INNSCOR
Africa Limited

annual report 2010

Our passion for value creation

INNSCOR
Africa Limited

"No one ever attains very eminent success by simply doing what is required of him; it is the amount and excellence of what is over and above the required that determines the greatness of ultimate distinction."

Charles Kendall Adams

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.*


Gloria
SELF RAISING FLOUR
2kg

INNSCOR

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
A D Lorimer

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

INNSCOR

GROUP STRUCTURE AND ACTIVITIES

MILLING AND MANUFACTURING SILO (ZIMBABWE)

INNSCOR BREAD
- Simon Mazorodze - Harare
- Lytton Bread - Harare
- Lennard Bread - Bulawayo

COLCOM HOLDINGS LIMITED
- Colcom Foods Limited
- Colcom Convenience Foods
- Colcom Canning
- Blumo Trading
- Beef
- Triple C Pigs
- Freddy Hirsch (Associate company)

APPLIANCE MANUFACTURING
- Capri
- WRS (World Radio Systems)

SNACKS
- Zapsnacks
- Iris Biscuits

NATIONAL FOODS HOLDINGS LIMITED
- (Associate company)

IRVINE'S ZIMBABWE (PRIVATE) LIMITED
- (Associate company)

DISTRIBUTION AND WHOLESALE SILO (ZIMBABWE)

INNSCOR TRANSPORT

DISTRIBUTION GROUP AFRICA
- Innscor Distribution
- Comox Trading
- Eagle Agencies
- Zimbabwe Professional Marketing

SPAR DISTRIBUTION
- Spar Distribution Centre
- Freshpro

RETAIL SILO (ZIMBABWE)

SPAR FRANCHISED OUTLETS	
SPAR stores	40
SAVEMOR stores	14
SPAR CORPORATE STORES	
Letombo Park SPAR	
Arundel Village SPAR	
Hillside SPAR	
Ascot KWIKSPAR	
Mutare SPAR	
Mabvuku SPAR	
Nelson Mandela SaveMor	
Parktown SaveMor	
Willowmead Junction	
Golden Stairs SPAR	
Greencroft SPAR	
FAST FOODS	
In-store bakeries	30
Bakers Inn & Mr Baker	38
Chicken Inn	28
Creamy Inn	22
Nando's	14
Pizza Inn	18
Steers	8
Convenience Stores	4
Vasilli and Haefeli's	3
Inns Express	7
TV SALES & HOME	
TV Sales & Home	12
SPAR Good Living	2
Your Space	1

GROUP STRUCTURE AND ACTIVITIES

EXPORTS SILO (ZIMBABWE)

NILOTICUS (Discontinuing operation)
- 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	27
Creamy Inn	77
Pizza Inn	42
Steers	1
Convenience Stores	21
Fast Foods	1
Rhapsody's	1
Galitos	17
Fontana (Associate company)	1

INNSCOR ZAMBIA

SPAR ZAMBIA

SPAR FRANCHISED OUTLETS

SPAR stores	2

SPAR CORPORATE STORES
- SPAR Choma
- Arcades SPAR
- Downtown SPAR
- Soweto SPAR
- Crossroads SPAR

DISTRIBUTION ZAMBIA
- Innscor Distribution
- Comox Trading

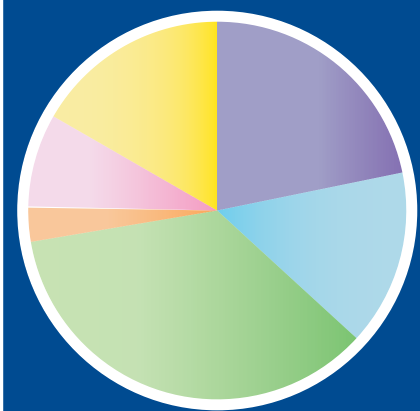
DISTRIBUTION MALAWI
- Innscor Distribution
- Comox Trading

THE RIVER CLUB – Livingstone Zambia

FINANCIAL HIGHLIGHTS

	2010 USD	2009 RESTATED USD
Group Summary		
Revenue	403 488 611	254 836 032
Operating profit	29 114 780	13 828 816
Profit before tax	26 594 556	9 668 291
Profit for the year attributable to equity holders of the parent	14 990 629	9 728 560
Cash generated by operations	24 911 967	9 038 103
Net assets	132 679 282	117 839 347
Share Performance (cents)		
Basic earnings per share	2.92	1.57
Dividends declared and paid during the year:		
Interim dividend per share	0.40	-
Final dividend per share (prior year)	-	-
Dividends paid during the year	0.40	-
Dividends declared and paid since reporting date	0.40	-
Total dividends declared and paid	0.80	-
Market price per share - 30 June (cents)	54.00	71.00
Number of shares in issue at 30 June	541 593 440	540 118 440
Market capitalisation	292 460 458	383 484 092

Percentage Contribution to Turnover – Continuing and Discontinuing Operations



MILLING AND MANUFACTURING (2 400 employees) 21%

DISTRIBUTION AND WHOLESALE (716 employees) 15%

RETAIL (3 416 employees) 36%

EXPORTS (772 employees) 3%

REGIONAL FAST FOODS (1 588 employees) 8%

INNSCOR ZAMBIA (768 employees) 17%


COLCOM
983
PACKIG
COLCOM

DIRECTORATE AND MANAGEMENT

BOARD OF DIRECTORS

Chairman

• * David Morgan (Non-Executive)

Executive Directors

• * Thomas Brown
* Michael Fowler
Julian Schonken

Non-Executive Directors

• * John Koumides
Zenon (Zed) Koudounaris
• * Thembinkosi Sibanda

• Members of the Audit Committee
* Members of the Remuneration Committee

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

GROUP EXECUTIVES

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

DIVISIONAL MANAGEMENT

Corporate Services

Tineyi Mandengu	Group Finance Executive
Godfrey Gwainda	Group Finance Executive
Gillian Chaitezvi	Group Financial Manager
Priti Da Silva	Corporate Executive
Joshua Mhike	Group Internal Audit Manager
Ronald Gumbo	Group Tax Officer
Kundai Murau	Financial Manager
Tsitsi Mushipe	Financial Manager

Treasury

Dino Tumazos	Group Treasurer
Tanya Chitaukire	Divisional Financial Director
Raymond Nyamuziwa	Group Treasury Manager

Salary Services

Adele Friend	Managing Director
Chipo Ndudzo	Financial Director

Milling and Manufacturing Silo

Innscor Bread

Marcus Athitakis	Managing Director
Owen Murumbi	Financial Director
Crispen Vundla	Procurement Director
Mark Swan	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
Jan Van As	CEO – Colcom Manufacturing
Doug Sinclair	CEO - Colcom Trading
Norita Adams	CEO - Sales & Distribution
Ian Kennaird	CEO - Triple C Pigs
Mark Masekesa	CEO - Colcom Canning
Ben Burr	CEO - Colcom Convenience Foods
Lester Jones	CEO - Vedula Trading

Appliance Manufacturing

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

DIRECTORATE AND MANAGEMENT

Snacks

Dean Spagnuolo	Managing Director
Albert Oberholzer	Commercial Director
Terence Chaparamhosva	Financial Director
Terrence Kwaramba	Human Resources Manager

National Foods Holdings Limited

Jeremy Brooke	Group Managing Director
Liberty Murimwa	Group Financial Director
Michael Lashbrook	Group Operations Director
Dean Chikukwa	Group Human Resources Director
Guy Martell	Group Treasurer
Lovejoy Nyandoro	Group Financial Manager
Indra Chapaner	Managing Director – Flour Milling
Chipo Nheta	Managing Director - Maize Milling
Lister Mutakati	Managing Director - Oil & Meals
John Pilgrim	Managing Director – Stockfeeds
Mutali Chawanda	Managing Director – Prepacks
John Heath	Managing Director - Logistics
Kudakwashe Mufukari	Managing Director – Depots
Tamuka Kunaka	Managing Director - Natpak
Anthony Kinnaird	Managing Director – Buyco

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
George Economou	Commercial Director
David Hasluck	Administration Executive
Robert Connolly	Finance Executive
Shaheena Abdul-Gani	Group Treasurer

Distribution and Wholesale Silo

Innscor Transport

Mike White	Managing Director
Claire Makuzwa	Financial Director

Distribution Group Africa

Craig Hodgson	Chief Executive Officer
Victor Kuchocha	Financial Director
Paul Filer	Operations Director

Innscor Distribution Zimbabwe

Craig Hodgson	Managing Director
Noel Shangwa	Financial Manager

Comox Trading

Archie Meth	Managing Director
Alec Gahadzikwa	Financial Director

Eagle Agencies

Neil Varrie	Managing Director
Elizabeth Gambe	Financial Manager

Zimbabwe Photo Marketing

Kennedy Muchenga	Sales Director
Edson Bvopfo	Financial Manager

SPAR Distribution

Evan Christophides	Chief Executive Officer

SPAR Distribution Centre

Marceline Mugari	Financial Manager

FreshPro

Mani Lane	Financial Director

Retail Silo

SPAR Retail

Arundel SPAR

Robert Spencer	Managing Director
Diana Green	Financial Director

Letombo SPAR

Theofanis Diaskouris	Managing Director
Tatenda Bwerazuva	Financial Director

Bulawayo SPAR

Warren Meares	Managing Director
Onias Moyo	Financial Director

Mutare SPAR

Dion Yatras	Managing Director
Michael Kahuni	Financial Manager

Fast Foods

Fast Foods Harare

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

DIRECTORATE AND MANAGEMENT

Fast Foods Matabeleland and Midlands

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

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

Mike Davis	Chairman
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	Managing Director
Never Ncube	Group Financial Director
Dilip Kapadia	Treasury and Administration Director

The River Club

Peter Jones	Chief Executive Officer
Anne-Christine Procope	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

The Group's continuing operations achieved revenue of USD 403.49 million, an operating profit of USD 29.11 million and a profit before tax of USD 26.59 million.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

FINANCIAL

The 2010 financial year represented the first full year of operating in the multi-currency environment for the Group. After the initial period of growth in macroeconomic activity which occurred from the onset of dollarisation up to December 2009, the operating environment in the second six months of the Group's 2010 financial year has seen this activity being somewhat restrained. Overall, however, the financial year has been an exciting one for the Group, with most businesses showing strong volume growth.

During the year under review, the Group's continuing operations achieved revenue of USD 403.49 million, an operating profit of USD 29.11 million and a profit before tax of USD 26.59 million; whilst basic earnings per share amounted to 2.92 US cents.

Cash generation from operating activities continued to be strong for the Group, and amounted to USD 24.91 million for the year. A significant portion of these funds was applied to expansion projects across the Group's businesses as well as to cover property, plant and equipment refurbishment and maintenance commitments.

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

At the time of finalisation of the Group's 2009 Financial Statements, guidance for deferred tax had not yet been issued and consequently no deferred tax had been provided for on the opening property, plant and equipment held at the point of dollarisation. The Board has now taken the decision to provide for deferred tax on the full balance sheet liability method in respect of this property, plant and equipment, and the relevant prior period statement of financial position figures have been adjusted accordingly.

For the reasons fully outlined in the prior year's financial statements, the audit opinion on the comparative figures for the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity were qualified due to complications arising on translation of Zimbabwe dollar transactions prior to the adoption of multi-currencies in February 2009. The Statement of Financial Position however was not qualified as those balances were not affected by the translation complications. Consequently, the Directors advise caution in comparing current financial information contained in the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity with those of prior year, as such comparison could be misleading.

INNSCOR

Irvine's Zimbabwe (Pvt) Ltd continued to contribute strongly to the Group's results, with production continuing to improve.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

OPERATIONS
FMCG BUSINESSES
Milling and Manufacturing Silo

This silo comprises our subsidiary companies; Innscor Bread, Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri and WRS), Innscor Snack Foods, and our associate investments in National Foods Holdings Limited and Irvine's Zimbabwe (Pvt) Ltd. The silo reported revenue for the year of USD 90.43 million, with profit before tax amounting to USD 10.26 million. The Snack Foods Company was the only business that did not contribute to the silo's profitability.

Within the Innscor Bread operations, a completely upgraded make-up plant was commissioned in each of Harare and Bulawayo during the year and a second plant in Harare was commissioned during July 2010. The total investment of USD 4 million in these three plants to upgrade to the latest in world-class baking technology has increased capacity to 250,000 loaves per day, and resulted in a significant improvement in plant efficiencies and product quality. The Bakers Inn brand will continue to focus on the value-added segment of the market, and further technology investment into this operation will continue in the 2011 financial year.

Colcom continued to perform well in the second half of the year with overall revenue in the second six months of the financial year approximating that of the first six months. Slaughter weights achieved in this second six months increased by 6% as compared to the first six months as a result of improved animal performance. The business has recently embarked on various plant upgrades that will result in increased production and cost efficiencies.

