

# THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



## ANNOUNCEMENT TO SHAREHOLDERS

REGARDING THE PROPOSED UNBUNDLING OF INNSCOR AFRICA LIMITED'S SPECIALITY RETAIL AND DISTRIBUTION BUSINESS (AXIA CORPORATION LIMITED) THROUGH A DIVIDEND *IN SPECIE* OF ONE ORDINARY SHARE IN AXIA CORPORATION LIMITED FOR ONE ORDINARY SHARE IN INNSCOR AFRICA LIMITED ALREADY HELD AND TO SEEK THE SEPARATE LISTING OF AXIA CORPORATION LIMITED VIA AN INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL OF 541,593,440 ORDINARY SHARES ON THE ZIMBABWE STOCK EXCHANGE

### Financial Advisors



### Sponsoring Broker



### Reporting Accountants



### Tax Advisors



### Legal Advisors



### Transfer Secretaries



This Announcement Statement ("The Announcement") is neither a prospectus nor an invitation to the public to subscribe for shares in Innscor Africa Limited ("Innscor" or "the Company") or Axia Corporation Limited ("Axia") but is issued in compliance with the requirements of the Zimbabwe Stock Exchange ("ZSE"), for the purpose of giving information to the public with regard to the unbundling and listing of Axia ("the Transaction") as more fully set out in this Announcement Statement. This Announcement Statement is only available in English. Additional copies of this Announcement Statement may be obtained from the Company Secretary at the Registered Offices of Innscor.

### Action Required:

- Shareholders of Innscor are invited to attend an Extraordinary General Meeting ("EGM") to be held on Tuesday the 10<sup>th</sup> of May 2016, convened in terms of the Notice to Shareholders contained herein;
- Shareholders of Innscor who are unable to attend the EGM, but wish to be represented thereat should complete and sign the Form of Proxy and return it to the Company Secretary by 0900 hours on Friday the 6<sup>th</sup> of May 2016;
- Shareholders of Innscor may attend the EGM in person, notwithstanding the completion and return of the Form of Proxy;
- 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; and
- If you no longer hold any shares in Innscor, you should send any information received regarding this transaction, 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.

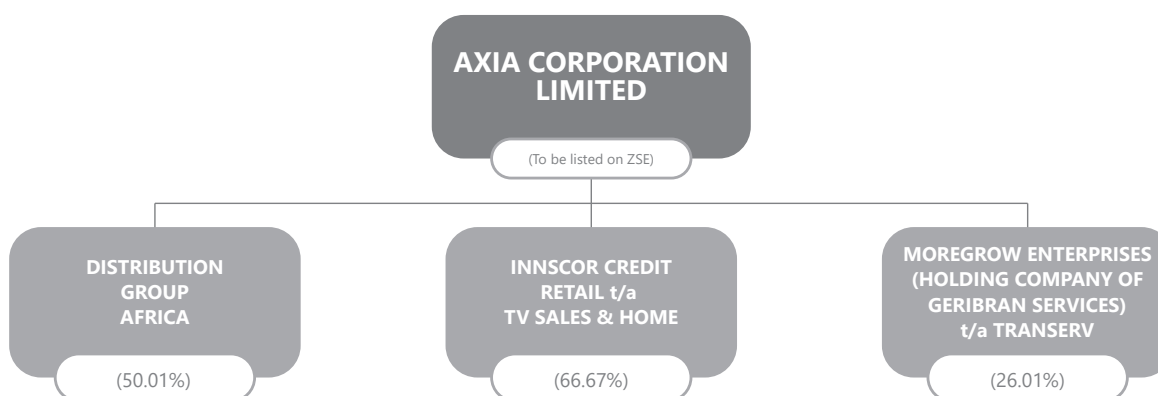
## 1. Background

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 separate listing of the Speciality Retail and Distribution Business from Innscor to become a stand-alone business, able to capitalise on its achievements to date and for it to benefit from renewed and specific focus.

## 2. History of Speciality Retail and Distribution Business

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

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



### 2.1. Distribution Group Africa ("DGA")

DGA was established in 1999 by Innscor 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 of 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.

### 2.2. 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 hyper-inflation 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.

