## INNSCOR AFRICA LIMITED

# Reviewed Abridged Group Financial Results

### FOR THE YEAR ENDED 30 JUNE 2016

INNSCOR
Africa Limited
*Our passion for* **Value Creation**

## SALIENT FEATURES

| | | USD |
|---|---|---|
| **Revenue - continuing operations** | **6%** ▲ | **586 910 708** |
| **Operating profit - continuing operations** | **26%** ▲ | **55 026 751** |
| **Profit before tax - continuing operations** | **25%** ▲ | **39 001 068** |
| **Basic earnings per share (cents) - continuing operations** | **101%** ▲ | **3.20** |
| Quick Service Restaurants (3 months only) | | 0.37 |
| Specialty Retail and Distribution (9 months only) | | 0.94 |
| Other Businesses (SPARs, Shearwater & River Club) | | (1.61) |
| **Basic earnings per share (cents) - continuing and discontinuing operations** | **-14%** ▼ | **2.90** |
| **Headline earnings per share (cents) - continuing operations** | **107%** ▲ | **3.40** |
| Quick Service Restaurants (3 months only) | | 0.37 |
| Specialty Retail and Distribution (9 months only) | | 0.93 |
| Other Businesses (SPARs, Shearwater & River Club) | | (1.59) |
| **Headline earnings per share (cents) - continuing and discontinuing operations** | **-11%** ▼ | **3.11** |
| **Cash generated from operating activities - continuing and discontinuing operations** | | **53 053 564** |
| **Final cash dividend declared per share (cents)** | | **0.60** |
| **Total cash dividend declared for the year per share (cents)** | | **0.90** |
| **Dividend-in-specie per share (cents) - Quick Service Restaurants (SIM.zw)** | | **5.44** |
| **Dividend-in-specie per share (cents) - Specialty Retail and Distribution (AXIA.zw)** | | **5.12** |

### DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's Consolidated Financial Statements, of which this press release represents an extract. The abridged annual group financial results are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listings Requirements for provisional annual financial statements (preliminary reports). The abridged annual group financial results have been prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS). The accounting policies applied in the preparation of these financial results are except where stated, consistent with those applied in the previous annual financial statements.

### AUDIT STATEMENT

The Group's external auditors, Ernst & Young, have issued an unmodified review conclusion on the abridged annual group financial results for the year ended 30 June 2016. The audit of the Group's consolidated financial statements is substantially complete pending the finalisation of the annual report. The unmodified review report is available for inspection at the Company's registered office.

### OVERVIEW

The year under review was characterised by weak consumer demand, a rapidly deteriorating economic environment and substantial strategic change for the Group.

In the year to June 2016 the Group completed the strategic re-configuration programme embarked on in the previous financial year.

The re-configuration program helped mitigate the environmental complexities and has significantly simplified the Group and created a foundation on which it can build a substantial light manufacturing business into the future.

The programme manifested in the acquisition of Transerv to scale up the retail and distribution segment, the acquisition of a non-controlling stake in Profeeds and the unbundling through a dividend in specie and ultimately listing of both Simbisa Brands Limited (Simbisa) (SIM.zw), the Quick Service Restaurant business, and Axia Corporation Limited (Axia) (AXIA.zw), the Speciality Retail and Distribution business comprising Distribution Group Africa (DGA), Transerv and TV Sales & Home. In the latter part of the year under review the Group acquired a non-controlling share in Probrands for US$0.784m.

In addition to the above, the Group disposed of its interests in the SPAR Retail stores and Shearwater, closed the SPAR Distribution Centre and entered into negotiations to dispose of its interest in SPAR Zambia and The River Club.

Given all the changes, interpretation of the results can be complex making like for like comparisons very difficult.

In order to better understand the results and to comply with International Financial Reporting Standards (IFRS) the results have been presented as "continuing operations", "discontinued" and "discontinuing" operations in line with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

When reviewing the results, "continuing operations" are the key focus for the Group and its stakeholders as these represent the core of the new and future operations.

### FINANCIAL PERFORMANCE

On a continuing operations' basis the Group's revenue grew by 6% against the prior year. Improved efficiencies at both the margin and operating profit levels resulted in operating profit increasing by 26% and profit before tax increasing by 25% over the same period. A more balanced profit contribution by each business as compared to the prior year was the main reason for the Group's headline earnings per share increasing by 107% from 1.64 US cents to 3.40 US cents. This was a very pleasing result and management is to be commended.

Of note below the operating profit line, within the continuing operations, a fixed asset impairment charge of US$ 1.708m was processed, the bulk of which related to a write-down in the carrying value of the Bakery operation's old distribution fleet. The fleet was replaced in its entirety during the year under review and in preparation for the disposal of the old fleet, a reduction in its carrying value was deemed prudent. This charge was however off-set by an increase in equity accounted earnings, which was due mainly to a full year's profit of Profeeds being posted together with the additional income arising from the investment in Pure Oil Industries (held by National Foods).

Profit after tax from discontinued and discontinuing operations reduced from US$ 14.498m in the prior year to US$ 0.964m for the current year under review. This decline was due to the fact that the current year profits include only 3 months of activity from Simbisa and 9 months from Axia; in addition a number of closure and impairment charges were processed in respect of the SPAR operations in Zimbabwe.

