INNSCOR
Africa Limited

annual report

2009

Our passion for value creation

" *Vision* without *action* is a dream. *Action* without *vision* is simply passing the time. *Action* with *vision* is making a positive difference " **Joel Barker**

Vision

- *To create, own and operate world-class and dominant intellectual property and where possible to extend this intellectual property through backward or forward integration into manufacture or retail.*

- *The Group will provide strong distribution and marketing solutions to ensure that it takes advantage of the value add process in each part of the Fast Moving Consumer Goods Chain in which it operates, resulting in the availability of high quality products at affordable prices.*


PIZZA INN

Contents

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Fast Moving Consumer Goods

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

MILLING AND MANUFACTURING SILO (ZIMBABWE)

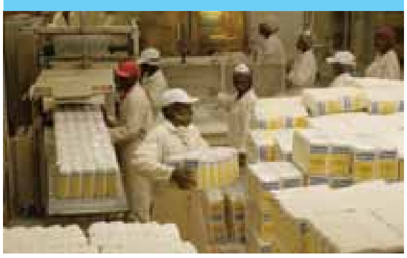
BAKERIES
- Simon Mazorodze
- Lytton Bread
- Lennard Bread

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

APPLIANCE MANUFACTURING
- Capri
- WRS (World Radio Systems)

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

NATIONAL FOODS HOLDINGS LIMITED (Associate company)



DISTRIBUTION AND WHOLESALE SILO (ZIMBABWE)

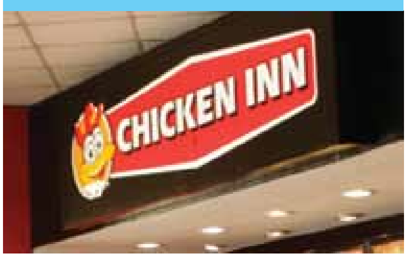
INNSCOR TRANSPORT

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

SPAR DISTRIBUTION
- SPAR Distribution Centre
- Freshpro
- Yellow Corn Trading

RETAIL SILO (ZIMBABWE)

SPAR FRANCHISED OUTLETS	
SPAR stores	36
SAVEMOR stores	30
SPAR CORPORATE STORES	12
Letombo Park SPAR	
Arundel Village SPAR	
Hillside SPAR	
Ascot KWIKSPAR	
Downtown KWIKSPAR	
Mutare SPAR	
Mabvuku SPAR	
Nelson Mandela SaveMor	
Parktown SaveMor	
Solomons Supermarket	
Willowmead Junction	
Mutare Fresh Xpress	
FAST FOODS	
In-store bakeries	29
Bakers Inn & Mr Baker	29
Chicken Inn	29
Creamy Inn	22
Nando's	13
Pizza Inn	18
Steers	8
Convenience Stores	5
Vasilli and Haefeli's	5
Inns Express	6
TV SALES & HOME	
TV Sales & Home	10
SPAR Good Living	3
Photo Inns	2



Group Structure and Activities

EXPORTS SILO (ZIMBABWE)

NILOTICUS
- Kariba Crocodile Farm
- Ume Crocodile Farm
- Nyanyana Crocodile Farm

BAKAYA HARDWOODS

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

REGIONAL FAST FOODS

Bakers Inn & Mr Baker	12
Chicken Inn	23
Creamy Inn	68
Pizza Inn	41
Steers	3
Convenience Stores	22
Vasilli and Haefeli's	2
Rhapsody's	1
Galitos	14
Fontana (Associate company)	3

INNSCOR ZAMBIA

SPAR ZAMBIA

SPAR CORPORATE STORES 7
- SPAR Choma
- Arcades SPAR
- Downtown SPAR
- Soweto SPAR
- Livingstone SPAR
- Crossroads SPAR
- Chawama SPAR

BAKERY
- SPAR Bakery

DISTRIBUTION ZAMBIA
- Innscor Distribution
- Comox Trading

DISTRIBUTION MALAWI
- Innscor Distribution
- Comox Trading

THE RIVER CLUB - Livingstone Zambia


SPAR

Financial Highlights

	2009 USD
Group Summary	
Turnover	265 055 876
Operating profit	13 898 696
Profit before taxation	10 216 304
Net profit attributable to shareholders	9 728 560
Cash generated by operations	9 038 103
Net assets	124 509 510
Share Performance	
Basic earnings per share (cents)	2
Dividends declared and paid during the year (cents)	-
Dividends declared and paid since balance sheet date (cents)	-
Total dividends declared and paid (cents)	-
Market price per share - 30 June (cents)	71
Number of shares in issue at 30 June	540 118 440
Market capitalisation	383 484 092

Percentage Contribution to Turnover

- Innscor Zambia (1 671 employees) 35%
- Milling and Manufacturing (2 194 employees) 14%
- Distribution and Wholesale (680 employees) 8%
- Retail (3 041 employees) 28%
- Export (929 employees) 4%
- Regional Fast Foods (1 403 employees) 11%

Directorate and Management

BOARD OF DIRECTORS

Chairman	Executive Directors	Non-Executive Directors
• * David Morgan (Non-Executive)	• * Thomas Brown	• * John Koumides
	* Michael Fowler	Zenon (Zed) Koudounaris
	Julian Schonken	• * 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

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

DIVISIONAL MANAGEMENT

Corporate Services

Tineyi Mandengu	Group Finance Executive
Godfrey Gwainda	Group Finance Executive
Phillimon Mushosho	Group Finance Executive
Gillian Mafunga	Group Financial Manager
Priti Da Silva	Corporate Executive
Joshua Mhike	Group Internal Audit Manager
Ronald Gumbo	Group Tax Officer
Tatenda Bwerazuva	Financial Manager
Kundai Murau	Financial Manager

Treasury

Dino Tumazos	Group Treasurer
Gcinumuzi Viki	Divisional Financial Director
Raymond Nyamuziwa	Group Treasury Manager

Milling and Manufacturing Silo

Bread Division

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

Colcom Holdings Limited

Gavin Sainsbury	Chief Executive Officer
Theophillus Kumalo	Operations Director
Kenias Horonga	Financial Director
Portia Marufu	Company Secretary & Treasurer
Zvitendo Matsika	Human Resources Executive
Mandy Mutiro	Financial Manager
Norita Adams	CEO – Sales & Distribution
Ian Kennaird	CEO – Triple C Pigs
Doug Sinclair	CEO – Colcom Trading
Jan van As	CEO – Colcom Manufacturing
Mark Masekesa	CEO – Colcom Canning
Ben Burr	CEO – Colcom Pies
Brenton Caterall	CEO – Gredal Enterprises
Lester Jones	CEO – Vedula Trading

Appliance Manufacturing

Gary Watson	Chief Executive Officer
Kevin Tiran	Production Director
Simba Muchatukwa	Financial Director
Aubrey Erasmus	Production Manager

Snacks

Dean Spagnuolo	Managing Director
Albert Oberholzer	Marketing Director
Sindiso Masuku	Financial Manager
Gracious Manongwa	Human Resources Manager

Directorate and Management

National Foods Holdings Limited

Jeremy Brooke	Group Managing Director
Liberty Murimwa	Group Financial Director
Michael Lashbrook	Group Operations Director
Andrew Lorimer	Group Company Secretary
Guy Martell	Group Treasurer
Lovejoy Nyandoro	Group Financial Manager
Chipo Nheta	Managing Director-Maize Milling
Lister Mutakati	Managing Director-Oil & Meals
John Pilgrim	Managing Director –Stockfeeds
Mutali Chawanda	Managing Director –Prepacks
Herbert Rinashe	Managing Director-Distribution
Kudakwashe Mufukari	Managing Director –Depots
Tamuka Kunaka	Managing Director-Packaging
Jonathan Baker	Managing Director-Transport
Anthony Kinnaird	Managing Director-Buyco

Distribution and Wholesale Silo

Innscor Transport

Mike White	Divisional Managing Director
Claire Makuzwa	Divisional Financial Director

Distribution Group Africa

Craig Hodgson	Chief Executive Officer
Paul Filer	Financial Director

Innscor Distribution Zimbabwe

Craig Hodgson	Managing Director
Nyasha Makoni	Financial Director

Comox Trading

Archie Meth	Managing Director
Alec Gahadzikwa	Financial Director

Medi Link

Neil Varrie	Managing Director
Linda Gomba	Financial Manager

Zimbabwe Professional Marketing

Kennedy Muchenga	Sales Director
Edson Bvopfo	Financial Manager

SPAR Distribution

Evan Christophides	Chief Executive Officer

SPAR Distribution Centre

Herbert Pote	Managing Director
Marceline Mugari	Financial Manager

FreshPro

Alun Hart	Managing Director
Mani Lane	Financial Director

Yellow Corn

Adrian Moyo	Managing Director
Victor Kuchocha	Financial Director

Retail Silo

SPAR Retail

Arundel SPAR

Robert Spencer	Managing Director
Ellen Chivaviro	Financial Director

Letombo SPAR

Theofanis Diaskouris	Managing Director
Satisfy Chawatama	Financial Manager

Bulawayo SPAR

Warren Meares	Managing Director
Kholwani Ndlovu	Financial Manager

Mutare SPAR

Dion Yatras	Managing Director
Michael Kahuni	Financial Manager

Willowmead

Kerry Koumides	Managing Director
Peter Zangure	Financial Manager

Fast Foods

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

Directorate and Management

Fast Foods Mutare

Teo Yatras	Managing Director
Emmanuel Zvinoitavanhu	Financial Director

Innscor Franchising

Manoli Vardas	Chief Executive Officer
Fortunate Masendeke	Financial Manager

TV Sales & Home

Sean Gorringe	Chief Executive Officer
Joseph Kamasho	Financial Director

Exports Silo

Niloticus

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

Bakaya Hardwoods

Stuart Gunn	Managing Director
Jan Van Der Westhuizen	Production Director

Shearwater Adventures

Barbara Murasiranwa	Managing Director
Josephine Mutsekwa	Financial Director

Regional Fast Foods

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

Innscor Zambia

Innscor Zambia Head Office

Rutendo Maziva	Financial Manager

SPAR Zambia

Mark O'Donnell	Chairman
Michael Yeatman	Acting Managing Director
Never Ncube	Group Financial Director
Dilip Kapadia	Treasury and Administration Director

