INNSCOR
Africa Limited

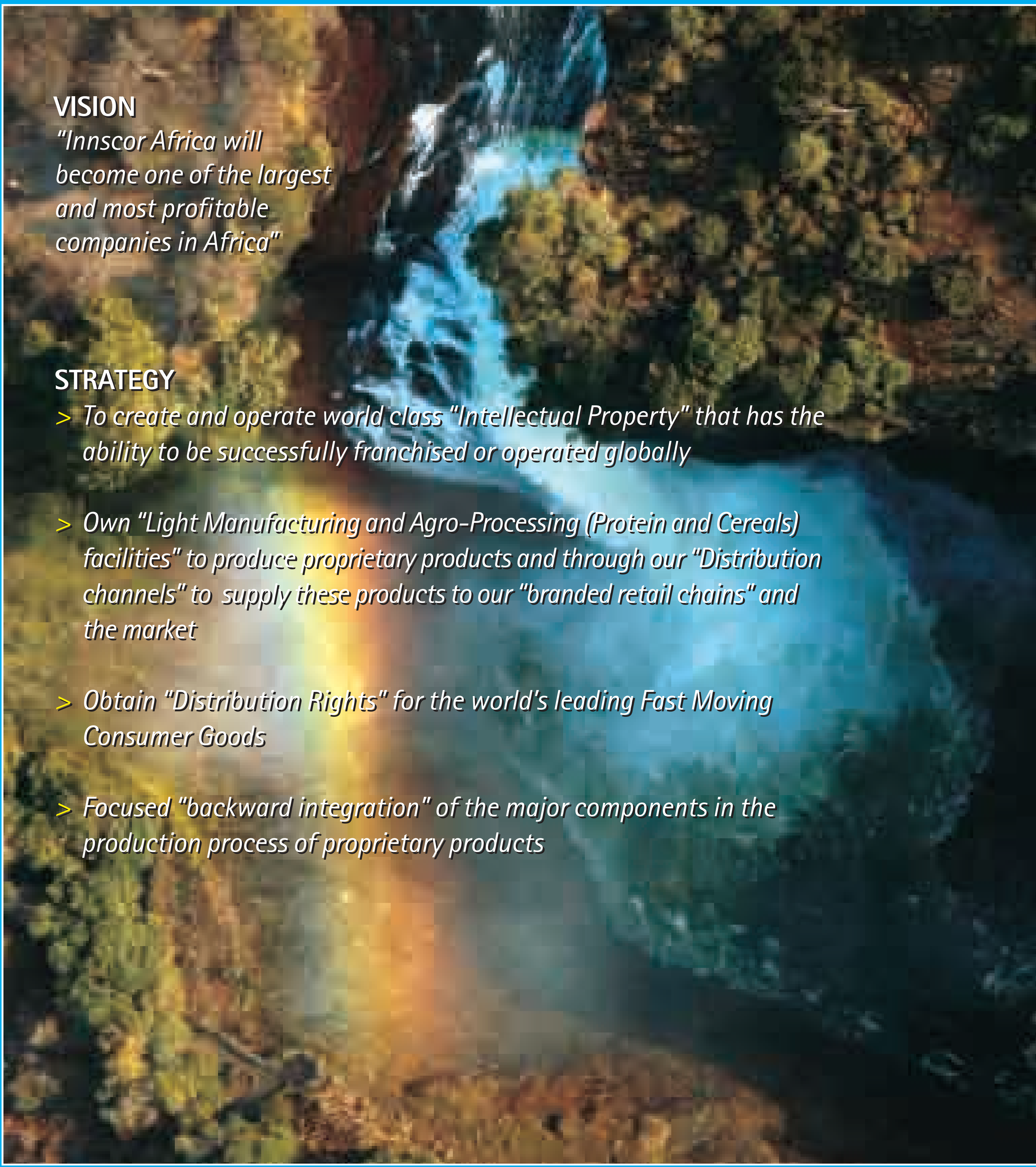
annual report

2008

Our passion for value creation

"Your chances of success in any undertaking can always be measured by your belief in yourself" Robert Collier

Vision and Strategy



VISION

"Innscor Africa will become one of the largest and most profitable companies in Africa"

STRATEGY

> *To create and operate world class "Intellectual Property" that has the ability to be successfully franchised or operated globally*

> *Own "Light Manufacturing and Agro-Processing (Protein and Cereals) facilities" to produce proprietary products and through our "Distribution channels" to supply these products to our "branded retail chains" and the market*

> *Obtain "Distribution Rights" for the world's leading Fast Moving Consumer Goods*

> *Focused "backward integration" of the major components in the production process of proprietary products*

Contents

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Agro-Processing, Manufacturing, Distribution, Retail and Fast Foods

Registered Office
Edward Building
1st Street/Nelson Mandela Avenue
Harare, Zimbabwe

Postal Address
1 Ranelagh Road
Highlands
P O Box A88 Avondale
Harare, Zimbabwe

Contact Details
Telephone: +263 4 496886 / 496790
Fax: +263 4 496845

Company Secretary
J P Schonken

Auditors
Ernst & Young
Chartered Accountants (Zimbabwe)

Legal Advisors
Coghlan, Welsh and Guest

Principal Bankers
Barclays Bank of Zimbabwe Limited
CBZ Bank Limited
Standard Chartered Bank Zimbabwe Limited

Transfer Secretaries
Innscor Africa Limited

Group Structure and Activities

INNSCOR Agro-Processing

INNSCOR Fast Foods

INNSCOR Manufacturing

Agro-Processing Sector

NILOTICUS
- Kariba Crocodile Farm
- Ume Crocodile Farm
- Nyanyana Crocodile Farm (under construction)

COLCOM HOLDINGS LIMITED
- Colcom Manufacturing
- Danmeats (EPZ)
- Pie Factory
- Colcom Canning
- Triple C Pigs
- Ostriches
- Beef
- Freddy Hirsch (Associate company)

Fast Foods Sector

	Outlets Reg	Outlets Zim
In-store bakeries	-	29
Confectionary Bakeries	-	5
Bakers Inn & Mr Baker	11	39
Chicken Inn	25	27
Creamy Inn	56	19
Nando's	-	14
Pizza Inn	36	17
Steers	3	8
Convenience Stores	22	5
Vasilli's and Haefeli's	2	3
Ocean Sting	1	-
Rhapsody's	1	-
Galitos	13	-
Fontana	3	-

Key:
Reg = Region Zim = Zimbabwe

Manufacturing Sector

BAKERIES
- Simon Mazorodze
- Lytton Bread
- Lennard Bread
- Mutare Bread

SNACKS
- Zapsnacks
- Iris Biscuits
- Herbies (Puff Plant)

APPLIANCE MANUFACTURING
- Capri
- WRS (World Radio Systems)

BAKAYA HARDWOODS
INNSCOR TRANSPORT
TV SALES & HIRE

NATIONAL FOODS HOLDINGS LIMITED (Associate company)

Group Structure and Activities

INNSCOR Retail

INNSCOR Distribution

INNSCOR Tourism

Retail Sector

SPAR ZIMBABWE
SPAR DISTRIBUTION CENTRE

SPAR FRANCHISED OUTLETS

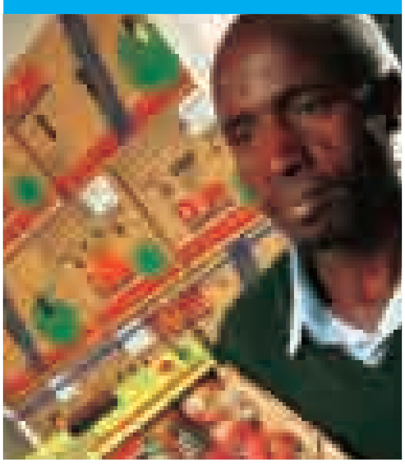
SPAR stores	48
SAVEMOR stores	32

SPAR CORPORATE STORES 7
- Letombo Park SPAR
- Arundel Village SPAR
- Hillside SPAR
- Ascot KWIKSPAR
- Downtown KWIKSPAR
- Mutare Spar
- Mabvuku Spar

FRESHPRO

SPAR ZAMBIA
SPAR CORPORATE STORES 6
- SPAR Choma
- Arcades SUPERSPAR
- Downtown SPAR
- Soweto SPAR
- Livingstone SUPERSPAR
- Crossroads SUPERSPAR

BAKERIES
- SPAR Bakery
- Matero Bakery



Distribution Sector

DISTRIBUTION GROUP AFRICA
- Innscor Distribution
- Comox Trading
- Medi Link
- Zimbabwe Professional Marketing
- Garlep Trade Services

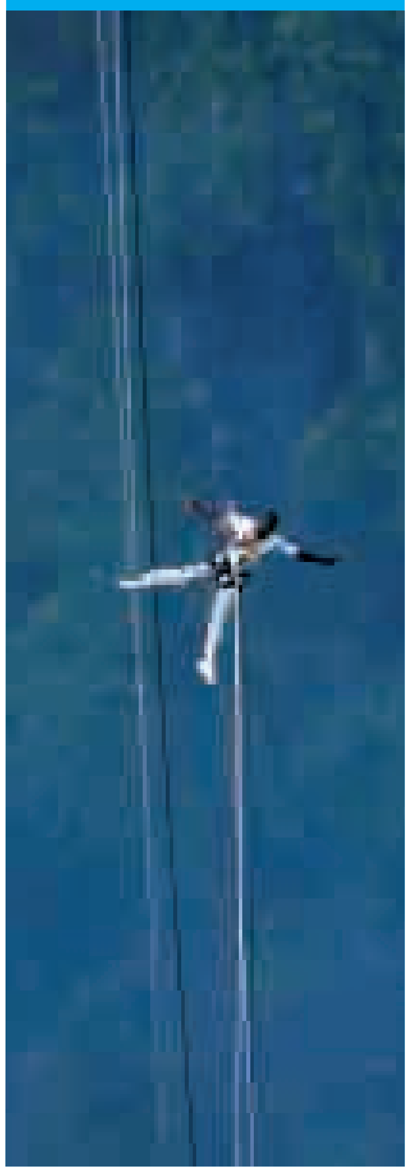
DISTRIBUTION ZAMBIA
- Innscor Distribution
- Comox Trading

DISTRIBUTION MALAWI
- Innscor Distribution
- Comox Trading

Tourism Sector

SHEARWATER (Associate company)
- Shearwater Rafting
- Shearwater Helicopters
- Shearwater Cruises
- Shearwater Shops
- Shearwater Tours and Transfers
- Shearwater Management Services
- The Elephant Company

THE RIVER CLUB - Livingstone Zambia



Financial Highlights

	Historical Cost- (New Currency)			
	2008	2007		
Group Summary (Z$)				
Turnover	49 752 514	287	▲	17 335 271 %
Operating profit	24 869 373	92	▲	27 031 827 %
Profit before taxation	226 289 116	246	▲	91 987 346 %
Net profit attributable to shareholders	148 346 732	156	▲	95 093 959 %
Cash generated from operating activities	14 262 111	63	▲	22 638 171 %
Net assets	227 605 639	289	▲	78 756 176 %
Share Performance				
Basic earnings per share (cents) - New Currency	27.83	-		
Dividends declared and paid during the year (cents) - Old Currency:				
Interim dividends per share	-	9 546.00		
Final dividend per share (Prior year)	-	40.00		
Total dividends declared and paid	-	9 586.00		
Market price per share - 30 June (dollars) - New Currency	6.00	-		
Number of shares in issue at 30 June	533 398 440	532 218 440		
Market capitalisation (dollars) - New Currency	3 200 390 640	3 992		

Percentage contribution to turnover

- 45% Agro-Processing Sector (number of employees 3 068)
- 3% Fast Foods Sector (number of employees 1 984)
- 2% Manufacturing Sector (number of employees 1 120)
- 42% Retail Sector (number of employees 936)
- 7% Distribution Sector (number of employees 236)
- 1% Tourism Sector (number of employees 323)

Directorate and Management

BOARD OF DIRECTORS

Chairman
• + David Morgan (Non-Executive)

Executive Directors
• + Thomas Brown
+ Michael Fowler
Julian Vezey
• Julian Schonken

Non-Executive Directors
• + John Koumides
Zenon (Zed) Koudounaris
• + Thembinkosi Sibanda

• Members of the Audit Committee
+ Members of the Remuneration Committee

Chairman of the Audit Committee - Thembinkosi Sibanda
Chairman of the Remuneration Committee - David Morgan

Group Executives

Michael Fowler	Deputy Chairman
Thomas Brown	Group Chief Executive Officer
Julian Schonken	Group Financial Director
Musi Kumbula	Group Corporate Affairs Executive

DIVISIONAL MANAGEMENT

Group

Sevious Mushosho	Group Financial Manager
Gillian Mafunga	Assistant Group Financial Manager
Joshua Mhike	Group Internal Audit Manager
Ronald Gumbo	Group Tax Officer

Corporate

Tineyi Mandengu	Group Finance Executive
Rutendo Maziva	Group Finance Executive
Godfrey Gwainda	Group Finance Executive
Tatenda Bwerazuva	Financial Manager
Yvonne Kandawasvika	Financial Manager