Volumes achieved in the second six months of the financial year within the Innscor Appliance Manufacturing businesses increased by 83% compared to the first half of the year, as production bottlenecks that had been experienced were cleared. New refrigerator and chest freezer finishes will be introduced into the market during the course of the new financial year. WRS televisions continue to be well received in the market and prices continue to improve with changes that have been implemented in the production process and supplier arrangements. New entry-level products will be launched in the second quarter of the 2011 financial year to compete with informal "grey" market imports.

The Snack Food Businesses posted a loss during the year. The businesses re-organisation process implemented in February immediately yielded improved gross profit margins, and the business should return a profit by the end of the first quarter of the 2011 financial year, as volumes recover to critical mass.

National Foods' total volumes increased by around 13% in the second six months to 159,000 tonnes as compared to the first half of the financial year. During the course of the second six months, the company closed its Oils and Meals division which had been recording significant losses due to extremely low capacity utilisation and exceptionally high repairs and maintenance requirements. Oil and meal requirements are currently being satisfied through toll agreements. Good progress has been made on correcting the internal control weaknesses and inefficiencies that were identified in the early part of the financial year and a positive return is expected from this business in the 2011 financial year as its core businesses close the gap to operate at their respective ideal models.

Irvine's Zimbabwe (Pvt) Ltd continued to contribute strongly to the Group's results, with production continuing to improve. Chicken sales increased by 21% from the first half of the financial year to the second six months of the current financial year and egg sales increased by 28% over the same period. The company continues to invest aggressively into both day old chick production as well as poultry processing, and as a result, further production increases will occur in both these parts of the operation in the second half of the new financial year.

The SPAR Distribution Centre was supporting 40 SPAR and KWIKSPAR member stores and 14 SaveMor branded stores.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Distribution and Wholesale Silo

This reporting silo comprises the SPAR Distribution Centre in Harare, Distribution Group Africa and Innscor Transport. The silo reported revenue for the year of USD 62.45 million, with profit before tax amounting to USD 1.68 million. All businesses within the silo, except Innscor Transport were profitable in the current year.

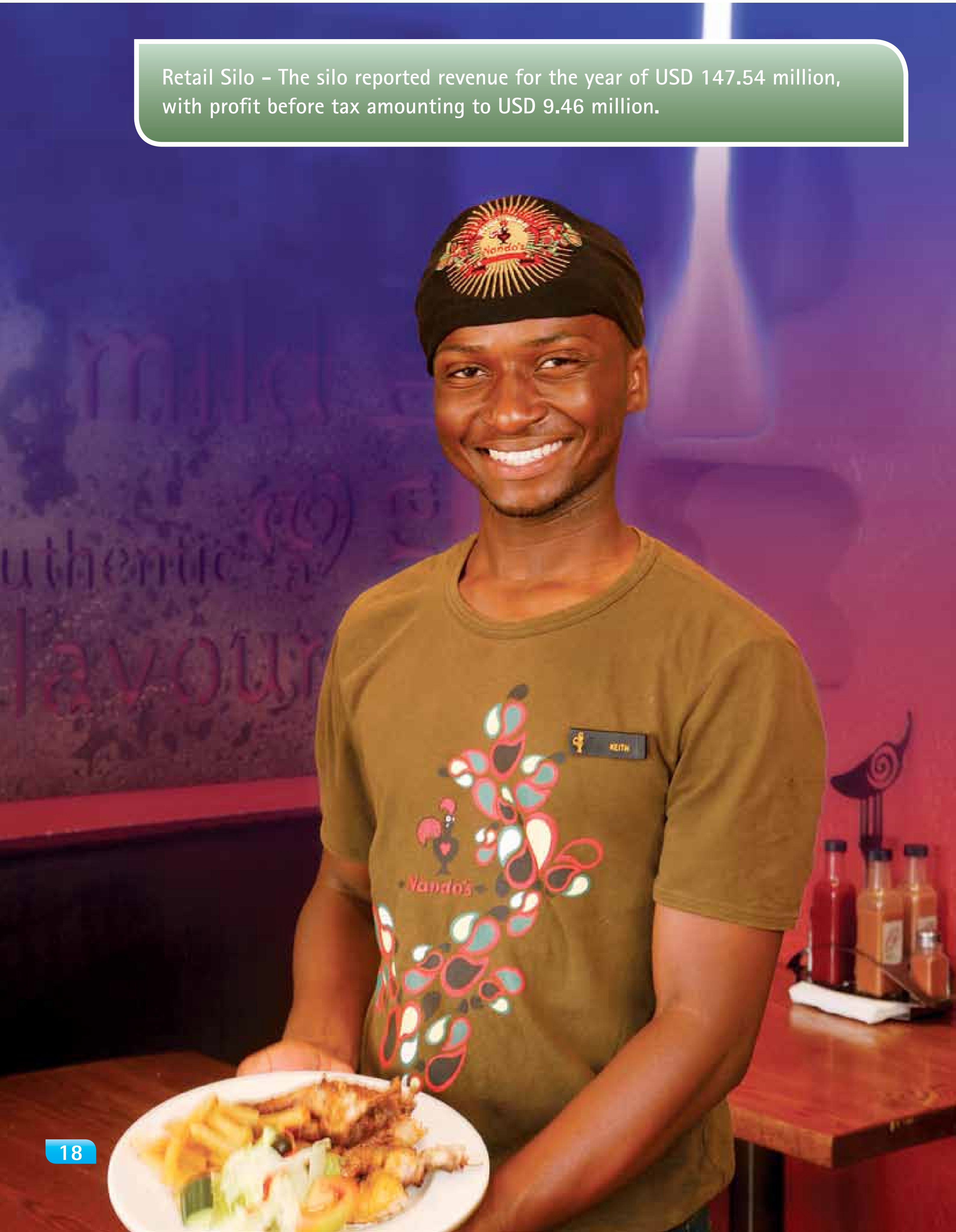
The SPAR Distribution Centre is one of the two franchise holders of the SPAR brand in the country responsible for servicing SPAR supermarkets, KWIKSPAR supermarkets and SaveMor retail outlets in the Eastern region. Revenue during the second half of the year improved by 26% compared to the first six months, and was mainly attributable to improved product range availability, increased retailer loyalty, intensified sales promotions and marketing campaigns launched to improve store standards and brand visibility. The SPAR Distribution Centre was supporting 40 SPAR and KWIKSPAR member stores and 14 SaveMor branded stores at 30 June 2010.

Distribution Group Africa holds the distribution rights to some of the world's leading fast moving consumer goods brands in Zimbabwe. It comprises of Innscor Distribution, Comox Trading, Zimbabwe Professional Marketing and Eagle Agencies. Whilst volumes remained strong, driven by the recovery and recapitalisation of the retail sector as well as the improvement in the inbound supply chain, the working capital model of the operation was hampered by the inability of debtors to keep to set trading terms.

A major vehicle refurbishment exercise was undertaken at Innscor Transport during the course of the second half of the financial year, and whilst volumes increased by 12% in the second half of the year compared to the first half, the operation posted a loss for the year.

INNSCOR

Retail Silo – The silo reported revenue for the year of USD 147.54 million, with profit before tax amounting to USD 9.46 million.



CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Retail Silo

This reporting silo comprises the Fast Foods operations, the SPAR Corporate Store retail operations and TV Sales and Home. The silo reported revenue for the year of USD 147.54 million, with profit before tax amounting to USD 9.46 million. The SPAR Corporate retail operations were the only businesses that did not contribute to the silo's profitability.

The Fast Foods businesses posted a strong performance despite the number of customers decreasing marginally by 2% in the second half of the year compared to the first half of the year. This was mainly attributable to shop renovations and upgrades that began to be undertaken in the period.

During the second half of the year a number of upgraded counters were commissioned, namely the Chicken Inn, Bakers Inn and Creamy Inn counters at the First Street complex, the Chicken Inn and Creamy Inn West End complex counters, as well as Nando's Marimba; Dial-A-Delivery services were also re-introduced at Pomona during the year. During the early part of the new financial year a new complex, containing all our main home-grown brands, was opened in Masvingo, whilst work on a new complex in Chinhoyi has recently commenced.

The SPAR Corporate stores experienced a decline in customer counts of 3% but an increase of 4% in revenue in the second half of the year compared to the first six months. Overall, the profitability of the Corporate stores was adversely affected by shortcomings in certain financial and management controls that were identified in a number of stores and which resulted in write-offs being processed during the second half of the year. Corrective measures have been identified and are in the process of being implemented.

At TV Sales and Home, revenue grew by 5% in the second half of the year compared to the first half of the year. An all-round renovation exercise on all shops was completed during the year, improving the look and feel of all outlets. Credit has continued to be the focus of the business, with credit sales now approaching 50% of total revenue.

INNSCOR

Regional Fast Foods operations - Overall, the businesses reported revenue for the year of USD 33.07 million and a profit before tax of USD 1.79 million.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

NILOTICUS

Niloticus, the crocodile ranching operation based in Kariba, reported revenue for the financial year of USD 11.78 million, with a loss before tax amounting to USD 1.62 million. Reduced livestock levels following the destocking exercise in the last financial year together with reduced average skin prices resulted in a fair value charge of USD 1 million.The business culled 63,500 animals during the year.

Niloticus remains one of the world's leading producers of exotic skins. The Board has deemed that for the business to capitalise on its achievements to date and for it to continue to advance, that it would be better suited for the operation to function as a stand-alone entity with renewed and specific focus. In pursuit therefore of this objective, the Board has made a decision to unbundle the Niloticus operations in the new financial year, subject to the appropriate approvals being granted, through a "dividend in specie" to existing Innscor Africa Limited shareholders, that will ultimately see the business separately listed on the Zimbabwe Stock Exchange.

In accordance with International Financial Reporting Standards, the results of this operation have been disclosed as a discontinuing operation in the Group's financial statements.

REGIONAL BUSINESSES

Innscor Zambia

The main businesses in Zambia are the SPAR retail operations and the Distribution business. Overall, the businesses reported revenue for the year of USD 69.30 million and a profit before tax of USD 0.37 million.

The SPAR Zambia business continued to advance on the improvements made in the first half of the financial year. The operations posted an operating profit before depreciation and amortisation of around USD 500,000 (this compared to the loss of USD 2 million posted in the previous financial year); although after interest and depreciation charges, a loss before tax was posted. Certain rationalisation processes were undertaken during the year which saw the outlets at Livingstone and Chawama disposed of, although both remained as franchised outlets.

Our regional Distribution businesses continued to operate well as the leading distributors in Zambia and Malawi with volumes increasing by 19% compared to the same period last year, as additional brands were added to the operation's portfolio.

Regional Fast Foods

Our regional Fast Foods operations consist of counters in Kenya, Ghana, Zambia, and Senegal, as well as the regional franchising arm, where Nigeria is our largest franchised market. Overall, the businesses reported revenue for the year of USD 33.07 million and a profit before tax of USD 1.79 million.

Other than Senegal, which was in a break-even position, all operations in the Region were profitable and showed strong customer count growth compared to the previous financial year. The business intends opening a number of new outlets in Zambia, Ghana and Kenya during the 2011 financial year. By June 2010, the number of counters being operated in the region totalled 200, including franchised operations.

INNSCOR

In our manufacturing business in Zimbabwe, there are a number of exciting plant upgrade projects which have either been completed or are close to completion.

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

PROSPECTS

In our manufacturing business in Zimbabwe, there are a number of exciting plant upgrade projects which have either been completed or are close to completion. These production enhancements will allow the businesses in this silo to continue to improve product quality as well as improve cost efficiencies. At National Foods, work continues on right-sizing the operation, focusing on core operations, and improving systems, and we expect the operation to contribute positively to profit in the 2011 financial year.

In the Distribution Silo, the significant trading volumes experienced at the SPAR Distribution Centre have now outgrown the existing warehousing facilities, and the coming year will see the operation focusing on consolidating its operations at a larger facility which will result in an improved distribution solution. A new stock and ordering system is also currently being implemented which will link individual stores directly to the Distribution Centre and allow for improved product flow.

In the Retail Silo, we will continue to expand the number of Fast Food counters in the country. In addition to adding new counters within our main existing markets in Harare and Bulawayo during the course of the next year, additional complexes will be added to outlying towns, with Masvingo having already opened in July 2010; complexes in Chinhoyi, Kwe Kwe and Beit Bridge will all be added to the Group's Fast Food network during the course of the new financial year. In addition to these new complexes, existing stores will continue to be upgraded to the new specification.

We see SPAR Corporate Supermarkets as a key part of our retail operations and our focus in the coming year will be to build on the very strong revenues generated by these stores and ensure that our systems and management controls convert this revenue into profitability and cash return.

Regionally, we will continue to grow our Fast Food operations in the territories we currently operate in, whilst in Zambia we will continue to build on the improvements registered in our SPAR supermarket operations.