The River Club

Peter Jones	Chief Executive Officer
Eugene Marais	General Manager
Dalene Vincent	Financial Manager

Distribution - Zambia

Vincent Hogg	Managing Director
Collen Alumando	Financial Manager

Distribution - Malawi

Andrew Bester	Managing Director
Rob Brown	Financial Director

During the period under review the Group achieved a turnover of USD 265.06 million, an operating profit of USD 13.90 million and a profit before taxation of USD 10.22 million from continuing operations.

Chairman's Statement and Review of Operations

FINANCIAL

The Group changed its functional and presentation currency from Zimbabwe Dollars (ZWD) to United States Dollars (USD) with effect from 1 February 2009 following the liberalisation of the foreign currency market and the approval for companies to trade in multi-currencies.

In order to report in the new functional currency in terms of International Financial Reporting Standards (IFRS), inflation-adjusted financial statements should be prepared and converted to the new currency accordingly. Inflation-adjusted financial statements could not be prepared as required by International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) because inflation indices were not available. Inflation indices were last published in July 2008.

Consequently the Group used the guidelines issued by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange to translate the financial statements for the seven months to 31 January 2009 to United States Dollars and the net impact of the translation from ZWD to USD is shown on the Income Statement as a monetary adjustment.

Given the prevailing conditions in the first seven months of the financial year and the translation methodology that was required to be followed, the Public Accountants and Auditors Board directed that audit firms should issue an adverse opinion on any income statement, cash flow statement and statement of changes in equity for financial statements that incorporate transactions in Zimbabwe Dollars. An unqualified opinion, however, has been issued on the balance sheet at 30 June 2009.

Due to the unique circumstances prevailing in the Zimbabwean economy during the financial year and its consequent effect on the Group's ability to report accurately for a large portion of this period, the Directors advise caution in the use of the income statement, cash flow statement, statement of changes in shareholders' equity and opening balance sheet for analysis and decision-making purposes. The Directors are however satisfied that the balance sheet at 30 June 2009 forms the correct base for reporting of results for future periods.

Comparative figures for the income statement, cash flow statement and statement of changes in shareholders' equity have not been presented as the Directors are of the view that these figures would be largely meaningless due to the foreign currency exchange rate distortions prevailing at that time.

During the period under review the Group achieved a turnover of USD 265.06 million, an operating profit of USD 13.90 million and a profit before taxation of USD 10.22 million from continuing operations. Basic earnings per share amounted to 2 US cents.

OPERATIONS

As reported in the six-month operational review to 31 December 2008, the Group undertook an internal restructuring exercise at the beginning of the financial year that allows for the clear and separate accountability of our Fast Moving Consumer Goods (FMCG) businesses and our export businesses in Zimbabwe (primarily the Niloticus crocodile ranching operation). In the region, the restructure allows for the separate identification of our businesses in Zambia and then additionally, our Fast Foods businesses in the rest of the region.

With effect from 1 July 2008, the Group reacquired a controlling interest in the Regional Fast Foods businesses, meaning that the Fast Food operations in Zambia, Kenya, Ghana and Senegal, which were previously equity-accounted, are now being consolidated into the Group results.

National Foods posted pleasing results for the year, with volumes sold amounting to 189 000 metric tonnes for the year.

Chairman's Statement and Review of Operations

FMCG BUSINESSES

Milling and Manufacturing Silo

This reporting silo comprises our three bakery plants, our subsidiary companies Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri), WRS, Herbies (Puff Plant), The Biscuit Company (Iris), Breathaway (Zapsnacks), and our associate investment in National Foods Holdings Limited. The silo reported turnover for the financial year of USD 36.70 million, with profit before taxation amounting to USD 1.46 million. The only meaningful contribution to profitability in the silo came from National Foods.

The bakery plants operated under price controls for the first half of the financial year, and consequently posted losses for this period. The industry was granted permission to sell in foreign currency in February 2009 and significant increases in volumes were recorded with average daily loaves increasing from 21,000 in the first half of the year to 116,000 in Quarter 4, giving rise to substantially increased turnover in this period and the business has now returned to profitability. All plants are now producing bread after the Simon Mazorodze Road plant was re-commissioned following 18 months of being mothballed, whilst the Bulawayo plant started running both its lines concurrently for the first time in 4 years.

Financial performance at Colcom was heavily affected by the first six months of trading where pork sales volumes averaged around 260 tonnes per month. Significant improvements in volumes have been recorded in the second half of the year where monthly pork sales volumes averaged just over 500 tonnes per month. During Quarter 4, a decision was taken to close Colcom's Ostrich business as the cost of imported feed significantly affected the viability of the operation.

Innscor Appliance Manufacturing volumes increased by 248% in the second half of the financial year compared to the first six months, benefiting from the stabilisation of individuals' incomes. The business will be launching an upgraded range of its products during the course of the next financial year.

The Snack Food businesses also showed significant improvement in volumes (377% over the first half of the financial year), after having to adjust product mix significantly to compete with the increasing range of imported lines.

National Foods posted pleasing results for the year, with volumes sold amounting to around 189,000 metric tonnes for the year. Capacity utilisation averaged around 30% for the second half of the year up from the negligible levels in the first part of the year.

The SPAR Distribution Centre was supporting 36 SPAR and KWIKSPAR member stores and 30 SaveMor branded stores by year-end.

Chairman's Statement and Review of Operations

Distribution and Wholesale Silo

This reporting silo comprises Innscor Transport, the SPAR Distribution Centre in Harare and Distribution Group Africa. The silo reported turnover for the financial year of USD 22.46 million, with profit before taxation amounting to USD 0.75 million. The SPAR Distribution Centre was the main contributor to the silo's profitability.

Innscor Transport operates in Zimbabwe with Hire, Overnight Express, Fleet Management and Workshop as the operating divisions. Volumes in this business increased 17% compared to the same period last year benefiting from the increased trading activity in the Group.

The SPAR Distribution Centre is one of the two franchise holders of the SPAR brand in the country responsible for servicing the SPAR supermarkets, KWIKSPAR supermarkets and SaveMor retail outlets in the eastern region. Volumes grew by 164% over the first half of the year on the back of increased sales in the retail stores. The SPAR Distribution Centre was supporting 36 SPAR and KWIKSPAR member stores and 30 SaveMor branded stores by year-end.

Distribution Group Africa comprises Innscor Distribution, Comox Distribution, Medi-Link and Zimbabwe Professional Marketing. Volumes for the second half of the year increased by 118% over the first six months of the year as the business focussed heavily on its core volume-driven agencies.

The Fast Foods operations also achieved strong customer counts in the second half of the year with counts increasing by 86% over the first half of the year.

Chairman's Statement and Review of Operations

Retail Silo

This reporting silo comprises the SPAR Corporate Store retail operations, the Fast Foods operations and TV Sales and Home. The silo reported turnover for the financial year of USD 76.28 million, with profit before taxation amounting to USD 4.68 million. Whilst all businesses in this silo posted profits for the year, the Fast Foods businesses were the most dominant in terms of overall contribution.

Customer counts in the SPAR Corporate Stores for the second half of the financial year increased by 130% compared to the first half, and this helped negate the financial losses incurred in the first four months of the financial year. An additional five retail outlets were added to the stable during the course of the year; with additional sites programmed to come on line in the first half of the new financial year.

The Fast Foods operations also achieved strong customer counts in the second half of the year with counts increasing by 86 % over the first half of the year. The Victoria Falls complex, consisting of all our main Fast Foods brands, opened in mid-February and towards the end of the year four convenience stores under the Inns Express brand were opened. Expansion plans for outlets in Kwekwe, Masvingo, Beitbridge and Chinhoyi are currently being considered.

The TV Sales and Home businesses recorded second half volume increases of 54% compared to the first half of the financial year as credit facilities were re-introduced. During the course of the year the business opened three "SPAR Good Living" outlets and early in the new financial year, the upmarket "Your SPACE" luxury home store was launched.

At the end of the period, the number of counters being operated in the region (including Zambia) totalled 189 including franchised operations.