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### 2.3. 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. Innscor acquired an effective 26.01% shareholding in the business in July 2015. The company's other two shareholders are the founders with an effective 25% shareholding and Africa Automotive Aftermarket Solutions (Proprietary) Limited (formerly Midas Group (Proprietary) Limited) of South Africa with an effective 49% shareholding.

### 3. 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 the Innscor shareholders;
- To enable the Speciality Retail and Distribution Business 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 Speciality Retail and Distribution Business' performance and sustainability.

### 4. Proposed Transaction

The proposed unbundling, which is subject to the approval of the shareholders of Innscor at an EGM to be held on the 10<sup>th</sup> of May 2016 in terms of the notice published on the 19<sup>th</sup> of April 2016, will be effected through a distribution of the entire issued share capital of 541,593,440 ordinary shares of nominal value US\$0.0001 in Axia to the shareholders of Innscor registered as such at the end of business (1600 hours) on the 6<sup>th</sup> of May 2016 ("Record Date") through a dividend *in specie*. The dividend *in specie* shall be on the basis of one (1) ordinary share in Axia for every one (1) existing Innscor ordinary share held on the Record Date.

The Directors also agreed to seek a listing of Axia on the ZSE by way of introduction.

### 5. Details of the Unbundling Transaction

The dividend *in specie* will be on the basis of one (1) ordinary share in Axia with a nominal value of US\$0.0001 each for every one (1) ordinary Innscor share already held.

Holders of Innscor ordinary shares registered at the end of day (1600 hours) on the 6<sup>th</sup> of May 2016, being the Record Date, will be entitled to receive the dividend *in specie* less ten per cent (10%) withholding tax for individuals, trusts and non-resident shareholders in accordance with section 6 below. Shareholders and investors should note the Last Day of Trading (LDT) to be eligible for this Dividend *in Specie* is the 29<sup>th</sup> of April 2016.

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

## 6. Payment of Withholding Tax

In terms of existing legislation on dividends, Innscor is obliged to deduct ten per cent (10%) withholding tax and remit this to the Zimbabwe Revenue Authority ("ZIMRA") in respect of the dividend *in specie* of Axia's ordinary shares to all individuals, trusts and non-resident shareholders. To fund the settlement of 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.

## 7. Extraordinary General Meeting

Shareholders of Innscor are being asked to attend an EGM of the Company to be held at Royal Harare Golf Club, Fifth Street Extension, Harare on Tuesday the 10<sup>th</sup> of May 2016, at 0900 hours. The meeting has been convened by notice dated Tuesday the 19<sup>th</sup> of April 2016. Members will be asked to consider, and if deemed fit, to pass with or without modification, the ordinary resolutions set out below, the details of which are more fully set out in the Announcement dated on the 19<sup>th</sup> of April 2016: -

### 1. Distribution of shares in Axia Corporation Limited via a dividend *in specie*

"That in terms of the ZSE Listing Requirements, the Directors be and are hereby authorised to distribute to Innscor Africa Limited shareholders registered as such on the Record Date, being end of day on the 6<sup>th</sup> of May 2016, by way of a dividend *in specie*, the 541,593,440 ordinary shares held by the Company in Axia Corporation Limited on the basis of one (1) Axia Corporation Limited ordinary share for every one (1) Innscor Africa Limited ordinary share held. The Directors are authorised to transfer such amounts from the Company's non-distributable reserves to distributable reserves as may be necessary to enable the dividend *in specie* of Axia Corporation Limited shares."

### 2. Directors' authority to give effect to the above resolution

"That the Directors of the Company be and are hereby authorised to do any and all such things as may generally be required or necessary to give effect to the above Resolution."

## 8. Timetable of Events

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 Announcement are Zimbabwean local times.

## 9. Financial Effects of the Unbundling

Axia financials have been disclosed as discontinued operations in Innscor's half year results that were published on the 10<sup>th</sup> of March 2016 and will not be reported in the Innscor Group results following the unbundling. The financial impact of the unbundling on Innscor is reflected in the proforma financial position as at the 31<sup>st</sup> of December 2015 as shown below.