In accordance with IFRS, the Group's Statement of Financial Position at the end of June 2016 has been split to show the consolidated balances of the core continuing operations, whilst assets and liabilities which relate to businesses that are to be discontinued have been shown separately. The considerable changes in working capital balances are largely due to the effect of the unbundling processes undertaken during the course of the year under review.

Despite the migration to a portfolio of light manufacturing businesses, the Group's cash generation remained strong, with US$ 53.054m being generated from operating activities. The decline from the prior year, was in part related to the reduced profit from discontinued operations and in addition, the Group has taken strategic positions of key raw materials in order to counter regional shortages caused by the prevailing El Nino phenomenon. Net gearing for the continuing operations remained stable at 11.65% based on continuing equity.

The Group's capital expenditure on all businesses was reduced from US$ 38.012m in the prior year to US$ 23.466m, with US$ 16.599m of this related to continuing operations.

As previously reported, the Group still has an amount outstanding of US$ 2.550m relating to the payment it has made into a trust as a result of its case with the Competitions and Tariff's Commission (CTC). This amount is included in working capital. The courts have ruled in favour of the Group, and the Group awaits repayment of this amount, although the CTC has taken the matter on appeal to the Supreme Court.

### SUSTAINABILITY REPORTING

As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group continues to apply the Global Reporting Initiatives (GRI)'s Sustainability Reporting Guidelines. During the year under review, the Group managed to align its Sustainability Reporting using GRI-G4 with corresponding Sustainable Development Goals (SDGs) in demonstrating the Group's commitment and contribution to sustainable development within the environments we operate. The Group will continue to strengthen practices and values across the business to ensure long term business success is achieved in a sustainable manner.

### OPERATIONS REVIEW

### CONTINUING OPERATIONS: LIGHT MANUFACTURING

This reporting segment comprises the future of the Group and consists of its Bakery operations, National Foods, Colcom, Irvine's, Capri, Natpak and its non-controlling interests in Profeeds and Probrands.

The Group's **Bakery Operations** produced a much improved set of results recording a 30% growth in bread volumes. This volume growth was driven by a management structure re-alignment, improved product quality and improved market coverage and service.

The business recorded a 265% growth in operating profit, although this was off a low base in the comparative year. Below the operating profit line, an impairment charge of US$ 1.476m was processed. This was in respect of an adjustment in carrying value of the old distribution fleet which was replaced during the course of the financial year and which will be disposed of during the forthcoming financial year.

The new fleet which is housed in a separate logistics entity will bring with it improved service delivery and lower route to market costs. The market remains highly competitive and further cost reduction and containment initiatives are underway to ensure a continuation of the momentum achieved over the past year.

Spare bread capacity still exists in the operation, and management will continue to improve plant configuration and utilisation. The re-launch of the operation's pie products took place shortly after the financial year-end and initial results have been extremely encouraging.

**National Foods** delivered a strong set of results for the year under review. The business recorded a 13% growth in total volumes over the comparative year, with strong performances in the Maize and Flour divisions. The strategic decision to drive volume growth through reducing prices to the consumer and improving national coverage continued to propel business performance. A reduction in cost of sales due to procurement and production efficiencies led to an overall increase in gross margin notwithstanding the lower average price to the final consumer. Overall revenue growth of 5% was achieved against the comparative year, with operating profit increasing by 12% over the same period. The business completed the acquisition of a 40% non-controlling stake in Pure Oils during the year. Pure Oils produces cooking oil as well as protein oil cakes which are used in the production of animal feed. National Foods also acquired the entire shareholding of Breathaway Food Caterers, a snack and biscuit business, from Distribution Group Africa during the period to complement its light manufacturing efficiencies. National Foods continues to actively pursue organic and acquisitive growth opportunities and the optimisation of its cost base remains a key and on-going theme for management in the year ahead.

**Colcom** recorded a 14% growth in pork volumes buoyed by an excellent performance at Triple C as well as an increase in pig supply from auxiliary piggeries that have been brought on line over the past 18 months. A change in the sales mix, which had a higher proportion of fresh product and whole carcasses, together with strategic pricing decisions, resulted in an overall revenue decline of 7% for the year. Favourable maize positions and an excellent cost containment programme ensured that a similar level of operating profit was achieved in the current financial year as compared to the prior year.

The new pie facility which was commissioned in August 2015 continues to produce excellent results, and has now moved to a double shift to meet demand. The operation's beef down-packing business, Associated Meat Packers (AMP) had a difficult year with reduced revenue and profitability but still contributed positively to the overall operation.

**Irvine's** experienced a challenging year and whilst marginal volume growth was experienced across its three core products of day old chicks, frozen poultry and table eggs leading to an annual revenue growth of 6%, this was at the expense of margin. Strategic pricing decisions, and a highly competitive market saw average selling prices reducing considerably from the prior year and despite a reduction in operating expenditure, operating profit reduced by 22% over the prior year.

Investments in the layers business unit and the new feed mill continued to improve efficiencies and reduce production costs. The business will continue to deploy capital into improving efficiencies in its layers operations over the coming year, whilst the investment in hatching egg production and hatching facilities over the last few years is expected to contribute positively to ongoing profitability.