Chairman's Statement and Review of Operations

NILOTICUS

Niloticus, the crocodile ranching operation based in Kariba, reported turnover for the financial year of USD 10.22 million, with profit before taxation amounting to USD 0.54 million. The reduced turnover and profitability was a result of the delay in the culling cycle of the operation which only commenced in mid-April. Consequently, just over 22,000 animals were culled during the course of the financial year. In addition, a decision was taken to reduce the operation's output to 42,000 animals per year from the current 60,000 animals per year. This was in response to the world economic downturn which has negatively affected the global exotic skins market and will allow a significantly improved stocking density and consequently much larger skin size to be produced to meet changing market demands. It is expected that the operation will process around 55,000 animals in the 2010 financial year before the reduction to 42,000 animals thereafter. As part of this re-scaling exercise, and in addition to the normal cull, around 47,000 animals were culled early, resulting in a charge to the current year income statement of around USD 1.8 million.

REGIONAL BUSINESSES

Innscor Zambia

The main businesses in Zambia are the SPAR retail operations, the Distribution business and the Fast Foods operations. Overall the businesses reported turnover for the financial year of USD 93.36 million, but a loss before taxation of USD 1.58 million.

As reported in the six-month operational review to December 2008, our SPAR businesses in Zambia experienced weak internal controls resulting in significant charges being required to be processed through the income statement. We have a dedicated team in Lusaka which has spent significant time stabilising the control environment.

Our regional Distribution businesses continued to cement their positions as the leading distributors in Zambia and Malawi with annual volumes increasing by 37% compared to prior year.

Regional Fast Foods

Our regional Fast Foods operations consist of counters in Kenya, Ghana and Senegal as well as the regional franchising arm. Overall the businesses reported turnover for the financial year of USD 29.99 million, and a profit before taxation of USD 1.47 million.

Our brand loyalty in the region continues to improve resulting in increased customer counts and profitability throughout each country. Seven new counters were opened in Kenya during the period and a number of opportunities are being investigated for new sites.

At the end of the period, the number of counters being operated in the region (including Zambia) totalled 189 including franchised operations.

We will continue to look at adding businesses that enhance both our FMCG chain and the process of backward integration.

Chairman's Statement and Review of Operations

PROSPECTS

The results of the Group for the past financial year have been heavily affected by the first seven months trading in Zimbabwe Dollars, but we are very encouraged by the levels of trading that are now being achieved in our businesses.

The environment has now allowed us to bring our businesses to account and understand where corrective measures need to be taken; in addition the setting of annual financial goals can be undertaken and going forward our businesses will be focusing heavily on ensuring they meet the required return on shareholders' equity as well as the required cash generation. This will allow the Group to meet both dividend and expansion commitments.

In Zimbabwe, the main focus will be on ensuring that we utilise the synergies that exist in our Fast Moving Consumer Goods (FMCG) chain in order to extract the maximum profitability and cash generation from the businesses within this chain. Our manufacturing businesses will need to continually monitor their costing models to remain competitive with imported products, whilst it is vitally important that we increase our retail footprint locally; this will benefit our distribution and manufacturing businesses. We will continue to look at adding businesses that enhance both our FMCG chain and the process of backward integration.

At Niloticus, we have been required to quickly re-strategise due to the rapidly changing market conditions brought about by the global recession. We believe the size and quality of skin that is produced by our operation will ensure that the operation will remain profitable, albeit at a reduced level. It is now important that we look further afield to identify any opportunities where we can take part in the value-added process of skin tanning and marketing.

Regionally, our management in Zambia will be focused on stabilising the SPAR operations. These businesses continue to show strong turnovers, and it is imperative that these are now converted to sustainable profitability. Our regional Fast Foods operations will continue to grow our brands through either additional owned sites or franchised sites.

DIVIDEND

In view of the need to ensure that working capital levels are adequately funded to meet trading demands, the Board has deemed it inappropriate to declare a dividend for the year.

DIRECTORATE

Mr. J.D. Vezey resigned from the Board on 30 June 2009. The Board expresses its gratitude to him for his contributions during his tenure of office.

APPRECIATION

The past financial year has been perhaps one of the most testing for the Group in terms of the operating environment, and to be able to continue to grow the balance sheet in these circumstances is testament to the determination and drive of the Group's executive directors and senior management, the commitment of its staff, the wise counsel of its non-executive directors and the loyalty of its customers and suppliers. I thank them all.

DLL MORGAN

Chairman

9 October 2009

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 2009.

Share Capital

At 30 June 2009 the authorised share capital of the Company remained unchanged at 800 000 000 ordinary shares, and the issued share capital of 533 398 440 ordinary shares increased by 6 720 000 ordinary shares to 540 118 440 ordinary shares.

During the year no share options were granted. 6 720 000 share options were exercised as detailed in note 20.3 of the Group financial statements.

Group Results

Group Results	USD
Profit before taxation-continuing operations	10 216 304
taxation	2 998 910
Profit after taxation	13 215 214
loss after taxation from discontinued operations	(1 705 436)
Profit for the year	11 509 778
minority interest	(1 781 218)
Net profit attributable to shareholders	9 728 560

Dividends

In view of the need to ensure that working capital levels are adequately funded to meet trading demands, the Board has deemed it 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. MJ Fowler and Mr. Z Koudounaris retire by rotation and being eligible offer themselves for re-election. Mr. JD Vezey resigned from the Board on 30 June 2009. 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 20.4 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 2009.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2009 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
Chairman

J P SCHONKEN
Company Secretary

Harare

9 October 2009

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. 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 three executive Directors and four 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 silo 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 silo 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 one executive Director and three 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 three non-executive Directors and two 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 silos 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 judgments and estimates have been made.

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting as more fully explained in note 39.

As a result of these uncertainties and inherent limitations, the Directors advise caution in the use of all comparative information, income statement, cash flow statement and statement of changes in shareholders' equity for decision making purposes.

The Directors believe that the balance sheet that has been presented as at 30 June 2009 is a fair reflection of the assets and liabilities of the Company and the Group and therefore a fair reflection of the shareholders' equity.

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 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 2009, which appear on pages 29 to 70, have been approved by the Board of Directors and are signed on its behalf by:

D L L MORGAN
Chairman
Harare
9 October 2009

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 AUDITORS' REPORT TO THE MEMBERS OF INNSCOR AFRICA LIMITED

We have audited the accompanying consolidated financial statements of Innscor Africa Limited as set out on pages 29 to 70, which comprise the Balance Sheet as at 30 June 2009, the Income Statement, the Statement of Changes in Shareholders' Equity and the Cash Flow Statement for the year then ended, and the notes to the financial statements, which include a summary of significant 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 financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).This responsibility includes: designing, implementing and maintaining internal controls 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and guidance issued by the Institute of Chartered Accountants of Zimbabwe. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis of adverse opinion on non-compliance with International Financial Reporting Standards (IFRS)

International Accounting Standard (IAS) 29: (Financial Reporting in Hyperinflationary Economies)

Up and until 1 February 2009, the Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. These statements have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 have not been complied with. The Standard requires that financial statements for entities that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. The financial effect of non compliance with IAS 29 has not been established for reasons outlined in Notes 2.2 and 39 to the financial statements.

Independent Auditors' Report

Basis of adverse opinion on non-compliance with International Financial Reporting Standards (IFRS) - continued

International Accounting Standard (IAS) 21: (The Effects of Changes in Foreign Exchange Rates)

The Company's Zimbabwe based subsidiaries were operating in a hyperinflationary environment up to 1 February 2009 when the use of multiple currencies across the economy was adopted. Owing to the inability to apply the requirements of IAS 29 as noted above, those subsidiaries were unable to apply the provisions of IAS 21 applicable to transactions measured prior to 1 February 2009 in the currency (Zimbabwe dollars) of a hyperinflationary economy. Consequently some transactions mainly affecting comparatives, the Income Statement, the Cash Flow Statement and Statement of Changes In Shareholders' Equity have not been determined in terms of International Financial Reporting Standards. Further details are contained in Notes 2.2 and 40 to the financial statements.

International Accounting Standard (IAS 1): (Presentation of Financial Statements)

For the reasons outlined in the preceding paragraphs concerning non compliance with IAS 21 and 29, we did not audit the comparative financial statements in United States dollars and accordingly we do not express an opinion on the comparative financial information.

Adverse opinion on non-compliance with International Financial Reporting Standards on all comparative information, the Group Income Statement, the Cash Flow Statement and Statement of Changes in Shareholders' Equity.

In our opinion, because of the significance of the matters described in the Basis of Adverse Opinion paragraph, the comparative financial information, the Group Income Statement, the Cash Flow Statement and Statement of Changes in Shareholders' Equity do not give a true and fair view of the results of the group's operations and cash flows for the year ended 30 June 2009 in accordance with International Financial Reporting Standards.

Unqualified opinion on the Group Balance Sheet

In our opinion, the Group Balance Sheet, in all material respects, gives a true and fair view of the financial position of Innscor Africa Limited as at 30 June 2009 in accordance with International Financial Reporting Standards.