### Innscor Africa Limited's Abridged Consolidated Proforma Statement of Financial Position as at 31<sup>st</sup> December 2015

	Innscor As Reported 31-Dec-15 Reviewed USD	Axia balances included in Innscor's Disposal Group 31-Dec-15 Reviewed USD	Adjustments with Respect to Axia 31-Dec-15 Reviewed USD	Revised Innscor Proforma 31-Dec-15 Reviewed USD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	174,825,633	8,012,409	(8,012,409)	174,825,633
Intangible assets	38,982,350	4,171,858	(4,171,858)	38,982,350
Investments in associates	11,468,000	2,470,400	(2,470,400)	11,468,000
Financial assets	235,517	-	-	235,517
Biological assets	1,674,244	-	-	1,674,244
Deferred tax assets	8,244,251	558,849	(558,849)	8,244,251
	<b>235,429,995</b>	<b>15,213,516</b>	<b>(15,213,516)</b>	<b>235,429,995</b>
<b>Current assets</b>				
Financial assets	18,393,301	122,450	(122,450)	18,393,301
Biological assets – current	13,507,279	-	-	13,507,279
Inventories	93,616,632	30,484,145	(30,484,145)	93,616,632
Trade and other receivables	65,825,652	46,819,819	(46,819,819)	65,825,652
Cash and cash equivalents	23,376,508	11,073,366	(11,073,366)	23,376,508
	<b>214,719,372</b>	<b>88,499,780</b>	<b>(88,499,780)</b>	<b>214,719,372</b>
<b>Assets of disposal group classified as held for distribution – Axia</b>	<b>96,729,869</b>	<b>(103,713,296)</b>	<b>6,983,427*</b>	<b>-</b>
<b>Assets of disposal group classified as held for distribution - Other Businesses</b>	<b>17,346,969</b>	<b>-</b>	<b>-</b>	<b>17,346,969</b>
<b>Total assets</b>	<b>564,226,205</b>	<b>-</b>	<b>(96,729,869)</b>	<b>467,496,336</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Ordinary share capital	5,415,934	-	-	5,415,934
Class A ordinary share capital	10	-	-	10
Non-distributable reserves	(4,552,988)	-	2,825,521	(1,727,467)
Distributable reserves	196,205,325	-	(34,888,359)	161,316,966
<b>Attributable to shareholders of the parent</b>	<b>197,068,281</b>	<b>-</b>	<b>(32,062,838)</b>	<b>165,005,443</b>
Non-controlling interests	107,690,777	-	(20,614,233)	87,076,544
<b>Total shareholders' equity</b>	<b>304,759,058</b>	<b>-</b>	<b>(52,677,071)</b>	<b>252,081,987</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	25,667,506	3,228,043	(3,228,043)	25,667,506
Interest-bearing borrowings	4,833,807	170,863	(170,863)	4,833,807
	<b>30,501,313</b>	<b>3,398,906</b>	<b>(3,398,906)</b>	<b>30,501,313</b>
<b>Current liabilities</b>				
Interest-bearing borrowings	70,977,421	13,037,735	(13,037,735)	70,977,421
Trade and other payables	100,211,213	31,693,613	(31,693,613)	100,211,213
Provisions	3,089,752	2,224,700	(2,224,700)	3,089,752
Current tax liabilities	1,457,658	893,575	(893,575)	1,457,658
	<b>175,736,044</b>	<b>47,849,623</b>	<b>(47,849,623)</b>	<b>175,736,044</b>
<b>Liabilities directly associated with the assets classified as held for distribution - Axia</b>	<b>44,052,798</b>	<b>(51,248,529)</b>	<b>7,195,731*</b>	<b>-</b>
<b>Liabilities directly associated with the assets classified as held for distribution - Other Businesses</b>	<b>9,176,992</b>	<b>-</b>	<b>-</b>	<b>9,176,992</b>
<b>Total liabilities</b>	<b>259,467,147</b>	<b>-</b>	<b>(44,052,798)</b>	<b>215,414,349</b>
<b>Total equity and liabilities</b>	<b>564,226,205</b>	<b>-</b>	<b>(96,729,869)</b>	<b>467,496,336</b>

\* Inter-group transactions between Axia companies and other Innscor companies, and balance included in equity adjustments.

