

**INNSCOR AFRICA LIMITED**

**TRADING UPDATE- FIRST QUARTER (F2011)**

**ZIMBABWE OPERATIONS**

**FMCG Businesses**

**Milling and Manufacturing Silo**

Revenues at National Foods were marginally below budget for the first quarter of F2011; with just under 80,000 tonnes being processed. The business continued to streamline its operations and focus on its core activities; improved efficiencies at the gross profit line ensured that budgeted profits were marginally exceeded in the quarter.

Colcom produced another solid performance during the first quarter of the new financial year with revenue and profits on line with forecasts.

Irvine's Zimbabwe continued to show volume growth in the current quarter; although costs were adversely affected by significant utility charges resulting from power outages and the need to apply resource to augmenting power supply.

Volumes were strong in the bread factories and the operation continued to operate to expectation on both the revenue and profit lines.

**Distribution and Wholesale Silo**

Both the SPAR Distribution and Distribution Group Africa businesses continued to post strong revenue growth; with both businesses ahead of both budget and the revenues recorded in Q4 of F2010.

**Retail Silo**

The Group's local fast foods businesses operated to budget in the quarter, with revenues exceeding those posted in Q4 of F2010. The Masvingo and Mbuya Nehanda Street (Harare) complexes were opened during the quarter, whilst the Chinhoyi complex opened at the beginning of Q2; the Beit Bridge, Julius Nyerere Way (Harare) and Kwe Kwe complexes are scheduled to open in December 2010. The refurbishment programme also continued during the quarter with the Speke House complex in Harare also due for completion in December.

At SPAR, revenues were again in line with budget expectations for the quarter. The Group's larger stores posted profits in the quarter, whilst some of the smaller stores were still in loss positions and there will be some rationalisation of these stores in the ensuing quarters. Overall profits were affected by pre-trading costs incurred for the three new corporate outlets, being SPAR Avondale (opened at the beginning of Q2) and SPAR Groombridge and SPAR Borrowdale Village (both scheduled to open in Q2).

The Credit Retail operation posted a strong performance in the first quarter, with revenues and profits well in excess of budget and the results posted in Q4 of F2010. A new outlet was opened in Chinhoyi at the beginning of Q2, and two further stores in each of Harare and Masvingo are due to open in December.

### **Export Businesses- Niloticus/Padenga**

The operation only commences its culling operations in the second half of the financial year and as a result, generally carries losses for the first half of the financial year. The dividend in specie of this operation has now been concluded and the operation was separately listed on the Zimbabwe Stock Exchange on Monday 29 November 2010.

### **Regional Operations**

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

### **GROUP**

From an overall perspective, the Group has operated according to its budgets for the first quarter of the 2011 financial year, with improved revenues and margins being generated.