Since its listing in 1998, Innscor Africa Limited has continually diversified into businesses which were able to fuel its growth in an economy which suffered from the effects of massive hyperinflation. This has led the Group to having a significant number of differing businesses in its portfolio. Given the dramatic change to the macroeconomic environment, the Board feels that it is now the time for certain of its businesses to be restructured in order to give those businesses the specific focus and drive that they now require and which will result in sustainable long-term business models being built for each business. Therefore as previously indicated, the Niloticus crocodile operation will be restructured into a stand-alone entity and, subject to the appropriate approvals being granted, be separately listed on the Zimbabwe Stock Exchange via a "dividend in specie" to all Innscor Africa Limited shareholders; details and timings of this transaction will be advised in due course.

DIVIDEND

The Board has declared a final dividend of 0.4 US cents per share payable on or about 8 October 2010 to shareholders registered in the books of the Company by noon on 24 September 2010. The transfer books and register of members will be closed from 25 September 2010 to 2 October 2010, both days inclusive. This brings the total dividend in respect of the 2010 financial year to 0.8 US cents per share.

APPRECIATION

The 2010 financial year has seen the Group post a solid performance for which I would like to pay tribute to the continued drive and energy of the Group's executive directors and senior management, the work ethic and commitment of its staff, the counsel and input provided by its non-executive directors and the ongoing loyalty and support of its customers and suppliers. I thank them all.

DLL MORGAN
Chairman
12 October 2010

INNSCOR

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 2010.

Share Capital

At 30 June 2010 the authorised share capital of the Company remained unchanged at 800 000 000 ordinary shares, and the issued share capital of 540 118 440 ordinary shares increased by 1 475 000 ordinary shares to 541 593 440 ordinary shares. The authorised and issued share capital was redenominated from ZWD 0.00001 per share to USD 0.01 per share.

During the year no share options were granted. 1 475 000 share options were exercised as detailed in note 20.3 of the Group financial statements.

Group Results

Group Results	USD
Profit before tax from continuing operations	26 594 556
tax	(4 961 624)
Profit after tax	21 632 932
loss after tax from discontinuing operations	(824 888)
Profit for the year	20 808 044
non-controlling interest	(5 817 415)
Profit for the year attributable to equity holders of the parent	14 990 629

Dividends

The Board declared an interim dividend of 0.4 US cents per share and a final dividend of 0.4 US cents per share. This brings the total dividend in respect of the 2010 financial year to 0.8 US cents per share.

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. DLL Morgan and Mr. JP Schonken retire by rotation and being eligible offer themselves for re-election. No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in note 20.4 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 2010.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2010 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
Harare
12 October 2010

A D LORIMER
Company Secretary

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.

EMPLOYEE WELFARE

Innscor Wellness Programme

Innscor Africa Limited is concerned about HIV/Aids and its impact on employees as well as the community. The Group has embarked on a vivid awareness programme throughout its businesses in the hope of educating its employees and contributing to the eradication of HIV/Aids. This is a Group-wide initiative using internal resources and external professionals. The Group has also established three in-house medical clinics in Harare, Bulawayo and Kariba offering basic primary health care. These clinics will be used to conduct awareness campaigns of longer-term benefit to employees.

SOCIAL RESPONSIBILITY

While the major reason for Innscor's existence is to create wealth for its shareholders, the Group also seeks to make a meaningful contribution to the development of the community in which it operates.

For Innscor, social responsibility is not an add-on, extraneous activity but rather an integral part of its business operations. As such the Group is involved in programmes that uplift communities which sustain its business. Priority areas for social investment by the Group include education, health, charity and sports. Innscor's intervention takes the form of donations, grants and sponsorships, targeting in particular, the most disadvantaged and vulnerable members of society. These include orphans, the elderly, children, the infirm and others in dire straits.

Innscor believes in tripartite consultations involving business, government and the community to ensure that not only are right projects identified but that scarce resources are rationally and optimally deployed for the benefit of greater numbers.

The Group prefers partnerships which benefit a community rather than an individual. A key element of Innscor's corporate social responsibility programmes is the desire to empower communities so that they become self-sufficient and are not dependent on handouts.

Beneficiaries of Innscor's programmes have included orphanages, health institutions, schools and old people's homes. For these groups, Innscor has assisted with payment of school fees, drilling of boreholes, procurement of medical drugs and equipment as well as sponsorship of self-help programmes.

INNSCOR

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards except in the prior year as explained below:

The uncertainties in the adverse Zimbabwean economic environment prior to introduction of trading in multiple currencies 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 on the use of the comparative Statement of Comprehensive Income, the comparative Statement of Changes in Equity and the comparative Statement of Cash Flows for decision making purposes.

Approval was given for all entities in Zimbabwe to trade in foreign currency on 29 January 2009. This means that by the time the Group reported at 30 June 2009, all its assets and liabilities were denominated in a stable foreign currency. For this reason the Directors believe that the comparative Statement of Financial Position is a fair reflection of the financial position of the Group as at 30 June 2009.

At the time of finalisation of the Group's 2009 Financial Statements, guidance for deferred tax had not yet been issued and consequently no deferred tax had been provided for on the opening property, plant and equipment held at the point of dollarisation. The Directors have now taken the decision to provide for deferred tax on the full balance sheet liability method in respect of this property, plant and equipment, and the relevant prior period Statement of Financial Position figures have been adjusted accordingly.

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. 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; notable breakdowns involving material loss have been reported to the Directors as noted in the Chairman's Statement and Review of Operations.

The financial statements for the year ended 30 June 2010, which appear on pages 31 to 84, have been approved by the Board of Directors and are signed on its behalf by:

D L L MORGAN
Chairman
Harare
12 October 2010

J P SCHONKEN
Executive Director

REPORT OF THE INDEPENDENT AUDITORS

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
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TO THE MEMBERS OF INNSCOR AFRICA LIMITED

We have audited the accompanying consolidated financial statements of Innscor Africa Limited as set out on pages 31 to 84 which comprise the Statement of Financial Position at 30 June 2010, the Statement of Comprehensive Income, the Statement of Changes in Equity and Statement of Cash Flows 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 consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) and the relevant Statutory Instruments. This responsibility also 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the 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 for Qualified Opinion

An adverse audit opinion was issued on the financial performance and cash flows relating to the prior year due to non-compliance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (The Effects of Changes in Foreign Exchange Rates) for the reasons stated in Note 39.

INNSCOR

INDEPENDENT AUDITORS' REPORT

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements, in all material respects, give a true and fair view of the financial position of Innscor Africa Limited at 30 June 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments.

Ernst & Young

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)

Harare

12 October 2010

INNSCOR

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 USD	2009 RESTATED USD
Continuing Operations			
Revenue	8	403 488 611	254 836 032
Cost of sales		(265 523 078)	(167 231 210)
Gross profit		137 965 533	87 604 822
other income		9 502 753	4 156 116
operating expenses	8.1.1	(118 353 506)	(77 932 122)
Operating profit before depreciation, amortisation, interest and fair value adjustments		29 114 780	13 828 816
depreciation and amortisation		(6 572 216)	(5 712 662)
fair value adjustments on listed equities		86 295	(37 072)
fair value adjustments on biological assets		221 873	843 090
monetary adjustment	8.1.12	-	(2 080 206)
Profit before interest and tax		22 850 732	6 841 966
interest income	9.1	1 629 213	1 026 533
interest expense	9.2	(2 070 718)	(1 391 702)
share of profit of associates	10	4 185 329	3 191 494
Profit before tax from continuing operations		26 594 556	9 668 291
tax	11	(4 961 624)	1 209 780
Profit for the year from continuing operations		21 632 932	10 878 071
Discontinuing Operations			
(Loss)/profit after tax for the year from discontinuing operations	12	(824 888)	631 707
Profit for the year from continuing and discontinuing operations		20 808 044	11 509 778
Other comprehensive income			
exchange differences arising on the translation of foreign operations		(153 634)	(210 800)
Other comprehensive income for the year, net of tax		(153 634)	(210 800)
Total comprehensive income for the year		20 654 410	11 298 978
Profit for the year from continuing and discontinuing operations attributable to:			
equity holders of the parent		14 990 629	9 728 560
non-controlling interest		5 817 415	1 781 218
		20 808 044	11 509 778
Total comprehensive income for the year from continuing and discontinuing operations attributable to:			
equity holders of the parent		14 901 752	9 599 972
non-controlling interest		5 752 658	1 699 006
		20 654 410	11 298 978
Earnings per share (cents)			
Basic earnings per share - continuing and discontinuing operations	6	2.77	1.81
Basic earnings per share - continuing operations	6	2.92	1.57
Diluted earnings per share - continuing and discontinuing operations	6	2.77	1.80
Diluted earnings per share - continuing operations	6	2.92	1.57

INNSCOR

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 USD	2009 RESTATED USD
Cash generated from operating activities	13.1	24 911 967	9 038 103
interest income	9.1	1 654 877	1 026 739
interest expense	9.2	(2 728 768)	(1 540 136)
tax paid	13.2	(6 592 426)	(2 601 977)
Total cash available from operations		17 245 650	5 922 729
Investing activities	13.3	(18 311 528)	(12 087 380)
Net cash flow before financing activities		(1 065 878)	(6 164 651)
Financing activities		3 904 845	9 284 175
dividends paid by holding company		(2 165 355)	-
dividends paid by subsidiaries to non-controlling interest		(2 885 640)	(1 486 593)
increase in borrowings		9 126 634	10 242 884
equity issued		14 750	67 200
cash (paid to)/received from non-controlling interest		(185 544)	460 684
Net increase in cash and cash equivalents		2 838 967	3 119 524
Cash and cash equivalents at 30 June 2009		14 394 950	11 275 426
Cash and cash equivalents at 30 June 2010		17 233 917	14 394 950
Cash and cash equivalents comprise:			
cash and cash equivalents attributable to continuing operations		16 274 303	14 209 411
cash and cash equivalents attributable to discontinuing operations		959 614	185 539
		17 233 917	14 394 950

Cash and cash equivalents comprise bank balances and cash.

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	2010 USD	2009 RESTATED USD
ASSETS			
Non-current assets			
property, plant and equipment	14	53 022 159	57 352 244
intangible assets	15	1 087 692	792 259
investments in associates	16	33 350 750	24 592 761
other investments	16	1 956 030	7 249 738
biological assets	17	-	908 917
		89 416 631	90 895 919
Current assets			
biological assets	17	2 208 182	19 102 881
inventories	18	26 956 621	25 032 644
trade and other accounts receivable	19	38 162 653	30 573 105
cash and cash equivalents		16 274 303	14 209 411
		83 601 759	88 918 041
Assets of disposal group classified as held for sale	12	39 625 904	3 029 857
Total assets		212 644 294	182 843 817
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	20	5 415 934	-
non-distributable reserves	21	45 766 011	51 655 347
distributable reserves	22	62 523 181	49 697 907
		113 705 126	101 353 254
non-controlling interest		18 974 156	16 486 093
Total equity		132 679 282	117 839 347
Non-current liabilities			
deferred tax liability	23	4 480 455	7 367 689
interest-bearing borrowings	24	6 712 188	851 406
		11 192 643	8 219 095
Current liabilities			
interest-bearing borrowings	24	8 473 930	13 043 697
trade and other accounts payable	25	46 367 817	38 025 157
provisions	26	2 309 150	1 533 389
current tax liability		876 103	1 637 737
		58 027 000	54 239 980
Liabilities directly associated with the assets classified as held for sale	12	10 745 369	2 545 395
Total liabilities		79 965 012	65 004 470
Total equity and liabilities		212 644 294	182 843 817

DLL MORGAN
Chairman
Harare
12 October 2010

J P SCHONKEN
Executive Director

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Share Capital USD	Non-Distributable Reserves USD	Distributable Reserves USD	Total USD	Non-controlling Interest USD	Total USD
Balance at 30 June 2008	-	56 296 327	39 969 347	96 265 674	17 301 570	113 567 244
Deferred tax prior period adjustment	-	(4 579 592)	-	(4 579 592)	(2 090 571)	(6 670 163)
Balance at 30 June 2008 - Restated	-	51 716 735	39 969 347	91 686 082	15 210 999	106 897 081
Profit for the period	-	-	9 728 560	9 728 560	1 781 218	11 509 778
Other comprehensive income	-	(128 588)	-	(128 588)	(82 212)	(210 800)
Total comprehensive income	-	(128 588)	9 728 560	9 599 972	1 699 006	11 298 978
Exercise of share options	-	67 200	-	67 200	-	67 200
Dividends	-	-	-	-	(1 486 593)	(1 486 593)
Transactions with owners in their capacity as owners	-	-	-	-	1 062 681	1 062 681
Balance at 30 June 2009 - Restated	-	51 655 347	49 697 907	101 353 254	16 486 093	117 839 347
Profit for the period	-	-	14 990 629	14 990 629	5 817 415	20 808 044
Other comprehensive income	-	(88 877)	-	(88 877)	(64 757)	(153 634)
Total comprehensive income	-	(88 877)	14 990 629	14 901 752	5 752 658	20 654 410
Transfer of redenominated share capital	5 401 184	(5 401 184)	-	-	-	-
Exercise of share options	14 750	-	-	14 750	-	14 750
Dividends	-	-	(2 165 355)	(2 165 355)	(2 885 640)	(5 050 995)
Transactions with owners in their capacity as owners	-	(399 275)	-	(399 275)	(378 955)	(778 230)
Balance at 30 June 2010	5 415 934	45 766 011	62 523 181	113 705 126	18 974 156	132 679 282

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2010 were authorised in accordance with a resolution of the Directors on 12 October 2010. Innscor Africa Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. 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. 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 certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD).