Report on legal and regulatory requirements

In our opinion, the financial statements have been properly prepared in all material respects in accordance with the accounting policies set out in notes 3 to 5 and comply in all material respects with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

Ernst & Young

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)

Harare

9 October 2009

Group Income Statement

For the year ended 30 June 2009

	Notes	2009 USD
Continuing Operations		
Turnover		265 055 876
Net operating costs	8.1	(251 157 180)
Operating profit before depreciation and amortisation		13 898 696
depreciation and amortisation		(6 572 999)
Operating profit before interest and fair value adjustments		7 325 697
fair value adjustments on listed equities		(36 889)
fair value adjustments on biological assets		1 510 907
monetary adjustment		(1 272 718)
Profit before interest and taxation		7 526 997
net interest	9	(502 187)
equity accounted earnings	10	3 191 494
Profit before taxation		10 216 304
taxation	11	2 998 910
Profit for the year from continuing operations		13 215 214
Loss after taxation for the year from discontinued operations	12	(1 705 436)
Profit for the year		11 509 778
Attributable to:		
shareholders of the holding company		9 728 560
minority interest		1 781 218
		11 509 778
EARNINGS PER SHARE (CENTS)		
Basic Earnings per Share – continuing and discontinued operations	6	2
Diluted Earnings per Share – continuing and discontinued operations	6	2

Group Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 USD
Cash generated from operating activities	13.1	9 038 103
net interest paid		(513 397)
taxation paid	13.2	(2 601 977)
Total cash available from operations		5 922 729
Investing activities	13.3	(12 087 380)
Dividends paid:		
by subsidiaries to minority shareholders		(1 486 593)
Net cash flow before financing		(7 651 244)
Financing activities		10 770 768
increase in borrowings		10 242 884
equity issued		67 200
cash received from minorities		460 684
Net increase in cash		3 119 524
Cash and cash equivalents at 30 June 2008		11 275 426
Cash and cash equivalents at 30 June 2009		14 394 950
Cash and cash equivalents comprise :		
cash and cash equivalents attributable to continuing operations		14 209 411
cash and cash equivalents attributable to discontinued operations		185 539
		14 394 950

Group Balance Sheet

As at 30 June 2009

	Notes	2009 USD	2008 USD
ASSETS			
Non-current assets			
property, plant and equipment	14	57 352 244	54 359 078
intangible assets	15	792 259	380 274
investments	16	31 842 499	29 197 849
biological assets	17	908 917	1 572 708
		90 895 919	85 509 909
Current assets			
biological assets	17	19 102 881	15 990 955
inventories	18	25 032 644	17 770 277
trade and other accounts receivable	19	30 573 105	14 826 519
cash and cash equivalents		14 209 411	11 275 426
		88 918 041	59 863 177
Assets classified as held for sale	12	3 029 857	-
Total assets		182 843 817	145 373 086
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	20	-	-
non-distributable reserves	21	56 152 727	56 296 327
distributable reserves	22	49 697 907	39 969 347
		105 850 634	96 265 674
minority interest		18 658 876	17 301 570
Total equity		124 509 510	113 567 244
Non-current liabilities			
deferred taxation liability	23	697 526	6 584 412
interest-bearing borrowings	24	851 406	2 484 533
		1 548 932	9 068 945
Current liabilities			
interest-bearing borrowings	24	13 043 697	771 217
trade and other accounts payable	25	38 025 157	20 139 090
provisions	26	1 533 389	156 819
current taxation liability		1 637 737	1 669 771
		54 239 980	22 736 897
Liabilities directly associated with assets classified as held for sale	12	2 545 395	-
Total liabilities		58 334 307	31 805 842
Total equity and liabilities		182 843 817	145 373 086

DLL MORGAN
Chairman
Harare
9 October 2009

J P SCHONKEN
Executive Director

Group Statement of Changes In Shareholders' Equity

For the year ended 30 June 2009

	Notes	2009 USD
Changes in non-distributable reserves	21	(143 600)
Changes in distributable reserves		9 728 560
Net profit attributable to holding company shareholders		9 728 560
Changes in minority interest		1 357 306
Net profit attributable to minority shareholders		1 781 218
Dividends paid by subsidiaries to minority shareholders		(1 486 593)
Net cash received from minority shareholders		460 684
Movement in minority loans		403 123
Minorities movement through additional purchase of investments		207 628
Purchase of minority interest		74 060
Minority share of foreign currency translation reserve		(82 814)
Net movement in shareholders' equity		10 942 266
Shareholders' equity at 30 June 2008		113 567 244
Shareholders' equity at 30 June 2009		124 509 510

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, distribution and retailing of household commodities and fresh produce.

2 Matters of emphasis in respect of reporting

2.1 Functional and reporting currency

The Group changed its functional and reporting currency from Zimbabwe Dollars (ZWD) to United States Dollars (USD) with effect from 1 February 2009, following the liberalisation of the foreign currency market and the approval to trade in multi-currencies. Thus these financial statements are disclosed in United States Dollars.

2.2 Inflation indices

Inflation indices have not been published since July 2008. Subsequent estimates by economists reflect a wide range of potential outcomes. Official indices, when available, were only available at month end. Therefore the use of assumptions to determine inflation in the intervening periods renders the information susceptible to errors.

In order to report in the new functional currency in terms of International Financial Reporting Standards, inflation adjusted financial statements should be prepared and converted to the new currency in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies". This was not possible due to the absence of inflation indices. Consequently the Group used the guidelines issued by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange to translate the financial statements for the seven months to 31 January 2009 to United States Dollars and the net impact of the translation from ZWD to USD is shown on the Income Statement as a monetary adjustment.

2.3 Comparative information

Comparative figures for the income statement, cash flow statement and statement of changes in shareholders' equity have not been presented as the Directors are of the view that these figures would be largely meaningless due to the foreign currency exchange rate distortions prevailing at that time.

3 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 and conform to the standards issued by the International Accounting Standards Board(IASB) with the exception of non-compliance with the following standards:
IAS 1 : "Presentation of Financial Statements" (in terms of non-disclosure of the comparative income statement, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
IAS 21 : "The effects of Changes in Foreign Exchange Rates"
IAS 29 : "Financial Reporting in Hyperinflationary Economies"

3.1 Statement of compliance

The financial statements have not been prepared in conformity with International Financial Reporting Standards (IFRS) due to non-compliance with IAS 1, IAS 21 and IAS 29. The non-compliance arises due to the reasons given in notes 2.2, 2.3, 39 and 40. The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

3.2 Adoption of new and revised standards

Standards and Interpretations effective in the current year

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

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

Notes to the Financial Statements

3.3 Standards and Interpretations in issue not yet effective

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

IAS 1	Presentation of Financial Statements effective 1 January 2009
IFRS 2	Share-based Payment (Revised) effective 1 January 2009
IFRS 8	Operating Segments effective 1 January 2009
IAS 23	Borrowing Costs (Revised) effective 1 January 2009
IFRIC 15	Agreements for the Construction of Real Estate effective 1 January 2009
IFRIC 17	Distribution of Non Cash Assets to owners effective 1 July 2009

The Group has not early adopted these standards. The adoption of these standards will not have a material impact on the financial statements.

3.4 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.

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 and associates is the date on which Innscor Africa Limited obtains control or exercises significant influence, respectively.

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, finance charges related to hire purchase sales 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.

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).

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.

Notes to the Financial Statements

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 are 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.

Royalties

Royalties are calculated as per agreed contracts and are expensed on an accrual basis.

Foreign currency translation

The Group's financial statements are presented in United States 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 United States 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 are translated into United States Dollars at rates of exchange at the end of the financial year 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 the income statement.

Notes to the Financial Statements

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.

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 venturer 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.

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 defined 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 in foreign 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.

Notes to the Financial Statements

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.

When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

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. Depreciation is not charged when an item of property, plant and equipment becomes equal or less than the residual value.

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 fair value less costs to sell 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 use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects 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.

Notes to the Financial Statements

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 at the point of harvest. Thereafter, products are classified as inventory.

Biological assets of the Group include crocodiles, cattle 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 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 the Group 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.

Notes to the Financial Statements

The subsequent measurement of financial assets depends on their classification as follows:

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 liabilites are derecognised as well as through the amortisation process.

Notes to the Financial Statements

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, and the provision amount is reviewed every year.

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 months 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 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.

Notes to the Financial Statements

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.

Key management

Key management include executive directors and divisional management as outlined on pages 9 to11 of the annual report.

Key estimates, uncertainties and judgments

The following are the key assumptions concerning the future and other key sources of estimation uncertainity at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 5 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

Notes to the Financial Statements

(ii) Conversion of the Zimbabwe Dollar transactions from 1 July 2008 to 31 January 2009 to United States Dollars - Income Statement and Opening Balance Sheet

The Group used the guidelines issued by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange to translate the financial statements for the seven months to 31 January 2009 to United States Dollars and the net impact of the translation from ZWD to USD is shown on the Income Statement as a monetary adjustment.

In respect of the opening balance sheet, where appropriate, Directors' valuations were carried out for property, plant and equipment. These valuations were taken as the deemed opening cost. Reserves were determined as the residual balance after conversion and valuation of all other balances.

(iii) Taxation and deferred taxation

The taxation liability was categorised into two periods, one dealing with the Zimbabwe Dollar environment and the other with the United States Dollar environment. For purposes of deferred taxation, income tax values for assets purchased before the conversion date have been assumed to equal the carrying amount. This position could be changed by subsequent legislation.