**Capri** commissioned its new refrigerator line during the first quarter of the year under review but experienced an exceptionally difficult period thereafter. Local demand remained depressed, exacerbated by continuing grey imports, whilst a weak South African Rand and the ability of South African manufacturers to earn substantial export incentives affected markets both locally and regionally. Overall volumes declined by around 7% over the comparative year whilst revenue reduced by 17% over the same period. Whilst overheads were well controlled, the reduction in dollar margin resulted in a 67% decline in operating profit.

The new refrigerator line is now producing a full range of newly updated products and progress is being made in the regional markets. Reasonable profitability has been achieved in the first two months of the new financial year, with exports now accounting for around 25% of total volumes.

**Natpak** had an extremely successful year, with the new flexible packaging line contributing heavily to a 57% growth in volumes and a 46% growth in revenue over the prior year. Operating profit increased by 235% over the same period, but this was off a low base.

The new flexible packaging capabilities and capacities which were commissioned at the end of the prior year were fully utilised in the current year thus extracting full production efficiencies. The business anticipates further investment in new flexible packaging capabilities and additional capacities, which it aims to commission towards the end of the new financial year.

**Profeeds**, an associate company of the Group, recorded a 10% growth in feed volumes over the comparative year, but lower selling prices resulted in revenue remaining at similar levels. Operating costs were marginally ahead of those recorded in the previous financial year and as a result, operating profit declined by 9% over the same period. The business continues to investigate additional product lines and opportunities to extract further efficiencies.

The Group acquired a non-controlling share in **Probrands** at the beginning of the second half of the year under review. ProBrands is involved in the down-packing and manufacture of a number of grocery products such as rice, dairy, candles and beverages. The business is currently in an expansion phase and accordingly only a small contribution was made to the Group's results. The business is concluding the installation of a UHT milk plant which is expected to be commissioned in November 2016, adding requisite scale to the operation.

### DISCONTINUED OPERATIONS UNBUNDLED: SPECIALITY RETAIL & DISTRIBUTION (SRD)

The Group concluded the unbundling of its SRD businesses into a separate entity, Axia, effective 1 April 2016 and distributed the equity in this business to shareholders via a dividend-in-specie on 10 May 2016; a listing of the business on the ZSE followed on 17 May 2016. The business units that fall into Axia are TV Sales & Home, Transerv and DGA.

The Group's results for the year under review include those of Axia for nine months to 31 March 2016, during which period and on a like-for-like basis, revenue was 1% down and operating profit down 2% compared to the comparative period nine months.

**TV Sales & Home** had a disappointing nine months compared to the corresponding period last year, with revenue dropping by 17%, units sold dropping 15% and average selling prices declining by 3%. Given the environmental uncertainty, customers appear to be holding back on credit, resulting in credit sales dropping from 37% of total sales to 29% over the comparative period and a debtor's book which reduced by 18%. Five additional stores were added to the network, one each in Chegutu, Chipinge, Zvishavane, and two in Harare that included a new Bedding format "Bedtime" in Msasa.

**Transerv** was added to the Group's portfolio at the beginning of the financial year under review. Transerv is involved in the retail, wholesale and distribution of automotive spares and accessories plus onsite vehicle fitment centres across a countrywide network of 21 stores, 14 fitment centres, a diesel pump room (ADCO) and a Clutch and Brake Specialists (CBS). The business reported a 10% drop on comparative period revenue. Improved buying efficiencies, however, ensured that the drop in operating profits was limited to 2% on the comparative period. Since joining the Group, Transerv increased its footprint by opening four fitment centres, one in each of Masvingo and Bulawayo, two in Harare, ADCO Southerton and an additional retail outlet in Kwekwe. Management continues to focus on improving efficiencies in the retailing of automotive spares and accessories whilst tightly controlling overheads.

The **DGA** Zimbabwe operations posted a very pleasing set of results, characterised by a 28% volume growth resulting in a 14% revenue growth and a 30% growth in operating profit on the comparative period. The growth in both revenue and profits was largely attributable to the acquisition of new agencies during the period under review. Whilst margins in the business were lower than those achieved in the comparative period in response to the highly price sensitive consumer, profit growth was driven by cost restructuring initiatives and an increased revenue on a nearly fixed overhead base. The creation of Vital Logistics, in the previous year has resulted in administrative, warehousing and distribution cost efficiencies.

Regionally, **DGA** posted modest results with revenue declining by 6% and volumes 4% lower than the comparative period. The operations remained profitable in local currencies, however operating profit was 24% below that of comparative period, and was impacted significantly by local currency depreciation in both Zambia and Malawi.

### DISCONTINUED OPERATIONS UNBUNDLED: QUICK SERVICE RESTAURANTS (QSR)

As previously reported, the Group concluded the unbundling of its QSR businesses into a separate entity, Simbisa, effective 1 October 2015 and distributed the equity in this business to shareholders via a dividend-in-specie on 30 October 2015. Simbisa listed on the ZSE on the 6th of November 2015. The Group's results for the year under review include those of Simbisa for the three months to 30 September 2015. During that period and on a like-for-like basis revenue was flat on prior year and operating profit up 4%.