2.1 Statement of compliance

The financial statements been prepared in conformity with IFRS, promulgated by the International Accounting Standards Board (IASB), which comprise the standards, International Financial Reporting Standards (IFRS) International Acounting Standards (IAS) and the Interpretations developed by IFRS Interpretations Committee (formerly called the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC)) except in the prior year due to non-compliance with the following:-

- IAS 21 – The Effects of Changes in Foreign Exchange Rates;
- IAS 29 – Financial Reporting in Hyperinflationary Economies

The effects of these departures were not quantified, but having regard to their nature, are considered to be material and pervasive to the financial statements. These exceptions arise from the circumstances which gave rise to a change in the company's functional currency from the Zimbabwe Dollar to the United States Dollar, as more fully explained in note 39.

The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

3. Basis of consolidation

3.1 Basis of consolidation from 1 July 2009

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2010. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

3.2 Basis of consolidation prior to 1 July 2009

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interest represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.
- Acquisitions of non-controlling interest were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

4. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2009:

IFRS 2	Share-based Payment effective 1 January 2009
IFRS 3	Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009 including consequential amendments to IFRS 7, IAS 21, IAS 28, IAS 31, and IAS 39
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments effective 1 January 2009
IAS 1	Presentation of Financial Statements effective 1 January 2009
IAS 23	Borrowing Costs (Revised) effective 1 January 2009
IFRIC 17	Distributions of Non-cash Assets to Owners
	Improvements to IFRSs (May 2008)
	Improvements to IFRSs (April 2009)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

IFRS 2 Share-based Payment (Revised)
The IASB issued an amendment to IFRS 2 which clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 July 2009. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
The Group adopted these revised standards from 1 July 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no

NOTES TO THE FINANCIAL STATEMENTS

longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurements and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity management. The fair value measurement disclosures are presented in Note 16. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34.

IFRS 8 Operating Segments

IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. IFRS 8 disclosures are shown in Note 31, including the related revised comparative information.

IAS 1 Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income; it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

IAS 23 Borrowing Costs

The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred except to the extent that they were capitalised; thus there is no impact on the financial statements.

IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. There is no impact on the consolidated financial statements, as the Group has not made non-cash distributions to shareholders in the past.

Improvements to IFRS

In May 2008 and April 2009, the IASB issued a number of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IFRS 8 Operating Segment Information: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 31.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and measurement are not automatically classified as current in the statement of financial position. The Group analysed whether the expected period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any reclassification of financial instruments between current and non-current in the statement of financial position.

IAS 7 Statement of Cash Flows: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment had no impact on the statement of cash flows.

IAS 18 Revenue: The Board has added guidance (which accompanies the standard) to determine whether an entity is acting as a principal or as an agent. The features to consider are whether the entity:

- Has primary responsibility for providing the goods or service
- Has inventory risk
- Has discretion in establishing prices
- Bears the credit risk

The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as principal in all arrangements. The revenue recognition accounting policy has been updated accordingly.

IAS 36 Impairment of Assets: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the consolidated financial statements of the Group because the recoverable amount of its cash generating units is currently estimated using 'value in use'. The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

IAS 38 Intangible Assets: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment has no impact on the Group because it does not enter into such promotional activities.

The reference to there being rarely, if ever, persuasive evidence to support an amortisation method of intangible assets other than a straight-line method has been removed. The Group reassessed the useful lives of its intangible assets and concluded that the straight-line method was still appropriate.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 2	Share-based Payment
IFRS 7	Financial Instruments: Disclosures
IAS 8	Accounting Policies, Change in Accounting Estimates and Error
IAS 10	Events after the Reporting Period
IAS 19	Employee Benefits
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 31	Interest in Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Properties
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedge of a Net Investment in a Foreign Operation
IFRIC 17	Distribution of Non-Cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

5. Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added tax. Instalment sales are accounted for when the risks and rewards of ownership are passed to the buyer. However, finance charges related to hire purchase sales are credited to revenue over the period of the settlement. The Group assesses its revenue arrangements against specific criteria in order to

NOTES TO THE FINANCIAL STATEMENTS

determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery.

Rendering of services
Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where the outcome cannot be measured reliably, revenue is recognised to the extent that expenses incurred are eligible to be recovered. Stage of completion is measured by reference to labour hours inccured to date as a percentage of total estimated labour hours for each contract.

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 the payment is established.

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

Borrowing costs
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. All other borrowing costs are expensed as incurred.

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 is 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 is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is 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.

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 Group'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 reporting 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 recognised in other comprehensive income 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 recognised in other comprehensive income. 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 statement of comprehensive income is translated at the average exchange rates for the year. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of the foreign entity, the deferred cumulative amount recognised in equity is recycled to profit or loss.

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 ruling at the end of the financial year, at which the liabilities are likely to be settled and assets realised, and their statements of comprehensive income 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 statement of comprehensive income 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 recognised in other comprehensive income. Upon disinvestment of a foreign entity, translation differences related to that entity are taken to profit or loss.

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. 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 statement of comprehensive income.

Business combinations

Business combinations from 1 July 2009

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 July 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquirer were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinuing operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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 in the statement of financial position 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 statement of comprehensive income reflects the share of the results of operations of the associates attributable to the Group.

The statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence, and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Joint ventures

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.

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. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control and provided the former jointly controlled entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any differences between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Leases

The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date 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. Leases where all the risks and benefits of ownership of the asset are not transferred to the Group are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss 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 defined contribution 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.

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. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of property, plant and equipment are requiring replacement in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. 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 over the useful lives 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. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of 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 profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives 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 profit or loss in the period in which they occur.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

Bargain purchase gains, which arise 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, are taken directly to profit or loss.

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 reflect current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount.

However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss. After the reversal, the 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 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 profit or loss.

Treasury shares

The Group's own equity instruments which are re-acquired (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. Any difference between the carrying amount and the consideration is recognised in equity.

Share-based payment

Share-based payment 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 is recognised in equity.

For the purposes of IFRS 2 Share-based payment, 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 is in compliance with the transition provisions of IFRS2.

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, or 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.

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. 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. Financial assets at fair value through profit and loss are carried in the statement of financial position with changes in fair value recognised in profit or 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 profit or loss 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 other comprehensive income in the available for sale reserve 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 profit or loss.

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 reporting 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.

Trade and other accounts receivable
Trade and other accounts receivable are subsequently carried at amortised cost after taking into account 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 impaired 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.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty,

default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

  In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Financial liabilities include trade and other accounts payable, bank overdrafts 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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 profit or loss net of any certain reimbursements.

If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a borrowing cost.

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, television 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

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 tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at reporting 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.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 reporting 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 reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. 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 tax 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 tax authority is included as part of receivables or payables in the statement of financial position.

INNSCOR

NOTES TO THE FINANCIAL STATEMENTS

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 basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads related to stage of manufacture. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Key Management

Key management include executive directors and divisional management as outlined on pages 9 to 11 of the annual report.

Key estimates, uncertainties and judgements

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

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.

Fair valuation of biological assets

Crocodiles

The Group assumes that all livestock is born on 1 December and that the average theoretical lifespan of a crocodile is 33 months. The fair value calculation is performed only when the crop reaches 12 months of age. Crops which have exceeded an age of 33 months, will be discounted by 10% in the first year and 5% in the second year. Average skin and meat prices that were achieved in the financial year, or latest invoices where there is material change, are utilised in the fair value calculations based on second grade prices.

Pigs and Cattle

The Group estimates the slaughter weights of the pig grower herd based on a 21 week profile. Pigs aged between 0 - 5 weeks are not fair valued and are stated at nil value at the reporting date. The Group also estimates average slaughter weights for the breeding herd. The average live weight of cattle is used in determining fair value. Biological assets are valued at a price determined on the local market.

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 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:

	2010 USD	2009 RESTATED USD
Net profit attributable to equity holders of the parent/earnings - continuing and discontinuing operations	14 990 629	9 728 560
Net profit attributable to equity holders of the parent/earnings - continuing operations	15 815 516	8 455 726
Weighted average number of ordinary shares for basic earnings per share	540 693 752	537 859 728
Effect of dilution:		
Share options	-	1 475 000
Weighted average number of ordinary shares adjusted for the effect of dilution	540 693 752	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, an interim dividend of 0.4 US cents per share was declared and paid.

	2010 USD	2009 RESTATED USD
Prior year final dividends	-	-
Current year interim dividends	2 165 355	-
Total dividends declared and paid	2 165 355	-

On 27 August 2010, the Board declared a final dividend of 0.4 US cents per share to shareholders registered in the books of the Company by noon on 24 September 2010. This brings the total dividend in respect of the 2010 financial year to 0.8 US cents per share. There are no tax consequences arising on the dividend payment.

NOTES TO THE FINANCIAL STATEMENTS

		2010 USD	2009 RESTATED USD
8	**Revenue**		
	Sale of goods	399 704 476	252 608 054
	Rendering of services	3 784 135	2 227 978
		403 488 611	254 836 032
8.1	**Operating profit before depreciation, amortisation, interest and fair value adjustments is shown after charging/(crediting) the following:**		
8.1.1	**Operating expenses**		
	Other operating costs	59 817 588	41 663 095
	Staff costs	58 535 918	36 269 027
		118 353 506	77 932 122
8.1.2	**Audit fees and expenses**		
	Current year	854 073	518 425
	Prior year under-provision	25 024	11 904
	Fees for other services	5 591	3 756
		884 688	534 085
8.1.3	**Key management's emoluments**		
	Non-executive directors - fees	273 250	88 232
	Executive directors - total emoluments	693 207	428 596
	Other management remuneration	4 346 796	2 453 917
		5 313 253	2 970 745
8.1.4	**Exchange (gain)/loss**		
	- Realised	(573 716)	555 892
	- Unrealised	(581 755)	751 259
		(1 155 471)	1 307 151
8.1.5	**Operating lease charges**	3 355 998	3 221 729
8.1.6	**Loss on disposal of property, plant and equipment**	160 896	63 614
8.1.7	**Royalties**	334 895	220 316
8.1.8	**Write offs**		
	Included in cost of sales and other operating costs are:		
	Inventories written off	5 105 096	1 464 426
8.1.9	**Loss on disposal of associate**	102 739	-
8.1.10	**Loss on disposal of subsidiaries**	376 971	-
8.1.11	**Loss on disposal of other investments**	17 512	2 271 097
8.1.12	**Monetary adjustment**		
	Arising on conversion of Zimbabwe Dollar statements of financial position	-	2 080 206

NOTES TO THE FINANCIAL STATEMENTS

		2010 USD	2009 RESTATED USD
9	**Interest income and expense**		
9.1	**Interest income**		
	Continuing operations	1 629 213	1 026 533
	Discontinuing operations	25 664	206
		1 654 877	1 026 739
9.2	**Interest expense**		
	Continuing operations	(2 070 718)	(1 391 702)
	Discontinuing operations	(658 050)	(148 434)
		(2 728 768)	(1 540 136)
10	**Share of profits of associates**		
	Earnings before tax	4 185 329	3 191 494
11	**Taxation**		
11.1	**Income tax charge**		
	Current income tax charge	6 564 283	5 296 625
	Witholding tax	966	988
	Deferred tax	(1 265 969)	(6 328 064)
	Taxation on associates income	(337 656)	(179 329)
		4 961 624	(1 209 780)
11.2	**Reconciliation of rate of taxation**	%	%
	Statutory rate of taxation, inclusive of AIDS levy	25.75	30.90
	adjusted for:		
	Change in statutory tax rate in Zimbabwe	(4.62)	-
	Non-taxable/non-deductible items	(2.47)	(43.41)
	Effective rate	18.66	(12.51)

INNSCOR

NOTES TO THE FINANCIAL STATEMENTS

12 Discontinuing Operations

Niloticus

Niloticus is a division of Innscor Africa Limited, and remains one of the world's leading producers of exotic skins. The Board has deemed that for the business to capitalise on its achievements to date and for it to continue to advance, that it would be better suited for the operation to function as a stand-alone entity with renewed and specific focus. In pursuit therefore of this objective, the Board has made a decision to unbundle the Niloticus operations in the 2011 financial year, subject to the appropriate approvals being granted, through a "dividend in specie" to existing Innscor Africa Limited shareholders, that will ultimately see the business seperately listed on the Zimbabwe Stock Exchange The results of the operation have therefore been disclosed as a discontinuing operation.