Treasury

Dino Tumazos	Group Treasurer
Nesbert Ruwo	Financial Manager
Raymond Nyamuziwa	Group Treasury Manager

Innscor Zambia

Julian Vezey	Chief Executive Officer
Never Ncube	Financial Director

Agro-Processing Sector

Niloticus

Gary Sharp	Chief Executive Officer
Oliver Kamundimu	Financial Director
Charles Boddy	Operations Director
Jimmyson Kazangarare	General Manager – Kariba Crocodile Farm
David Brymer	General Manager – Ume Crocodile Farm
Prince Chapeyama	General Manager – Nyanyana Crocodile Farm
Jeremiah Hunzwi	General Manager - Abattoir

Colcom Holdings Limited

Gavin Sainsbury	Chief Executive Officer
Theo Kumalo	Director - Manufacturing
Kenias Horonga	Financial Director
Portia Marufu	Company Secretary & Treasurer
Tinashe Mhembere	Financial Manager
Norita Adams	CEO – Sales & Distribution
Zvitendo Matsika	Human Resources Executive
Mark Swannack	CEO – Triple C Pigs
Doug Sinclair	CEO – Danmeats
Mark Masekesa	CEO – Colcom Canning
Ben Burr	CEO – Colcom Pies
Brenton Catterall	CEO – Ostriches
Lester Jones	CEO – Cattle

Fast Foods Sector

Fast Foods Harare

Givemore Munyanyi	Managing Director
Mandla Nkosi	Financial Director
Aaron Murapa	Procurement Director

Fast Foods Matabeleland and Midlands

Warren Meares	Managing Director
Onias Moyo	Financial Director
Misheck Muleya	Human Resources Director

Bakers Inn Manicaland

Teo Yatras	Managing Director
Emmanuel Zvinoitavanhu	Financial Director

Innscor Franchising

Manoli Vardas	Managing Director
Gasper Mariga	Accountant

Regional

Basil Dionisio	Managing Director
Leighton Shaw	Operations Director
Ramaiah S Narayanan	Financial Manager

Manufacturing Sector

Bread Division

Marcus Athitakis	Divisional Managing Director
Owen Murumbi	Divisional Financial Director
Crispen Vundla	Divisional Procurement Director
Mark Swan	Divisional Technical Director

Directorate and Management

National Foods Holdings Limited

Jeremy Brooke	Chief Executive Officer
Golden Chekenyere	Group Human Resourses Director
Brian Mutsau	Group Treasurer
Bill Rail	Group Engineer
Lovejoy Nyandoro	Group Financial Manager
Mike Lashbrook	Group Operations Director
Chipo Nheta	Managing Director - Milling
Lister Mutakati	Managing Director - Oil & Malt
Mutali Chawanda	Managing Director - Pre-Packs
Jonathan Baker	Managing Director - Transport
Tamuka Kunaka	Managing Director - Packaging
Andrew Lorimer	Managing Director - Properties
Kuda Mufukari	Managing Director - Retail
John Pilgrim	Managing Director - Stockfeeds

Snacks Division

Dean Spagnuolo	Managing Director
Albert Oberholzer	Marketing Director
Sean Johnson	Financial Director
Gracious Manongwa	Human Resources Manager

Appliance Manufacturing

Gary Watson	Chief Executive Officer
Kevin Tiran	Managing Director
Simba Muchatukwa	Financial Director

Bakaya Hardwoods

Jan Van Der Westhuizen	Managing Director

Innscor Transport

Mike White	Managing Director
Claire Makuzwa	Financial Director

Mutare Inns

Teo Yatras	Managing Director
Emmanuel Zvinoitavanhu	Financial Director

TV Sales & Hire

Sean Gorringe	Chief Executive Officer
Joseph Kamasho	Financial Director

Retail Sector

Evan Christophides	Chief Executive Officer
Phillimon Mushosho	Financial Director

SPAR Distribution Centre

Herbert Pote	Managing Director
Phillimon Mushosho	Financial Director

Arundel SPAR

Rob Spencer	Managing Director
Ellen Chivaviro	Financial Manager

Rockards

Theofanis Diaskouris	Managing Director
Peter Jiri	Financial Director

Caldamus

Wishes Nyoni	Managing Director
Liberty Muriro	Financial Manager

Spar Mutare

Dion Yatras	Managing Director
Michael Kahuni	Financial Manager

FreshPro

Alun Hart	Managing Director
Mani Lane	Financial Director

SPAR Zambia

Mark O'Donnell	Executive Chairman
Theola Barclay	Managing Director
Matthews Madzima	Financial Manager

Distribution Sector

Craig Hodgson	Chief Executive Officer
Paul Filer	Financial Director

Innscor Distribution Zimbabwe

Craig Hodgson	Managing Director
Victor Kuchocha	Financial Director
Brian Stewart	Sales Director

Medi Link

Neil Varrie	Managing Director
Linda Gomba	Financial Manager

Comox Trading

Archie Meth	Managing Director
Alec Gahadzikwa	Financial Director

Zimbabwe Professional Marketing

Duncan Dollar	General Manager
Blessing Nyakubaya	Financial Director

Innscor Distribution Zambia

Vincent Hogg	Managing Director
Rick Foden	Sales Director
Dipti Shah	Financial Director

Innscor Distribution Malawi

Andrew Bester	Managing Director
Rob Brown	Financial Director

Tourism Sector

The River Club (Zambia)

Peter Jones	Managing Director
Eugene Marais	General Manager
Dalene Vincent	Financial Manager

Shearwater Adventures

Barbara Murasiranwa	Managing Director
Josephine Mutsekwa	Financial Director
James Simpson	Operations Director
Nicola Simpson	Sales and Marketing Director

Basic earnings per share, exclusive of fair value adjustments, grew by 54.2 million percent to 5.53 cents per share

Chairman's Statement and Review of Operations

Commentary on Historical Cost Financial Information.

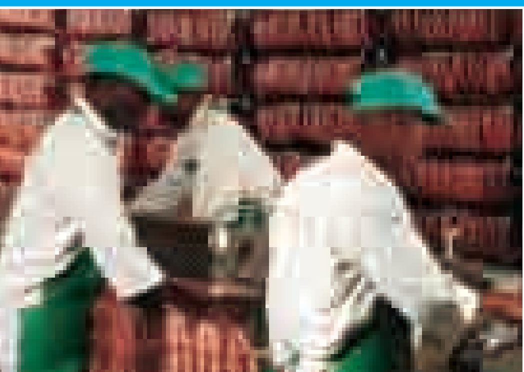
FINANCIAL

Unless otherwise stated, the values in this report are denominated in new currency. During the period under review, the Group achieved a turnover growth of 17.3 million percent to $49,752,514. Operating profit increased from $92 in the prior year to $24,869,373 in the current year representing a growth of 27.0 million percent, and the profit before taxation increased by 92.0 million percent to $226,289,116 assisted by fair value adjustments of $184,939,329.

Basic earnings per share, exclusive of fair value adjustments, grew by 54.2 million percent to 5.53 cents per share. For the prior year, the Group had reported earnings per share, exclusive of fair value adjustments, in old currency of $1,019.57 per share.

The off-take numbers, average skin size and average price achieved per crocodile recorded for this year will all be at the highest level ever attained by the operation.

Chairman's Statement and Review of Operations



OPERATIONS

ZIMBABWE

Agro-Processing

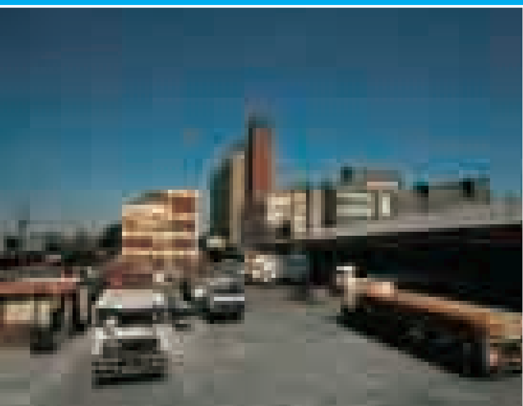
This sector comprises Colcom Holdings Limited and the Niloticus crocodile ranching operations. The sector recorded a turnover for the year of $22,629,747 and a profit before taxation of $138,731,616, after taking into account fair value adjustments.

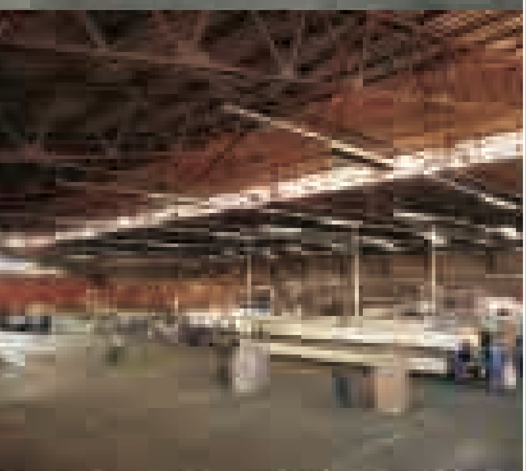
Colcom registered an increase in local pork sales volumes of 9% over the previous year. Towards the end of the current year, pig supplies from contract growers declined significantly; resulting from a combination of controlled pricing and poor availability of stockfeeds which has negatively affected national pig production. This reduction in supply was however negated by increased pig flows through the outgrower project which delivered in excess of 3,600 pigs in the final quarter of the year. Export volumes, inclusive of toll processing declined by 10% over the previous year; but this is expected to increase with more stable pig deliveries from the outgrower project. The Ostriches division at Colcom processed in excess of 5,700 birds in the year, with a similar number projected for processing in the 2009 financial year.

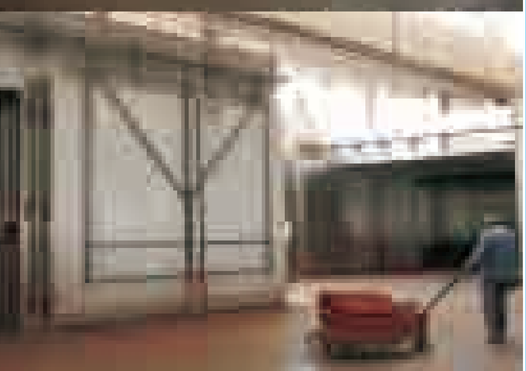
As highlighted in our interim report, the Niloticus crocodile ranching operations had delayed the commencement of its annual culling period to January 2008; this strategy was followed in order to increase the average size of the skin being achieved which in turn enhances the price per skin achieved. The full off-take of 51,605 crocodiles was achieved by the middle of August 2008 and resulted in an increase in skin size per crocodile of 10% over the previous year; a significant achievement. It is important to note that whilst the crocodiles have been subjected to fair value adjustments in the balance sheet at year-end; the cash flow for around 80% of this off-take had not been receipted by the close of the financial year, as skins were still in the cull process. The off-take numbers, average skin size and average price achieved per crocodile recorded for this cull will all be at the highest level ever attained by the operation. It is estimated that around 54,000 skins will be produced in the cull that commences in January 2009.

Significant capital investments were made during the year in the new Timber processing business Bakaya Hardwoods

Chairman's Statement and Review of Operations







Manufacturing

This sector comprises our four bakery plants, our subsidiary companies, Innscor Appliance Manufacturing (Capri), WRS, Bakaya Hardwoods, Innscor Transport, Herbies (Puff Plant), The Biscuit Company (Iris), Breathaway (Zapsnacks), Innscor Credit Retail (TV Sales and Hire) and our associate investment in National Foods Holdings Limited. The sector produced turnover of $1,037,102 for the year and after the benefit of fair value adjustments and equity accounted earnings, attained a profit before taxation of $24,663,444.

The period under review was characterised by raw material shortages with the bakery plants losing a significant number of production days due to acute shortages of flour. Price controls were a further hindrance.

Price controls and raw material availability seriously affected the earnings of our associate company, National Foods, in the past twelve months.

Price monitoring also impacted heavily on the results of our appliance businesses, Capri and WRS as well as TV Sales and Hire.

Significant capital investments were made during the year in the new Timber processing business, Bakaya Hardwoods, and exports are expected to commence by the end of the first quarter of the 2009 financial year.

