &amp; Home</b>		
Innscor Credit Retail (Pvt) Ltd t/a TV Sales & Home	66.67%	Zimbabwe
Innscor Credit Retail (Mauritius) Ltd	100.00%	Mauritius
<b>Transerv</b>		
Moregrow Enterprises (Pvt) Ltd	51.00%	Zimbabwe
Geribrans Services (Pvt) Ltd t/a Transerv #	26.01%	Zimbabwe
<b>Other</b>		
Excalibur Mauritius Limited	100.00%	Mauritius
Axia Operations (Pvt) Ltd	100.00%	Zimbabwe

\*Associates

# Subsidiaries of subsidiaries

^ Subsidiaries of Associates