In addition, the results of the following discontinued operations under one of the subsidiaries, Colcom Holdings, are included in the 2009 results:

Danmeats

The decision to close down this operation was made in November 2008. Danmeats had modern meat processing facilities and cold rooms and a reputation for quality processed products. Danmeats had Export Processing Zone (EPZ) status and its products had ceased to be competitive on the export market.

AMP Bulawayo

The decision to close down this operation was made in April 2009. AMP Bulawayo was involved in slaughter and processing of beef products. This line was no longer profitable making it difficult for management to derive real growth.

Gredal

The decision to close down this operation was made in June 2009. The main operations of Gredal (Private) Limited, were cattle and ostrich breeding. Exports of ostrich meat and skin were carried out to Europe and the Far East. Again these products were no longer competitive in these foreign markets.

The results of the discontinuing operations are presented below:

	2010 USD	2009 RESTATED USD
Revenue	11 775 217	14 325 748
Operating profit/(loss) before depreciation and amortisation	1 297 340	(2 271 786)
depreciation and amortisation	(1 245 505)	(1 142 521)
Operating profit/(loss) before interest and fair value adjustments	51 835	(3 414 307)
fair value adjustments on listed equities	(112)	183
fair value adjustments on biological assets	(1 035 933)	929 264
monetary adjustment	-	807 488
Loss before interest and tax	(984 210)	(1 677 372)
interest income	25 664	206
interest expense	(658 050)	(148 434)
Loss before tax from discontinuing operations	(1 616 596)	(1 825 600)
tax	791 708	2 457 307
(Loss)/profit for the year from discontinuing operations	(824 888)	631 707

NOTES TO THE FINANCIAL STATEMENTS

	Notes	2010 USD	2009 RESTATED USD
Earnings per share (cents)			
Basic earnings per share - discontinuing operations		(0.15)	0.24
Diluted earnings per share - discontinuing operations		(0.15)	0.23
Cash flows from discontinuing operations			
Net cash flows from operating activities		(3 178 178)	1 734 559
Net cash flows from investing activities		(1 428 033)	(1 967 976)
Net cash flows from financing activities		5 056 096	70 928
Net cash flows		449 885	(162 489)
The major classes of assets and liabilities of the operations classified as held for sale as at 30 June 2010 are as follows:			
Assets			
property, plant and equipment	14.1	14 409 433	177 991
other investments	16	69	288
biological assets- non current	17.1	1 183 801	840 438
biological assets- current	17.2	16 736 273	-
inventories	18	711 326	362 261
trade and other accounts receivable	19	5 625 388	1 463 340
cash and cash equivalents		959 614	185 539
Assets of disposal group classified as held for sale		39 625 904	3 029 857
Liabilities			
deferred tax	23.1	(2 078 917)	164 781
interest-bearing borrowings	24	(7 815 216)	-
trade and other accounts payable	25	(683 047)	(2 710 176)
provisions	26	(168 189)	-
Liabilities directly associated with assets classified as held for sale		(10 745 369)	(2 545 395)
Net assets directly associated with discontinuing operations		28 880 535	484 462

NOTES TO THE FINANCIAL STATEMENTS

		Notes	2010 USD	2009 RESTATED USD
13	**Cash flow information**			
13.1	**Cash generated from operations**			
	Profit before interest and tax from continuing operations		22 850 732	6 841 966
	Loss before interest and tax from discontinuing operations		(984 210)	(1 677 372)
	Profit before interest and tax		21 866 522	5 164 594
	Depreciation - continuing operations		6 551 981	5 700 949
	Depreciation - discontinuing operations		1 245 505	1 142 521
	Amortisation of intangible assets - continuing operations		20 235	11 713
	(Profit)/loss on exchange in financing and investing activities		(34 646)	629 220
	Fair value adjustments on equity investments - continuing operations		(86 295)	37 072
	Fair value adjustments on equity investments - discontinuing operations		112	(183)
	Loss on acquisition of non-controlling interest		-	228 792
	Provisions charged to profit or loss		1 679 379	1 520 786
	Fair value adjustment on biological assets - continuing operations		(221 873)	(843 090)
	Fair value adjustments on biological assets - discontinuing operations		1 035 933	(929 264)
	Loss on disposal of property, plant and equipment		160 896	63 614
	Loss on disposal of associate		102 739	-
	Loss on disposal of subsidiaries		376 971	-
	Loss on disposal of other investments		17 512	2 271 097
	Increase in inventories		(2 702 128)	(5 582 046)
	Increase in biological assets		(655 634)	(1 397 683)
	Increase in receivables		(11 891 686)	(15 328 008)
	Increase in payables		8 170 447	16 539 831
	Provisions paid		(724 003)	(191 812)
			24 911 967	9 038 103
13.2	**Tax paid**			
	Opening balance		(1 637 737)	(1 669 771)
	Tax provided - continuing operations		(6 565 249)	(5 297 613)
	Tax credit - discontinuing operations		791 708	2 457 307
	Acquisition of subsidiaries	13.4	-	(7 017)
	Disposal of subsidiaries	13.5	10 174	-
	Exchange and other non-cash movements		(67 425)	277 380
	Closing balance		876 103	1 637 737
			(6 592 426)	(2 601 977)
13.3	**Investing activities**			
	Expenditure on property, plant and equipment to maintain operations		(7 088 523)	(3 809 058)
	Expenditure on property, plant and equipment to expand operations		(12 992 087)	(6 760 441)
	Proceeds on disposal of property, plant and equipment		1 095 428	199 264
	Purchase of intangible assets		(322 541)	(28 113)
	Purchase of investments		(952 747)	(5 648 528)
	Loans advanced to associates		(607 317)	(361 246)
	Dividends from associates		45 000	-
	Movement in non-current biological assets		565 554	(118 538)
	Proceeds on disposal of investments		2 549 300	3 178 850
	Purchase of non-controlling interest		(668 893)	(240 000)
	Acquisition of subsidiaries	13.4	(109 487)	1 500 430
	Disposal of subsidiaries	13.5	174 785	-
			(18 311 528)	(12 087 380)

NOTES TO THE FINANCIAL STATEMENTS

13.4 Net cash flow arising on the acquisition of subsidiary companies

During the first half of the year, the Group acquired a 51% interest in Solomon's Supermarket. The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. All assets and liabilities on acquisition were measured at fair value. The gross contractual amounts for trade and other accounts receivable are equal to the fair value.

	2010 USD	2009 RESTATED USD
Property, plant and equipment	(53 219)	(3 415 587)
Intangible assets	-	(71 592)
Inventories	(103 570)	(1 673 009)
Trade and other accounts receivable	(24 667)	(1 128 114)
Cash and cash equivalents	109 436	(1 651 946)
Trade and other accounts payable	100 000	4 757 117
Provisions	-	127 959
Interest - bearing borrowings	-	1 960 894
Current tax liability	-	7 017
Gross liabilities/(assets) of subsidiary at date of acquisition	27 980	(1 087 261)
Less non-controlling interest share therein	(13 710)	207 628
Net liabilities/(assets) acquired	14 270	(879 633)
Carrying amount of investments previously accounted for as investments in associates	-	1 132 587
Goodwill	(14 321)	(404 470)
Cash consideration	(51)	(151 516)
Add cash and cash equivalents acquired	(109 436)	1 651 946
Net cash (outflow)/inflow	(109 487)	1 500 430

13.5 Net cash flow from the disposal of subsidiary companies

During the second half of the year, the Group disposed of its investments in Spar Livingstone, Spar Chawama, Spar Bakery and Solomon's Supermarket. The cash consideration was the total consideration received from the disposals.

	2010 USD	2009 RESTATED USD
Property, plant and equipment	1 108 959	-
Inventories	533 388	-
Trade and other accounts receivable	149 241	-
Cash and cash equivalents	(37 569)	-
Trade and other accounts payable	(1 935 306)	-
Interest-bearing borrowings	(386 387)	-
Deferred tax	667 944	-
Current tax liability	(10 174)	-
Gross assets of subsidiary at date of disposal	90 096	-
Non-controlling interest share therein	409 770	-
Net assets disposed	499 866	-
Goodwill	14 321	-
Loss on disposal	(376 971)	-
Cash consideration	137 216	-
Add cash and cash equivalents disposed	37 569	-
Net cash inflow	174 785	-

14 Property, plant and equipment

	Freehold Property USD	Leasehold Improvements USD	Plant, Fittings & Equipment USD	Motor Vehicles USD	Total USD
Cost					
At 1 July 2009 - Restated	12 383 884	22 629 363	44 786 216	11 112 888	90 912 351
Additions	780 113	2 788 719	13 901 771	2 610 007	20 080 610
Disposals	-	(207 886)	(1 246 295)	(1 017 963)	(2 472 144)
Acquisition of subsidiaries (note 13.4)	-	-	74 824	-	74 824
Disposal of subsidiaries (note 13.5)	-	(134 952)	(1 431 098)	(17 425)	(1 583 475)
Discontinuing operations	(89 146)	(18 771 058)	(2 503 694)	(884 712)	(22 248 610)
Exchange movements	-	(21 536)	(279 740)	(40 320)	(341 596)
At 30 June 2010	13 074 851	6 282 650	53 301 984	11 762 475	84 421 960
Depreciation					
At 1 July 2009 - Restated	489 116	7 634 533	19 553 908	5 882 550	33 560 107
Disposals	-	(75 049)	(604 522)	(536 249)	(1 215 820)
Charge for the year	233 127	1 384 948	4 466 963	1 712 448	7 797 486
Acquisition of subsidiaries (note 13.4)	-	-	21 605	-	21 605
Discontinuing operations	(8 849)	(6 139 587)	(1 032 636)	(658 105)	(7 839 177)
Disposal of subsidiaries (note 13.5)	-	(85 470)	(371 621)	(17 425)	(474 516)
Exchange movements	-	(39 615)	(336 100)	(74 169)	(449 884)
At 30 June 2010	713 394	2 679 760	21 697 597	6 309 050	31 399 801
Net carrying amount					
At 30 June 2010	12 361 457	3 602 890	31 604 387	5 453 425	53 022 159
At 1 July 2009 – Restated	11 894 768	14 994 830	25 232 308	5 230 338	57 352 244

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

14.1 Reconciliation of opening and closing carrying amounts

	2010 USD	2009 RESTATED USD
Net carrying amount 1 July	57 352 244	54 359 078
Cost	90 912 351	79 102 746
Accumulated depreciation and impairment losses	(33 560 107)	(24 743 668)
Movement for the year:		
Additions at cost	20 080 610	10 569 499
Net carrying amount of disposals	(1 256 324)	(262 878)
Depreciation charge for the year	(7 797 486)	(6 843 470)
Disposal of a subsidiaries (note 13.5)	(1 108 959)	-
Acquisition of subsidiaries (note 13.4)	53 219	3 415 587
Discontinuing operations (note 12)	(14 409 433)	(177 991)
Exchange movements	108 288	(3 707 581)
Net carrying amount 30 June	53 022 159	57 352 244
Cost	84 421 960	90 912 351
Accumulated depreciation and impairment losses	(31 399 801)	(33 560 107)

14.2 Security

	2010 USD	2009 RESTATED USD
Net book value of property, plant and equipment pledged as security for borrowings	533 970	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
Net carrying amount 1 July 2009 - Restated	775 201	17 058	792 259
Gross carrying amount	775 201	28 771	803 972
Accumulated amortisation and impairment losses	-	(11 713)	(11 713)
Purchase of intangible assets	-	322 541	322 541
Acquisition of subsidiaries	14 321	-	14 321
Disposal of subsidiaries	(14 321)	-	(14 321)
Amortisation	-	(20 235)	(20 235)
Exchange movements	(6 873)	-	(6 873)
Net carrying amount 30 June 2010	768 328	319 364	1 087 692
Gross carrying amount	768 328	351 312	1 119 640
Accumulated amortisation and impairment losses	-	(31 948)	(31 948)

Other intangibles consist of computer software. These are deemed to have a finite useful life and amortisation periods range from 4-12 years.

The Group performed its annual impairment test as at 30 June 2010. For goodwill, the Group considers the relationship between the net assets of the subsidiary in which goodwill exists and the carrying amount of the goodwill. For computer software, the Group considers the usage and the remaining useful life. As at 30 June 2010, there were no indications of impairment in both goodwill and computer software.