### DISCONTINUED OPERATIONS DISPOSED OF AND TO BE DISPOSED OF

Following an extended period of operational challenges and a lack of long-term strategic fit the Group disposed of the **SPAR Retail Stores** in Zimbabwe with effect from 1 January 2016 to a consortium led by a SPAR Franchisee. A number of closure and impairment costs were processed through the income statement as part of this process.

The **SPAR Distribution Centre** which had previously supported the SPAR Retail store network was closed during the second half of the financial year under review. The business model had been built on a large franchise store platform and the decline in franchise members resulted in the operation becoming unviable. Appropriate closure costs have been processed through the income statement for the year under review.

The Group has entered into negotiations to dispose of its interests in both SPAR Zambia and The River Club. These entities did not contribute to the Group's profitability in the current year.

### BOARD CHANGES

Mr Basil Dionisio who had previously been responsible for the Group's QSR operations resigned from the Board with effect from 30 September 2015 to take up the role of Chief Executive Officer of the unbundled Simbisa operation. Basil had formed part of the founding shareholding and management structure of the Group, and played a key part in its growth and success over the years. The Board wishes Basil every success in his new role.

As previously advised Messrs Antonio (Toni) Fourie and John Koumides resigned from the Board with effect from 21 August 2016 and 1 July 2016 respectivley.

Under Toni's leadership the Group undertook a significant strategic change agenda including various integrations, acquisitions, disposals and two separate two listings. The Board wishes to thank Toni for all his efforts and wishes him well in his new endeavours.

John had been with the Group for 13 years and has now taken on the position as Chief Executive Officer of the newly listed Axia. The Board thanks John for his efforts and wishes him continued success in his new role.

As further advised, Mr Julian Schonken was appointed Chief Executive Officer of the Group with effect from 1 September 2016. Julian, who is Zimbabwean, is a long-standing employee of the Group, having held numerous financial and managerial roles within the business, and more recently having held the role of Chief Financial Officer where he distinguished himself over seven years. Eighteen months ago Julian transferred to the position of Director for the light manufacturing business segment. This new role provided Julian with the opportunity to develop his leadership skills and business acumen and to assimilate detailed knowledge of the light manufacturing businesses. The Board wishes Julian the very best in his new role and assures him of its unequivocal support.

### PROSPECTS

The Board expects the environment to continue to be challenging in the medium term, but nonetheless, the Group will continue with its strategy commenced in 2014 of building a leading, focused light manufacturer of FMCG and related products, and will pursue the objective of being the lowest cost producer in these product categories. The two key thrusts being growth, both organic and acquisitive, and business optimisation, will also continue.

### DIVIDEND

The Board is pleased to declare a final dividend of 0.60 US cents per share payable in respect of all ordinary shares of the Company. This dividend is in respect of the financial year ending 30th June 2016 and will be payable in full to all the shareholders of the Company registered at the close of business on 14th October 2016. The payment of this dividend will take place on or about 28th October 2016. The shares of the Company will be traded cum – dividend on the Zimbabwe Stock Exchange up to the market day of 7th October 2016 and ex – dividend as from the 10th October 2016.

The Board has also declared a final dividend totalling US$ 148,000 to Innscor Africa Employee Share Trust (Private) Limited.

The Group's final cash dividend of 0.60 US cents per share together with the interim cash dividend of 0.30 cents per share and the dividend-in-specie payments in respect of Simbisa (5.44 US cents per share) and Axia (5.12 US cents per share), brings the total dividend paid for the year under review to 11.46 US cents per share.

### APPRECIATION

I wish to record my appreciation to the executive Directors, management and staff for their effort during the year under review. I also wish to thank the non-executive Directors for their considerable input as well as the Group's customers, suppliers and other stakeholders for their continued support and loyalty.