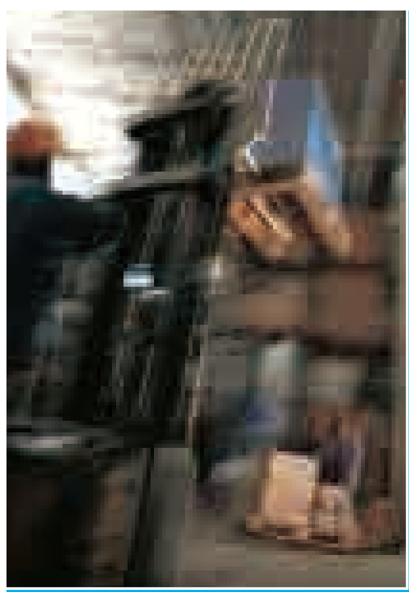
Despite the drop in volumes, relationships with both local and external agencies were well managed and continue to be sound

Chairman's Statement and Review of Operations

Distribution

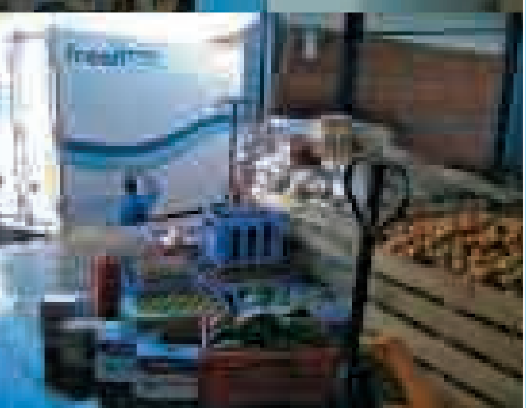
Our distribution businesses in Zimbabwe posted turnover of $157,051, and after including fair value adjustments, a profit before taxation of $10,528,798 was attained for the year.

Volumes declined by 48% in the year, and the business has been required to focus heavily on cost control measures as well as looking at strategies to reduce its working capital cycle. Despite the drop in volumes, relationships with both local and external agencies were well managed and continue to be sound.



The shortage of local products has required an increased supply of imported goods into the retail outlets

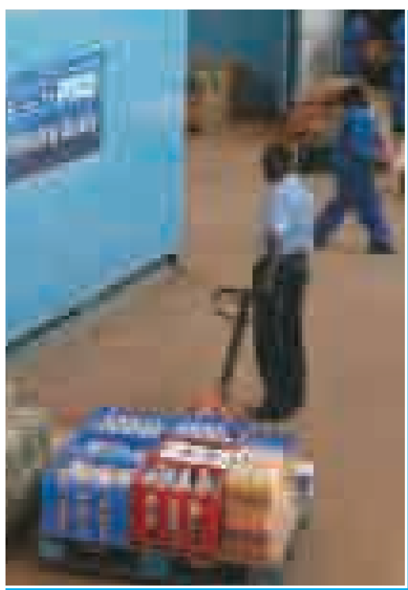
Chairman's Statement and Review of Operations



Retail

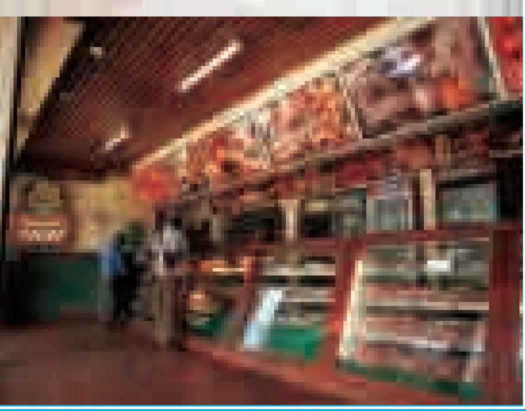
This sector comprises the SPAR Distribution Centre in Harare, SPAR Corporate Retail Operations in Harare, Bulawayo and Mutare and Freshpro. The sector recorded turnover of $1,336,698 whilst profit before taxation for the year amounted to $5,019,639 after accounting for fair value adjustments.

The beginning of the 2008 financial year saw the introduction of sustained price controls and monitoring. There followed a difficult trading environment and volumes declined towards the end of the first half of the financial year. Volumes recovered somewhat in the second half of the year; but year-on-year declines were still recorded in the Distribution Centre and SPAR Bulawayo. The shortage of local products has required an increased supply of imported goods into the retail outlets.



Plans are currently underway for the opening of food courts in Masvingo, Kwekwe and Beitbridge in the 2009 financial year

Chairman's Statement and Review of Operations



Fast Foods

Our Fast Foods stores, of which there were 166 in Zimbabwe at the end of the financial year, and the local Franchising operations recorded turnover for the year of $1,208,684 whilst profit before taxation amounted to $12,952,616 after accounting for fair value adjustments.

Product supply constraints, power outages, cash shortages and declining disposable incomes saw customer counts declining 4% on the previous year in the Fast Foods outlets whilst the Bakery retail outlets recorded a 31% decrease in customer counts resulting from an acute shortage of raw material inputs.

Three new-look Chicken Inns were opened in Harare and a trial convenience store was opened at Chisipite. A further three convenience retail stores are currently under construction following on the success of the Chisipite store. Construction is at an advanced stage on five branded counters in Victoria Falls and these are expected to open towards the end of the first quarter of the new financial year. The new financial year will also witness the commencement of a refurbishment programme of our home grown branded counters in line with international standards. Plans are currently underway for the opening of food courts in Masvingo, Kwekwe and Beitbridge in the 2009 financial year.

The relationship with OK Zimbabwe will also see two new in-store bakeries being opened in the new financial year.

Retention and growth of real balance sheet value will continue to be of prime focus in the ensuing year

Region

Our regional operations comprise Fast Food outlets, Distribution operations and SPAR Zambia. The region posted turnover of USD 85.5 million, a 61% increase against the prior year, whilst profit before taxation for the year amounted to USD 5.4 million (up 69%) after accounting for earnings in associate companies.

SPAR Zambia Limited registered solid performance in the year under review with turnover growing by 74% to USD 67.2 million. The roll-out of corporate stores in Zambia continued and there were six operating stores in place at year-end. A further store, being SPAR Chawama, was opened in August 2008 and there are plans for a further three more stores to be opened in 2009 along with another bakery.

The Distribution businesses in Zambia and Malawi are an important cog in the backward integration plan for Zambia, providing increased product to the growing SPAR network. The business added the Parmalat (in Malawi), Bokomo and Datlabs agencies. It is now the leading distributor in the growing economies of Zambia and Malawi and the benefits of its performance is reflected by their significant contribution to the Group's regional performance.

The financial performance of the regional food businesses continue to improve and including franchised operations, the number of counters at financial year-end in the region totalled 173.

Accounting Standards

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

Social Responsibility

The Group's social responsibility budget has not been spared by the country's economic meltdown which has adversely impacted on all of our businesses. As a result the Group has been forced to curtail some of its activities. However, the Group's commitment to the underprivileged and disadvantaged members of the community remained at the core of its business and donations and contributions continued with the Group focusing on its traditional areas of intervention - health, education, charity and sports.

Chairman's Statement and Review of Operations

Prospects

The inflation spiral continued to negatively affect the trading environment in Zimbabwe. During the past year, significant time was spent with our local businesses in ensuring that strategies were implemented that resulted in real growth in the underlying value of their balance sheets and our businesses are now well-positioned for a recovery in the local economy. Retention and growth of real balance sheet value will continue to be of prime focus in the ensuing year. In addition, our management remain alert to new investment opportunities to enhance our Fast Moving Consumable Goods (FMCG) chain in Zimbabwe.

In Zambia, we continue to grow our retail network and creating the demand for product from our distribution businesses. Our newly-installed Zambia management team based in Lusaka will allow for enhanced focus on this growing collection of businesses and ensure that the necessary growth in distribution and manufacturing businesses is achieved to complement this retail sector growth and successfully achieve our goal of replicating the FMCG chain that has been built in Zimbabwe.

Investigations are at varying stages in Kenya, Ghana and Malawi to increase our retail coverage before embarking on a similar programme of backward integration which has commenced in Zambia.

Dividend Declaration

In view of the current local trading environment, the Board has deemed it necessary to conserve its resources and therefore feel that it is inappropriate to declare a dividend for the year.

Directorate

Mr MJ Fowler has been appointed to the position of Deputy Chairman, which he will undertake in an executive role with effect from 1 September 2008. Mr TW Brown has been appointed as Group Chief Executive Officer effective from that same date. Mrs PT Murombedzi resigned from the Board on 1 July 2008. The Board expresses its gratitude to her for her contributions during her tenure of office.

Appreciation

To keep profits well ahead of inflation in these very testing times is a considerable achievement. It is in large measure the result of the imagination, energy and drive of the Group's executive directors and senior management as contributed to by our staff and non-executive directors and the support of our customers and suppliers. I thank them all.

DLL MORGAN
Chairman
29 September 2008

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2008.

Share Capital

At 30 June 2008 the authorised share capital of the Company remained unchanged at 800 000 000 ordinary shares, and the issued share capital of 532 218 440 ordinary shares increased by 1 180 000 ordinary shares to 533 398 440 ordinary shares.

During the year no share options were granted. 1 180 000 share options were exercised as detailed in note 20.4 of the Group financial statements.

Group Results – Historical Cost (New Currency)

	Z$
Profit before taxation	226 289 116
taxation	(56 727 708)
Profit after taxation	169 561 408
minority interest	(21 214 676)
Net profit attributable to shareholders	148 346 732

Dividends

In view of the current local trading environment, the Board has deemed it necessary to conserve its resources and therefore feel that it is inappropriate to declare a dividend for the year.

Reserves

The movement in the reserves of the Group and the Company are shown in the notes to the Group financial statements.

Directors and their interests

In terms of the articles of association Mr. TN Sibanda and Mr. J Koumides retire by rotation and being eligible offer themselves for re-election. Mr. JP Schonken retires in terms of Article 104 of the Company's Articles of Association, and offers himself for election. No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in note 20.5 of the financial statements.

Directors' fees

Members will be asked to approve the payments of the Directors' fees in respect of the year ended 30 June 2008.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2008 and to re-appoint Ernst & Young as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

D L L MORGAN	J P SCHONKEN
Chairman	Company Secretary

Harare
29 September 2008

Corporate Governance

Introduction

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

Board of Directors

The Board of Innscor currently comprises 4 executive directors and 4 non-executive directors. The chairman and the non-executive directors bring a significant amount of experience and intuition to guide a young and ambitious executive management team. The Board meets quarterly to monitor the performance of management and to ensure proper control over the strategic direction of the Group.

The Group operates a decentralised sectoral structure. Each business has a formal board with clearly defined responsibilities and objectives, which is responsible for the day-to-day running of its businesses. A comprehensive financial reporting system ensures that each sector is brought to account.

Audit Committee

Innscor has an audit committee that assists the Board in the fulfillment of their duties. The audit committee of the Board deals, inter alia, with compliance, internal control and risk management. The committee currently comprises 2 executive directors and 3 non-executive directors. A non-executive director chairs the committee. The committee meets at least three times a year with the Group's external and internal auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of the systems of internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and the objectivity of their reports.

Remuneration Committee

The remuneration committee comprises 3 non-executive directors and 2 executive directors who determine, on behalf of the Board and the shareholders, the individual remuneration packages for the executive directors and other executive management. The Group's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of each of the sectors in which Innscor operates. Packages include basic salaries and benefits and performance related bonuses or share options.

Directors' Responsibility for Financial Reporting

The Directors of the Company are required by the Companies Act to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the historical cost financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. Innscor maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas. Whilst in a growing Group of the size, complexity and diversity of Innscor it may be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the Directors in respect of the period under review.

The financial statements for the year ended 30 June 2008, which appear on pages 28 to 67, have been approved by the Board of Directors and are signed on its behalf by:

D L L MORGAN
Chairman
Harare
29 September 2008

J P SCHONKEN
Executive Director

Independent Auditors' Report

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare

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INDEPENDENT AUDITOS' REPORT TO THE MEMBERS OF INNSCOR AFRICA LIMITED

We have audited the inflation adjusted financial statements of Innscor Africa Limited , as set out on pages 28 to 67, which comprise the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of signficant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The company's Directors are responsible for the preparation and fair presentation of these inflation adjusted financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these inflation adjusted financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements 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 judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 purposes 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 the directors, as well as evaluation of the overall presentation of the financial statements.

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

The historical cost financial statements on pages 28 to 67 are presented as supplementary information.

Audit opinion

In our opinion, the inflation adjusted financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2008, and of its financial performance and its cashflows for the year then ended, in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act (Chapter 24:03).