16 Investments

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

	2010 USD	2009 RESTATED USD
Investments in associates		
Share of associates' income before tax	4 185 329	3 191 494
Tax credit on associates' income	337 656	179 329
Less: Dividends received from associates	(45 000)	-
Share of current year distributable reserves	4 477 985	3 370 823
Cost	28 605 330	20 860 692
Loans advanced to associates	607 317	361 246
Disposal of associates	(349 263)	-
Exchange differences	9 381	-
Total investments in associates	33 350 750	24 592 761
Other investments		
Unquoted investments	834 952	874 940
Listed investments	192 744	1 348 230
Property unit trust	687 500	687 500
Other	240 834	4 339 068
Total other investments	1 956 030	7 249 738
Total investments	35 306 780	31 842 499

NOTES TO THE FINANCIAL STATEMENTS

	2010 USD	2009 RESTATED USD
Reconciled as follows:		
Associates		
Opening balance	24 592 761	21 719 691
Additional purchases at cost	699 690	273 588
Share of associates' income before tax	4 185 329	3 191 494
Tax credit on associates' income	337 656	179 329
Dividends received from associates	(45 000)	-
Movement in loans with associates	607 317	361 246
Transfer from other investments to associates	3 312 879	-
Exchange differences	9 381	-
Loss on disposal of associate	(102 739)	-
Proceeds on disposal of associate	(246 524)	-
Transfer to investments in subsidiaries (note 13.4)	-	(1 132 587)
Closing balance	33 350 750	24 592 761
Other Investments		
Opening balance	7 249 738	7 478 158
Additional purchases at cost	253 057	5 374 940
Loss on disposal of investments	(17 512)	(2 271 097)
Proceeds on disposal of investments	(2 302 776)	(3 178 850)
Exchange differences	-	(116 236)
Fair value adjustments through profit and loss - continuing operations	86 295	(37 072)
Fair value adjustments through profit and loss - discontinuing operations	(112)	183
Transfer to investments in associates	(3 312 879)	-
Transfer to discontinuing operations (note12)	(69)	(288)
Assets held for sale	288	-
Closing balance	1 956 030	7 249 738

Other Investments are analysed as follows:

	Fair value through profit and loss USD	Other investments at cost USD	Total USD
Opening balance - Restated	1 348 230	5 901 508	7 249 738
Additional purchases at cost	118 056	135 001	253 057
Profit/(loss) on disposal of investments	102 233	(119 745)	(17 512)
Proceeds on disposal of investments	(1 462 177)	(840 599)	(2 302 776)
Fair value adjustments through profit and loss - continuing operations	86 295	-	86 295
Fair value adjustments through profit and loss - discontinuing operations	(112)	-	(112)
Transfer to investments in associates	-	(3 312 879)	(3 312 879)
Transfer to discontinuing operations (note12)	(69)	-	(69)
Assets held for sale	288	-	288
Closing balance	192 744	1 763 286	1 956 030

Other investments are held at cost.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 USD	Level 2 USD	Level 3 USD	30 June 2010 USD
Fair value through profit or loss	192 744	-	-	192 744
	192 744	-	-	192 744

The Group has the following investments in 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 and bakers' fats, 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.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	23 344 426	19 647 067
Share of current year profit after tax	1 447 851	3 278 613
Loan (received)/advanced	(419 746)	418 746
Balance at the end of the year	24 372 531	23 344 426
The market capitalisation of the associate at 30 June 2010 is	61 542 097	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.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	828 959	791 271
Share of current year profit after tax	131 685	95 188
Loans received	(20)	(57 500)
Balance at the end of the year	960 624	828 959

16.3 Freddy Hirsch (Private) Limited

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

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	194 773	148 766
Share of current year profit after tax	224 063	46 007
Balance at the end of the year	418 836	194 773

16.4 Irvine's Zimbabwe (Private) Limited

Irvine's Zimbabwe (Private) Limited is an entity involved in the production of chicken, table eggs and day-old chicks. The Group holds an effective 49% shareholding in Irvine's Zimbabwe (Private) Limited.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Cost	3 585 674	-
Share of current year profit after tax	1 799 527	-
Balance at the end of the year	5 385 201	-

16.5 Paperhole Investments (Private) Limited

Paperhole Investments (Private) Limited is involved in the procurement of grain. The Group holds an effective 50% shareholding in Paperhole Investments (Private) Limited.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Share of current year profit after tax	920 940	-
Loan advanced	1 027 083	-
Balance at the end of the year	1 948 023	-

16.6 Fast Foods – Regional Operations

The Group holds an effective 25.05% in Nungu Trading 49 (Pty) Limited and an effective 25.05% in Harlock Management Services Limited. Both these entities are involved in the provision of fast foods services in the Group's regional operating territories.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	90 720	996 768
Additional purchases at cost	185 938	-
Share of current year profit after tax	33 877	90 720
Dividend received from associate	(45 000)	-
Transfer to investments in subsidiaries	-	(996 768)
Balance at the end of the year	265 535	90 720

16.7 Innscor Gold Agricultural Africa Limited

Innscor Gold Agricultural Africa Limited is a property-owning company. The Group held an effective 33.33% in Innscor Gold Agricultural Africa Limited. During the course of the year, the Group disposed of its investment in Innscor Gold Agricultural Africa Limited.

	2010 USD	2009 RESTATED USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	133 883	135 819
Share of current year loss after tax	(34 958)	(139 705)
Transfer from other investments	225 623	-
Additional purchases at cost	15 334	273 588
Loss on disposal of associate	(102 739)	-
Proceeds on disposal	(246 524)	-
Transfer to investments in subsidiaries	-	(135 819)
Exchange differences	9 381	-
Balance at the end of the year	-	133 883

NOTES TO THE FINANCIAL STATEMENTS

16.8 Summarised financial information of associates

	Revenue USD	Profit/(loss) before tax USD	Total assets USD	Total liabilities USD
National Foods Holdings Limited				
30 June 2010	165 886 700	590 517	78 265 094	39 233 015
30 June 2009 - Restated	79 313 927	6 115 881	64 475 121	28 339 900
Shearwater Holdings (Private) Limited				
30 June 2010	6 367 343	368 939	3 184 433	949 629
30 June 2009 - Restated	4 685 584	275 507	2 640 103	668 669
Freddy Hirsch (Private) Limited				
30 June 2010	3 448 715	616 552	1 498 580	616 552
30 June 2009 - Restated	819 584	143 166	623 895	113 065
Irvine's Zimbabwe (Private) Limited				
30 June 2010	57 720 478	4 946 134	25 139 879	4 644 604
30 June 2009 - Restated	-	-	-	-
Paperhole Investments (Private) Limited				
30 June 2010	14 226 370	469 967	4 146 519	3 800 804
30 June 2009 - Restated	-	-	-	-
Nungu Trading 49 (Pty) Limited				
30 June 2010	117 815	(62 026)	722 550	863 077
30 June 2009 - Restated	426 263	94 826	1 016 255	1 094 136
Harlock Management Services Limited				
30 June 2010	232 161	133 592	65 053	21 461
30 June 2009 - Restated	-	-	-	-
Innscor Gold Agricultural Limited				
30 June 2010	-	(104 976)	-	-
30 June 2009 - Restated	10 403	(419 534)	2 026 075	1 894 003

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16.9 Group investments

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

Zimbabwe

Milling & Manufacturing Silo

Capri Engineering	
t/a Innscor Appliance Manufacturing	50.10%
National Foods Holdings Ltd *	49.98%
Irvine's Zimbabwe (Pvt) Ltd *	49.00%
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%
Colcom Holdings Ltd	79.64%
Bedra (Pvt) Ltd #	39.90%
Colcom Canning (Pvt) Ltd #	39.90%
Blumo Trading (Pvt) Ltd #	40.22%
Vedula Trading (Pvt) Ltd #	40.22%
Freddy Hirsch Group (Pvt) Ltd *	39.02%
Great Rift Delight (Pvt) Ltd	79.64%
Lennard Manufacturing (Pvt) Ltd	
t/a Innscor Bread Bulawayo	100.00%
Solid Grand Industries (Pvt) Ltd	
t/a Innscor Bread Harare	100.00%

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%
Comox Trading (Pvt) Ltd	50.01%
Eagle Agencies (Pvt) Ltd	37.50%
Daymove Transport (Pvt) Ltd	
t/a Innscor Transport	50.00%
Spar Harare (Pvt) Ltd t/a SPAR DC #	43.36%
Camelbags (Pvt) Ltd	66.70%
Tevason Investments (Pvt) Ltd t/a FreshPro	66.70%

Retail Silo

Rockards (Pvt) Ltd t/a Letombo Park SPAR	50.01%
Hamcut Enterprises (Pvt) Ltd	
t/a Willowmead Junction	50.01%
Unibax (Pvt) Ltd t/a Arundel Village 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%
Yeldman Investments (Pvt) Ltd	70.00%
Botanegra (Pvt) Ltd	70.00%
Innscor (Pvt) Ltd	100.00%
Capri Corporation (Pvt) Ltd	100.00%
Paperhole Investments (Pvt) Ltd *	50.00%

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 Foods Zambia Ltd	50.10%
Harlock Management Services Ltd *	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%

* Associates # Subsidiaries of subsidiaries

16.10 Country of incorporation

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 Foods (Zambia) Ltd	Zambia
Harlock Management Services Ltd	Jersey
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

17 Biological assets

Reconciliation of opening and closing carrying amounts

	Crocodiles USD	Cattle USD	Pigs USD	Total USD
17.1 Non-current biological assets				
At 1 July 2009 - Restated	908 917	-	-	908 917
Sales	(3 667)	-	-	(3 667)
Deaths	(3 175)	-	-	(3 175)
Direct costs	281 726	-	-	281 726
Discontinuing operations	(1 183 801)	-	-	(1 183 801)
At 30 June 2010	-	-	-	-
17.2 Current biological assets				
At 1 July 2009 - Restated	17 160 088	43 005	1 899 788	19 102 881
Purchases	-	17 594	17 795	35 389
Sales	(4 972 637)	(9 231)	-	(4 981 868)
Births	123 248	-	-	123 248
Deaths	(141 201)	-	-	(141 201)
Direct costs	5 602 708	17 358	-	5 620 066
Fair value adjustment - continuing operations	-	(9 650)	231 523	221 873
Fair value adjustment - discontinuing operations	(1 035 933)	-	-	(1 035 933)
Discontinuing operations	(16 736 273)	-	-	(16 736 273)
At 30 June 2010	-	59 076	2 149 106	2 208 182

No biological assets have been pledged as collateral for borrowings.

At 30 June 2010, the Group had the following number of living animals:

	Crocodiles	Cattle	Pigs
Number of living animals	120 906	209	26 558

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.

The fair value of biological assets has been determined on the fair value less cost to sell basis in accordance with IAS 41. In arriving at their estimates of fair value, the Directors have used their market knowledge, professional judgment and historical transactional comparables.

The table below presents the sensitivity of profit or loss before tax due to change in assumptions. The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable, the negative impact on profit would be of a similar magnitude:

	% Change	Effect on profit before tax USD
Crocodiles		
Fair value less cost to sell - skins	5%	574 548
Fair value less cost to sell - meat	5%	66 314
Pigs		
Fair value less cost to sell - meat	3%	65 936
Cattle		
Fair value less cost to sell - meat	5%	2 041

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		2010 USD	2009 RESTATED USD
18	**Inventories**		
	Consumable stores	4 765 734	4 578 482
	Finished products	17 221 737	15 121 188
	Raw materials and packaging	5 444 324	5 375 487
	Goods in transit	274 634	271 583
	Work in progress	8 018	91 988
		27 714 447	25 438 728
	Allowance for obsolescence	(46 500)	(43 823)
		27 667 947	25 394 905
	Discontinuing operations (note 12)	(711 326)	(362 261)
	Inventories - continuing operations	26 956 621	25 032 644

The amount of write-down of inventories recognised as an expense is USD 5 105 096 (2009: USD 1 464 426).
The are no inventories pledged as security for borrowings.

		2010 USD	2009 RESTATED USD
19	**Trade and other accounts receivable**		
	Trade receivables	27 427 315	23 529 281
	Prepayments and other receivables	17 675 177	8 908 195
		45 102 492	32 437 476
	Allowance for doubtful debts - trade receivables	(1 314 451)	(401 031)
		43 788 041	32 036 445
	Discontinuing operations (note 12)	(5 625 388)	(1 463 340)
	Trade and other accounts receivable - continuing operations	38 162 653	30 573 105
	Reconciliation for allowances for trade receivables is as follows:		
	Opening balance	401 031	-
	Charge for the year	913 420	401 031
	Closing balance	1 314 451	401 031

There were no collectively impaired trade receivables in the current year.
Credit terms vary per business unit, but do not exceed 30 days. Interest is charged on overdue accounts at varying rates depending on the business.

As at 30 June 2010, the ageing analysis of trade receivables was as follows:

			Past due but not impaired		
	Total USD	Neither past due nor impaired USD	30-60 days USD	60-90 days USD	More than 90 days USD
30 June 2010	27 427 315	20 953 019	3 553 429	1 168 392	1 752 475

		2010 USD	2009 RESTATED USD
20	**Ordinary share capital**		
20.1	**Authorised**		
	800 000 000 ordinary shares of 1 cent each	8 000 000	-
	(2009: 800 000 000 ordinary shares of ZWD 0.00001 each)	-	-
20.2	**Issued and fully paid**		
	Opening balance	-	-
	Transfer of re-denominated share capital		
	540 118 440 ordinary shares of US1 cent each (note 21)	5 401 184	-
	Issued during the year		
	1 475 000 ordinary shares of US1 cent each	14 750	-
	Closing balance		
	541 593 440 ordinary shares of US1 cent each	5 415 934	-

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 options are exercised at nominal value.