## 10. Directors' Interests

As at the 10<sup>th</sup> of March 2016, the Directors of Innscor directly and/or indirectly, held beneficial interests totalling 221,790,525 Innscor shares representing 41% of the issued share capital of the Company. 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 is summarised below:

Directors	Direct shareholding	Indirect shareholding	Total
Addington Chinake	-	-	-
Thembinkosi Sibanda	-	-	-
Michael Fowler*	-	109,566,827	109,566,827
Antonio Fourie	-	-	-
John Koumides	-	720,000	720,000
Julian Schonken	1,528,820	-	1,528,820
Zinona (Zed) Koudounaris*	-	109,973,843	109,973,843
Godfrey Gwainda	-	1,035	1,035

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

**Dec 2015  
USD**

Lease payments for the six months ended 31<sup>st</sup> December 2015

71,140

## 11. Documents 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 at the Registered Offices of Innscor, during normal working hours:

- Innscor's audited financial statements for the five financial periods ended 30<sup>th</sup> of June 2015 and the abridged reviewed financial statements for the period ended 31<sup>st</sup> of December 2015;
- The Independent Reporting Accountant's Report on Innscor's Speciality Retail and Distribution Business's historical financial 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; and
- Pre-Listing Statement of Axia Corporation Limited.

**By order of the Board**

[Signed on original]

**Addington Chinake**  
**Chairman**

19<sup>th</sup> April 2016



## NOTICE OF EXTRAORDINARY GENERAL MEETING 'EGM'

**NOTICE IS HEREBY GIVEN OF THE EXTRAORDINARY GENERAL MEETING** of Members of Innscor Africa Limited ("the Company") to be held at Royal Harare Golf Club, Fifth Street Extension, Harare on Tuesday the 10<sup>th</sup> of May 2016, at 0900 hours. Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below, the details of which are more fully set out in the Announcement dated the 19<sup>th</sup> of April 2016: -

### **AS ORDINARY RESOLUTIONS:-**

#### **1. Distribution of shares in Axia Corporation Limited via a dividend *in specie***

"That in terms of the ZSE Listing Requirements, the Directors be and are hereby authorised to distribute to Innscor Africa Limited shareholders registered as such on the record date, being end of day on the 6<sup>th</sup> of May 2016, by way of a dividend *in specie*, the 541,593,440 ordinary shares held by the Company in Axia Corporation Limited on the basis of one (1) Axia Corporation Limited ordinary share for every one (1) Innscor Africa Limited ordinary share held. The Directors are authorised to transfer such amounts from the Company's non-distributable reserves to distributable reserves as may be necessary to enable the dividend *in specie* of Axia Corporation Limited shares."

#### **2. Directors' authority to give effect to the above resolution**

"That the Directors of the Company be and are hereby authorised to do any and all such things as may generally be required or necessary to give effect to the above Resolution."

### **Proxies**

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

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

### **By order of the Board**

[Signed on original]

**Andrew Lorimer**  
**Company Secretary**

19<sup>th</sup> April 2016

INNSCOR AFRICA LIMITED  
Edward Building  
Corner 1<sup>st</sup> Street /Nelson Mandela Avenue  
Harare, Zimbabwe

**FORM OF PROXY**

I/We (block letters) \_\_\_\_\_

Of \_\_\_\_\_

Being a member of Innscor Africa Limited hereby appoint

\_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman of the EGM;

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Tuesday the 10<sup>th</sup> of May 2016 at 0900 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Resolutions	For	Against	Abstain
<p><b>1. Distribution of shares in Axia Corporation Limited via a dividend <i>in specie</i></b>            "That in terms of the ZSE Listing Requirements, the Directors be and are hereby authorised to distribute to Innscor Africa Limited shareholders registered as such on the record date, being end of day on the 6<sup>th</sup> of May 2016, by way of a dividend <i>in specie</i>, the 541,593,440 ordinary shares held by the Company in Axia Corporation Limited on the basis of one (1) Axia Corporation Limited ordinary share for every one (1) Innscor Africa Limited ordinary share held. The Directors are authorised to transfer such amounts from the Company's non-distributable reserves to distributable reserves as may be necessary to enable the dividend <i>in specie</i> of Axia Corporation Limited shares."</p>			
<p><b>2. Directors' authority to give effect to the above resolution</b>            "That the Directors of the Company be and are hereby authorised to do any and all such things as may generally be required or necessary to give effect to the above Resolution."</p>			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature(s) of member

**NOTE**

1. In terms of Section 129 of the Zimbabwe Companies Act (Chapter 24:03) members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company.
2. Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.

FOR OFFICIAL USE

NUMBER OF SHARES HELD \_\_\_\_\_