Simbisa Brands

LIMITED

ANNUAL REPORT 2019

WWW.SIMBISABRANDS.COM

Financial highlights

Group Revenue (ZWL)	Operating Profit (ZWL)	Profit before tax (ZWL)
2019 390.8 million	2019 64.0 million	2019 49.8 million
2018 204.7 million	2018 28.1 million	2018 20.1 million
2017 154.1 million	2017 17.5 million	2017 9.5 million

Basic earnings per share (ZWL)	Customers served	Cash generated from operations (ZWL)
2019 5.77 cents	2019 54.7 million	2019 73.6 million
2018 2.55 cents	2018 56 million	2018 28.3 million
2017 1.18 cents	2017 52.5 million	2017 21.1 million

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About this report
Simbisa Brands Limited a company listed on the Zimbabwe Stock Exchange (ZSE) is proud to present its Annual report for the year ending 30 June 2019.

The report brings together material information about how our strategy, governance, performance and prospects influence how we create and sustain value. This report when coupled with information from our website enables our stakeholders to have an informed assessment of our company.

Framework of Reporting
The Group prepared the financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRS) which are audited by our independent auditors. The preparation of sustainability information was guided by the Global Reporting Initiative (GRI) Standards.

Reporting Boundaries
The report covers information for Simbisa Brands Limited, whose principal activities are based in Zimbabwe, Kenya, Zambia, Ghana, Mauritius, and Namibia. In this document unless otherwise noted references to "our", "we", "us", "the Company", "Simbisa" refers to Simbisa Brands Limited.

Assurance
We rely on both internal and external players to assure various aspects of our business operations. These assurances are provided by the management and the board, internal auditors and the Independent auditor. Our financial statements were audited by Ernst & Young Zimbabwe, in accordance with International Standards on Auditing (ISA). An independent auditors' report on the financial statements is contained on pages 34 to 37. Non- financial information provided in this report was not externally assured. Simbisa Brands Limited Board has approved this report.

Forward looking statements
This report contains forward looking statements, these statements are future projections that are based on management expectations and assumptions and involve known and unknown risks. Future statements are not guarantees of future developments and readers are cautioned not to put undue reliance in these statements.

Feedback
We welcome your feedback on our annual report. To do so, please contact: Nyaradzo Mushangwe: nyaradzo.mushangwe@zw-simbisa.com or Michelle Fisher: michelle@zw-simbisa.com. You can also call us on +263 242 744 202.

This report is also available online at www.simbisabrands.com/financial-reporting/

Insert Signature
ABC Chinake
Chairman

Insert Signature
Basil Dioniso
Group Chief Executive officer

OUR VISION

To create value for our customers, our people and our shareholders through our brands.

OUR MISSION

To empower our people to always deliver the best in world class restaurant experiences to our valued customers.

OUR BELIEFS

PEOPLE
We connect with and employ people who embody the values of the company: integrity and accountability. People who can be relied upon, people with the resilience to face a highly competitive market and who are passionate about the Simbisa Brands Vision.

PERFORMANCE
To sustain a profitable business model, performance is a key area of focus. We believe in an uncomplicated approach with emphasis on getting the basics right first. To push beyond comfort zones by investing whole-heartedly in the business.

GROWTH
We continue our organic growth by constantly developing on our approach and learning as we expand.

QUALITY & SERVICE
The level of service we provide to both customers and stakeholders alike is of utmost importance to us. We believe in staying at the cutting edge, of industry standards through consistent innovation.

COMMUNITY
As a Multinational company, Simbisa is duty-bound to establishing a socially responsible approach that is environmentally conscious and committed to making a positive impact on the community.

Our History

The QSR Business opened its inaugural Chicken Inn outlet in Harare, Zimbabwe in 1987. Following the opening of the original Chicken Inn, the QSR Business has expanded phenomenally with the addition of new brands and the franchising of existing brands.

In 1998 Innscor listed on the ZSE, utilising the QSR Business to spread its footprint into Africa as a diverse Pan-African operation. In the process QSR outlets were opened in Zambia, Kenya and Ghana.

Since then the QSR Business has grown to own and franchise outlets all across Africa, including Zimbabwe, Zambia, Kenya, DRC, Ghana, Malawi, Namibia, Mauritius and Swaziland.

A major factor contributing to the success of the company is the strategic and well thought out location of its outlets.

Simbisa stores can be found along busy track routes, in central business districts, in urban areas as well as food courts; all these locations ensure consistent access to large volumes of consumers.

The company is unique in that it not only owns the Intellectual Property Rights of the brands within its portfolio, but also owner-operates the outlets of the QSR brands. Furthermore, Simbisa owns the master license to other successful brands such as Galito's Africa, Nando's (Zimbabwe only), Steers (Zimbabwe only), Rocomamas (Zimbabwe, Zambia and Ghana) , Ocean Basket (Zimbabwe Only), Vida E Caffé (Zambia and Ghana), Spur (Zimbabwe Only) and Grilll Shack (Kenya).

On 5th August 2015 Simbisa was incorporated as a wholly owned subsidiary of Innscor. Effective 1st October 2015 Simbisa acquired, through a scheme of reconstruction, all the assets and liabilities of the QSR Business from Innscor. The demerger culminated in the listing of Simbisa on the Zimbabwe Stock Exchange on 6 November 2015.