There are no outstanding share options at 30 June 2010.

	2010 Number of shares	2009 Number of shares
Movements for the year		
Opening balance	1 475 000	8 195 000
New options granted	-	-
Options cancelled	-	-
Options exercised	(1 475 000)	(6 720 000)
Closing balance	-	1 475 000

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

	2010 USD	2009 RESTATED USD
Basic earnings per share (cents)	2. 77	1.81
Diluted earnings per share (cents)	2. 77	1.80
Effect of share options dilution per share (cents)	-	(0.01)
Number of shares in issue	541 593 440	540 118 440
Effect of share options dilution (USD)	-	(54 012)

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20.4 Directors' shareholdings

At 30 June 2010, the Directors held directly and indirectly the following number of shares:

	2010	2009
M J Fowler	107 858 631	110 687 866
Z Koudounaris	102 402 353	102 407 030
T W Brown	22 653 343	22 656 335
J Koumides	1 120 000	1 160 000
J P Schonken	1 733 820	1 497 450
D L L Morgan	75 254	75 254
	235 843 401	238 483 935

There has been no material change in the Directors' interests subsequent to 30 June 2010 to the date of this report

	2010 USD	2009 RESTATED USD
21 Non-distributable reserves		
Opening balance	51 655 347	51 716 735
Changes in non-distributable reserves	(5 889 336)	(61 388)
Transfer of re-denominated share capital (note 20)	(5 401 184)	-
Exchange differences arising on the translation of foreign subsidiaries	(88 877)	(210 800)
Arising on the restructure of the Group and acquisition of subsidiaries	(399 275)	-
Exchange differences transferred to non-controlling interest	-	82 212
Arising on share options exercised	-	67 200
Closing balance	45 766 011	51 655 347
Comprising:		
Restructure reserve	(319 538)	79 737
Foreign currency translation reserve	792 916	881 793
Foreign currency conversion reserve	45 292 633	50 693 817
	45 766 011	51 655 347

Nature and purpose of reserves

Restructure reserve
The restructure reserve is used to record changes in the ownership interest of a subsidiary, which do not result in a change of control.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwean Dollar to the United States Dollar. It represents the residual equity in existence at the change-over period and has been designated as a non-distributable reserve.

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		2010 USD	2009 RESTATED USD
22	**Distributable reserves**		
	Opening balance	49 697 907	39 969 347
	Retained for the year	14 990 629	9 728 560
	Dividends paid (note 7)	(2 165 355)	-
	Closing balance	62 523 181	49 697 907
	Retained in:		
	Holding company	37 353 518	32 233 191
	Subsidiary companies	20 691 678	14 093 893
	Associate companies	4 477 985	3 370 823
		62 523 181	49 697 907
23	**Deferred tax liability**		
23.1	**Reconciliation**		
	Opening balance	7 367 689	6 584 412
	Deferred tax prior period adjustment	-	6 670 163
	Credited to profit or loss	(1 265 969)	(6 328 064)
	Arising from discontinuing operations (note 12)	(2 078 917)	164 781
	Disposal of subsidiaries (note 13.5)	667 944	-
	Exchange movements	(210 292)	276 397
	Closing balance	4 480 455	7 367 689
23.2	**Analysis of deferred tax liability**		
	Accelerated depreciation for tax purposes	8 998 780	12 726 676
	Fair value adjustments on biological assets	67 209	(1 812 864)
	Assessed losses	(4 909 579)	(3 613 625)
	Unrealised gain/(loss) on exchange	149 106	(232 139)
	Prepayments	551 837	446 144
	Provision for bad debts	(338 471)	(123 919)
	Provision for warranties	(38 427)	(22 584)
		4 480 455	7 367 689
	The net deferred tax liability is made up as follows:		
	Deferred tax asset	(5 286 477)	(5 805 131)
	Deferred tax liability	9 766 932	13 172 820
		4 480 455	7 367 689

The Group only recognises assessed losses when there is an expectation that sufficient taxable profit will be available in the future to utilise these losses. It is expected that these losses will be utilised within a period of 5 years.

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23.3 Prior period adjustment to deferred tax balance

At the time of finalisation of the Group's 2009 Financial Statements, guidance for deferred tax had not yet been issued and consequently no deferred tax had been provided for on the opening property, plant and equipment held at the point of dollarisation. The Directors have now taken the decision to provide for deferred tax on the full balance sheet liability method in respect of this property, plant and equipment, and the relevant prior period statement of financial position figures have been adjusted accordingly.

The effects of the adjustments are as follows:

	2010 USD	2009 RESTATED USD
Increase in deferred tax liability	-	6 670 163
Decrease in non-distributable reserves	-	(4 579 592)
Decrease in non-controlling interest	-	(2 090 571)

24 Interest-bearing borrowings

	Rate of interest	Year Repayable	2010 USD	2009 RESTATED USD
Long-term financing				
Secured				
Regional Operations	7 - 29%	2011-2014	664 246	851 406
Unsecured				
Zimbabwe Operations	10.75 - 12%	2011-2015	6 047 942	-
Total long-term financing			6 712 188	851 406
Short-term financing				
Secured				
Zimbabwe Operations	11 - 12%	2010	1 250 000	-
Regional Operations			-	4 370 219
Unsecured				
Zimbabwe Operations	11 - 12%	up to 180 days	7 638 207	5 457 796
Short-term portion of long-term financing			720 663	1 008 043
Overdraft	11 - 12%	On demand	6 680 276	2 207 639
Total short-term financing			16 289 146	13 043 697
Discontinuing operations (note 12)			(7 815 216)	-
Total short-term financing-continuing operations			8 473 930	13 043 697
Total interest-bearing borrowings			15 186 118	13 895 103

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.

	2010 USD	2009 RESTATED USD
25 Trade and other accounts payable		
Trade payables	29 720 256	28 199 237
Other payables	17 330 608	12 536 096
	47 050 864	40 735 333
Discontinuing operations (note 12)	(683 047)	(2 710 176)
Trade and other accounts payable - continuing operations	46 367 817	38 025 157

Trade payables are non-interest bearing and are normally settled within 30 days.
Other payables are non-interest bearing and have varying settlement terms.

	2010 USD	2009 RESTATED USD
26 Provisions		
Leave pay provision	2 328 107	1 460 302
Provision for warranty	149 232	73 087
Discontinuing operations (note 12)	(168 189)	-
	2 309 150	1 533 389

Reconciliation of provisions	Provision for leave pay USD	Provision for warranties USD	Total USD
Opening balance - Restated	1 460 302	73 087	1 533 389
Charge for the year	1 603 234	76 145	1 679 379
Exchange differences	(11 426)	-	(11 426)
Discontinuing operations (note 12)	(168 189)	-	(168 189)
Less paid	(724 003)	-	(724 003)
Closing balance	2 159 918	149 232	2 309 150

27 Contingent liabilities

The Group had no contingent liabilities at 30 June 2010.

	2010 USD	2009 RESTATED USD
28 Capital expenditure commitments		
Authorised and contracted	-	-
Authorised but not yet contracted	36 886 498	18 276 344
	36 886 498	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.

30 Future operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain properties. These leases have an average life of between three and five years with renewal options included in some of the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:

	2010 USD	2009 RESTATED USD
Payable within one year	5 916 608	5 477 126
Payable between two and five years	15 199 495	11 990 706
Payable after five years	8 689 491	4 113 759
	29 805 594	21 581 591

31 Segmental analysis

For management purposes, the Group is organised into business units based on their products, services and geographical locations as shown below. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

31.1 Business Segments

	Milling & Manufacturing USD	Distribution & Wholesale USD	Retail Silo USD	Export Silo USD
31.1.1 Revenue				
30 June 2010				
Gross revenue:	91 006 546	81 142 463	147 539 190	12 034 894
Less: inter-segment transactions	(579 952)	(18 689 809)	-	-
Revenue from external customers	90 426 594	62 452 654	147 539 190	12 034 894
30 June 2009 - Restated				
Gross revenue:	43 059 225	27 670 666	76 275 249	10 312 554
Less: inter-segment transactions	(6 360 567)	(5 215 341)	-	-
Revenue from external customers	36 698 658	22 455 325	76 275 249	10 312 554
31.1.2 Operating profit/(loss) before depreciation, amortisation, interest and fair value adjustments				
30 June 2010	9 109 312	2 984 842	11 631 654	1 999 960
30 June 2009 - Restated	(974 190)	1 749 999	8 366 308	(165 590)
31.1.3 Segment assets				
30 June 2010	51 709 781	22 852 102	28 076 165	201 752
30 June 2009 - Restated	34 028 444	15 468 474	19 944 746	38 002 797
31.1.4 Segment liabilities				
30 June 2010	19 344 904	16 198 378	18 060 758	210 357
30 June 2009 - Restated	8 164 211	9 286 307	12 207 115	5 352 852
31.1.5 Capital expenditure				
30 June 2010	6 830 937	1 181 835	7 840 429	1 153 399
30 June 2009 - Restated	1 110 702	495 878	2 751 983	1 849 933
31.1.6 Depreciation and amortisation				
30 June 2010	1 787 442	808 579	1 711 889	1 492 722
30 June 2009 - Restated	1 916 901	634 146	1 180 085	966 250
31.1.7 Segment share of profit of associates				
30 June 2010	3 018 875	-	-	184 470
30 June 2009 - Restated	3 102 725	-	-	137 754
31.1.8 Segment investments in associates				
30 June 2010	30 176 568	-	-	960 624
30 June 2009 - Restated	23 539 199	-	-	828 959

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Corporate Services USD	Regional Fast Foods USD	Innscor Zambia USD	Adjusted for Discontinuing Operations USD	Total USD
1 882 545	33 072 745	69 300 094	(11 775 217)	424 203 260
(1 444 888)	-	-	-	(20 714 649)
437 657	33 072 745	69 300 094	(11 775 217)	403 488 611
429 813	29 995 830	93 362 360	(14 325 748)	266 779 949
(368 009)	-	-	-	(11 943 917)
61 804	29 995 830	93 362 360	(14 325 748)	254 836 032
377 422	2 515 847	1 793 083	(1 297 340)	29 114 780
357 642	2 068 218	154 643	2 271 786	13 828 816
45 495 908	9 353 460	15 329 222	39 625 904	212 644 294
44 869 790	6 797 504	20 702 205	3 029 857	182 843 817
(1 893 296)	5 682 411	11 616 131	10 745 369	79 965 012
8 156 659	4 629 710	14 662 221	2 545 395	65 004 470
847 928	1 647 019	579 063	-	20 080 610
558 726	1 477 261	2 325 016	-	10 569 499
229 016	650 101	1 137 972	(1 245 505)	6 572 216
259 021	593 036	1 305 744	(1 142 521)	5 712 662
983 065	33 877	(34 958)	-	4 185 329
-	90 720	(139 705)	-	3 191 494
1 948 023	265 535	-	-	33 350 750
-	90 720	133 883	-	24 592 761

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31.2 Geographical segments

	Revenue USD	Profit before tax USD	Total assets USD	Total liabilities USD
Zimbabwe Continuing Operations				
30 June 2010	301 115 772	24 437 852	187 961 612	62 666 470
30 June 2009 - Restated	131 477 842	9 108 038	155 344 108	45 712 539
Regional Continuing Operations				
30 June 2010	102 372 839	2 156 704	24 682 682	17 298 542
30 June 2009 - Restated	123 358 190	560 253	27 499 709	19 291 931

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 Innscor Bread 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 6% of pensionable emoluments of which the maximum pensionable salary is USD 200. A total contribution of USD 12 is the maximum per employee.

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:

	2010 USD	2009 RESTATED USD
Innscor Africa Limited Pension Fund	405 463	72 638
SPAR Harare Pension Fund	102 926	11 377
National Social Security Authority Scheme	1 274 564	266 225
Catering Industry Pension Fund	81 536	50 599
Other Schemes	519 188	83 125
	2 383 677	483 964

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33 Related party transactions

33.1 Tabulated below are the related party transactions that occurred between Innscor Africa Limited and its associates:

Trading transactions

Name of related party	sales to related party USD	purchases from related party USD	rent paid from related party USD	interest paid to related party USD	trade & other accounts receivable USD	trade & other accounts payable USD
National Foods Holdings Limited						
30 June 2010	22 250 400	58 037 998	9 290	38 268	4 337 817	6 330 040
30 June 2009 - Restated	7 991 832	364 703	-	-	1 362 993	-
Irvine's Zimbabwe (Private) Limited						
30 June 2010	6 564 969	5 650 499	-	-	948 554	-
30 June 2009 - Restated	-	-	-	-	-	-

33.2 Compensation of key personnel to the Group

	2010 USD	2009 RESTATED USD
Short-term employee benefits (note 8.1.3)	5 313 253	2 970 745
Post-employment pension benefits	-	-
Total compensation of key personnel to the Group	5 313 253	2 970 745

33.3 Transactions with Directors

The Group has leased properties from various companies in which some of the Directors have either a financial or custodial interest. The leases are undertaken at an arm's length basis. The Group also receives loans from Directors from time to time.