Ernst & Young

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
Harare
29 September 2008

Group Income Statements (New Currency)

For the year ended 30 June 2008	Notes	Inflation Adjusted 2008 Z$	Inflation Adjusted 2007 Z$	Historical Cost 2008 Z$	Historical Cost 2007 Z$
Turnover		152 681 238	87 809 928	49 752 514	287
Net operating costs	8.1	(73 387 194)	(73 810 489)	(24 883 141)	(195)
Operating profit before depreciation and amortisation		79 294 044	13 999 439	24 869 373	92
depreciation and amortisation		(388 139)	(163 614)	(309 873)	(1)
Operating profit before interest		78 905 905	13 835 825	24 559 500	91
net interest (payable)/ receivable	9	(1 808 397)	(1 485 235)	119 532	(6)
fair value adjustments		160 116 555	17 944 455	184 939 329	150
equity accounted earnings	10	40 192 439	543 615	16 670 755	11
Profit before monetary adjustment		277 406 502	30 838 660	226 289 116	246
net monetary loss		(21 090 368)	(4 904 393)	-	-
Profit before taxation		256 316 134	25 934 267	226 289 116	246
taxation	11	(50 705 918)	(4 389 430)	(56 727 708)	(66)
Net profit for the year		205 610 216	21 544 837	169 561 408	180
Attributable to:					
shareholders of the holding company		179 885 293	18 659 023	148 346 732	156
minority interest		25 724 923	2 885 814	21 214 676	24
		205 610 216	21 544 837	169 561 408	180
EARNINGS PER SHARE (CENTS)					
Basic Earnings per Share	6	33.75	3.52	27.83	0.00
Diluted Earnings per Share	6	33.24	3.45	27.41	0.00

Group Cash Flow Statements (New Currency)

For the year ended 30 June 2008	Notes	Inflation Adjusted 2008 Z$	Inflation Adjusted 2007 Z$	Historical Cost 2008 Z$	Historical Cost 2007 Z$
Cash generated from operating activities	12.1	2 751 042	14 701 507	14 262 111	63
net interest (paid)/ received		(1 808 397)	(1 485 235)	119 532	(6)
taxation paid	12.2	(2 855 030)	(2 963 052)	(270 008)	(6)
Total cash available from operations		(1 912 385)	10 253 220	14 111 635	51
Investing activities	12.3	(11 007 764)	(9 886 856)	(4 311 816)	(48)
Dividends paid:					
by holding company		(64)	(970 549)	(2)	(3)
by subsidiaries to minority shareholders		(1 453 365)	(804 466)	(236 224)	(2)
Net cash flow before financing		(14 373 578)	(1 408 651)	9 563 593	(2)
Financing activities		11 778 630	5 522 133	1 402 801	48
increase in borrowings		11 327 350	3 210 069	1 563 999	30
equity issued		-	421	-	-
cash received from/(paid to) minorities		451 280	2 311 643	(161 198)	18
Net (decrease)/ increase in cash		(2 594 948)	4 113 482	10 966 394	46
Foreign Currency translation reserve on translation of foreign entities' cash balances		43 089 349	8 309 012	43 089 300	74
Cash and cash equivalents at 30 June 2007		13 561 413	1 138 919	120	-
Cash and cash equivalents at 30 June 2008		54 055 814	13 561 413	54 055 814	120

Group Balance Sheets (New Currency)

As at 30 June 2008	Notes	Inflation Adjusted 2008 Z$	Inflation Adjusted 2007 Z$	Historical Cost 2008 Z$	Historical Cost 2007 Z$
ASSETS					
Non-current assets					
property, plant and equipment	13	61 256 204	21 568 056	36 882 751	108
intangible assets	14	2 188 486	126 347	1 898 081	1
investments	15	136 107 298	6 300 362	104 647 227	29
biological assets	17	4 705 899	499 938	4 705 899	4
		204 257 887	28 494 703	148 133 958	142
Current assets					
biological assets	17	99 293 393	16 848 420	99 293 393	150
inventories	18	36 120 782	16 993 977	30 960 341	128
trade and other accounts receivable	19	75 156 593	14 525 024	50 800 434	127
cash and cash equivalents		54 055 814	13 561 413	54 055 814	120
		264 626 582	61 928 834	235 109 982	525
Total assets		468 884 469	90 423 537	383 243 940	667
EQUITY AND LIABILITIES					
Capital and reserves					
ordinary share capital	20	16 363	16 363	-	-
share premium	21	1 818 791	1 818 791	-	-
non-distributable reserves	22	51 853 005	9 803 867	42 050 077	77
distributable reserves	23	207 992 443	28 107 150	148 346 891	159
		261 680 602	39 746 171	190 396 968	236
minority interest		49 108 277	7 999 733	37 208 671	53
Total equity		310 788 879	47 745 904	227 605 639	289
Non-current liabilities					
deferred tax liability	24	49 720 411	5 403 013	47 263 122	47
interest-bearing borrowings	25	12 859 424	3 397 327	12 859 424	45
		62 579 835	8 800 340	60 122 546	92
Current liabilities					
interest-bearing borrowings	25	1 782 951	4 702 576	1 782 951	27
trade and other accounts payable	26	84 620 204	27 426 336	84 620 204	243
provisions	27	793 151	394 022	793 151	3
current tax liability		8 319 449	1 354 359	8 319 449	13
		95 515 755	33 877 293	95 515 755	286
Total liabilities		158 095 590	42 677 633	155 638 301	378
Total equity and liabilities		468 884 469	90 423 537	383 243 940	667

D L L MORGAN
Chairman
Harare
29 September 2008

J P SCHONKEN
Executive Director

Group Statements of Changes in Shareholders' Equity (New Currency)

For the year ended 30 June 2008	Notes	Inflation Adjusted 2008 Z$	Inflation Adjusted 2007 Z$	Historical Cost 2008 Z$	Historical Cost 2007 Z$
Changes in non-distributable reserves		42 049 138	9 442 754	42 050 000	84
Share premium arising on issue of equity	21	-	421	-	-
Arising on restructuring of the Group	22	(862)	-	-	-
Arising on the translation of foreign subsidiaries	22	42 050 000	9 442 333	42 050 000	84
Changes in distributable reserves		179 885 293	17 688 474	148 346 732	151
Net profit attributable to holding company shareholders		179 885 293	18 659 023	148 346 732	156
Dividends paid					
prior year final	7	-	(108 336)	-	-
current year interims	7	-	(862 213)	-	(5)
Changes in minority interest		41 108 544	5 827 350	37 208 618	53
Net profit attributable to minority shareholders		25 724 923	2 885 814	21 214 676	24
Dividends paid by subsidiaries to minority shareholders		(1 453 365)	(804 466)	(236 224)	(2)
Net cash received from minority shareholders		451 280	2 311 643	(161 198)	18
Movement in minority loans		1 203 314	-	1 208 972	-
Minorities arising from partial sale of interest in subsidiaries		-	1 851	-	-
Minorities decreased through additional purchase of investments		-	(6 848)	-	-
Buy-out of minorities		(5)	-	(5)	-
Minority share of foreign currency translation reserve		15 182 397	1 439 356	15 182 397	13
Net movement in shareholders' equity		263 042 975	32 958 578	227 605 350	288
Shareholders' equity at 30 June 2007		47 745 904	14 787 326	289	1
Shareholders' equity at 30 June 2008		310 788 879	47 745 904	227 605 639	289

Notes to the Financial Statements

1. Corporate Information

Innscor Africa Limited is a limited liability company incorporated and domiciled in Zimbabwe. The principal activities of the Group include the provision of fast foods services, the production and selling of biological assets and the manufacture and selling of household commodities and fresh produce.

2. Accounting policies

The principal accounting policies of the Group adopted in the preparation of these financial statements are, in all material respects, consistent with those applied in previous years. The financial statements of the Group are in conformity with International Financial Reporting Standards, and were prepared in accordance with the requirements of the Companies Act (Chapter 24:03).

2.1 Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS).

2.2 Adoption of new and revised standards

Standards and Interpretations effective in the current year

In the current year, the Group has adopted IFRS7 Financial Instruments; Disclosures which is effective for reporting periods beginning on or after I January 2007, and the consequential amendments to IAS1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Five Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are:

IFRIC 7 Applying the Restatement Approach under IAS29, Financial Reporting in Hyperinflationary Economies;
IFRIC 8 Scope of IFRS 2;
IFRIC 9 Reassessment of Embedded Derivatives;
IFRIC 10 Interim Financial Reporting and Impairment; and
IFRIC 11 IFRS 2: Group and Treasury Share Transactions.

The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue not yet effective

The following standards and Interpretations were in issue but not yet effective:

IFRS 8 Operating segments (effective 1 January 2009)
IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
IFRIC 14 IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)

The Group has not early adopted these standards and interpretations.

3. Basis of preparation

The financial statements are based on the statutory records that are maintained under the historical cost convention, except for biological assets and listed equity investments that have been measured at fair value. The financial statements are restated in accordance with International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies). Accordingly, the financial statements and the corresponding figures for the previous period have been restated to take account of the changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at 30 June 2008. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Central Statistical Office of Zimbabwe.

Notes to the Financial Statements

	2008	2007	2006
Indices	1 314 718 233 717.14	11 666 842.47	158 708.80
Conversion factor	1.000	112 688.44	8 283 839.55

The main procedures applied in the above mentioned restatement of transactions and balances are as follows:

- All corresponding figures as of, and for the period ended 30 June 2007 are restated by applying the change in the index for 30 June 2007 and 30 June 2008.
- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit, current at the balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet date and components of shareholders' funds are restated by applying the relevant monthly conversion factor.
- Non-monetary assets and liabilities that are carried at amounts current at balance sheet date, i.e. at fair value, are not restated.
- Property, plant and equipment are stated at indexed cost less applicable indexed depreciation and impairment losses.
- Income statement transactions, except depreciation and amortisation, are restated by applying the change in the index from the month of the transaction to 30 June 2008.
- Gains and losses arising from the net monetary asset and liability positions are included in the income statement.
- Cashflow items are expressed in terms of the measuring unit current at balance sheet date.

4. Basis of consolidation

The consolidated financial statements consist of the financial statements of Innscor Africa Limited and its subsidiaries, and include the appropriate share of post acquisition reserves of its associated companies. Joint ventures are accounted for on a proportionate consolidation basis, which entails including Innscor Africa Limited's appropriate share of post acquisition reserves and line by line proportionate consolidation of balance sheet items. The financial statements utilised, are prepared to 30 June.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

The results and reserves of subsidiaries, associated companies and joint ventures are included from the effective dates of acquisition to the effective dates of disposal. The date of acquisition for subsidiaries is the date on which Innscor Africa Limited obtains control or exercises significant influence.

5. Summary of significant accounting policies

Turnover

Turnover is the amount derived from the sale of goods and services falling within the Group's ordinary activities after deducting trade discounts and value added tax. Instalment sales are accounted for in the year of sale. However, related finance charges are credited to turnover over the period of settlement. The following specific recognition criteria must be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue includes exchange gains. Due to the current hyper inflationary environment the exchange rate is not stable resulting in drastic exchange rate movements on a daily basis. In view of this, the assumption is that an export sale is considered complete only after final conversion of the export receipt into local currency. Any exchange gain/loss is thus treated as part of turnover.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Notes to the Financial Statements

Dividends

Revenue is recognised when the Group's right to receive payment is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

Borrowing costs

Borrowing costs shall be recognised as an expense in the period in which they are incurred except to the extent that they are capitalised.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period.

Foreign currency translation

The Group's financial statements are presented in Zimbabwe dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. The tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into Zimbabwe dollars using the rate of exchange ruling at the reporting date. The income statement is translated at weighted average exchange rates for the year. The exchange differences arising on translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity is recycled to the income statement.

Foreign operations

Assets and liabilities of subsidiaries, associated companies and joint ventures denominated in foreign currencies

Notes to the Financial Statements

are translated into Zimbabwe dollars at rates of exchange at the end of the financial year, at which the liabilities are likely to be settled and assets realised, and their income statements results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two. Where there are drastic movements between the opening and closing rates of exchange, the income statement results are translated on a month-on-month basis using the average rate of exchange for each month.

Differences on exchange arising from re-translation of the opening net investment in subsidiaries, associated companies and joint ventures, and from the translation of the results of those entities at average rates, are taken to reserves. Upon disinvestment of a foreign entity, translation differences related to that entity are taken to income.

Foreign currencies

Assets and liabilities denominated in foreign currencies are converted to local currencies at rates of exchange at the end of the financial year, at which the liabilities are likely to be settled and assets realised.

Where a forward exchange contract has been established, the rate in the forward exchange contract is applicable. Transactions during the year are translated at rates of exchange ruling at the time of those transactions. Translation and transaction gains or losses on conversion or settlement are normally dealt with in the income statement.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value is impaired.

Negative goodwill, which arises when the cost of the business combination is lower than the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is taken directly to the income statement.

Joint ventures

Where the Group has an interest in a joint venture, the Group recognises that interest using the proportionate consolidation method. This entails recognising the Group's share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements utilised, are prepared to 30 June.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity that involves the establishment of a separate entity in which each venture has an interest.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss attributable to the Group from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits from the transaction until it resells the assets to outside parties.

The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Leases

The determination of whether an arrangement contains a lease depends on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

Notes to the Financial Statements

The Group has entered into various operating lease arrangements. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease period.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Innscor Africa Limited Pension Fund, the Catering Industry Pension Fund, as well as the SPAR Harare Pension Fund. The Group's pension schemes are define contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules.

All eligible employees contribute to the National Social Security Authority pension scheme, or the equivalent inforeign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets.

The various rates of depreciation are listed below:

Freehold property	- 2%
Buildings and improvements	- 2.5%
Leasehold improvements	- the lesser of period of lease or 10 years
Plant, Fittings and Equipment	- 3% - 25%
Vehicles	- 10% - 30%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and adjusted if necessary, on an annual basis.

Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Intangible assets are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in the income statement in the period in which they occur.

Impairment of assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's net selling price and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in

Notes to the Financial Statements

use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of time value of money and the risks peculiar to the asset. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

At each reporting date, the Group assesses whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to the income statement. After the reversal, depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Biological assets
Biological assets are living animals or plants that are managed by the Group. Agricultural produce is the harvested product of the biological asset.