Our Business at a glance

The name represents what the business and its people stand for; the endeavour to create and sustain a strong and empowered brand that is recognised across all regions.

Our Brands

SIMBISA FOOD TRIANGLE - CORE BRANDS
OWNED AND OPERATED MARKETS

CUSTOMER COUNT: 1.5m (+8% vs PY)	STORE COUNT: 15 (+4 vs PY)
CUSTOMER COUNT: 8.5m (+3% vs PY)	STORE COUNT: 145 (+10 vs PY)
CUSTOMER COUNT: 21.8m (-4% vs PY)	STORE COUNT: 188 (+21 vs PY)
CUSTOMER COUNT: 18.9m (-2% vs PY)	STORE COUNT: 53 (+1 vs PY)

Our Business Model

The value we create

For our employees
5868
People employed

For our shareholders
Dividends paid.
1.91
ZWL cents/ share
FY 2019

For our customers
High service values.

Our competitive advantage

Strong management team and track record of working in Africa.

Well-known brands and loyal customer base.

Understanding of the cultural differences associated with eating out in Africa.

Own and operate our own intellectual property rights of the brands in our portfolio

Strategically located. Quick service restaurants to ensure consistent access to large volumes of consumers.

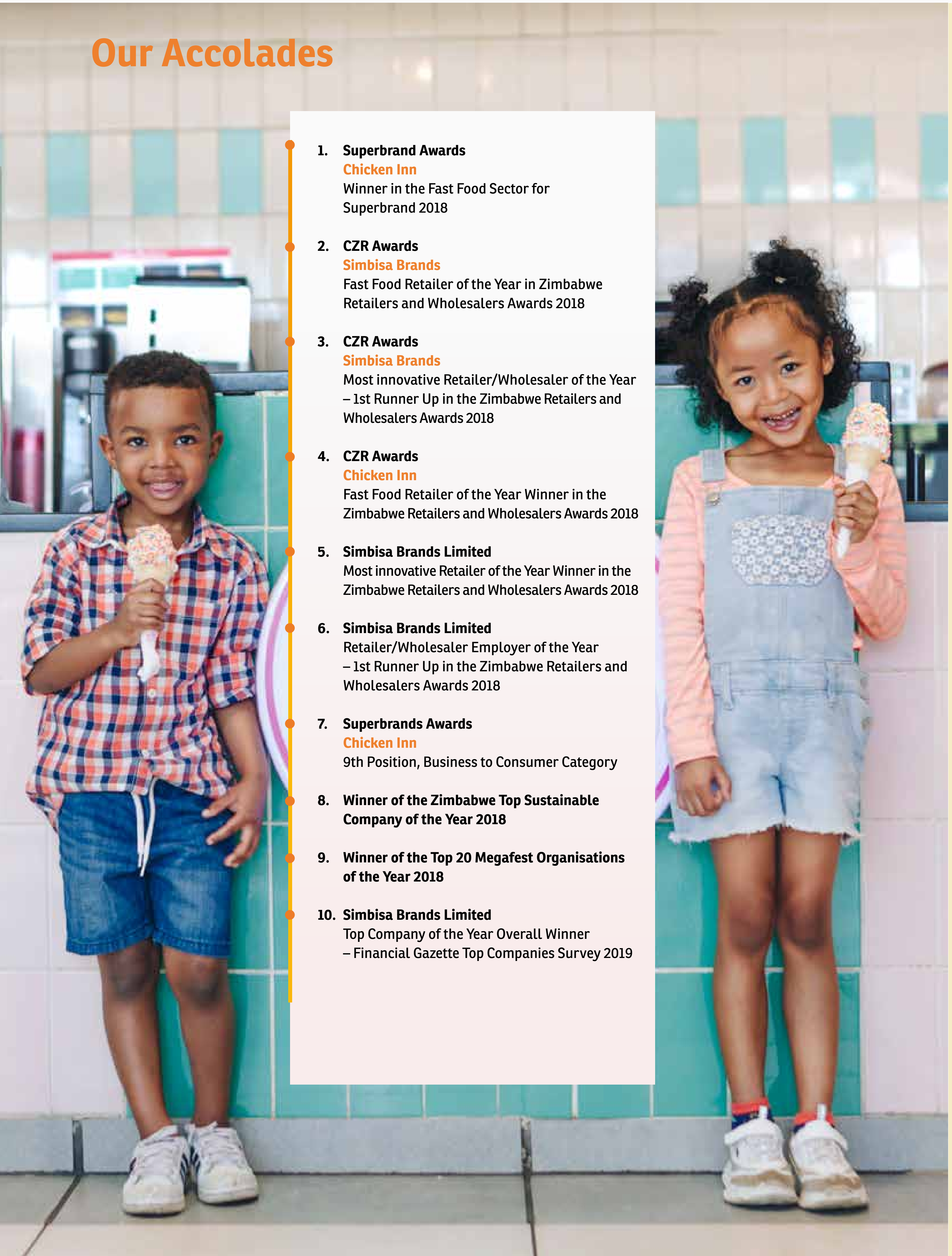
What we do

We are an African-focused restaurant company. We currently have a presence in 9 African countries.