	2010 USD	2009 RESTATED USD
Lease payments	863 562	247 064
Loans from Directors	548 132	-

34 Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing borrowings, overdrafts, 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 equity price 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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short term overdrafts. There is an immaterial impact on the Group's equity.

	2010 USD	2009 RESTATED USD
Effect on profit before tax		
Increase of 3%	(133 319)	(33 223)
Decrease of 3%	133 319	33 223

Foreign currency risk

As a result of significant investment operations in countries outside Zimbabwe, the Group's statement of financial position 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.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

30 June 2010 Currency	Liabilities	Assets	Net position
South African Rand	(296 216)	5 744 549	5 448 333
Kenya Shilling	(217 955 929)	296 144 105	78 188 176
Ghanaian Cedi	(2 735 831)	3 482 210	746 379
Senegalese Franc	(545 563 694)	273 470 569	(272 093 125)
Malawian Kwacha	(476 152 300)	603 013 772	126 861 472
Zambian Kwacha	(55 347 411 680)	50 600 056 905	(4 747 354 775)

30 June 2009 RESTATED Currency	Liabilities	Assets	Net position
South African Rand	(274 863)	5 637 299	5 362 436
Kenya Shilling	(212 784 564)	253 911 036	41 126 472
Ghanaian Cedi	(2 099 866)	2 398 753	298 887
Senegalese Franc	(481 173 490)	213 809 697	(267 363 793)
Malawian Kwacha	(408 677 584)	552 131 839	143 454 255
Zambian Kwacha	(69 369 349 172)	72 465 007 182	3 095 658 010

Foreign currency risk is the risk that fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenues and expenses are denominated in a different currency and the Group's net investment in subsidiaries. The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the US Dollar (USD) exchange rate against the following currencies, with all other variables held constant.

30 June 2010	Change in rate	Effect on profit before tax USD	Effect on Equity USD
South African Rand	+10%	(1 404)	(64 242)
	-10%	1 404	64 242
Kenyan Shilling	+10%	(98 642)	(87 001)
	-10%	98 642	87 001
Ghanaian Cedi	+10%	(50 988)	(47 784)
	-10%	50 988	47 784
Senegalese Franc	+10%	679	46 409
	-10%	(679)	(46 409)
Malawian Kwacha	+10%	(29 211)	(75 730)
	-10%	29 211	75 730)
Zambian Kwacha	+10%	63 389	83 720)
	-10%	(63 389)	(83 720)

30 June 2009 RESTATED	Change in rate	Effect on profit before tax USD	Effect on Equity USD
South African Rand	+10%	(1 604)	(62 984)
	-10%	1 604	62 984
Kenyan Shilling	+10%	(68 170)	(49 097)
	-10%	68 170	49 097
Ghanaian Cedi	+10%	(18 665)	(17 994)
	-10%	18 665	17 994
Senegalese Franc	+10%	13 923	52 194
	-10%	(13 923)	(52 194)
Malawian Kwacha	+10%	(39 240)	(94 229)
	-10%	39 240	94 229
Zambian Kwacha	+10%	229 137	(54 381)
	-10%	(229 137)	54 381

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 debt impairment 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.

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 and interest-bearing borrowings.

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

30 June 2010

	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(6 711 944)	(1 761 986)	(6 712 188)	(15 186 118)
Trade and other accounts payable	(46 367 817)	-	-	(46 367 817)
Total	(53 079 761)	(1 761 986)	(6 712 188)	(61 553 935)
Assets				
Cash and cash equivalents	16 274 303	-	-	16 274 303
Trade and other accounts receivable	30 327 571	7 835 082	-	38 162 653
Investments	192 744	-	35 114 036	35 306 780
Total	46 794 618	7 835 082	35 114 036	89 743 736

30 June 2009 – Restated

	Within 3 months USD	Between 4-12 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)
Total	(49 861 756)	(1 207 098)	(851 406)	(51 920 260)
Assets				
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	46 130 746	-	30 494 269	76 625 015

Equity price 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 equity price risk.

The Group's 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.

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. Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 June 2010.

	Carrying amount 2010 USD	Fair value 2010 USD
Financial assets		
Cash and cash equivalents	16 274 303	16 274 303
Trade and other accounts receivable	38 162 653	38 162 653
Held for trading investments	192 744	192 744
	54 629 700	54 629 700
Financial liabilities		
Interest-bearing loans and borrowings	15 186 118	15 186 118
Trade and other accounts payable	46 367 817	46 367 817
	61 553 935	61 553 935

	Carrying amount 2009 RESTATED USD	Fair value 2009 RESTATED USD
Financial assets		
Cash and cash equivalents	14 209 411	14 209 411
Trade and other 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 other 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 (total equity) 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 years ended 30 June 2010 and 30 June 2009. The Group monitors capital using a gearing ratio, which is calculated as total liabilities divided by total liabilities plus equity.

	2010 USD	2009 RESTATED USD
Total Liabilities	79 965 012	65 004 470
Total Equity	132 679 282	117 839 347
Gearing ratio	0.38	0.36

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 :

	2010 FX : US$1	2009 FX : US$1
South African Rand	7.71	7.74
Kenya Shilling	81.70	76.15
Ghanaian Cedi	1.42	1.51
Senegalese Franc	533.00	465.68
Malawian Kwacha	152.29	138.40
Zambian Kwacha	5 155.00	5 175.00

38 Non-adjusting events after the reporting date

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

39 Limitation of financial reporting in the general environment prevailing in the prior year

The uncertainties in the adverse Zimbabwean economic environment prior to introduction of trading in multiple currencies resulted in limitations in financial reporting.

The comparative statement of comprehensive income, statement of changes in equity and the statement of cash flows have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 and IAS 21 were not complied with in that period in converting the financial information into the new functional currency for the following reasons:

- the inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment
- the inability to adjust items that were recorded in Zimbabwe Dollars into United States Dollars at the date of change of functional currency as more fully explained below:

The Company operated under a hyperinflationary economy in the prior year. The entity changed its functional currency to United States Dollars with effect from 1 February 2009. However, 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 data was not available. The inability to measure inflation was also exacerbated by the existence of multiple pricing for similar products based on the method of settlement.

Therefore the information for prior periods cannot be compared to the current year's financial information because it is not measured on the same basis of accounting as compliance with these standards is considered material and pervasive to the comparative information. As a result of these uncertainties and inherent limitations, the Directors advise caution on the use of the comparative statement of comprehensive income, comparative statement of changes in equity and the comparative statement of cash flows for decision making purposes.

40 Non-compliance with IAS 29 (Financial Reporting in Hyperinflationary Economies) & IAS 21 (The Effects of Changes in Foreign Exchange Rates) in respect of the measurement of the statement of comprehensive income, statement of cashflows and statement of changes in equity

The Company's functional currency changed during the previous financial period from Zimbabwe Dollars to United States Dollars. The Company has chosen to report all its transactions in United States Dollars because it is the functional currency applicable to all current transactions. The Company was not able to comply with the requirements of IAS 21 in the comparative year because this standard requires that all transactions that are in the currency of a hyperinflationary economy be adjusted to a unit of measure, current at the measurement date before conversion to an alternative presentation currency.

The Company was not able to adjust its Zimbabwe Dollar transactions in the comparative year to comply with IAS 29 as more fully explained in note 39. Transactions that were previously reported in Zimbabwe Dollars in prior periods are required to be converted into United States Dollars in order to present the prior year financial information in a similar currency of presentation to the functional currency applicable for the current financial year. Due to the macroeconomic environment prevailing in the previous year, as explained in note 39, the comparative information relating to financial performance and cash flows disclosed is misleading. The Directors advise caution in using the comparative information presented in the statement of comprehensive income and statement of cash flows.

41 Going concern

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.

INNSCOR

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	COMPANY 2010 USD	COMPANY 2009 RESTATED USD
ASSETS			
non-current assets			
property, plant and equipment		739 110	16 090 005
intangible assets		81 531	-
investments	A	64 420 456	63 127 183
deferred tax asset		442 037	-
biological assets		-	908 917
		65 683 134	80 126 105
Current assets			
biological assets		-	17 160 087
inventories		565 831	2 638 800
trade and other accounts receivable		8 523 883	2 861 697
cash and cash equivalents		6 407 912	7 540 369
		15 497 626	30 200 953
Assets of disposal group classified as held for sale		39 625 904	-
Total assets		120 806 664	110 327 058
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	20	5 415 934	-
non-distributable reserves		57 806 355	61 051 994
distributable reserves	22	37 353 518	32 233 191
Total equity		100 575 807	93 285 185
Non-current liabilities			
deferred tax liability		-	4 750 699
Current liabilities			
interest-bearing borrowings		2 533 941	7 774 641
trade and other accounts payable		6 792 630	4 284 379
provisions		158 917	232 154
		9 485 488	12 291 174
Liabilities directly associated with the assets classified as held for sale		10 745 369	-
Total liabilities		20 230 857	17 041 873
Total equity and liabilities		120 806 664	110 327 058

DLL MORGAN
Chairman
Harare
12 October 2010

J P SCHONKEN
Executive Director

A. Investments

Investments in associates	31 109 057	24 173 385
Unquoted investments	834 952	834 952
Quoted investments	60 790	110 819
Property unit trusts	687 500	687 500
Investments in subsidiaries	22 934 523	24 097 727
Other	236 677	10 937 000
Amounts due from group companies	8 556 957	2 285 800
	64 420 456	63 127 183

SHAREHOLDERS' ANALYSIS AND CALENDAR

AS AT 30 JUNE 2010

Size of Shareholding			Number of Shareholders	Shareholders %	Issued Shares	Shares %
1	-	10 000	4 261	87.01	5 071 294	0.94
10 001	-	25 000	226	4.62	3 699 838	0.68
25 001	-	50 000	119	2.43	4 206 930	0.78
50 001	-	100 000	75	1.53	5 369 542	0.99
100 001	-	200 000	78	1.59	11 042 670	2.04
200 001	-	500 000	61	1.25	19 570 154	3.61
500 001	-	and over	77	1.57	492 633 012	90.96
			4 897	100.00	541 593 440	100.00

Trade Classification				
Companies	674	13.76	36 060 640	6.66
Insurance Companies	55	1.12	39 638 281	7.32
Investment Companies	209	4.27	288 785 916	53.32
Trust Nominees	144	2.94	51 588 981	9.53
Pension Funds	284	5.80	40 393 536	7.46
Private Individuals	3 475	70.97	15 844 248	2.92
New Non- Residents	40	0.82	68 017 155	12.56
Brokers	4	0.08	68 602	0.01
Banks	8	0.16	446 652	0.08
FCDA Residents Local	4	0.08	749 429	0.14
	4 897	100.00	541 593 440	100.00

Top Ten Shareholders		
ZMD Investments (Pvt) Ltd	101 775 000	18.79
HM Barbour (Pvt) Ltd	100 231 360	18.51
Old Mutual Life Assurance Company in Zimbabwe	34 666 691	6.40
Sarcor Investments (Pvt) Ltd	22 450 058	4.15
FED Nominees (Pvt) Ltd	19 754 272	3.65
Pharaoh Limited NNR	17 014 128	3.14
Muzika Rubi Holdings (Pvt) Ltd	11 295 944	2.09
Schutex Investments (Pvt) Ltd	10 000 000	1.85
City & General Holdings (Pvt) Ltd	9 822 598	1.81
Barclays Zimbabwe Nominees P/L - NNR	9 166 770	1.69
Other	205 416 619	37.92
	541 593 440	100.00

Shareholders' Calendar

Fourteenth Annual General Meeting	26 November 2010
Financial Year End	30 June
Interim Reports	
6 months to December 2010	March 2011
12 months to 30 June 2011	September 2011
Annual Report Published	November 2011
Fifteenth Annual General Meeting	November 2011

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

INNSCOR

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the fourteenth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Friday 26th November 2010 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 2010 together with the reports of the Directors and Auditors thereon.

2. To elect Directors: Mr. DLL Morgan and Mr. JP Schonken who retire by rotation and being eligible offer themselves for re-election.

3. To approve Directors' fees for the financial year ended 30 June 2010.

4. To approve the remuneration of the auditors for the financial year ended 30 June 2010 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. 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

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.

NOTICE TO MEMBERS

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

7. To transact any other business competent to be dealt with at the Annual General Meeting.

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

AD Lorimer
SECRETARY
Harare
12 October 2010

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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 Fourteenth Annual General Meeting of the Company to be held on Friday 26 November 2010 at 08.15 hours and at any adjournment thereof.

Signed this __________ day of ______________ 2010.

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 ______________________________

INNSCOR AFRICA LIMITED **ANNUAL REPORT 2010**

INNSCOR

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

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

INNSCOR AFRICA LIMITED **ANNUAL REPORT 2010**

INNSCOR

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

INNSCOR
Africa Limited

"Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

Winston Churchill

INNSCOR

Africa Limited

www.innscorafrica.com