**A.B.C. CHINAKE**
Chairman
9 September 2016

## Abridged Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2016

| | Year Ended 30 June 2016 reviewed | Year Ended 30 June 2015 restated |
|---|---|---|
| CONTINUING OPERATIONS | USD | USD |
| **Revenue** | **586 910 708** | **554 288 478** |
| **Operating profit before impairment, depreciation, amortisation and fair value adjustments** | **55 026 751** | **43 550 254** |
| impairment and derecognition of plant and equipment and intangible assets | (1 708 921) | (415 868) |
| financial income | 1 421 888 | 907 189 |
| depreciation and amortisation | (15 974 415) | (14 291 179) |
| **Profit before interest, equity accounted earnings and fair value adjustments** | **38 765 303** | **29 750 396** |
| fair value adjustments on livestock and listed equities | 312 053 | 683 939 |
| **Profit before interest and tax** | **39 077 356** | **30 434 335** |
| interest income | 1 290 787 | 2 677 244 |
| interest expense | (6 127 835) | (4 806 204) |
| equity accounted earnings | 4 760 760 | 2 872 970 |
| **Profit before tax** | **39 001 068** | **31 178 345** |
| tax expense | (8 523 652) | (8 038 306) |
| **Profit for the year from continuing operations** | **30 477 416** | **23 140 039** |
| DISCONTINUING OPERATIONS | | |
| Profit after tax for the year from discontinuing operations | 963 957 | 14 498 499 |
| **Profit for the year from continuing and discontinuing operations** | **31 441 373** | **37 638 538** |
| **Other comprehensive income - to be recycled to profit or loss** | | |
| exchange differences arising on the translation of foreign operations | (3 218 376) | (1 515 304) |
| **Other comprehensive income for the year, net of tax** | **(3 218 376)** | **(1 515 304)** |
| **Total comprehensive income for the year** | **28 222 997** | **36 123 234** |
| **Profit for the year from continuing and discontinuing operations attributable to:** | | |
| equity holders of the parent | 15 699 939 | 18 260 076 |
| non-controlling interests | 15 741 434 | 19 378 462 |
| | **31 441 373** | **37 638 538** |
| **Total comprehensive income for the year from continuing and discontinuing operations attributable to:** | | |
| equity holders of the parent | 13 409 063 | 17 524 937 |
| non-controlling interests | 14 813 934 | 18 598 297 |
| | **28 222 997** | **36 123 234** |
| **Earnings per share (cents)** | | |
| **Basic earnings per share - continuing operations** | **3.20** | **1.59** |
| Quick Service Restaurants (3 months only) | 0.37 | 1.10 |
| Speciality Retail and Distribution (9 months only) | 0.94 | 1.15 |
| Other Businesses (SPARs', Shearwater & River Club) | (1.61) | (0.47) |
| **Basic earnings per share - continuing and discontinuing operations** | **2.90** | **3.37** |
| **Headline earnings per share - continuing operations** | **3.40** | **1.64** |
| Quick Service Restaurants (3 months only) | 0.37 | **1.10** |
| Speciality Retail and Distribution (9 months only) | 0.93 | **1.15** |
| Other Businesses (SPARs', Shearwater & River Club) | (1.59) | **(0.41)** |
| **Headline earnings per share - continuing and discontinuing operations** | **3.11** | **3.48** |
| **Diluted basic earnings per share - continuing operations** | **3.20** | **1.59** |
| **Diluted basic earnings per share - continuing and discontinuing operations** | **2.90** | **3.37** |
| **Diluted headline earnings per share - continuing operations** | **3.40** | **1.64** |
| **Diluted headline earnings per share - continuing operations** | **3.11** | **3.48** |

## Abridged Group Statement of Financial Position

| | At 30 June 2016 reviewed USD | At 30 June 2015 audited USD |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| property, plant and equipment | 170 421 762 | 192 231 449 |
| intangible assets | 38 980 447 | 41 297 301 |
| investments in associates | 21 947 735 | 14 686 405 |
| financial assets | 215 921 | 2 982 838 |
| biological assets | 1 607 026 | 1 611 960 |
| deferred tax assets | 4 408 712 | 9 267 112 |
| | **237 581 603** | **262 077 065** |
| **Current assets** | | |
| financial assets | 3 811 658 | 4 034 474 |
| biological assets | 14 457 091 | 12 814 733 |
| inventories | 81 421 194 | 109 770 736 |
| trade and other receivables | 66 812 012 | 94 488 510 |
| cash and cash equivalents | 25 743 731 | 30 120 426 |
| | **192 245 686** | **251 228 879** |
| assets of disposal group classified as held for sale/distribution | 23 233 326 | 62 793 462 |
| **Total assets** | **453 060 615** | **576 099 406** |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| ordinary share capital | 5 415 934 | 5 415 934 |
| class A ordinary share capital | 10 | 10 |
| non-distributable reserves | (3 038 009) | (6 029 267) |
| distributable reserves | 168 973 752 | 217 050 477 |
| attributable to equity holders of the parent | 171 351 687 | 216 437 154 |
| non-controlling interests | 92 930 342 | 115 500 983 |
| **Total shareholders' equity** | **264 282 029** | **331 938 137** |
| **Non-current liabilities** | | |
| deferred tax liabilities | 26 460 839 | 28 625 975 |
| interest-bearing borrowings | 3 116 673 | 12 797 835 |
| | 29 577 512 | 41 423 810 |
| **Current liabilities** | | |
| interest-bearing borrowings | 59 317 315 | 54 810 174 |
| trade and other payables | 85 382 711 | 118 368 106 |
| provisions and other liabilities | 2 453 127 | 4 548 912 |
| current tax liabilities | 491 735 | 556 550 |
| | **147 644 888** | **178 283 742** |
| liabilities directly associated with the assets classified as held for sale/distribution | 11 556 186 | 24 453 717 |
| **Total liabilities** | **188 778 586** | **244 161 269** |
| **Total equity and liabilities** | **453 060 615** | **576 099 406** |

## Abridged Group Statement of Cash Flows

| | Year Ended 30 June 2016 reviewed USD | Year Ended 30 June 2015 audited USD |
|---|---|---|
| **Cash generated from operating activities** | **53 053 564** | **66 849 325** |
| net interest paid - continuing operations | (4 837 048) | (2 128 960) |
| net interest paid - discontinuing operations | (1 277 878) | (2 320 372) |
| tax paid - continuing operations | (7 706 373) | (9 465 310) |
| tax paid - discontinuing operations | (3 842 183) | (6 049 680) |
| **Total cash available from operations** | **35 390 082** | **46 885 003** |
| **Investing activities** | **(30 794 938)** | **(40 480 637)** |
| **Net cash inflow before financing activities** | **4 595 144** | **6 404 366** |
| **Financing activities** | **(10 368 426)** | **(9 675 519)** |
| **Net decrease increase in cash and cash equivalents** | **(5 773 282)** | **(3 271 153)** |
| **Cash and cash equivalents at the beginning of the year** | **33 847 187** | **37 118 340** |
| **Cash and cash equivalents at the end of the year** | **28 073 905** | **33 847 187** |
| **Cash and cash equivalents comprise:** | | |
| cash and cash equivalents attributable to continuing operations | 25 743 731 | 30 120 426 |
| cash and cash equivalents attributable to discontinuing operations | 2 330 174 | 3,726,761 |
| | **28 073 905** | **33 847 187** |