We own and operate a portfolio of brands targeting consumers across all income categories, through our casual fine dining and Quick Service Restaurants.

We provide high levels of service and quality to our customers and stake-holders. We use innovation to stay at the cutting edge of industry standards.

Our Accolades



1. **Superbrand Awards**
   Chicken Inn
   Winner in the Fast Food Sector for Superbrand 2018

2. **CZR Awards**
   Simbisa Brands
   Fast Food Retailer of the Year in Zimbabwe Retailers and Wholesalers Awards 2018

3. **CZR Awards**
   Simbisa Brands
   Most innovative Retailer/Wholesaler of the Year – 1st Runner Up in the Zimbabwe Retailers and Wholesalers Awards 2018

4. **CZR Awards**
   Chicken Inn
   Fast Food Retailer of the Year Winner in the Zimbabwe Retailers and Wholesalers Awards 2018

5. **Simbisa Brands Limited**
   Most innovative Retailer of the Year Winner in the Zimbabwe Retailers and Wholesalers Awards 2018

6. **Simbisa Brands Limited**
   Retailer/Wholesaler Employer of the Year – 1st Runner Up in the Zimbabwe Retailers and Wholesalers Awards 2018

7. **Superbrands Awards**
   Chicken Inn
   9th Position, Business to Consumer Category

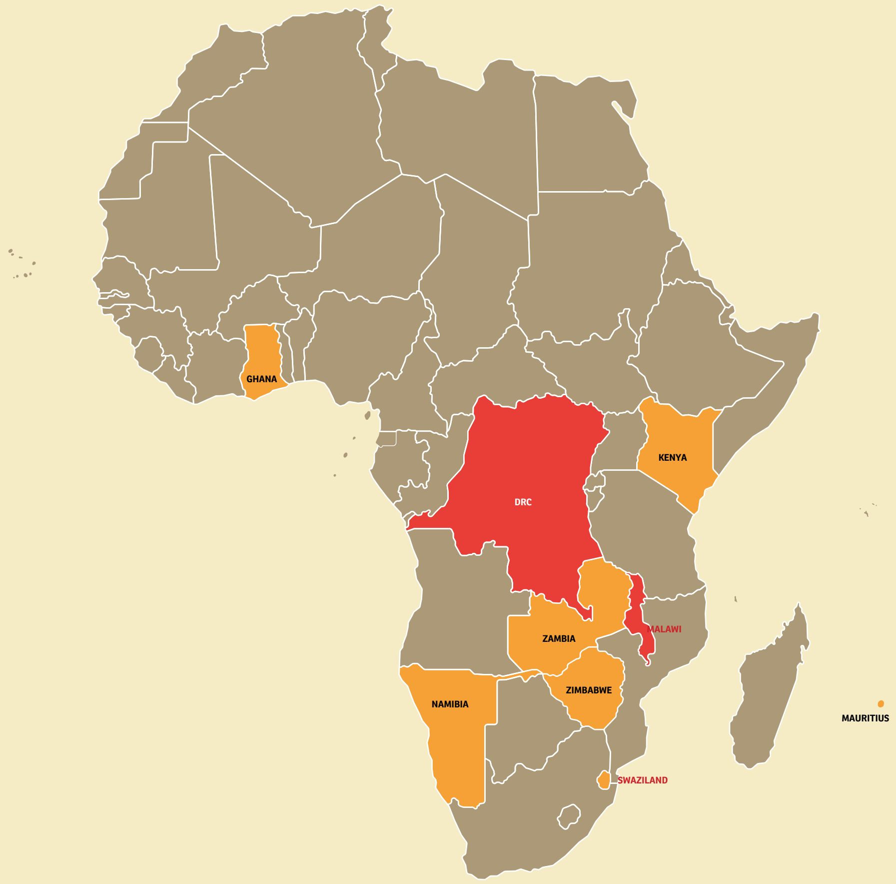
8. **Winner of the Zimbabwe Top Sustainable Company of the Year 2018**

9. **Winner of the Top 20 Megafest Organisations of the Year 2018**

10. **Simbisa Brands Limited**
    Top Company of the Year Overall Winner – Financial Gazette Top Companies Survey 2019

Our Markets

121 Chicken Inn
111 Pizza Inn
76 Creamy Inn
53 Bakers Inn
2 Fish Inn
12 Nando's
7 Steers
38 Galitos
39 Other



Owned and Operated Markets

Zimbabwe
67 Chicken Inn, 35 Pizza Inn, 31 Creamy Inn, 45 Bakers Inn, 2 Fish Inn, 12 Nandos, 7 Steers, and 10 others
209 Company Operated Outlets

Ghana
5 Chicken Inn, 6 Pizza Inn, 6 Creamy Inn, 1 Galitos and 1 other
19 Company Operated Outlets

Namibia
4 Chicken Inn, 4 Pizza Inn
8 Company Operated Outlets

Kenya
32 Chicken Inn, 41 Pizza Inn, 24 Creamy Inn, 15 Galitos, 7 Bakers Inn, and 22 Others
141 Company Operated Outlets