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 Ltd	Mauritius
Tormark Services Ltd	Jersey
Innscor South Africa (Pty) Ltd	South Africa
Innscor Retail Africa Ltd	Jersey
Innscor Senegal SA	Senegal
Foods Inn Ghana Ltd	Ghana
Innscor Kenya Ltd	Kenya
Innscor International Franchising Ltd	Jersey
Nungu Trading 49 (Pty) Ltd	South Africa
Innscor Africa (Zambia) Ltd	Zambia
Innscor Zambia Holdings Ltd	Zambia
Spar Zambia Ltd	Zambia
Innscor Distribution Africa Ltd	Mauritius
Innscor Distribution (Malawi) Ltd	Malawi
Photo Marketing (Malawi) Ltd	Malawi
Innscor Distribution (Zambia) Ltd	Zambia
Comox Trading (Zambia) Ltd	Zambia
Atuleo Amanzi (Zambia) (Pvt) Ltd	Zambia
Innscor Gold Agricultural Africa Ltd	Zambia
Innscor Foods Zambia Ltd	Zambia

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:

	2009 USD
Net profit attributable to ordinary equity holders of the parent	9 728 560
Weighted average number of ordinary shares for basic earnings per share	537 859 728
Effect of dilution:	
Share options	1 475 000
Weighted average number of ordinary shares adjusted for the effect of dilution	539 334 728

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, no dividends were declared .

Notes to the Financial Statements

		2009 USD
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	171 890 512
	Other operating income	(4 184 748)
	Other operating costs	45 699 345
	Staff costs	37 752 071
		251 157 180
8.2	**Audit fees and expenses**	
	Current year	518 425
	Prior year under-provision	11 904
	Fees for other services	3 756
		534 085
8.3	**Key management's emoluments**	
	Non-executive directors-fees	88 232
	Executive directors-total emoluments	428 596
	Other management remuneration	2 453 917
		2 970 745
8.4	**Exchange loss**	
	- Realised	555 892
	- Unrealised	751 259
		1 307 151
8.5	**Operating lease charges**	3 221 729
8.6	**Loss on disposal of property, plant and equipment**	63 614
8.7	**Royalties**	220 316

Notes to the Financial Statements

		2009 USD
9	**Net interest payable**	
	Interest receivable	(1 026 739)
	Interest payable	1 540 136
	Net interest payable	513 397
	Attributable to discontinued operations	(11 210)
	Net interest payable - continuing operations	502 187
10	**Equity accounted earnings**	
	Earnings before taxation	3 191 494
11	**Taxation**	
11.1	**Income tax charge**	
	Current income tax charge	3 507 495
	Witholding tax	988
	Deferred tax	(6 328 064)
	Taxation on associates income	(179 329)
		(2 998 910)
		%
11.2	**Reconciliation of rate of taxation**	
	Statutory rate of taxation, inclusive of AIDS levy	30.90
	adjusted for:	
	Non-taxable/non-deductible items	(60.25)
	Effective rate	(29.35)

Notes to the Financial Statements

12 Discontinued Operations

The Board of Directors of Colcom Holdings Limited made the decision to close down some of its subsidiaries due to lack of viability. Subsidiaries closed down were as follows:

Danmeats

The decision to close down this pork export operation was made in November 2008 after the business ceased to be competitive in its regional markets.

Gredal

The decision to close down this operation was made in June 2009. The main operations of Gredal were ostrich production, with the exports of ostrich meat and skin being carried out mainly to Europe. The increase in production costs rendered these products unviable. The operation also owns a cattle breeding herd which will be disposed of during the next financial year.

The results of the discontinued operations are presented below:

	2009 USD
Turnover	4 105 904
Operating loss before depreciation and amortisation	(2 341 666)
depreciation and amortisation	(282 184)
Operating loss before interest and fair value adjustments	(2 623 850)
fair value adjustments on biological assets	261 447
Loss before interest and taxation	(2 362 403)
net interest	(11 210)
Loss before taxation from discontinued operations	(2 373 613)
taxation	668 177
Loss after taxation for the year from discontinued operations	(1 705 436)

Notes to the Financial Statements

The major classes of assets and liabilities of the subsidiaries classified as held for sale as at 30 June 2009 are as follows:

	Notes	2009 USD
Assets		
Property, plant and equipment	14.1	177 991
Investments	16	288
Biological assets-non current	17.1	840 438
Inventories	18	362 261
Trade and other accounts receivable	19	1 463 340
Cash and cash equivalents		185 539
Assets classified as held for sale		3 029 857
Liabilities		
Trade and other accounts payable	25	(2 710 176)
Deferred taxation	23.1	164 781
Liabilities directly associated with assets classified as held for sale		(2 545 395)
Net assets directly associated with discontinued operations		484 462

Notes to the Financial Statements

		2009 USD
13 Cash flow information		
13.1 Cash generated from operations		
Profit before interest and taxation from continuing operations		7 526 997
Loss before interest and taxation from discontinued operations		(2 362 403)
Profit before interest and taxation		5 164 594
Depreciation - continuing operations		6 561 286
Depreciation - discontinued operations		282 184
Amortisation of intangible assets - continuing operations		11 713
Loss on exchange in financing and investing activities		629 220
Fair value adjustments on equity investments		36 889
Loss on acquisition of minority interest		228 792
Provisions charged to the income statement		1 520 786
Fair value adjustment on biological assets - continuing operations		(1 510 907)
Fair value adjustments on biological assets - discontinued operations		(261 447)
Loss on disposal of property, plant and equipment		63 614
Loss on disposal of investments		2 271 097
Increase in inventories		(5 582 046)
Increase in biological assets		(1 397 683)
Increase in receivables		(15 328 008)
Increase in payables		16 539 831
Provisions paid		(191 812)
		9 038 103
13.2 Taxation paid		
At 30 June 2008		(1 669 771)
Taxation provided - continuing operations		(3 508 483)
Taxation credit - discontinued operations		668 177
Acquisition of subsidiaries	13.4	(7 017)
Exchange and other non - cash movements		277 380
At 30 June 2009		1 637 737
		(2 601 977)

Notes to the Financial Statements

		2009 USD
13.3 Investing activities		
Expenditure on property, plant and equipment		(10 569 499)
Proceeds on disposal of property, plant and equipment		199 264
Purchase of intangible assets		(28 113)
Purchase of investments		(6 009 774)
Movement in non-current biological assets		(118 538)
Proceeds on disposal of investments		3 178 850
Purchase of minority interest		(240 000)
Purchase of subsidiary	13.4	1 500 430
		(12 087 380)
13.4 Net cash flow arising on the acquisition of subsidiary companies		
Property, plant and equipment		(3 415 587)
Intangible assets		(71 592)
Inventories		(1 673 009)
Trade and other accounts receivable		(1 128 114)
Cash and cash equivalents		(1 651 946)
Trade and other accounts payable		4 757 117
Provisions		127 959
Interest - bearing borrowings		1 960 894
Current taxation liability		7 017
Gross assets of subsidiary at date of acquisition		(1 087 261)
Less minority share therein		207 628
Net assets acquired		(879 633)
Carrying amount of investments previously accounted for as investments in associates		1 132 587
Goodwill		(404 470)
Cash consideration		(151 516)
Add cash and cash equivalents acquired		1 651 946
Net cash inflow		1 500 430

Notes to the Financial Statements

14 Property, plant and equipment

	Freehold property USD	Leasehold improvements USD	Plant fittings & equipment USD	Motor vehicles USD	Total USD
Cost					
At 30 June 2008	12 309 815	18 686 696	38 932 219	9 174 016	79 102 746
Additions	74 069	2 684 851	5 869 674	1 940 905	10 569 499
Disposals	-	(64 086)	(139 216)	(288 973)	(492 275)
Acquisition of subsidiaries (note 13.4)	-	3 035 767	4 912 037	740 454	8 688 258
Discontinued operations	-	(129 700)	(299 678)	(191 884)	(621 262)
Exchange movements	-	(1 584 165)	(4 488 820)	(261 630)	(6 334 615)
At 30 June 2009	12 383 884	22 629 363	44 786 216	11 112 888	90 912 351
Depreciation					
At 30 June 2008	300 768	5 262 312	15 048 354	4 132 234	24 743 668
Disposals	-	(27 896)	(83 242)	(118 259)	(229 397)
Charge for the year	188 348	1 050 904	4 067 863	1 536 355	6 843 470
Discontinued operations	-	(72 969)	(250 520)	(119 782)	(443 271)
Acquisition of subsidiaries (note 13.4)	-	2 080 978	2 607 968	583 725	5 272 671
Exchange movements	-	(658 796)	(1 836 515)	(131 723)	(2 627 034)
At 30 June 2009	489 116	7 634 533	19 553 908	5 882 550	33 560 107
Net carrying amount					
At 30 June 2009	11 894 768	14 994 830	25 232 308	5 230 338	57 352 244
At 30 June 2008	12 009 047	13 424 384	23 883 865	5 041 782	54 359 078

Certain properties, plant and equipment and motor vehicles are encumbered as indicated in note 14.2

Notes to the Financial Statements

	2009 USD
14.1 Reconciliation of opening and closing carrying amounts	
Net carrying amount 30 June 2008	54 359 078
Cost	79 102 746
Accumulated depreciation and impairment losses	(24 743 668)
Movement for the year:	
Additions at cost	10 569 499
Net carrying amount of disposals	(262 878)
Depreciation charge for the year	(6 843 470)
Acquisition of subsidiaries (note 13.4)	3 415 587
Discontinued operations (note 12)	(177 991)
Exchange movements	(3 707 581)
Net carrying amount 30 June 2009	57 352 244
Cost	90 912 351
Accumulated depreciation and impairment losses	(33 560 107)
14.2 Security	
Net book value of fixed assets pledged as security for borrowings	5 419 347
Details of the borrowings are shown in note 24.	