## Supplementary Information (continued)

| | 30 June 2016 reviewed USD | 30 June 2015 audited USD |
|---|---|---|
| **3 Future lease commitments** | | |
| Payable within one year | 4 387 914 | 18 987 747 |
| Payable two to five years | 12 996 574 | 52 448 288 |
| Payable after five years | 3 217 243 | 29 259 982 |
| | **20 601 731** | **100 696 017** |
| **4 Commitments for capital expenditure** | | |
| Contracts and orders placed | 5 611 978 | 5 376 673 |
| Authorised by Directors but not contracted | 19 267 091 | 40 982 857 |
| | **24 879 069** | **46 359 530** |
| The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities. | | |
| **5 Security** | | |
| Net book value of property, plant, equipment, motor vehicles, inventories and accounts receivables pledged as security for interest-bearing borrowings. | 13 500 000 | 12 284 741 |

**6 Earnings per share**

Basic earnings basis

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the year.

Diluted earnings basis

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for potential conversion of share options. The potential conversion is possible when the average market price of ordinary shares during the year exceeds the exercise price of such options.

The share options arising from the Group's indigenisation transaction had no dilutive effect at the end of the year.

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

## Abridged Group Statement of Changes in Equity

| | Ordinary Share Capital USD | Class A Ordinary Share Capital USD | Non-Distributable Reserves USD | Distributable Reserves USD | Attributable to equity holders of the parent USD | Non-Controlling Interests USD | Total USD |
|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2014** | **5 415 934** | **10** | **( 5 294 128)** | **208 458 801** | **208 580 617** | **108 269 714** | **316 850 331** |
| Profit for the year | — | — | — | 18 260 076 | 18 260 076 | 19 378 462 | 37 638 538 |
| Other comprehensive income | — | — | (735 139) | — | (735 139) | (780 165) | (1 515 304) |
| Dividends paid | — | — | — | (7 269 418) | (7 269 418) | (7 844 271) | (15 113 689) |
| Transactions with owners in their capacity as owners | — | — | — | (2 398 982) | (2 398 982) | (3 522 757) | (5 921 739) |
| **Balance at 30 June 2015** | **5 415 934** | **10** | **(6 029 267)** | **217 050 477** | **216 437 154** | **115 500 983** | **331 938 137** |
| Profit for the year | — | — | — | 15 699 939 | 15 699 939 | 15 741 434 | 31 441 373 |
| Other comprehensive income | — | — | (2 290 876) | — | (2 290 876) | (927 500) | (3 218 376) |
| Dividends paid | — | — | — | (4 832 545) | (4 832 545) | ( 9 463 532) | (14 296 077) |
| Simbisa dividend-in-specie (note 2) | — | — | — | (29 468 288) | (29 468 288) | — | (29 468 288) |
| Axia dividend-in-specie (note 2) | — | — | — | (27 754 800) | (27 754 800) | — | (27 754 800) |
| Transactions with owners in their capacity as owners | — | — | 5 282 134 | (1 721 031) | 3 561 103 | (27 921 043) | (24 359 940) |
| **Balance at 30 June 2016** | **5 415 934** | **10** | **(3 038 009)** | **168 973 752** | **171 351 687** | **92 930 342** | **264 282 029** |

## Supplementary Information

**1 Corporate Information**

The Company is incorporated and domiciled in Zimbabwe.

**2 Discontinued and Discontinuing Operations**

Discontinued Operations Unbundled - Speciality Retail and Distribution (SRD), unbundled into AXIA.zw

The Group concluded the unbundling of its SRD businesses into a separate entity called Axia Corporation Limited (AXIA.zw) effective 1 April 2016 and distributed this business to its shareholders via a dividend-in-specie on the 10th of May 2016. AXIA.zw successfully listed on the ZSE on the 17th of May 2016. In compliance with the requirements of International Financial Reporting Standards (IFRS) 5 'Non-Current Assets Held for Sale and Discontinued Operations' which require an entity to disclose as a single amount in the Statement of Comprehensive Income, the post-tax profit or loss of an entity held for sale, the Group's Statement of Profit or Loss for the comparative period has been restated to reflect the results of the SRD businesses in compliance with IFRS 5.

Discontinued Operations Unbundled - Quick Service Restaurants Businesses (QSR), unbundled into SIM.zw.