Zambia
3 Chicken Inn, 7 Pizza Inn, 5 Creamy Inn, 1 Baker's Inn, 6 Galitos and 3 Others
25 Company Operated Outlets

Mauritius
4 Pizza Inn, 4 Creamy Inn, 4 Galitos, 3 Others
15 Company Operated Outlets

Franchised Markets

Malawi
3 Chicken Inn, 4 Pizza Inn, 3 Creamy Inn, 2 Galitos
12 Franchised Outlets

Swaziland
3 Chicken Inn, 6 Pizza Inn, 7 Galitos
16 Franchised Outlets

DRC
4 Chicken Inn, 4 Pizza Inn, 3 Creamy Inn, 3 Galitos
14 Franchised Outlets

Our Business Segments

Simbisa Brands LIMITED
Company listed on the Zimbabwe Stock Exchange

- **Zimbabwe**
  - Simbisa Brands Zimbabwe QSR Operations
    QSR Operator in Zimbabwe
  - Simbisa Brands Zimbabwe Franchising
    Franchising division for Simbisa Brands in Zimbabwe
- **Region**
  - Simbisa Brands International QSR Operations
    QSR Operator in Africa
  - Simbisa Brands International Franchising
    Franchising company for Simbisa Brands in Africa

Chairman's Statement

OVERVIEW

Challenging trading conditions persisted in the year under review. In Zimbabwe foreign currency shortages and exchange rate devaluation, rampant inflation, policy uncertainty, high unemployment, electricity and fuel shortages have resulted in a particularly challenging operating context for Simbisa's largest operating market. The Group's regional markets have benefited from stable operating environments in the financial year under review, with relatively few exogenous shocks to the business' trading environment. The biggest risk to our regional markets emanates from currency exchange rate volatility which negatively impacts customer spending patterns and margins. Zambia and Ghana in particular have been affected by exchange rate weakness with the Ghanaian Cedi and the Zambian Kwacha depreciating significantly against the USD over the duration of the financial year under review.

In Kenya, our largest market outside Zimbabwe, the Board is pleased to report progress in achieving our strategic intent of growing our footprint in the market. Capital allocation and new store roll-outs have been a key area of focus for the Board in this market over the year.

In our other markets being Zambia, Mauritius, Ghana and Namibia, which have a combined 67 outlets, the focus was on improving efficiency and investing in building brand equity. There are still challenges, that include the depreciating local currencies in Zambia and Ghana. Our short-term targets are therefore underpinned by getting the right people to manage each business, investing in training and talent retention and improving operational efficiencies. We remain confident of achieving profitability in these markets in the medium term.

Our franchise markets are increasingly offering growth opportunities which the Group is pursuing with its strategic partners in those markets. In the Democratic Republic of Congo, an additional 4 stores were opened during the year to close the year at 14 stores.

MATERIAL FINANCIAL REPORTING MATTERS

Functional and Reporting Currency

Zimbabwe experienced significant monetary and exchange control policy changes during the Group's financial year:

- On 1 October 2018, banks were instructed to separate and create distinct (separate) bank accounts for depositors, namely: RTGS FCA and Nostro FCA accounts. On one hand, Nostro FCA accounts were designated to hold funds that pertain to free funds, diaspora remittances, international organisations' remittances, portfolio investment inflows, foreign currency loan proceeds and export retention proceeds. On the other, RTGS FCA accounts constituted all Real Time Gross Settlement (RTGS) or mobile money transfers and bond notes and coins deposit accounts for Individuals and Corporates. However, the balances in the two types of accounts continued to be referred to as the United States Dollar (US$) and the exchange rate remained fixed at 1:1
- On the 22nd of February 2019, Statutory Instrument (S.I) 32 of 2019 was issued, introducing a new currency called the RTGS Dollar. The Exchange Control Directive RU 28 of 2019 was issued on the same day which introduced an interbank market for the RTGS Dollar and the USD as well as other existing currencies in the multi-currency regime. In addition , S.I 33 of 2019 was issued on 22 February 2019 and it specified, among other things, that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C(2) of the Reserve Bank of Zimbabwe Act) shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States Dollar.
- On 24 June 2019, S.I 142 of 2019 was issued, ending the multicurrency system which had been introduced in 2009 and reintroduced the Zimbabwe Dollar as the sole legal tender in Zimbabwe.

The above events point to a phased change in the functional currency in Zimbabwe from the United States Dollar to the Zimbabwe Dollar. The Group has assessed the impact of these events and retrospectively changed the reporting currency from US Dollar to Zimbabwe Dollar effective 22 February 2019.

The aforementioned pronouncements however presented market-wide challenges in terms of compliance with International Financial Reporting Standards (IFRS) due to conflicts with International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates. This has resulted in the External Auditors issuing an adverse audit opinion on the Group's annual financial statements in accordance with guidance issued by the Public Accountants and Auditors Board in Zimbabwe (PAAB).

For reporting the financial performance and position of foreign operations and Zimbabwe foreign currency denominated transactions and balances, the Group retained the official exchange rate of 1:1 between the US dollar and the Zimbabwe dollar from the beginning of the financial year to 22 February 2019 and thereafter resolved to apply the interbank rates applicable from time to time during the reporting period. The numbers for the comparative period have also been presented in Zimbabwe dollars using an exchange rate of 1:1 to the US Dollar.