Biological assets of the Group include, crocodiles, cattle, ostriches and pigs. At initial recognition, biological assets are valued at fair value. Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Changes in the carrying value of biological assets are taken directly to the income statement.

Treasury shares
The Group's own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

IFRS 2 Share Based Payments
IFRS 2 Share Based Payments requires the recognition of share based payments at fair value at the date of grant. Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

At initial recognition, the share based transactions are measured at the fair value of the services rendered or if not easily determinable, at the fair value of the equity instruments given. This fair value will be recognised through equity.

For the purposes of IFRS 2 Share Based Payments, the Group's share options granted to its employees have not been recognised because the shares had vested before the effective date of IFRS 2, which for the Group is 1 July 2005.

Financial assets
Financial assets include trade and other accounts receivable, cash and cash equivalents and investments.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on

Notes to the Financial Statements

initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that theGroup commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognised in profit and loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. These are initially measured at fair value. After initial measurement held to maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Financial liabilities

Financial liabilities include trade and other accounts payable and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in the income statement as a borrowing cost.

Trade and other accounts receivable

Trade and other accounts receivable are recognised and carried at fair value less an allowance for any uncollectible amounts. Provision for bad debts is made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three month or less.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits

Notes to the Financial Statements

and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of Value Added Tax included. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor joint ventures. Under the equity method, investments in associates are initially carried at cost. Subsequently, the investments in associates are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associates less dividends received from the associates. Goodwill relating to an associate is included in the carrying amount of the investment. The income statement reflects the share of the results of operations of the associates attributable to the Group.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. In general, cost is established on the first in, first out or weighted average cost basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads related to stage of manufacture.

Notes to the Financial Statements

Key Management
Key management include executive directors and divisional management as outlined on pages 8 and 9 of the annual report.

Key estimates, uncertainties and judgements
Except for the judgements exercised in the determination of estimated figures such as provisions and fair value adjustments, as laid out in the various accounting policies, management have not exercised any other significant accounting judgements requiring separate disclosure.

Segment Reporting
Business segments provide products or services that are subject to risks and rewards that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of subsidiaries/divisions operations in other economic environments.

Country of Incorporation and Currency
All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Innscor International Limited	Mauritius
Tormark Services Limited	Jersey
Innscor South Africa (Pty) Limited	South Africa
Innscor Franchising Services Limited	Jersey
Innscor Fast Foods (Zambia) Limited	Zambia
Innscor Retail Africa Limited	Jersey
Innscor Investments Kenya Limited	Kenya
SPAR Zambia (Pvt) Limited	Zambia
Innscor Distribution Africa Limited	Mauritius
Innscor Distribution Malawi Limited	Malawi
Innscor Distribution Zambia Limited	Zambia
Atuleo Amanzi (Zambia) Limited	Zambia

The Group's financial statements are expressed in Zimbabwe dollars.

Currency
The Zimbabwe Dollar was revalued on 1 August 2008 as noted in the August 2008 Monitory Policy Review Statement. The Financial Statements are stated in New Currency. Comparative financial information has also been stated in New Currency.

Notes to the Financial Statements

6. Earnings Per Share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
Net profit attributable to ordinary equity holders of the parent	179 885 293	18 659 023	148 346 732	156
Weighted average number of ordinary shares for basic earnings per share	533 043 686	530 780 741	533 043 686	530 780 741
Effect of dilution: Share options	8 195 000	9 370 576	8 195 000	9 370 576
Weighted average number of ordinary shares adjusted for the effect of dilution	541 238 686	540 151 317	541 238 686	540 151 317

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7. Dividends Paid

Dividends declared and paid per share are based on the number of shares in issue on the effective date of declaration and entitlement of the shares to the dividend. During the year, the following dividends were declared and paid:

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
Prior year final dividend	-	(108 336)	-	-
Current year interim dividends	-	(862 213)	-	(5)
Total dividends declared and paid	-	(970 549)	-	(5)

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
8. Operating profit before depreciation and amortisation is shown after charging/(crediting) the following:				
8.1 Net operating costs				
Cost of goods and services sold	64 860 865	55 318 677	19 554 636	135
Other operating income	(26 841 008)	(7 950 703)	(3 980 561)	(41)
Other operating costs	12 997 553	11 304 836	3 715 276	42
Write-off of intangible assets	-	80,270	-	1
Staff costs	22 369 784	15 057 409	5 593 790	58
	73 387 194	73 810 489	24 883 141	195
8.2 Audit fees and expenses				
Current year	2 380 855	1 029 330	225 336	2
Prior year under-provision	35 864	893	3 394	-
Fees for other services	35 904	1 014	3 399	-
	2 452 623	1 031 237	232 129	2
8.3 Directors' and key management's emoluments				
Non-executive directors - fees	723 897	434 497	68 513	1
Executive directors - total emoluments	7 036 682	3 583 516	665 987	6
Key management remuneration	6 914 592	7 040 077	654 433	13
	14 675 171	11 058 090	1 388 933	20
8.4 Exchange (gains)/losses				
- Realised	(10 453)	(2 372 041)	497 137	(4)
- Unrealised	(3 504 168)	(338 065)	(3 504 168)	(3)
	(3 514 621)	(2 710 106)	(3 007 031)	(7)
8.5 Operating lease charges	1 180 448	751 775	111 724	1
8.6 (Profit)/loss on disposal of property, plant and equipment	(215 968)	1 756 710	(16 504)	(1)
8.7 Royalties and technical fees	9 406	78 519	890	-

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
9. Net interest payable/(receivable)				
Interest receivable	(5 373 394)	(1 386 489)	(508 565)	(4)
Interest payable	7 181 791	2 871 724	389 033	10
Net interest payable/(receivable)	1 808 397	1 485 235	(119 532)	6
10. Equity accounted earnings				
Earnings before taxation	40 192 439	543 615	16 670 755	11
11. Taxation				
11.1 Income tax charge				
Current income tax charge	4 992 910	1 309 799	4 992 910	12
Prior year (over)/under provision	(289 040)	10 924	(27 355)	-
Capital gains tax	39 023	1 005	39 023	-
Residents' tax on interest	1 537	24 645	1 537	-
Deferred tax	45 721 558	2 680 943	48 667 236	51
Taxation on associates income	239 930	362 114	3 054 357	3
	50 705 918	4 389 430	56 727 708	66
	%	%	%	%
11.2 Reconciliation of rate of taxation				
Statutory rate of taxation, inclusive of AIDS levy	30.90	30.90	30.90	30.90
adjusted for:				
Prior year (over)/under provision	(0.13)	0.04	(0.01)	(0.43)
Permanent differences	(0.00)	1.12	(0.00)	0.29
Deferred CGT on equities	7.02	-	8.02	-
Non-taxable/non-deductible items	(18.01)	(15.13)	(13.84)	(3.96)
Effective rate	19.78	16.93	25.07	26.80

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
12. Cash flow information				
12.1 Cash generated from operations				
Profit before taxation	256 316 134	25 934 267	226 289 116	246
Depreciation	387 779	163 359	309 873	1
Impairment loss	-	50	-	-
Amortisation of intangible assets	359	255	-	-
(Profit)/loss on exchange in financing and investing activities	(27 123 188)	11 575 835	(149 741)	(4)
Fair value adjustments on equity investments	(76 614 131)	(92 370)	(81 477 562)	(10)
Provisions charged to the income statement	614 078	1 669 624	242 866	3
Exchange loss in working capital	-	2 129 884	-	1
Net fair value adjustments on biological assets	(83 502 423)	(12 416 392)	(103 461 766)	(140)
(Profit)/loss on disposal of fixed assets	(215 971)	1 756 710	(16 504)	(1)
Profit on disposal of investments	(2 846 321)	(341 463)	(201 362)	(1)
Write-off of intangible assets	-	80 270	-	1
Loss on acquisition of minority interest	56 344	-	56 344	-
Interest received	(5 373 394)	(1 386 489)	(508 565)	(4)
Interest paid	7 181 791	2 871 724	389 033	10
Equity accounted earnings	(40 192 439)	(543 615)	(16 670 755)	(11)
Increase in inventories	(19 126 806)	(13 889 371)	(3 492 069)	(79)
Increase in biological assets	(2 838 407)	(14 023 356)	(504 452)	(5)
Increase in receivables	(60 631 569)	(11 738 601)	(20 253 869)	(54)
Increase in payables	57 439 765	24 545 477	13 726 852	111
Provisions paid	(780 559)	(1 594 291)	(15 328)	(1)
	2 751 042	14 701 507	14 262 111	63
12.2 Taxation paid				
At 30 June 2007	(1 354 359)	(630 927)	(13)	-
Taxation provided	(6 235 251)	(1 321 728)	(5 004 575)	(12)
Exchange and other non-cash movements	(3 583 332)	(2 340 112)	(3 583 332)	(6)
Withholding tax	(1 537)	(24 644)	(1 537)	(1)
At 30 June 2008	8 319 449	1 354 359	8 319 449	13
	(2 855 030)	(2 963 052)	(270 008)	(6)
12.3 Investing activities				
Expenditure on property, plant and equipment	(3 785 130)	(8 302 381)	(762 955)	(40)
Proceeds on disposal of property, plant and equipment	357 552	385 968	29 317	2
Purchase of intangible assets	-	(20 650)	-	-
Purchase of investments	(7 509 254)	(2 370 227)	(3 738 155)	(10)
Movement in non-current biological assets	(347 869)	(107 372)	(32 919)	(1)
Proceeds on disposal of investments	276 742	459 124	192 896	1
Dividends received from associated company	195	68 682	-	-
	(11 007 764)	(9 886 856)	(4 311 816)	(48)

Notes to the Financial Statements

	Freehold property	Leasehold improvements	Plant, fittings & equipment	Motor vehicles	Total
	Z$	Z$	Z$	Z$	Z$
13. Property, plant and equipment					
INFLATION ADJUSTED					
Cost					
At 30 June 2007	2 572 707	7 022 150	15 518 981	2 402 439	27 516 277
Additions	36 086	1 268 479	1 837 174	638 189	3 779 928
Disposals	-	-	(32 567)	(129 959)	(162 526)
Capital work in progress	-	-	5 202	-	5 202
Exchange movements	4 159 820	10 797 702	36 570 900	2 366 757	53 895 179
At 30 June 2008	6 768 613	19 088 331	53 899 690	5 277 426	85 034 060
Depreciation					
At 30 June 2007	115 738	1 192 781	3 867 273	772 430	5 948 222
Disposals	-	-	(20 901)	(44)	(20 945)
Charge for the year	5 569	35 733	312 152	34 325	387 779
Exchange movements	125 800	2 800 142	13 143 252	1 393 606	17 462 800
At 30 June 2008	247 107	4 028 656	17 301 776	2 200 317	23 777 856
Net carrying amount					
At 30 June 2008	6 521 506	15 059 675	36 597 914	3 077 109	61 256 204
At 30 June 2007	2 456 970	5 829 369	11 651 708	1 630 009	21 568 056
HISTORICAL COST					
Cost					
At 30 June 2007	12	28	91	7	138
Additions	17 386	247 446	374 193	118 728	757 753
Disposals	-	-	(23 596)	-	(23 596)
Capital work in progress	-	-	5 202	-	5 202
Exchange movements	4 159 820	10 797 702	36 570 900	2 366 757	53 895 179
At 30 June 2008	4 177 218	11 045 176	36 926 790	2 485 492	54 634 676
Depreciation					
At 30 June 2007	1	5	22	2	30
Disposals	-	-	(20 779)	-	(20 779)
Charge for the year	3 477	34 464	238 568	33 364	309 873
Exchange movements	125 800	2 800 142	13 143 252	1 393 607	17 462 801
At 30 June 2008	129 278	2 834 611	13 361 063	1 426 973	17 751 925
Net carrying amount					
At 30 June 2008	4 047 940	8 210 565	23 565 727	1 058 520	36 882 751
At 30 June 2007	11	23	69	5	108

Certain properties, plant and equipment, and motor vehicles are encumbered as indicated in note 13.1

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
13. Property, plant and equipment				
13.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount 30 June 2007	21 568 056	7 812 537	108	-
Cost	27 516 227	11 110 834	138	-
Accumulated depreciation	(5 948 171)	(3 298 297)	(30)	-
Movement for the year:				
Additions at cost	3 779 928	8 302 381	757 753	40
Net carrying amount of disposals	(141 581)	(2 142 678)	(2 817)	(0)
Depreciation charge for the year	(387 779)	(163 359)	(309 873)	(1)
Capital work in progress	5 202	-	5 202	-
Impairment loss	-	(50)	-	-
Exchange movements	36 432 378	7 759 225	36 432 378	69
Net carrying amount 30 June 2008	61 256 204	21 568 056	36 882 751	108
Cost	85 034 060	27 516 227	54 634 676	138
Accumulated depreciation and impairment losses	(23 777 856)	(5 948 171)	(17 751 925)	(30)
13.2 Security				
Net book value of fixed assets pledged as security for borrowings	10 372 005	3 195 364	10 372 005	28

	Goodwill on acquisition Z$	Franchise fees & trademarks Z$	Total Z$
14. Intangible assets			
INFLATION ADJUSTED			
At 30 June 2007	64 572	61 775	126 347
Arising this period	264 425	-	264 425
Disposed through sale of subsidiary	-	(723)	(723)
Amortisation	-	(359)	(359)
Exchange movements	1 798 796	-	1 798 796
At 30 June 2008	2 127 793	60 693	2 188 486
HISTORICAL COST			
At 30 June 2007	1	-	1
Arising this period	99 284	-	99 284
Disposed through sale of subsidiary	-	-	-
Amortisation	-	-	-
Exchange movements	1 798 796	-	1 798 796
At 30 June 2008	1 898 081	-	1 898 081

Notes to the Financial Statements

15. Investments

Investments comprise invesments in associated companies and other investments, which consists of investments in equity of listed and non-listed entities.