The Group concluded the unbundling of its QSR businesses into a separate entity called Simbisa Brands Limited (SIM.zw) effective 1 October 2015 and distributed this business to its shareholders via a dividend-in-specie on the 30th of October 2015. SIM.zw successfully listed on the ZSE on the 6th of November 2015. In compliance with the requirements of International Financial Reporting Standards (IFRS) 5 'Non-Current Assets Held for Sale and Discontinued Operations' which require an entity to disclose as a single amount in the Statement of Comprehensive Income, the post-tax profit or loss of an entity held for sale, the Group's Statement of Profit or Loss for the comparative period has been restated to reflect the results of the QSR businesses in compliance with IFRS 5.

Discontinuing Operations disposed of and to be disposed of - Other Businesses

The Group disposed of its interest in SPAR Corporate Retail Strores and Shearwater Adventures (Pvt) Ltd with effect from 1 January 2016. The Group also closed the SPAR DC operations with effect from 28 February 2016. Additionally and subject to regulatory approvals, the Board made a strategic decision to disinvest from SPAR Zambia and The River Club. In compliance with (IFRS) 5 'Non-Current Assets Held for Sale and Discontinued Operations', which require an entity to disclose as a single amount in the Statement of Comprehensive Income, the post-tax profit or loss of an entity held for sale, the Group's Statement of Profit or Loss for the comparative period has been restated in compliance with IFRS 5.

In compliance with IFRS 5, the major classes of assets and liabilities of the QSR and SRD operations unbundled during the year, SPAR Corporate Retail Stores and Shearwater disposed of, the SPAR Distribution Centre closed during the year and SPAR Zambia and The River Club to be disposed of are classified as held for sale are as follows:

| | QUICK SERVICE RESTAURANTS SIM.zw Unbundled 1 October 2015 USD | SPECIALITY RETAIL AND DISTRIBUTION AXIA.zw Unbundled 1 April 2016 USD | OTHER BUSINESSES To be disposed of USD | TOTAL DISCONTINUING OPERATIONS USD |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | 47 461 665 | 8 697 262 | 3 514 528 | 59 673 455 |
| Intangible assets | 595 712 | 4 213 286 | 183 943 | 4 992 941 |
| Investments in associates | 59 555 | 2 508 606 | 918 | 2 569 079 |
| Deferred tax assets | 658 007 | 620 221 | 4 076 179 | 5 354 407 |
| Financial assets | — | 113 234 | — | 113 234 |
| Inventories | 4 993 041 | 29 878 961 | 2 403 893 | 37 275 895 |
| Trade and other receivables | 5 945 330 | 44 647 427 | 10 723 692 | 61 316 449 |
| Cash and cash equivalents | 4 311 551 | 10 204 193 | 2 330 173 | 16 845 917 |
| **Assets disposed of during the year/of disposal group classified as held for sale** | **64 024 861** | **100 883 190** | **23 233 326** | **188 141 377** |
| **Liabilities** | | | | |
| Deferred tax liabilities | 3 818 318 | 2 484 542 | 174 444 | 6 477 304 |
| Interest-bearing borrowings | 13 722 860 | 17 661 420 | 3 560 990 | 34 945 270 |
| Trade and other payables | 15 578 808 | 30 664 957 | 7 687 920 | 53 931 685 |
| Provisions and other liabilities | 1 072 261 | 863 893 | 132 832 | 2 068 986 |
| Current tax liabilities | 364 326 | 1 332 811 | — | 1 697 137 |
| **Liabilities disposed of during the year/directly associated with assets classified as held for sale** | **34 556 573** | **53 007 623** | **11 556 186** | **99 120 382** |
| **Intragroup unbundling adjustments** | **—** | **20 120 767** | **—** | **20 120 767** |
| **Liabilities disposed of during the year/directly associated with assets classified as held for sale** | **34 556 573** | **73 128 390** | **11 556 186** | **119 241 149** |
| **Net assets dispossed of/classified as held for sale** | **29 468 288** | **27 754 800** | **11 677 140** | **68 900 228** |

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

| | CONTINUING OPERATIONS | | CONTINUING AND DISCONTINUING OPERATIONS | |
|---|---|---|---|---|
| | 30 June 2016 reviewed USD | 30 June 2015 restated USD | 30 June 2016 reviewed USD | 30 June 2015 restated USD |
| **a Net profit attributable to equity holders of the parent** | 17 318 026 | 8 598 647 | 15 699 939 | 18 260 076 |
| **b Reconciliation of basic earnings to headline earnings** | | | | |
| Profit for the year attributable to equity holders of the parent | 17 318 026 | 8 598 647 | 15 699 939 | 18 260 076 |
| Adjustment for capital items (gross of tax): | | | | |
| (Profit)/loss on disposal of property, plant and equipment | (169 583) | (66 443) | (761 151) | 158 074 |
| Impairment and derecognition of plant and equipment and intangible assets | 1,708,921 | 415 868 | 3 140 119 | 878 652 |
| Profit on disposal of investments in associates | (240,370) | — | (240 370) | — |
| Loss on disposal of subsidiary | 166 671 | — | 166 671 | — |
| Loss on disposal of unquoted investments | — | 23,870 | — | 23 870 |
| Tax effect on adjustments | (333 540) | (96,123) | (557 425) | (286 620) |
| Non-controlling interests' share of adjustments | (44 649) | 3,231 | (628 793) | (179 621) |
| **Headline earnings attributable to ordinary shareholders — continuing and discontinuing operations** | **18 405 476** | **8 879 050** | **16 818 990** | **18 854 431** |
| **Number of shares in issue** | | | | |
| Number of ordinary shares in issue | 541 593 440 | 541 593 440 | 541 593 440 | 541 593 440 |
| Weighted average number of ordinary shares in issue | 541 593 440 | 541 593 440 | 541 593 440 | 541 593 440 |
| Basic earnings per share (cents) | 3.20 | 1.59 | 2.90 | 3.37 |
| Headline earnings per share (cents) | 3.40 | 1.64 | 3.11 | 3.48 |
| Diluted basic earnings per share (cents | 3.20 | 1.59 | 2.90 | 3.37 |
| Diluted headline earnings per share (cents) | 3.40 | 1.64 | 3.11 | 3.48 |
| **7 Events after the reporting date** | | | | |
| There have been no significant events after the reporting date at the time of issuing this press release. | | | | |
| **8 Contingent liabilities** | | | | |
| Guarantees | | | | |
| The contingent liabilities relate to bank guarantees provided in respect of associate companies as at 30 June 2016 | 68 650 000 | 25 900 000 | 68 650 000 | 25 900 000 |