Hyperinflationary Accounting

As at the end of the financial period, Zimbabwe recorded year-on-year inflation of 175,6%. Consultations are currently underway within the Accounting Profession regarding whether Zimbabwe needs to adopt IAS 29: Financial Reporting in

Chairman's Statement (continued)

Hyperinflationary Economies. In the absence of year-on-year Consumer Price Index data following the rebasing decision by the Ministry of Finance, the Group foresees difficulties in complying with the accounting standard going forward and has therefore continued to present the financial statements on a historical cost basis at this stage pending further clarity and guidance from the PAAB, the ZSE and other regulators on the issue.

GROUP RESULTS AND DIVIDEND

The Board is pleased with the Group's performance during the year. Key highlights include:

	FY19 ZWL millions	FY18 ZWL millions	Growth%
Revenue	390.8	204.7	91%
Operating Profit	64.0	28.1	128%
Profit Attributable to shareholders of Simbisa	32.1	14.2	127%
Cash Generated from Operations	73.6	28.3	160%
Total Assets	280.2	84.8	230%
Total Liabilities	181.2	46.7	288%
Total debt	63.2	16.8	276%

The following highlights are worth noting against the background of aforementioned developments in respect of Zimbabwe's functional and reporting currency:

- A net foreign exchange loss of ZWL 2.7 million includes exchange losses arising from the revaluation of foreign denominated trade payables on the Zimbabwe Balance Sheet. These balances were previously carried at an exchange rate of 1:1 up to 22 February 2019 and revalued using applicable interbank rates thereafter.
- 82% of the growth in total assets and 87% in total liabilities was a result of the impact of the Zimbabwe dollar devaluation on the translation of assets and liabilities in foreign subsidiaries.
- Property, Plant and Equipment in Zimbabwe at the beginning of the financial year has been translated from US$ to ZWL at the official exchange rate of 1:1. In line with the Group's accounting policy, these assets have been reported using the Historical Cost Model. However, the application of the prescribed exchange rates on change in the functional currency may have resulted in the value of Property, Plant and Equipment being grossly undervalued. The Group intends to resolve this distortion in the new financial year either by changing the accounting policy to Revaluation Model, or adopting Hyperinflationary Accounting, if the aforementioned technical challenges regarding compliance with the applicable standard are overcome and/or resolved.
- Comparative financial information has been translated from US$ to ZWL at the official fixed exchange rate of 1:1.
- Other reserves on the Group's Balance Sheet increased by ZWL37,5 million from prior year as a result of foreign exchange gains arising from the translation of assets and liabilities of foreign operations at interbank rates.
- In view of the performance for the period and the need to maintain shareholder returns, I am pleased to announce that the Directors have declared a final dividend of 0.91 ZWL cents per share to be paid on or about 8 November 2019. This takes the full year dividend to 1.91 ZWL cents per share (FY18: 1 ZWL cent per share).

CORPORATE DEVELOPMENTS

Certain key milestones were also achieved during the financial year, which included the:

- Successful roll-out of the Dial a Delivery (DAD) mobile application in Zimbabwe and Kenya;
- Expansion strategy in Kenya gathering momentum with the market closing with 141 outlets against 123 outlets at 30 June 2018 and 131 outlets at 31 December 2018.

5,400,000 employee share options granted in June 2016 vested during the financial year and 4,341,827 shares were issued to the qualifying employees while the balance was retained by the Company as treasury shares.

GOVERNANCE

The Board is committed to maintaining good corporate governance standards. The Group fully supports principles contained in the ZSE Revised Listing Rules gazetted in June 2019. The Board has formally adopted the Quoted Companies Alliance (QCA)Corporate Governance Code. The Board is satisfied that the Group substantially complies with best corporate governance practices and has set focus areas to improve its governance policies and practices in the next financial year, including compliance with the aforementioned new regulatory requirements.

Since the changes made to the Board announced in the interim report, the Board composition has remained unchanged for the rest of the financial period.

SUSTAINABILITY

The Board recognizes that long-term business success includes making a positive contribution to society. This is the third year since the Group adopted Sustainability reporting and we continue to consider and improve how we measure the impact of the business on all our stakeholders including shareholders, employees, customers and the community.

OUTLOOK

The Board is confident that Simbisa is in a good position to

Chairman's Statement (continued)

navigate the evolving environments in the markets we operate in. We expect Zimbabwe to be particularly challenging in the short to medium term and we are conscious of country debt-induced pressures in the Kenya and Zambia economies. We remain optimistic of improvements to conditions in the medium-term and providing sustainable growth and returns to our shareholders.

In the short-term, key priorities for the Board include oversight of Management's value preservation strategies in Zimbabwe and oversight of Regional store expansion strategies to ensure efficient capital allocation. The Board will also closely monitor Zambia, Ghana, Namibia and Mauritius with a view of growing scale in these markets.

In the short to medium-term, transformation projects which are currently underway will remain a key area of focus of the Board. These include the expansion of Dial-a-Delivery services including online ordering platforms, roll out of a new ERP system and continuous improvement in training and talent management. Investment in our people, existing and new brands will remain strategic pillars to our success.