15 Intangible assets	Goodwill on acquisition USD	Other intangible assets USD	Total USD
At 30 June 2008	379 616	658	380 274
Purchase of intangible assets	-	28 113	28 113
Goodwill arising on acquisition of subsidiaries (note 13.4)	404 470	-	404 470
Acquired on acquisition of subsidiaries (note 13.4)	71 592	-	71 592
Goodwill arising on acquisition of minority interest	85 267	-	85 267
Amortisation	-	(11 713)	(11 713)
Exchange movements	(165 744)	-	(165 744)
At 30 June 2009	775 201	17 058	792 259

Notes to the Financial Statements

16 Investments

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

	2009 USD
Investments in associates	
Share of current year profit	3 370 823
Less: Dividends received from associates	-
Share of current year distributable reserves	3 370 823
Cost	20 860 692
Loans advanced to associates	361 246
Total investments in associates	24 592 761
Other investments	
Unquoted investments	874 940
Listed investments	1 348 230
Property unit trust	687 500
Other	4 339 068
Total other investments	7 249 738
Total invesments	31 842 499
Reconciled as follows:	
Associates	
At 30 June 2008	21 719 691
Additional purchases at cost	273 588
Share of associates' income	3 191 494
Taxation on associates income	179 329
Movement in loans with associates	361 246
Transfer to investments in subsidiaries (note 13.4)	(1 132 587)
At 30 June 2009	24 592 761
Other Investments	
At 30 June 2008	7 478 158
Additional purchases at cost	5 374 940
Loss on disposal of investments	(2 271 097)
Proceeds on disposal of investments	(3 178 850)
Exchange differences	(116 236)
Fair value adjustments through profit and loss	(36 889)
Transfer to discontinued operations (note 12)	(288)
At 30 June 2009	7 249 738

Notes to the Financial Statements

The Group has the following investments in the associates:

16.1 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 Holdings Limited is an entity listed on the Zimbabwe Stock Exchange.

	2009 USD
Reconciliation of the investment in associate;	
Balance at the beginning of the year	19 647 067
Share of current year profit	3 278 613
Loan advanced	418 746
Balance at the end of the year	23 344 426
The market capitalisation of the associate at 30 June 2009 is	75 216 689

16.2 Shearwater Holdings (Private) Limited

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

	2009 USD
Reconciliation of the investment in associate;	
Balance at the beginning of the year	791 271
Share of current year profit	95 188
Loans received	(57 500)
Balance at the end of the year	828 959

Notes to the Financial Statements

16.3 Freddy Hirsch Group (Private) Limited

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

	2009 USD
Reconciliation of the investment in associate;	
Balance at the beginning of the year	148 766
Share of current year profit	46 007
Balance at the end of the year	194 773

16.4 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 South Africa. The Group increased the average effective shareholding of 40% in the associates in Kenya, Ghana and Senegal to 50.10% during the year. Thus these operations are now being consolidated into the Group Results. The balance at the end of the year relates to the investment in Nungu Trading 49 (Pty) Limited in which the effective shareholding of the Group is 25.05%

	2009 USD
Reconciliation of the investment in associate;	
Balance at the beginning of the year	996 768
Share of current year profit	90 720
Transfer to investments in subsidiaries	(996 768)
Balance at the end of the year	90 720

16.5 Innscor Zambia

The investments in associates in Innscor Zambia relate to the operations in Innscor Gold Agricultural Africa Limited which is a property-owning company. The Group holds an effective 33.33% interest in Innscor Gold Agricultural Africa Limited. During the course of the year, the Group increased its shareholding in the Fast Foods operations in Zambia from 40% to 50.10%; as such these operations are now being consolidated into the Group results.

	2009 USD
Reconciliation of the investment in associate;	
Balance at the beginning of the year	135 819
Share of current year loss	(139 705)
Additional purchases at cost	273 588
Transfer to investments in subsidiaries	(135 819)
Balance at the end of the year	133 883

Notes to the Financial Statements

16.6 Group investments

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

Zimbabwe

Milling & Manufacturing Silo

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%
Breathaway Food Caterers (Pvt) Ltd t/a Zapsnacks	51.00%
Herbies Catering Services (Pvt) Ltd t/a The Puff Company	51.00%
Colcom Holdings Ltd	79.64%
Bedra (Pvt) Ltd	39.90%
Colcom Canning (Pvt) Ltd	39.90%
Vedula Trading (Pvt) Ltd	40.22%
Freddy Hirsch Group (Pvt) Ltd #	39.02%
Great Rift Delight (Pvt) Ltd	79.64%
Lennard Manufacturing (Pvt) Ltd	68.50%

Distribution & Wholesale Silo

Trading Inn (Pvt) Ltd t/a Zimbabwe Professional Marketing	50.01%
Innscor Retail & Distribution Ltd t/a DGA	50.01%
Innscor Distribution (Pvt) Ltd	50.01%
Medi Link (Pvt) Ltd	25.06%
Comox Trading (Pvt) Ltd	50.01%
Daymove Transport (Pvt) Ltd t/a Innscor Transport	50.00%
Spar Harare (Pvt) Ltd t/a SPAR DC	65.00%
Yellow Corn Trading (Pvt) Ltd	50.01%
Tevason Investments (Pvt) Ltd t/a FreshPro	50.01%

Retail Silo

Caldamus Trading (Pvt) Ltd	75.00%
Rockards (Pvt) Ltd	50.01%
Hamcut Enterprises (Pvt) Ltd t/a Willowmead Junction	66.67%
Unibax (Pvt) Ltd t/a Arundel SPAR	50.01%
Spearhead Sales (Pvt) Ltd t/a SPAR Mutare	50.00%
Matabeleland Inns (Pvt) Ltd	68.50%
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%
Innscor Franchising Zimbabwe (Pvt) Ltd	50.10%
Innscor Credit Retail (Pvt) Ltd t/a TV Sales & Home	66.67%

Exports Silo

Annelie Enterprises (Pvt) Ltd t/a Bakaya Hardwoods	50.01%
Shearwater Adventures (Pvt) Ltd #	50.00%

Corporate Services Silo

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

Region

Corporate Services Silo

Innscor International Ltd	100.00%
Tormark Services Ltd	100.00%
Innscor South Africa (Pty) Ltd	100.00%

Regional Fast Foods

Innscor Retail Africa Ltd	50.10%
Innscor Senegal SA	25.10%
Foods Inn Ghana Ltd	25.10%
Innscor Kenya Ltd	50.10%
Innscor International Franchising Ltd	50.10%
Nungu Trading 49 (Pty) Ltd t/a Fontana Famous Roastery #	25.05%

Innscor Zambia and Malawi

Innscor Africa (Zambia) Ltd	100.00%
Innscor Zambia Holdings Ltd	100.00%
Spar Zambia Ltd	50.00%
Innscor Distribution Africa Ltd	50.00%
Innscor Distribution (Malawi) Ltd	50.00%
Photo Marketing (Malawi) Ltd	50.00%
Innscor Distribution (Zambia) Ltd	50.00%
Comox Trading (Zambia) Ltd	50.00%
Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia	66.67%
Innscor Gold Agricultural Africa Ltd #	33.33%
Innscor Foods Zambia Ltd	50.10%

Associates

Notes to the Financial Statements

17 Biological assets

Reconciliation of opening and closing carrying amounts

	Crocodiles USD	Cattle USD	Ostriches USD	Pigs USD	Total USD
17.1 Non-current biological assets					
At 30 June 2008	634 175	938 533	-	-	1 572 708
Purchases	-	41 000	-	-	41 000
Sales	-	(331 050)	-	-	(331 050)
Deaths	(1 673)	-	-	-	(1 673)
Direct costs	276 415	133 845	-	-	410 260
Fair value adjustment-discontinued operations	-	58 110	-	-	58 110
Transfer to discontinued operations (note 12)	-	(840 438)	-	-	(840 438)
At 30 June 2009	908 917	-	-	-	908 917
17.2 Current biological assets					
At 30 June 2008	14 272 753	57 355	618 498	1 042 349	15 990 955
Purchases	899 044	-	105 000	-	1 004 044
Sales	(1 871 503)	-	(1 644 588)	(5 489 197)	(9 005 288)
Births	41 205	-	-	-	41 205
Deaths	(1 548 057)	-	-	-	(1 548 057)
Direct costs	4 698 828	-	717 753	5 489 197	10 905 778
Fair value adjustment continuing operations	667 818	(14 350)	-	857 439	1 510 907
Fair value adjustment-discontinued operations	-	-	203 337	-	203 337
At 30 June 2009	17 160 088	43 005	-	1 899 788	19 102 881

No biological assets have been pledged as collateral for borrowings.