**9 Interest bearing borrowings**

Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 6.8% per annum. The facilities expire at different dates and will be reviewed and renewed when they mature. Facilities are secured by cession of movable assets, receivables and inventory.

**10 Operating Segments**

The Group's continuing operating segments comprise those of the Light Manufacturing business namely National Foods, Colcom, Irvine's, Bakery Operations, Capri, Natpak and the Group's non-controlling interests in Profeeds and Probrands. The Group's Head Office Services segment reports the Group's shared services function.
The discontinued and discontinuing segments are as reported in Note 2 above namely SRD, QSR and Other Businesses.

## Segmental Report

| | CONTINUING OPERATIONS | | | | DISCONTINUING OPERATIONS | | | |
|---|---|---|---|---|---|---|---|---|
| | Light Manufacturing USD | Head Office Services USD | Unbundling/ Inter-segment Adjustments USD | Total Continuing Operations USD | Discontinued Operations (Speciality Retail and Distribution) USD | Discontinued Operations (Quick Service Restaurants) USD | Discontinued and Discontinuing Operations (Other Businesses) USD | Total Discontinuing Operations USD |
| **Revenue** | | | | | | | | |
| 30 June 2016 | 586 910 708 | — | — | **586 910 708** | 147 948 610 | 38 326 004 | 62 801 914 | **249 076 528** |
| 30 June 2015 | 554 250 569 | 37 909 | — | **554 288 478** | 154 854 577 | 153 137 863 | 123 581 206 | **431 573 646** |
| **Operating profit/(loss) before depreciation and amortisation** | | | | | | | | |
| 30 June 2016 | 56 194 696 | (1 167 945) | — | **55 026 751** | 15 880 623 | 4 823 462 | (8 668 010) | **12 036 075** |
| 30 June 2015 | 46 201 913 | (2 651 659) | — | **43 550 254** | 14 374 463 | 16 579 137 | 463 889 | **31 417 489** |
| **Depreciation and amortisation** | | | | | | | | |
| 30 June 2016 | 15 316 068 | 658 347 | — | **15 974 415** | 1 130 931 | 1 684 232 | 1 347 922 | **4 163 085** |
| 30 June 2015 | 13 647 284 | 643 895 | — | **14 291 179** | 951 242 | 6 078 689 | 2 394 206 | **9 424 137** |
| **Equity accounted earnings** | | | | | | | | |
| 30 June 2016 | 1 819 407 | 2 941 353 | — | **4 760 760** | 26,453 | — | (26 281) | **172** |
| 30 June 2015 | 383 048 | 2 489 922 | — | **2 872 970** | (126 940) | 188 582 | (528 287) | **(466 645)** |
| **Profit/(loss) before tax** | | | | | | | | |
| 30 June 2016 | 39 334 995 | (333 927) | — | **39 001 068** | 15 027 668 | 2 879 353 | (11,938,837) | **5 968 184** |
| 30 June 2015 | 32 735 478 | (1 557 133) | — | **31 178 345** | 14 725 953 | 9 661 579 | (3,963,892) | **20 423 640** |
| **Segment assets** | | | | | | | | |
| 30 June 2016 | 397 553 963 | 34 472 028 | (2,198,702) | **429 827 289** | — | — | 23 233 326 | **23 233 326** |
| 30 June 2015 | 376 868 997 | 21 912 142 | 114,524,805 | **513 305 944** | — | 62 793 462 | — | **62 793 462** |
| **Segment liabilities** | | | | | | | | |
| 30 June 2016 | 105 901 613 | 42 354 682 | 28,966,105 | **177 222 400** | — | — | 11 556 196 | **11 556 196** |
| 30 June 2015 | 129 567 807 | 28 070 362 | 62,069,383 | **219 707 552** | — | 24 453 717 | — | **24 453 717** |
| **Capital expenditure** | | | | | | | | |
| 30 June 2016 | 16 560 491 | 38 964 | — | **16 599 455** | 2 194 943 | 3 788 274 | 883 110 | **6 866 327** |
| 30 June 2015 | 23 591 020 | 138 870 | — | **23 729 890** | 1 699 751 | 9 058 462 | 3 523 558 | **14 281 771** |