APPRECIATION

On behalf of the board, I would like to express my appreciation to all our stakeholders, loyal customers, supportive suppliers and each of the 5,868 associates who work at Simbisa Brands Limited. Their commitment and hard work have been critical in taking the Group to where it is today. I wish them every success in their endeavours as we build on the progress we have made into the next financial year.

For and on behalf of the Board

ABC Chinake
Non-Executive Chairman
7 October 2019

DIVIDEND ANNOUNCEMENT

Notice is hereby given that on 12 September 2019 the Board of Directors declared a final dividend of ZWL 0.91 cents per share payable out of the profits of the Group for the year ended 30 June 2019.

The dividend will be payable in Zimbabwe dollars on or about 8 November 2019 to shareholders registered in the books of the Company close of business on 1 November 2019. The last day to trade cum-dividend is 29 October 2019 and the ex-dividend date 30 October 2019.

By order of the Board

Prometheus Corporate Services
Company Secretary

7 October 2019

CEO's Report

TRADING ENVIRONMENT

In the financial year ended 30 June 2019, economic challenges continued in our largest market, Zimbabwe. The environment was marked by high inflation, shortage of foreign currency, acute power outages, price distortions, poor infrastructure service delivery and general economic uncertainty. Notwithstanding the announced fiscal and monetary interventions by the Government of Zimbabwe, the environment remains difficult. Management, with assistance from the Board, have proactively sought to manage these challenges, making bold decisions along the way. Despite these challenges, the Group has remained resilient and continues to pursue a growth strategy in all its markets.

GROUP PERFORMANCE OVERVIEW

ZIMBABWE

Deteriorating economic conditions in Zimbabwe have resulted in erosion of consumer earnings which in turn have negatively impacted our sales volumes and seen a general trend of customer downtrading. High and escalating inflation and foreign currency exchange rates are putting downward pressure on Gross Profit and Operating Margins. The Group's response has been to establish an optimal pricing strategy with controlled price adjustments necessary to maintain our margins whilst also keeping our prices competitive and affordable to an increasingly price-sensitive market. Disciplined cost of sales management and implementing a strict cost-control strategy has also been key to maintaining margins in the financial year under review and management have performed commendably in this regard. Customer counts dropped 5% year-on-year as a result of the aforementioned pressure on consumers which has dampened consumer spend across the entire Zimbabwe consumer sector. Inflationary-driven price increases saw Average Spend increase 89% compared to prior year. Total revenue for the period increased 79% to $ 255.1m ($ 142.3m in FY18). Same store revenue increased 72% versus the prior year.

Efforts to defend the Zimbabwe operation's margins paid off and the GP Margin improved versus the prior comparable period as did Operating Profit Margins, which increased from 16.6% in FY2018 to 20.8% in FY2019.

The Group continued to grow market share in Zimbabwe with the opening of 17 new counters between 30 June 2018 and 30 June 2019 to close the year with 209 counters. This included the launch of the new Nando's 'Casa' casual dining format which has been met with enthusiasm from our customers and is in line with our strategy to grow our casual dining, upper LSM market segment. Capex of $ 18.4m was outlaid during the period under review for expansion and maintenance of our existing counters to a best-in-class standard.

REGIONAL OPERATIONS

Customer counts in the regional business grew 6% from prior year and average spend in USD-terms remained firm, despite currency devaluation experienced in Ghana and Zambia where the respective local currencies dropped 13% and 29% against the US Dollar over the financial year under review. Revenue generated by our regional operations increased 12% year-on-year in USD-terms and 118% from prior year in Zimbabwe Dollar terms to $ 135.9 m ($ 62.4 m in FY2018). Regional operating margins improved from 7.3% in FY2018 to 8.1% in FY2019.

Growth in the regional business has been led by Kenya where 18 new counters were opened between 30 June 2018 and 30 June 2019, including the new Grilll Shack brand which was opened in January 2019 and is performing above expectations. The focus in our other regional markets has been to streamline the business, defend our market position and ensure existing operations generate positive returns on investment.

KENYA

Customer counts grew 4% versus prior year on a same store basis and 8% versus prior year when including the new stores opened in the period under review, with the full financial impact projected to come through from the first half of FY2020. Kenya closed the year with 141 counters in operation. Kenya has been identified as a key growth market in our regional business due to a growing middle-class population, high and improving consumer income levels and stability in the trading environment. The Group will achieve organic growth through expansion of our existing brand footprint and remains vigilant to growth opportunities arising through new business acquisitions and partnerships.

ZAMBIA

Following the restructure, in which we acquired the non-controlling interest to own 100% of the Zambian business, there has been a marked improvement in the business' performance over the financial period under review with top line growth registered in local currency terms despite the closure of 10 counters in the second half of FY2018. Gross Profit and Operating Margins also improved in FY2019 compared to the prior financial year. However, the market was negatively impacted by unfavourable exchange rate movements over the financial year which dampened performance in US Dollar terms. Downside risk to the Zambian Kwacha remains high in the short to medium term. Management have taken proactive steps to mitigate the risk through a carefully managed pricing strategy, delivering value meals to customers, sourcing inputs locally wherever possible and negotiating costs in local currency terms. The period closed with 25 counters operating in this market.