Notes to the Financial Statements

		2009 USD	2008 USD
18	**Inventories**		
	Consumable stores	4 578 482	2 738 180
	Finished products	15 121 188	11 659 139
	Raw materials and packaging	5 375 487	3 341 560
	Goods in transit	271 583	82 626
	Work in progress	91 988	-
		25 438 728	17 821 505
	Provision for obsolescence	(43 823)	(51 228)
		25 394 905	17 770 277
	Discontinued operations (note 12)	(362 261)	-
	Inventories - continuing operations	25 032 644	17 770 277
19	**Trade and other accounts receivable**		
	Instalment debtors	336 623	-
	Trade receivables	23 192 658	11 512 359
	Prepayments and other receivables	8 908 195	3 373 749
		32 437 476	14 886 108
	Provision for doubtful debts - trade receivables	(401 031)	(59 589)
		32 036 445	14 826 519
	Discontinued operations (note 12)	(1 463 340)	-
	Trade and other accounts receivable - continuing operations	30 573 105	14 826 519

As at 30 June 2009, there were no trade receivables that were past the due date that were not provided for. Credit terms vary per business unit, but do not exceed 45 days.

Notes to the Financial Statements

	2009 USD	2008 USD
20 Ordinary share capital		
20.1 Authorised		
800 000 000 ordinary shares of ZWD 0.00001 each	-	-
20.2 Issued and fully paid		
At 30 June 2008		
533 398 440 ordinary shares of ZWD 0.00001 each	-	-
Issued during the year		
6 720 000 ordinary shares of ZWD 0.00001 each	-	-
At 30 June 2009		
540 118 440 ordinary shares of ZWD 0.00001 each	-	-

20.3 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 2009:

	Number of shares
Date of grant	
16 January 2003	75 000
7 November 2003	450 000
28 June 2005	950 000
	1 475 000
Movements for the year	
At 30 June 2008	8 195 000
New options granted	-
Options cancelled	-
Options exercised	(6 720 000)
At 30 June 2009	1 475 000

Notes to the Financial Statements

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

	2009 USD
Basic earnings per share (cents)	2
Diluted earnings per share (cents)	2
Effect of share options dilution per share	-
Number of shares in issue	540 118 440
Effect of share options dilution	-

The subscription prices for the above share options were denominated in Zimbabwe Dollars and accordingly have been eroded by the suspension of this currency.

20.4 Directors' shareholdings

At 30 June 2009, the Directors held directly and indirectly the following number of shares:

	2009	2008
M J Fowler	110 687 866	111 335 741
Z Koudounaris	102 407 030	102 613 885
T W Brown	22 656 335	21 468 947
J Koumides	1 160 000	1 340 000
J P Schonken	1 497 450	547 450
D L L Morgan	75 254	75 254
	238 483 935	237 381 277

There has been no material change in the Directors' interests subsequent to 30 June 2009 to the date of this report

Notes to the Financial Statements

	2009 USD
21 Non-distributable reserves	
At 30 June 2008	56 296 327
Changes in non-distributable reserves	(143 600)
Arising on the translation of foreign subsidiaries	(210 800)
Arising on share options exercised	67 200
At 30 June 2009	56 152 727
Comprising:	
Arising on the restructuring of the Group	79 737
Arising on the translation of foreign subsidiaries	799 581
Arising on the conversion of Zimbabwe Dollar balance sheets	55 273 409
	56 152 727
22 Distributable reserves	
At 30 June 2008	39 969 347
Retained for the year	9 728 560
At 30 June 2009	49 697 907
Retained in:	
Holding company	32 233 191
Subsidiary companies	14 093 893
Associate companies	3 370 823
	49 697 907
23 Deferred taxation liability	
23.1 Reconciliation	
At 30 June 2008	6 584 412
Credited to the income statement	(6 328 064)
Arising from discontinued operations (note 12)	164 781
Exchange movements	276 397
At 30 June 2009	697 526
23.2 Analysis of deferred taxation liability	
Accelerated depreciation for tax purposes	817 500
Fair value adjustments on biological assets	3 426 149
Assessed losses	(3 613 625)
Unrealised loss on exchange-current year	(232 139)
Prepayments -current year	446 144
Provision for bad debts	(123 919)
Provision for warranties	(22 584)
	697 526

Notes to the Financial Statements

24 Interest-bearing borrowings

	Rate of interest	Year Repayable	2009 USD	2008 USD
Long-term financing				
Secured				
Regional Operations	7-29%	2010-2014	851 406	2 484 533
Total long-term financing			851 406	2 484 533
Short-term financing				
Secured				
Regional Operations	12%	2010	4 370 219	80 106
Unsecured				
Zimbabwe Operations	15%-18.5%	up to 90 days	5 457 796	683 865
Short-term portion of long-term financing			1 008 043	-
Overdraft	12%-13.5%	On demand	2 207 639	7 246
Total short-term financing			13 043 697	771 217
Total interest-bearing borrowings			13 895 103	3 255 750

Short-term borrowings form part of the 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

		2009 USD	2008 USD
25	**Trade and other accounts payable**		
	Trade payables	28 199 237	13 351 306
	Other payables	12 536 096	6 787 784
		40 735 333	20 139 090
	Discontinued operations (note 12)	(2 710 176)	-
	Trade and other accounts payable - continuing operations	38 025 157	20 139 090
26	**Provisions**		
	Leave pay provision	1 460 302	134 569
	Provision for warranty	73 087	22 250
		1 533 389	156 819

Reconciliation of provisions	Provision for leave pay USD	Provision for warranties USD	Total USD
At 30 June 2008	134 569	22 250	156 819
Charge for the year	1 469 949	50 837	1 520 786
Exchange differences	(80 363)	-	(80 363)
Acquired on purchase of subsidiary	127 959	-	127 959
Less paid	(191 812)	-	(191 812)
At 30 June 2009	1 460 302	73 087	1 533 389

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 claims

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

27 Contingent liabilities

The Group had no contingent liabilities at 30 June 2009.

	2009 USD
28 Capital expenditure commitments	
Authorised and contracted	-
Authorised but not yet contracted	18 276 344
	18 276 344

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

29 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.

	2009 USD
30 Future lease commitments	
Payable within one year	5 477 126
Payable between two and five years	11 990 706
Payable six to ten years	4 113 759
	21 581 591

Notes to the Financial Statements

31 Segmental Analysis

31.1 Business Segments

	Milling & Manufacturing	Distribution & Wholesale	Retail Silo	Export Silo
	USD	USD	USD	USD
31.1.1 Turnover				
30 June 2009				
Gross turnover:	43 059 225	27 670 666	76 275 249	10 312 554
Less: inter-segment transactions	(6 360 567)	(5 215 341)	-	-
Turnover to external customers	36 698 658	22 455 325	76 275 249	10 312 554
31.1.2 Operating (loss)/profit before depreciation and amortisation				
30 June 2009	(974 190)	1 749 999	8 366 308	(165 590)
31.1.3 Segment assets				
30 June 2009	34 028 444	15 468 474	19 944 746	38 002 797
31.1.4 Segment liabilities				
30 June 2009	4 810 033	8 190 954	10 592 551	6 003 620
31.1.5 Capital expenditure				
30 June 2009	1 110 702	495 878	2 751 983	1 849 933
31.1.6 Depreciation and amortisation				
30 June 2009	1 916 901	634 146	1 180 085	966 250

	Corporate Services USD	Regional Fast Foods USD	Innscor Zambia USD	Adjusted for Discontinued Operations USD	Total USD
	429 813	29 995 830	93 362 360	(4 105 904)	276 999 793
	(368 009)	-	-	-	(11 943 917)
	61 804	29 995 830	93 362 360	(4 105 904)	265 055 876
	357 642	2 068 218	154 643	2 341 666	13 898 696
	44 869 790	6 797 504	20 702 205	3 029 857	182 843 817
	6 899 823	4 629 710	14 662 221	2 545 395	58 334 307
	558 726	1 477 261	2 325 016	-	10 569 499
	259 021	593 036	1 305 744	(282 184)	6 572 999

Notes to the Financial Statements

32 Pension funds

32.1 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%.

32.2 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%.

32.3 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 certain employees in the bread division are members of this fund. Contributions are at the rate of 10% of pensionable emoluments of which members pay 5%.

32.4 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 8% of pensionable emoluments of which members pay 4%.

32.5 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.

32.6 Pension costs recognised as an expense for the year:

	2009 USD
Innscor Africa Limited Pension Fund	72 638
SPAR Harare Pension Fund	11 377
National Social Security Authority Scheme	266 225
Catering Industry Pension Fund	50 599
Other Schemes	83 125
	483 964

33 Related party interests

Tabulated below are the related party transactions that occurred between Innscor Africa Limited and its associates from January to June 2009.

Trading transactions

Name of related party	sales to related party USD	purchases from related party USD	debtors balances USD
National Foods Holdings Limited	7 991 832	364 703	1 362 993

Notes to the Financial Statements

34 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 from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and 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 foreign currency exchange rates. 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.

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.

Notes to the Financial Statements

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.

The table below summarises the maturity profile of the Group's assets and liabilities :

	Within 3 months USD	Between 4 to12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(11 836 599)	(1 207 098)	(851 406)	(13 895 103)
Trade and other accounts payable	(38 025 157)	-	-	(38 025 157)
Current tax liability	(1 637 737)	-	-	(1 637 737)
TOTAL	(51 499 493)	(1 207 098)	(851 406)	(53 557 997)
Assets				
Inventories	25 032 644	-	-	25 032 644
Cash and cash equivalents	14 209 411	-	-	14 209 411
Trade and other accounts receivable	30 573 105	-	-	30 573 105
Investments	1 348 230	-	30 494 269	31 842 499
TOTAL	71 163 390	-	30 494 269	101 657 659

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.