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
Investments in associates				
Post-acquisition share of net income	41 427 712	1 475 203	13 616 408	8
Less: Dividends received from associates	(134 508)	(134 313)	-	-
Share of post-acquisition distributable reserves	41 293 204	1 340 890	13 616 408	8
Cost	2 283 641	1 978 679	310	1
Loans advanced to associates	369 970	82 367	287 603	1
Exchange differences	3 912 097	(93 814)	4 005 912	-
Total investments in associates	47 858 912	3 308 122	17 910 233	10
Other investments				
Unquoted investments at cost	2 619 943	147 271	1 916 499	-
Listed investments	84 820 493	2 036 812	84 820 493	18
Property unit trust	90 906	90 906	-	-
Other	717 044	717 251	2	1
Total other investments	88 248 386	2 992 240	86 736 994	19
Total invesments	136 107 298	6 300 362	104 647 227	29
Reconciled as follows:				
Associates				
At 30 June 2007	3 308 122	3 027 037	10	-
Additional purchases at cost	304 961	-	310	-
Share of associates' income	40 192 439	543 615	16 670 755	11
Taxation on associates' income	(239 930)	(362 114)	(3 054 357)	(3)
Dividends received from associates	(195)	(68 682)	-	-
Movement in loans with associates	287 603	82 367	287 603	1
Exchange differences	4 005 912	85 899	4 005 912	1
At 30 June 2008	47 858 912	3 308 122	17 910 233	10
Other Investments				
At 30 June 2007	2 992 240	780 487	19	-
Additional purchases at cost	6 916 690	2 287 860	3 450 242	9
Disposal of investment	(276 742)	(459 124)	(192 896)	(1)
Fair value adjustments through profit and loss	76 614 131	92 370	81 477 562	10
Exchange differences	2 002 067	290 647	2 002 067	1
At 30 June 2008	88 248 386	2 992 240	86 736 994	19

Notes to the Financial Statements

The Group has the following investments in the associates:

15.1 National Foods Holdings Limited

The Group holds a 49.98% interest in National Foods Holdings Limited, which is involved in the milling of flour and maize, manufacture of stock feeds, edible oils, bakers' fats, and malt, manufacture of polywoven bags, packaging and sale of other general household goods. National Foods Holding Limited is a listed entity listed on the Zimbabwe Stock Exchange.

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
Reconciliation of the investment in associate;				
Balance at the beginning of the year	69	-	5	-
Share of current year profit	36 124 805	69	11 422 951	5
Additional investment	304 961	-	310	-
Balance at the end of the year	36 429 835	69	11 423 266	5
The market capitalisation of the associate at 30 June 2008 is	252 206 624	405	252 206 624	405

15.2 Shearwater Holdings (Private) Limited

The Group holds a 50% interest in Shearwater Holdings (Pvt) Limited. Shearwater Holdings (Pvt) Limited is involved in the provision of leisure facilities such as bungi jumping, water rafting and sight seeing. Shearwater Holdings (Pvt) Limited is a private entity that is not listed on any public stock exchange.

	Historical Cost	
	2008 Z$	2007 Z$
Reconciliation of the investment in associate;		
Balance at the beginning of the year	3	-
Share of current year profit	503 536	2
Loans advanced	287 604	1
Balance at the end of the year	791 143	3

The financial statements of the associate have not been adjusted for the effects of inflation.

Notes to the Financial Statements

15.3 Freddy Hirsch (Private) Limited

Freddy Hirsch (Pvt) Limited is an entity involved in the manufacture and selling of spices and packaging. The Group holds an effective 39.02% in Freddy Hirsch (Pvt) Ltd.

	Historical Cost 2008 Z$	Historical Cost 2007 Z$
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Share of current year profit	32 894	-
Balance at the end of the year	32 894	-

The financial statements of the associate have not been adjusted for the effects of inflation.

15.4 Fast Foods - Regional Operations

The Region is involved in the provision of fast foods services. Operations are in countries such as Kenya, Ghana, Senegal and Zambia. The company holds on average, effective shareholding of between 20.04% and 40% in these associates.

	Historical Cost 2008 Z$	Historical Cost 2007 Z$
Reconciliation of the investment in associate;		
Balance at the beginning of the year	2	-
Share of current year profit	1 657 016	1
Foreign currency translation reserve	4 005 912	1
Balance at the end of the year	5 662 930	2

The financial statements of the associates have not been adjusted for the effects of inflation, as they do not operate in hyperinflationary economies.

Notes to the Financial Statements

16. Group investments

This structure shows the Group's effective shareholding and excludes dormant subsidiaries.

Zimbabwe

Finance Sector

Callcape Investments (Pvt) Ltd	50.00%
Capri Corporation (Pvt) Ltd	100.00%
Capri Signs (Pvt) Ltd	100.00%
LSS Investments (Pvt) Ltd	100.00%
Innscor (Pvt) Ltd	100.00%

Agro-Processing Sector

Colcom Holdings Limited	79.64%
Ballantyne Butchery (Private) Limited t/a Danmeats	79.64%
Associated Meat Packers (Private) Limited t/a AMP Harare	79.64%
Freddy Hirsch Group (Pvt) Ltd #	39.02%
Exotica Freight Services (Pvt) Limited	20.00%

Fast Foods Sector

Matabeleland Inns (Pvt) Ltd	68.50%
Bakers Inn Manicaland (Pvt) Ltd	50.00%
Mutare Inns (Pvt) Ltd	50.00%
Axeaq Investments (Pvt) Ltd t/a Fast Foods Harare	73.00%
Hardwhite Trading (Pvt) Ltd t/a Fast Foods Southern Region	51.38%

Manufacturing Sector

Capri Engineering (Pvt) Ltd (t/a Innscor Appliance Manufacturing)	50.10%
National Foods Holdings Ltd #	49.98%
Goodshow Manufacturing (Pvt) Ltd t/a WRS	33.40%
Biscuit Company (Pvt) Ltd t/a Iris Biscuits	51.00%
Daymove Transport (Pvt) Ltd t/a Innscor Transport	50.00%
Breathaway Food Caterers (Pvt) Ltd t/a Zapsnacks	51.00%
Herbies Catering Services (Pvt) Ltd t/a The Puff Company	51.00%
Bakaya Hardwoods (Pvt) Ltd	50.10%
Innscor Credit Retail (Pvt) Ltd	66.67%

Retail Sector

Spar Harare (Pvt) Ltd	65.00%
Caldamus Trading (Pvt) Ltd	50.00%
Rockards (Pvt) Ltd	50.01%
Unibax (Pvt) Ltd t/a Arundel SPAR	50.01%
Tevason Investments t/a FreshPro	50.01%
Spearhead Sales (Pvt) Ltd t/a SPAR Mutare	50.00%

Distribution Sector

Trading Inn (Pvt) Ltd (t/a Zimbabwe Professional Marketing)	50.01%
Innscor Retail & Distribution Limited	50.01%
Medi Link (Pvt) Ltd	25.01%
Garlep Trade Services (Pvt) Ltd	50.01%
Comox Trading (Pvt) Ltd	50.01%

Tourism Sector

Shearwater Holdings (Pvt) Ltd #	50.00%

Region

Finance Sector

Innscor International Limited	100.00%
Tormak Services Limited	100.00%
Innscor South Africa (Pty) Limited	100.00%

Fast Foods Sector

Innscor Retail Africa Limited #	40.00%
Innscor Fast Foods (Zambia) Limited	100.00%
Innscor Zambia Limited #	40.00%
Innscor Investments Kenya Limited	100.00%
Foods Inn Ghana Limited #	20.04%
Innscor Regional Foods Limited	100.00%
Innscor Kenya Limited #	40.00%
Innscor Senegal (SA) #	20.04%
Innscor Franchising Services Limited	100.00%

Retail Sector

Spar Zambia Ltd	50.00%

Distribution Sector

Innscor Distribution Africa Limited	50.01%
Innscor Distribution (Malawi) Limited	42.50%
Photo Marketing Limited (Malawi)	50.01%
Innscor Distribution Limited (Zambia)	50.01%
Comox Trading Limited (Zambia)	50.01%

Tourism Sector

Atuleo Amanzi (Zambia) Limited t/a The River Club Zambia	66.67%

Associates

Notes to the Financial Statements

17. Biological assets

Reconciliation of opening and closing carrying amounts

Group

	Crocodiles Z$	Cattle Z$	Ostriches Z$	Pigs Z$	Total Z$
17.1 Non-current biological assets					
INFLATION ADJUSTED					
At 30 June 2007	79 048	420 890	-	-	499 938
Sales	-	(2 279)	-	-	(2 279)
Deaths	(54)	(14 845)	-	-	(14 899)
Direct costs	139 911	187 370	-	-	327 281
Fair value adjustment	(205 669)	4 101 527	-	-	3 895 858
At 30 June 2008	13 236	4 692 663	-	-	4 705 899
HISTORICAL COST					
At 30 June 2007	-	4	-	-	4
Sales	-	(2 279)	-	-	(2 279)
Deaths	(5)	(310)	-	-	(315)
Direct costs	13 241	22 298	-	-	35 539
Fair value adjustment	-	4 672 950	-	-	4 672 950
At 30 June 2008	13 236	4 692 663	-	-	4 705 899
17.2 Current biological assets					
INFLATION ADJUSTED					
At 30 June 2007	15 270 082	-	631 335	947 003	16 848 420
Purchases	396 771	19 085	-	94 985	510 841
Sales	(94 004)	(5 214)	(434 411)	(1 079 440)	(1 613 069)
Births	152 800	-	-	-	152 800
Deaths	(3 263)	-	-	-	(3 263)
Direct costs	1 693 975	16 782	515 169	1 565 173	3 791 099
Fair value adjustment	68 205 566	220 322	2 380 398	8 800 279	79 606 565
At 30 June 2008	85 621 927	250 975	3 092 491	10 328 000	99 293 393
HISTORICAL COST					
At 30 June 2007	135	-	6	9	150
Purchases	37 553	320	-	28	37 901
Sales	(28 188)	(373)	(205)	(71 900)	(100 666)
Births	14 462	-	-	-	14 462
Deaths	(309)	-	-	-	(309)
Direct costs	179 616	16 568	117 764	218 819	532 767
Fair value adjustment	85 418 658	234 460	2 974 926	10 181 044	98 809 088
At 30 June 2008	85 621 927	250 975	3 092 491	10 328 000	99 293 393

No biological assets have been pledged as collateral for borrowings.

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
18. Inventories				
Consumable stores	2 530 242	7 717 527	1 194 799	66
Finished products	32 177 737	7 802 257	28 598 687	53
Raw materials and packaging	933 156	1 503 061	861 411	10
Goods in transit	418 132	53 020	243 929	-
Work in progress	61 542	231 825	61 542	2
	36 120 809	17 307 690	30 960 368	131
Provision for obsolescence	(27)	(313 713)	(27)	(3)
	36 120 782	16 993 977	30 960 341	128
19. Trade and other accounts receivable				
Instalment debtors	-	3 964	-	-
Trade receivables	38 781 582	10 119 028	38 781 582	90
Prepayments and other receivables	36 674 763	4 629 343	12 318 604	40
	75 456 345	14 752 335	51 100 186	130
Provision for doubtful debts	(299 752)	(227 311)	(299 752)	(3)
	75 156 593	14 525 024	50 800 434	127
As at 30 June 2008, there were no trade receivables that were past the due date that were not provided for.				
20. Ordinary share capital				
20.1 Authorised				
800 000 000 ordinary shares of 0.001 cent each	8 000	8 000	8 000	8 000
20.2 Issued and fully paid				
At 30 June 2007				
532 218 440 ordinary shares of 0.001 cent each	5 322	5 284	5 322	5 284
Issued during the year				
1 180 000 ordinary shares of 0.001 cent each	12	38	12	38
At 30 June 2008				
533 398 440 ordinary shares of 0.001 cent each	5 334	5 322	5 334	5 322
Adjustment to share capital (billions)	163 628	163 628	-	-
Total issued share capital (billions)	163 628	163 628	5 334	5 322
20.3 Unissued shares				
Set aside for share option scheme	82	94	82	94
Unissued, to be held in reserve under control of Directors	2 590	2 584	2 590	2 584
	2 672	2 678	2 672	2 678

Note 20 is presented in old currency

Notes to the Financial Statements

20.4 Shares under option

The Directors are empowered to grant share options to certain employees of the Company. These options are granted for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options were granted.