CEO's Report (continued)

MAURITIUS, GHANA, NAMIBIA AND DRC

A focus on enhancing operating efficiencies and ensuring existing operations generate positive returns on investment has started to bear fruit in our regional business. All of our regional operations registered growth in operating profit and firming operating margins during the period under review with the exception of Mauritius where increased competition and stock cost control issues have brought margins under pressure.

The latter is being addressed through an aggressive in-country marketing campaign, product development and front-of-house revamps to revitalize the brand, counter competition and the migration of the warehouse onto a new stock control platform in order to improve margin controls. Changes to the VAT Policy in Ghana enacted in August 2018 have impacted the business through an effective 5% increase in cost prices and import duties as well as putting pressure on consumer spend. The market also experienced exchange rate weakness during the period under review. As such, the Ghana operations' revenue in US Dollar terms fell 7% compared to prior year. However, loss in revenue has been countered by cost containment measures which resulted in an increase in operating profit in US Dollar terms. We continue to operate our business in the DRC under a master franchise arrangement; the business is performing well, and operations have been expanded into Kinshasa through the opening of 4 new counters in the first half of FY2019. We have a good relationship with our franchisee and former partner in this market and remain confident of the DRC business' future prospects.

STRATEGIC FOCUS

As previously communicated to stakeholders, our key strategic objectives are to continue to grow the core QSR business in existing and new African markets, to develop and acquire other brands in the QSR and casual dining segment as well as to enhance our service offering through technology development.

Following the successful launch of our new Dial-a-Delivery mobile application in Zimbabwe and Kenya in FY2019, our focus in FY2020 will be to further develop and grow our delivery business in order to tap into a previously under-serviced online market and improve on the convenience of our customers' ordering experience. This will be achieved through the roll out of our mobile application through the remainder of our markets and exploring opportunities to include third party delivery services.

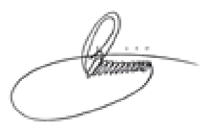
We have adopted a proactive strategy to manage the specific economic challenges pertaining to the Zimbabwe QSR market. This involves putting in place robust measures to hedge against inflation and currency volatility and a pricing strategy to optimize revenue while maintaining margins. We will continue to grow the market through a controlled roll out of only 'grade A' sites that will optimize the allocation of limited foreign capital resources and maximise shareholder returns.

OUTLOOK

Challenges in the trading environment in Zimbabwe are expected to persist. Although the establishment of the interbank foreign exchange market in February 2019 has restored some stability to the monetary regime, foreign currency supply remains restrained resulting in delays in external payments, currency speculation and inflationary pricing at a premium over the official inter-bank rate. Constrained consumer spending habits and resultant downtrading activity will remain a challenge for the business in FY2020.

Despite the anticipated headwinds, we believe our people and products will be able to continuously deliver value to all of our stakeholders. Our brand portfolio spans a wide spectrum of consumer income levels and consistently delivers to our customers convenient, affordable and quality meals. Our people have the drive, experience and expertise needed to execute our strategy and successfully navigate the business through a challenging operating environment.

The biggest risk to our regional markets emanates from currency risk where volatility in exchange rates against the USD impacts customer spending patterns and operating margins. Upcoming elections in Mauritius, Ghana and Kenya are expected to be peaceful, free and fair with no major disruption to business activities expected in these markets over the election period. We are confident that the region's contribution to Group performance will continue to grow and unlock value for our shareholders.



B Dionisio
Chief Executive Officer
7 October 2019

Financial Highlights

		FY19	FY18	change
Statement of Profit or Loss				
Number of outlets (closing)		459	413	9%
Number of customers served	ZWL millions	54.7	56.0	-2%
Revenue	ZWL millions	390.8	204.7	91%
Operating Profit	ZWL millions	64.0	28.1	128%
Operating profit Margin	%	16.4%	13.7%	
Basic Earnings per Share	ZWL cents	5.77	2.55	126%
Total Dividend per share	ZWL cents	1.91	1.00	91%
Statement of financial Position				
Net Assets(*#)	ZWL millions	147.1	50.7	190%
Total Equity(#)	ZWL millions	99.0	38.1	160%
Net Debt (^)	ZWL millions	45.4	9.7	370%
Return on Equity(••)	%	47%	41%	
Net gearing (•)	%	31%	20%	
Statement of Cashflow				
Cash generated from operations	ZWL millions	73.6	28.3	160%
Capital Expenditure	ZWL millions	30.9	7.2	332%

* Total assets excluding deferred tax assets and cash and cash equivalents less non-interest bearing trade liabilities

\# Property plant and Equipment has not been revalued

^ Total borrowings less Cash and cash equivalents

•• Calculated using average equity

• Calculated using closing net debt and closing equity

Sustainability Report

Approach to Sustainability

Sustainability is a central element of the Simbisa Brands Limited business practices. It assists us in making sustainable decisions and ensures our business practices are aligned towards the generation of long term value. An indispensable element of our ability to create value is the understanding that we do not exist for ourselves only, but our relations with consumers, employees, suppliers, communities, industry, shareholders and regulators matter. Our operations tap into the vast resources, relations, and opportunities provided by these stakeholders. We commit to manage our business practices so that our social, economic and environmental impacts do not threaten our relationships with stakeholders today and into the future.