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 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 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.

35 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.

Notes to the Financial Statements

Fair value of financial instruments (continued)

Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 June 2009.

	Carrying amount 2009 USD	Fair value 2009 USD
Financial assets		
Cash	14 209 411	14 209 411
Trade and accounts receivable	30 573 105	30 573 105
Held for trading investments	1 348 230	1 348 230
	46 130 746	46 130 746
Financial liabilities		
Interest-bearing loans and borrowings	13 895 103	13 895 103
Trade and accounts payable	38 025 157	38 025 157
	51 920 260	51 920 260

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

36 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 2009.

	2009 USD	2008 USD
Total Liabilities	58 334 307	31 805 842
Total Equity	124 509 510	113 567 244
Gearing ratio	0.32	0.22

37 Translation rates

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

	2009 FX : USD1
South African Rand	7.74
Kenyan Shilling	76.15
Ghananian Cedi	1.51
Senegalese Franc	465.68
Malawian Kwacha	138.40
Zambian Kwacha	5 175.00

38 Non-adjusting events after balance sheet date

There have been no significant non-adjusting events after the balance sheet date.

Notes to the Financial Statements

39 Limitation of financial reporting in the general environment prevailing

The uncertainties in the adverse Zimbabwean economic environment during the period 1 July 2008 to 31 January 2009 have resulted in limitations in financial reporting. The inflation indices applicable to the Zimbabwean Dollar were not published from 31 July 2008. Estimates by economists, of Zimbabwe Dollar inflation in the period post 31 July 2008 were wide ranging and extremely high (percentages in excess of hundreds of trillions to quadrillions, in some cases). It was impossible to reliably measure inflation in Zimbabwe during this period because the rate of change of inflation on a daily basis was extremely high. Any attempt to measure inflation was subject to various limitations because reliable and timely price data was not available. The inability to reliaby measure inflation was also exacerbated by the existence of multiple pricing criteria for similar products based on the mode of settlement. Consequently the Group used the guidelines issued by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange to translate the financial statements for the seven months to 31 January 2009 to United States Dollars and the net impact of the translation from ZWD to USD is shown on the Income Statement as a monetary adjustment.

40 Non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) in respect of the measurement of the income statement, cashflow statement and statement of changes in shareholders' equity

The Company's functional currency changed during the course of the financial year from Zimbabwe Dollars to United States Dollars. The Company has chosen to report all it's transactions in United States Dollars because it is the new functional currency applicable to all current transactions.

The Company has not been able to comply with the requirements of IAS 21 because this standard requires all transactions that are in the currency of a hyperinflationary economy to be adjusted to a unit of measure current at the measurement date before conversion to an alternative presentation currency. The Company has not been able to adjust it's Zimbabwean Dollar transactions to comply with IAS 29 as more fully explained in note 39.

41 Non-compliance with IAS 1 (Presentation of Financial Statements) in respect of comparative information

The Directors have not presented comparative information for the income statement, cash flow statement and statement of changes in equity, because they believe that it will be misleading. Due to the prevailing economic environment in the previous year, it is not possible to convert financial statements into United States Dollars in a manner consistent with IAS 21 and IAS 29 as described in notes 39 and 40.

Company Balance Sheet

As at 30 June 2009

	Notes	Company 2009 USD	Company 2008 USD
ASSETS			
Non-current assets			
property, plant and equipment		16 090 005	14 809 216
investments	A	63 127 183	53 172 260
biological assets		908 917	634 175
		80 126 105	68 615 651
Current assets			
biological assets		17 160 087	14 272 752
inventories		2 638 800	4 013 241
trade and other accounts receivable		2 861 697	4 026 428
cash and cash equivalents		7 540 369	6 048 198
		30 200 953	28 360 619
Total assets		110 327 058	96 976 270
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	20	-	-
non-distributable reserves		64 329 734	64 246 510
distributable reserves	22	32 233 191	26 553 700
Total equity		96 562 925	90 800 210
Non-current liabilities			
deferred tax liability		1 472 959	4 369 140
Current liabilities			
interest-bearing borrowings		7 774 641	267 418
trade and other accounts payable		4 284 379	1 335 976
provisions		232 154	6 251
current tax liability		-	197 275
		12 291 174	1 806 920
Total liabilities		13 764 133	6 176 060
Total equity and liabilities		110 327 058	96 976 270

DLL Morgan
Chairman
Harare
9 October 2009

JP Schonken
Executive Director

A. Investments		
Investments in associates	24 173 385	20 438 339
Unquoted investments	834 952	834 952
Quoted investments	110 819	293 053
Property unit trusts	687 500	687 500
Investments in subsidiaries	24 097 727	27 470 528
Other	10 937 000	1 713 992
Amounts due from group companies	2 285 800	1 733 896
	63 127 183	53 172 260

Shareholders' Analysis and Calendar

As at 30 June 2009

Size of Shareholding			Number of Shareholders	Shareholders %	Issued Shares	Shares %
1	-	10 000	4 092	86.38	5 090 667	0.94
10 001	-	25 000	231	4.88	3 754 306	0.70
25 001	-	50 000	124	2.62	4 456 640	0.83
50 001	-	100 000	81	1.71	5 754 504	1.07
100 001	-	200 000	70	1.48	9 890 460	1.83
200 001	-	500 000	69	1.46	21 993 876	4.07
500 001	-	and over	70	1.47	489 177 987	90.56
			4 737	100.00	540 118 440	100.00

Trade Classification	Number of Shareholders	Shareholders %	Issued Shares	Shares %
Companies	755	15.94	64 508 957	11.94
Insurance Companies	51	1.08	42 027 528	7.78
Investment Companies	213	4.50	297 190 086	55.02
Trust Nominees	127	2.68	53 748 858	9.95
Pension Funds	270	5.70	42 570 675	7.88
Private Individuals	3 285	69.35	16 461 999	3.07
New Non- Residents	13	0.27	20 638 039	3.82
Brokers	7	0.15	1 414 146	0.26
Banks	12	0.25	506 749	0.09
FCDA Residents Local	4	0.08	1 051 403	0.19
	4 737	100.00	540 118 440	100.00

Top Ten Shareholders	Issued Shares	Shares %
ZMD Investments (Pvt) Ltd	101 775 000	18.84
HM Barbour (Pvt) Ltd	100 231 360	18.56
Old Mutual Life Assurance Company in Zimbabwe	38 017 519	7.04
Sarcor Investments (Pvt) Ltd	22 450 058	4.16
FED Nominees (Pvt) Ltd	21 520 780	3.98
Pharaoh Limited NNR	17 014 128	3.15
Schutex Investments (Pvt) Ltd	13 222 873	2.45
Muzika Rubi Holdings (Pvt) Ltd	11 295 944	2.09
Norton Textiles (Pvt) Ltd	10 669 157	1.98
City & General Holdings (Pvt) Ltd	9 822 598	1.82
Other	194 099 023	35.93
	540 118 440	100.00

Shareholders' Calendar

Thirteenth Annual General Meeting	26 November 2009
Financial Year End	30 June
Interim Reports	
6 months to December 2009	March 2010
12 months to 30 June 2010	September 2010
Annual Report Published	November 2010
Fourteenth Annual General Meeting	November 2010

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 thirteenth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Thursday 26th November 2009 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 2009 together with the reports of the Directors and Auditors thereon.

2. To elect Directors. Mr. MJ Fowler and Mr. Z Koudounaris who retire by rotation and being eligible offer themselves for re-election.

3. To approve Directors' fees for the financial year ended 30 June 2009.

4. To approve the remuneration of the auditors for the financial year ended 30 June 2009 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. Re–denomination of the Authorised Share Capital.

   To resolve as a special resolution, with or without amendment, that: -

i) The authorised share capital of the Company be redenominated from eight hundred million (800,000,000) ordinary shares of ZWD 0.00001 each to eight hundred million (800,000,000) ordinary shares of USD0.01 each;

ii) That the directors be authorised to transfer from the capital reserves an equivalent of the nominal value to fund the above re-denomination and this will amount to USD 5 401 184.

iii) That pursuant to this resolution, any reference to "nominal value" in the Articles of Association of the Company be amended to read as USD 0.01.

6 Share Buy-back.

   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

Notice to Members

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.

7. 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
9 October 2009

Form Of Proxy

(Incorporated in Zimbabwe)
Registered Office:
Edward Building,
1st St / Nelson Mandela Ave
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 Thirteenth Annual General Meeting of the Company to be held on Thursday 26 November 2009 at 08.15 hours and at any adjournment thereof.

Signed this __________ day of ________________ 2009.

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 also be a member of the Company.
2. Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the company not less than 48 hours before the time appointed for holding the meeting.

FOR OFFICIAL USE
NUMBER OF SHARES HELD ______________________________

ANNUAL REPORT 2009
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Change of Address

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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" It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change " **Charles Darwin**

PASSION FOR VALUE CREATION

INNSCOR
Africa Limited

annual report
2009

www.innscorafrica.com