The following share options are outstanding at 30 June 2008:

	Subscription price cents (old currency)	Number of shares
Date of grant		
16 January 2003	7	75 000
7 November 2003	49	620 000
28 June 2005	420	7 500 000
		8 195 000
Movements for the year		
At 30 June 2007		9 375 000
New options granted		-
Options cancelled		-
Options exercised		(1 180 000)
At 30 June 2008		8 195 000

The effect of any dilution in earnings per share due to the possible exercising of outstanding options is as shown below

	Inflation Adjusted		Historical Cost	
	2008 Z$	2007 Z$	2008 Z$	2007 Z$
Basic earnings per share	33. 75	3. 52	27. 83	-
Diluted earnings per share	33. 24	3. 45	27. 41	-
Effect of share options dilution per share	0.51	0.07	0.42	-
Number of shares in issue	533 398 440	532 218 440	533 398 440	532 218 440
Effect of share options dilution (Z$)	272 033 204	37 255 291	224 027 345	-

20.5 Directors' shareholdings

At 30 June 2008, the Directors held directly and indirectly the following number of shares:

	2008	2007
M J Fowler	111 335 741	116 366 914
Z Koudounaris	102 613 885	107 645 058
T W Brown	21 468 947	5 545 220
J D Vezey	4 677 083	4 677 083
J Koumides	1 340 000	600 000
J P Schonken	547 450	547 450
D L L Morgan	75 254	75 254
	242 058 360	235 456 979

There has been no material change in the Directors' interests subsequent to 30 June 2008 to the date of this report.

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
21. Share premium				
At 30 June 2007	1 818 791	1 818 370	-	-
Arising on issue of equity	-	421	-	-
At 30 June 2008	1 818 791	1 818 791	-	-
22. Non-distributable reserves				
At 30 June 2007	9 803 867	361 534	77	(7)
Arising on the restructuring of the Group	(862)	-	-	-
Arising on the translation of foreign subsidiaries	42 050 000	9 442 333	42 050 000	84
At 30 June 2008	51 853 005	9 803 867	42 050 077	77
Comprising:				
Arising on the restructuring of the Group	307 496	308 359	-	-
Arising on the consolidation of subsidiaries	(71 959)	(71 959)	-	-
Arising on the translation of foreign subsidiaries	51 617 468	9 567 467	42 050 077	77
	51 853 005	9 803 867	42 050 077	77
23. Distributable reserves				
At 30 June 2007	28 107 150	10 418 676	159	8
Retained for the year	179 885 293	18 659 023	148 346 732	156
Dividends paid (note 7)	-	(970 549)	-	(5)
At 30 June 2008	207 992 443	28 107 150	148 346 891	159
Retained in:				
Holding company	127 517 193	24 494 995	93 966 998	97
Subsidiary companies	39 182 046	2 271 265	40 763 485	54
Associate companies	41 293 204	1 340 890	13 616 408	8
	207 992 443	28 107 150	148 346 891	159

In terms of current Zimbabwe Exchange Control Regulations retained profit brought forward from previous years is not remittable to non-resident shareholders.

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
24. Deferred tax liability				
24.1 Reconciliation				
At 30 June 2007	5 403 013	3 134 928	47	-
Charged to the income statement	45 721 558	2 680 943	48 667 236	51
Exchange movements	(1 404 160)	(412 858)	(1 404 161)	(4)
At 30 June 2008	49 720 411	5 403 013	47 263 122	47
24.2 Analysis of deferred tax liability				
Accelerated depreciation for tax purposes	4 779 113	1 525 465	869 487	13
Fair value adjustments on biological assets	25 802 249	5 300 138	31 969 686	46
Deferred Capital Gains Tax	13 431 747	-	13 431 747	-
Assessed losses	-	(1 703 904)	-	(15)
Unrealised profit on exchange - current year	625 283	165 508	625 283	1
Prepayments - current year	5 215 287	100 204	493 601	2
Instalment debtors not yet due	-	1 336	-	-
Provision for bad debts	(97 439)	(927)	(92 624)	-
Provision for warranties	(35 829)	15 193	(34 058)	-
	49 720 411	5 403 013	47 263 122	47

Notes to the Financial Statements

	Rate of interest	Year Repayable	Inflation Adjusted 2008 Z$	Inflation Adjusted 2007 Z$	Historical Cost 2008 Z$	Historical Cost 2007 Z$
25. Interest-bearing borrowings						
Long term financing						
Secured						
Local			-	1 127	-	-
Foreign	7-29%	2010-2013	11 708 236	3 035 405	11 708 236	42
Total secured			11 708 236	3 036 532	11 708 236	42
Unsecured						
Local	7-29%	2010-2013	1 151 188	238 107	1 151 188	2
Foreign			-	122 689	-	1
Total unsecured			1 151 188	360 796	1 151 188	3
Total long term financing			12 859 424	3 397 327	12 859 424	45
Short term financing						
Secured						
Foreign	7-29%	up to 30 days	400 532	-	400 532	-
Unsecured						
Local	25%-825%	up to 340 days	1 304 642	4 596 319	1 304 642	26
Short term portion of long term financing			68	-	68	-
Overdraft		On demand	77 709	106 257	77 709	1
Total short term financing			1 782 951	4 702 576	1 782 951	27
Total interest bearing borrowings			14 642 375	8 099 903	14 642 375	72

Short term borrowings form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions.

Borrowing powers

In terms of the Company's Articles of Association, the Company may, with previous sanction of an ordinary resolution of the Company in a general meeting, borrow, on the determination of the Directors, amounts that do not exceed the aggregate of total shareholders' funds.

Notes to the Financial Statements

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
26. Trade and other accounts payable				
Trade payables	54 942 658	14 040 732	54 942 658	125
Other payables	29 677 546	13 385 604	29 677 546	118
	84 620 204	27 426 336	84 620 204	243
27. Provisions				
Leave pay provision	682 931	344 836	682 931	3
Provision for warranty	110 220	49 186	110 220	-
	793 151	394 022	793 151	3

Inflation Adjusted: Reconciliation of provisions	Provision for leave pay Z$	Provision for warranties Z$	Total Z$
At 30 June 2007	344 836	49 186	394 022
Charge for the year	335 391	278 687	614 078
Exchange differences	565 610	-	565 610
Less paid	(562 906)	(217 653)	(780 559)
At 30 June 2008	682 931	110 220	793 151

Historical Cost: Reconciliation of provisions

At 30 June 2007	3	-	3
Charge for the year	132 646	110 220	242 866
Exchange differences	565 610	-	565 610
Less paid	(15 328)	-	(15 328)
At 30 June 2008	682 931	110 220	793 151

Provision for leave pay

Leave Pay for employees is provided on the basis of leave days accumulated at an expected rate of payment

Provision for Warranty Provision

In respect of provision for warranty claims, the Group warrants its refrigeration products and certain component parts. The provision is made on the basis of previous experience of the incidence of such claims.

Notes to the Financial Statements

28. Contingent liabilities

The Group had no contingent liabilities at 30 June 2008.

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
29. Capital expenditure commitments				
Authorised and contracted	-	-	-	-
Authorised but not yet contracted	2 338 827 900	1 896 063	2 338 827 900	17
	2 338 827 900	1 896 063	2 338 827 900	17

The capital expenditure will be financed from the Group's own resources and existing borrowing facilities.

30. Commitments for the development or acquisition of biological assets

The Group has not committed itself to acquiring any biological assets. However, the Group is entitled, owing to the supply contracts it has with its customers, to supply certain customers with agreed quantities and quality of biological assets.

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
31. Future lease commitments				
Payable within one year	286 932 172	396 986	286 932 172	4
Payable between two and five years	2 010 490 857	676 131	2 010 490 857	6
Payable six to ten years	140 365 931	71 219 092	140 365 931	632
	2 437 788 960	72 292 209	2 437 788 960	642

32. Segmental analysis (Inflation Adjusted)

32.1 Business Segments

	Finance sector Z$	Agro-Processing sector Z$	Fast Foods sector Z$
32.1.1 Turnover			
30 June 2008			
Gross turnover:	307 680	63 232 881	20 194 815
Less: inter-segment transactions	(172 939)	-	-
Turnover to external customers	134 741	63 232 881	20 194 815
30 June 2007			
Gross turnover:	172 742	25 961 822	11 249 776
Less: inter-segment transactions	(99 009)	-	(23 807)
Turnover to external customers	73 733	25 961 822	11 225 969
32.1.2 Operating Profit/(loss) before depreciation and amortisation			
30 June 2008	28 120 892	54 054 222	5 120 555
30 June 2007	1 237 273	5 275 000	1 409 597
32.1.3 Segment Assets			
30 June 2008	65 227 381	179 832 894	25 567 107
30 June 2007	11 180 929	30 308 343	2 713 027
32.1.4 Segment Liabilities			
30 June 2008	2 699 856	44 157 859	6 924 179
30 June 2007	4 599 162	8 935 276	2 466 531
32.1.5 Capital Expenditure			
30 June 2008	24 049	1 246 014	315 958
30 June 2007	31 649	1 988 490	407 305
32.1.6 Depreciation			
30 June 2008	89	174	3 708
30 June 2007	519	13 617	4 744

Notes to the Financial Statements

Manufacturing sector Z$	Retail sector Z$	Distribution sector Z$	Tourism sector Z$	Total Z$
15 577 382	43 764 745	12 503 879	356 947	155 938 329
(2 988 705)	(95 447)	-	-	(3 257 091)
12 588 677	43 669 298	12 503 879	356 947	152 681 238
10 987 495	27 896 914	13 032 034	252 492	89 553 275
(1 397 828)	-	(222 703)	-	(1 743 347)
9 589 667	27 896 914	12 809 331	252 492	87 809 928
(7 800 293)	(1 743 297)	1 136 985	404 980	79 294 044
1 769 374	1 520 511	2 656 352	131 332	13 999 439
32 099 059	94 730 840	59 294 166	12 133 022	468 884 469
3 965 391	24 220 594	15 788 223	2 247 030	90 423 537
7 397 882	73 995 481	20 208 836	2 711 497	158 095 590
1 026 173	17 818 454	7 431 900	400 137	42 677 633
73 691	1 740 906	207 123	177 389	3 785 130
520 964	5 022 491	273 260	58 222	8 302 381
6	304 856	44 134	34 812	387 779
1 098	109 402	24 923	9 056	163 359

Notes to the Financial Statements

32. Segmental analysis (Historical Cost)

32.1 Business Segments

	Finance sector Z$	Agro-Processing sector Z$	Fast Foods sector Z$
32.1.1 Turnover			
30 June 2008			
Gross turnover:	43 004	22 629 747	1 282 968
Less: inter-segment transactions	(29 334)	-	-
Turnover to external customers	13 670	22 629 747	1 282 968
30 June 2007			
Gross turnover:	-	63	28
Less: inter-segment transactions	-	-	-
Turnover to external customers	-	63	28
32.1.2 Operating Profit/(loss) before depreciation and amortisation			
30 June 2008	8 819 691	16 953 286	1 605 984
30 June 2007	8	35	9
32.1.3 Segment Assets			
30 June 2008	53 313 769	146 986 884	20 897 341
30 June 2007	67	225	21
32.1.4 Segment Liabilities			
30 June 2008	2 657 892	43 471 511	6 816 556
30 June 2007	41	79	22
32.1.5 Capital Expenditure			
30 June 2008	4 848	251 186	63 695
30 June 2007	-	10	2
32.1.6 Depreciation			
30 June 2008	71	139	2 963
30 June 2007	-	-	-

Notes to the Financial Statements

Manufacturing sector Z$	Retail sector Z$	Distribution sector Z$	Tourism sector Z$	Total Z$
1 146 111	20 824 066	3 703 461	356 946	49 986 303
(109 009)	(95 446)	-	-	(233 789)
1 037 102	20 728 620	3 703 461	356 946	49 752 514
26	124	48	2	291
(3)	-	(1)	-	(4)
23	124	47	2	287
(2 446 444)	(546 759)	356 598	127 017	24 869 373
12	10	17	1	92
26 236 249	77 428 498	48 464 241	9 916 958	383 243 940
26	182	119	27	667
7 282 896	72 845 365	19 894 729	2 669 352	155 638 301
9	158	65	4	378
14 856	350 953	41 754	35 663	762 955
3	24	1	-	40
5	243 610	35 267	27 818	309 873
-	1	-	-	1

Notes to the Financial Statements

33. Pension funds

33.1 Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. Employees of the Group who are not members of the Catering Industry Pension Fund are eligible to become members of the fund. Contributions are at the rate of 14% of pensionable emoluments of which members pay 7%.

