

INNSCOR AFRICA LIMITED

TRADING UPDATE- THIRD QUARTER (F2011)

ZIMBABWE OPERATIONS

FMCG Businesses

Milling and Manufacturing Silo

Revenue for the third quarter at National Foods was marginally above that recorded in the second quarter; with just over 90,000 tonnes being processed in the period. Revised pricing strategies in certain lines, designed to improve market share, however resulted in a decline in overall profitability during the quarter as compared to quarter two. A major power outage affecting large parts of Harare's industrial area has affected operations during the course of May, resulting in the loss of a week's production in core lines.

At Colcom, third quarter revenue declined by 15% as against quarter two in line with the Group's general trading cycle.

Irvine's Zimbabwe continued to show volume growth in the current quarter and as a result revenues increased by 5% as against quarter two; efficiencies, however, continue to be affected by inconsistent power supply.

Volumes were strong in the bread factories during quarter three, and showed growth of 11% over quarter two. The operation continued to operate to expectation on both the revenue and profit lines.

Distribution and Wholesale Silo

Quarter three revenues in the SPAR Distribution and Distribution Group Africa declined by 13% as compared to quarter two.

Retail Silo

As expected, third quarter revenues across the Group's retail operations declined by 7% as against quarter two which is traditionally the strongest revenue-generating quarter for this silo.

A number of new Fast Food counters were opened in Harare and Kwe Kwe during the quarter, whilst the refurbishment and upgrade of existing counters continued.

In the SPAR retail operation, quarter three saw the addition of two new large corporate stores in Harare and initial revenues from these stores are encouraging. Overall, the corporate stores will remain in a loss position for the year, affected by both pre-opening costs for the new stores as well as closure costs for some of the smaller stores disposed of during the year. The Group remains confident that the supermarket retail operations will reach profitability during F2012.

The Credit Retail operation operated according to budgeted revenue and profitability targets during the quarter.

REGIONAL OPERATIONS

Both the Zambian and Regional Fast Foods operations performed according to forecast during the current quarter.

GROUP

From an overall perspective, consolidated Group revenues for the third quarter were around 10% below those recorded in quarter two. The Group continues to target consolidated revenue for F2011 of around USD 500 million, with improved profitability margins as compared to F2010.