33.2 SPAR Harare Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees of SPAR Harare (Pvt) Ltd. Contributions are at the rate of 21% of pensionable emoluments of which members pay 6%.

33.3 Catering Industry Pension Fund

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of employees in the Group's fast food and restaurants divisions and certain employees in the mass market division are members of this fund.

33.4 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act of 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 3% of pensionable emoluments.

33.5 Other Schemes

The Group also contributes to the relevant social security authorities in the various regional countries in which the Group operates, as required by local legislation.

33.6 Pension costs recognised as an expense for the year:

	Inflation Adjusted		Historical Cost	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
Innscor Africa Limited Pension Fund	25 548	70 484	2 418	-
SPAR Harare Pension Fund	3 619	28 077	342	-
National Social Security Authority Scheme	7 668	7 955	726	-
Other Schemes	6 328	6 206	599	-
	43 163	112 722	4 085	-

34. Related Party Interests

Tabulated below are the related party transactions that occurred between Innscor Africa Limited and its associates. All the transactions were on an arm's length basis.

Trading transactions - Historical Cost

		Amount of the transaction		
		sales to related party	purchases from related party	stock balances
Name of related party		Z$	Z$	Z$
National Foods Holdings Limited	2008	91,930	2,535,195	40,178
	2007	-	1	-

35. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and overdrafts and finance leases, cash and short-term deposits and investments in Government stock. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly form its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, commodity price risk, fair valuation risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the 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.

Foreign currency risk

As a result of significant investment operations in countries outside Zimbabwe, the Group's balance sheet can be affected significantly by movements in the Zimbabwe dollar exchange rates. Based on historical trends, it is unlikely that the on-going weakening of the Zimbabwe dollar will negatively impact on the Group's results and the Group does not seek to hedge this exposure.

The Group also has transactional currency exposures. Such exposure arises from the sale or purchase by an operating unit in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or retaining stock until the foreign currency to settle the related liability has been secured.

Credit risk

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. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments less the market value of any security held. Security typically takes the form of Government stock.

Within the Group, there are concentrations of credit risk. Concentration of credit risk exists when the greater percentage of a business unit's trade and other accounts receivables are dominated by one or a few debtors.

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, bank loans and finance leases.

Commodity price risk

As with any other company operating in Zimbabwe, the Group is continuously exposed to commodity price risks resulting from hyperinflation. The Board and management have put in place strategies and policies to address this risk on a day-to-day basis.

Fair valuation risk

The Group is exposed to movement in fair value of listed equities. Investments in equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk.

Notes to the Financial Statements

Fair valuation risk (continued)

The Group treasury office is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This office also monitors the performance of the current investment portfolio and reports to the Board of Directors.

Biological assets risk management policies

Biological assets are living animals or plants that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include, crocodiles, cattle, ostriches and pigs.

These biological assets are exposed to various risks, which include, disease/infection outbreaks, theft of livestock, price fluctuations and marketing risk. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things, insurance against theft and natural deaths, vaccination to prevent infections and regular evaluation of prices

36. Fair value of financial instruments

The estimated net fair values of all financial instruments, including instalment debtors which are shown net of unearned finance charges, approximate the carrying amounts shown in the financial statements.

Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 June 2008.

	Carrying amount		Fair value	
	2008	2007	2008	2007
	Z$	Z$	Z$	Z$
Financial assets				
Cash	54 055 814	120	54 055 814	120
Trade and accounts receivable	50 800 434	127	50 800 434	127
Held for trading investments	84 820 493	18	84 820 493	18
	189 676 741	266	189 676 741	266
Financial liabilities				
Interest bearing loans and borrowings	14 642 375	72	14 642 375	72
Trade and accounts payable	84 620 204	243	84 620 204	243
	99 262 579	315	99 262 579	315

Market values have been used to determine the fair values of listed investments.

37. Capital management

The primary objective of the Group's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 30 June 2007 and 30 June 2008.

	Historical Cost	
	2008	2007
	Z$	Z$
Total Liabilities	155 638 301	378
Total Equity	227 605 639	289
Gearing ratio	0.41	0.57

38. Translation Rates

The table below provides the translation rates used for the purpose of consolidating foreign investments' financial statements from US$ to the functional currency for reporting purposes:

Rates are stated in old currency

	2008
Period	**ZW$: US$1**
Opening Rate	147 350
July 2007 Average	146 218
August 2007 Average	188 956
September 2007 Average	314 657
October 2007 Average	864 530
November 2007 Average	2 408 932
December 2007 Average	4 259 705
January 2008 Average	5 566 357
February 2008 Average	15 217 868
March 2008 Average	39 098 358
April 2008 Average	138 051 406
May 2008 Average	497 813 903
June 2008 Average	25 386 692 286
Closing Rate	50 000 000 000

	2007
	ZW$: US$1
July 2006 Average	465
August 2006 Average	600
September 2006 Average	775
October 2006 Average	1 425
November 2006 Average	2 150
December 2006 Average	1 339
January 2007 Average	3 649
February 2007 Average	6 308
March 2007 Average	14 247
April 2007 Average	20 162
May 2007 Average	31 288
June 2007 Average	95 175
Closing Rate	147 350

39. Non-adjusting events after balance sheet date

Financial assets-Investment at fair value through profit and loss

Subsequent to the year end there has been a significant increase in the fair value of investments- held at fair value through profit and loss. This has arisen owing to the increase in the mining and industrial indices and their impact on share prices of counters quoted on the Zimbabwe Stock Exchange(ZSE).

Translation rates

Subsequent to the year end there have been significant movement in the comparable translation rates used for reporting purposes. At 26 September 2008 the comparable closing rate for the US $ was ZW $ 250 000 : US $ 1 compared to the closing rate used at year end of ZW $ 5, in new currency.

Company Balance Sheets (New Currency)

As at 30 June 2008	Notes	Inflation Adjusted Company 2008 Z$	Inflation Adjusted Company 2007 Z$	Historical Cost Company 2008 Z$	Historical Cost Company 2007 Z$
ASSETS					
Non-current assets					
property, plant and equipment		9 586 378	7 515 973	200 664	6
investments	A	40 891 709	7 504 972	29 483 903	13
biological assets		13 237	8 417	13 237	0
		50 491 324	15 029 362	29 697 804	19
Current assets					
biological assets		85 621 927	15 056 368	85 621 927	134
inventories		1 707 766	1 366 109	377 091	9
trade and other accounts receivable		35 605 255	1 039 061	11 903 524	9
cash and cash equivalents		6 206 392	1 707 534	6 206 392	15
		129 141 340	19 169 072	104 108 934	167
Total assets		179 632 664	34 198 434	133 806 738	186
EQUITY AND LIABILITIES					
Capital and reserves					
ordinary share capital	20	16 363	16 363	-	-
share premium	21	1 818 791	1 818 791	-	-
non-distributable reserves		193 223	193 219	6	-
distributable reserves	23	127 517 193	24 494 995	93 966 998	97
Total equity		129 545 570	26 523 368	93 967 004	97
Non-current liabilities					
deferred tax liability		44 242 514	2 232 442	33 995 154	43
Current liabilities					
interest-bearing borrowings		1 518 914	1 975 684	1 518 914	18
trade and other accounts payable		3 401 936	3 687 758	3 401 936	30
provisions		35 691	110 547	35 691	1
current tax liability		888 039	(331 365)	888 039	(3)
		5 844 580	5 442 624	5 844 580	46
Total liabilities		50 087 094	7 675 066	39 839 734	89
Total equity and liabilities		179 632 664	34 198 434	133 806 738	186

D L L MORGAN
Chairman
Harare
29 September 2008

J P SCHONKEN
Executive Director

A. Investments

Investments in associates	1 391 024	342 438	287 913	1
Unquoted investments	8 508 900	3 138 680	588 053	-
Quoted investments	27 623 863	604 792	27 623 863	5
Property unit trusts	90 906	90 906	-	-
Investments in subsidiaries	1 524 447	1 516 744	3	1
Other	768 498	768 498	-	-
Amounts due from group companies	984 071	1 042 914	984 071	6
	40 891 709	7 504 972	29 483 903	13

Shareholders Analysis

As at 30 June 2008

	Number of Shareholders	Shareholders %	Issued Shares	Shares %
Size of Shareholding				
1 - 10 000	2 615	82.08	4 047 464	0.76
10 001 - 25 000	189	5.93	3 134 979	0.59
25 001 - 50 000	105	3.30	3 788 258	0.71
50 001 - 100 000	77	2.42	5 575 667	1.05
100 001 - 200 000	74	2.32	10 549 575	1.98
200 001 - 500 000	61	1.91	19 548 444	3.66
500 001 - and over	65	2.04	486 754 053	91.26
	3 186	100.00	533 398 440	100.00
Trade Classification				
Companies	437	13.72	38 122 336	7.15
Insurance Companies	41	1.29	43 280 339	8.11
Investment Companies	218	6.84	307 166 879	57.59
Trust Nominees	127	3.99	64 852 318	12.16
Pension Funds	277	8.69	44 345 640	8.31
Private Individuals	2 056	64.53	12 055 377	2.26
New Non- Residents	9	0.28	22 357 817	4.19
Brokers	7	0.22	856 557	0.16
Banks	11	0.35	348 910	0.07
FCDA Residents Local	3	0.09	12 267	0.00
	3 186	100.00	533 398 440	100.00
Top Ten Shareholders				
ZMD Investments (Pvt) Ltd			101 775 000	19.08
HM Barbour (Pvt) Ltd			100 231 360	18.79
Old Mutual Life Assurance Company in Zimbabwe			40 009 210	7.50
Sarcor Investments (Pvt) Ltd			22 450 166	4.21
FED Nominees (Pvt) Ltd			22 013 900	4.13
M Lynton-Edwards (Pvt) Ltd			17 278 669	3.24
Schutex Investments (Pvt) ltd			13 287 873	2.49
Muzika Rubi Holdings (Pvt) Ltd			11 295 944	2.12
Norton Textiles (Pvt) Ltd			11 069 157	2.08
City & General Holdings (Pvt) Ltd			9 822 598	1.84
Other			184 164 563	34.53
			533 398 440	100.00

Shareholders' Calendar

Twelfth Annual General Meeting	27 November 2008
Financial Year End	30 June
Interim Reports	
6 months to December 2008	March 2009
12 months to 30 June 2009	September 2009
Annual Report Published	November 2009
Thirteenth Annual General Meeting	November 2009

Registered Office & Transfer Secretaries

Innscor Africa Limited
Edward Building
Corner 1st Street / Nelson Mandela Ave
Harare, Zimbabwe

Postal Address
P O Box A88
Avondale
Harare
Zimbabwe

Notice to Members

NOTICE IS HEREBY GIVEN that the twelfth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Thursday 27th November 2008 at 08h15, for the purpose of transacting the following business:

Ordinary Business

1. To receive and consider the financial statements for the year ended 30 June 2008 together with the reports of the Directors and Auditors thereon.
2. To elect Directors. Mr. TN Sibanda and Mr. J Koumides who retire by rotation and being eligible offer themselves for re-election. To re-elect Mr. JP Schonken, who retires in terms of Article 104 of the Company's Articles of Association.
3. To approve Directors' fees for the financial year ended 30 June 2008.
4. To approve the remuneration of the auditors for the financial year ended 30 June 2008 and re-appoint Messrs. Ernst & Young of Harare as auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

5. To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution: "That the Company authorises in advance, in terms of section 79 of the Companies Act (Chapter 24:03) and the ZSE Listing Requirements the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that:
   i) the authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
   ii) acquisitions shall be of ordinary shares which, in the aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital; and
   iii) the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will be 20% (twenty percent) above and 25% (twenty five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
   iv) A press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition".

   Note:
   In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE, for treasury purposes. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

6. To resolve as an ordinary resolution, with or without amendments: "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

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
INNSCOR AFRICA LIMITED

JP SCHONKEN
SECRETARY
Harare
29 September 2008

Form of Proxy

(Incorporated in Zimbabwe)
Registered Office:
Edward Building
1st St/Nelson Mandela Avenue,
P O Box A88, Avondale,
Harare, Zimbabwe

I/We ______________________________
(Block Letters Please)
of ______________________________
being a member of Innscor Africa Limited, hereby appoint

____

of ______________________________

or failing him ______________________________

of ______________________________
or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the twelfth Annual General Meeting of the Company to be held on Thursday 27 November 2008 at 08.15 hours and at any adjournment thereof.

Signed this ______ day of ____________ 2008.

Signature of member ______________________________

NOTE
1. In terms of Section 129 of the 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 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 ______________________________

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Change of Address Advice

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any change in name and/or address.

Shareholder's name in full (Block Letters) ______________________________

____

New address (Block Letters) ______________________________

____

____

Shareholder's signature ______________________________

INNSCOR

PASSION FOR VALUE CREATION

The Company Secretary
Innscor Africa Limited
P O Box A88
Avondale
Harare
Zimbabwe

INNSCOR

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"Never bow down to obstacles, conquer them and enjoy the fruit of your courage" Tan Zhixian

INNSCOR
Africa Limited

annual report 2008