The Group applies the Global Reporting Initiatives (GRI) Standards in identifying and managing material risks and opportunities. The Standards provide a framework for engaging with stakeholders and identifying material issues which require the Group to take appropriate measures in the spirit of inclusivity and responsiveness. Our sustainability commitments come from connecting our material issues to our strategic goals. We also take into account the sustainability disclosure requirements expected by the ZSE exchange regulations S.I 134 of 2019.

Governance

The primary role for ensuring our company is sustainable lies with the Board of Directors. In implementing sustainability values, the Group assigned key individuals with the responsibility of coordinating the sustainability reporting strategy using GRI Standards. These individuals are responsible for assisting management, stakeholders and the Board with the identification, evaluation and management of material sustainability issues pertaining to economic, environmental and social impacts, including any opportunities arising from our business operations. In addition, the individuals are also responsible for monitoring and evaluating the systems used to collect data, measurement criteria and the quality of the data obtained across the Group.

Inclusivity and Responsiveness

Integration of stakeholder engagement in our corporate actions provides a strategy for managing a broad range of risks and business opportunities. The Group's business values rest upon being honest, inclusive and responsive to stakeholders' concerns. To achieve this we rely on good stakeholder engagement and relations based on a shared responsibility with all our employees and management, which is embedded in how we interface with our stakeholders on a daily basis.

Capital Management

The long term business success rests upon sustainable management of the various forms of capital of our business. We consider natural, human, intellectual, financial, manufacturing and social relations as capital input into our business model. As such, our business philosophy considers the management of these capitals as a key responsibility of management driven by shared values within the Group.

Report Boundary

In defining the reporting boundaries, we focused on jurisdictions in which we have significant operations and believe will have a substantial bearing our economic, environmental and social impacts. These sustainability performance indicators were defined at Group level based on materiality and contributions which were received from country operations. Our material issues are informed by activities in Zimbabwe, Kenya and Zambia.

STAKEHOLDER ENGAGEMENT AND MANAGEMENT

Approach

Stakeholder engagement is pivotal in ensuring that our operations, products and services meet the expectations of our consumers and society. It allows us to gather insights and provide feedback on our stakeholder's varying opinions, concerns and perspectives about our business. This allows us to develop policies and strategies informed by the wider concerns of our stakeholders. Our approach to stakeholder engagement is set in our risk and business development management and we consider continuous dialogue with our stakeholders as a critical function of our business.

Stakeholder engagement is a daily activity and is the responsibility of all employees and management within the Group. Management takes on the duty of addressing the material concerns raised by our stakeholders who include employees, customers, suppliers, regulators, shareholders, investors and society. Issues raised are then categorised into economic, environmental and social issues to enable appropriate responses. At the company level material concerns are firstly assessed and evaluated before being consolidated with those at Group level to inform corporate strategy and responses.

Sustainability Report (continued)

Management also provides a guiding framework for the stakeholder engagement to enable identification, prioritisation and engagement with stakeholders through various strategies.

Key stakeholders engagement activities during the year and actions considered on material issues raised are presented below.

Stakeholder	Material issues raised	Mitigation measure	Engagement channel
Employees (employees of Simbisa Brands)	• Salary Adjustments outside NEC industry. • Company support to housing and mortgages.	• Ongoing assessment • Consultation with banks through the pension fund.	• Staff meetings • Direct engagement • Internal communications
Suppliers (products, service suppliers and consultants of our company)	• Shortage of foreign currency for raw materials	• Engaged our bankers and for key raw material suppliers we work on means to pay direct to foreign raw material suppliers.	• Meetings • Emails • Telephone calls • Potato Council meetings
Industry (Food Industry associations and regulators)	• Health Standards in the Foods Industry.	• Regular inspections & Licensing compliance	• Briefing meetings • Director engagements • Certificates from relevant bodies
Government and regulators. (Governments, ministries and their regulators)	• NSSA Safety standards. • EMA regulations	• Compliance with regulations. • Compliance with regulations and involvement in clean up cam-paigns. • Regular internal audits	• Meetings with regulatory bodies, staff and Internal audit team. • Statutory returns
Shareholders and Potential Investors. (Investors and other providers of capital to the business)	• Business Growth • Sustainable returns • Sound Governance	• Expert advisory services • Monitoring and continuous en-gagement	• Annual general meetings • Monthly, quarterly and annual reporting
Customers and Consumers. (individuals and groups who buy our products)	• Product Quality • Pricing and value for money • Customer service	• Quality control and engagement with suppliers for 3rd party products • Market surveys and promotions • Mystery diners	• Customer feedback through social media platforms • Marketing reports and customer feedback. • Emails • Telephone hotlines • One on one meetings • Customers surveys
Local Communities. (People living and working in the vicinity of our operations)	• Community plough back • Economic Opportunities	• Support to schools and hospitals • Internship programs for students	• Regular interactions at events • Engagements with Uni-versities.

Sustainability Report (continued)

MATERIALITY

At Simbisa Brands we use materiality assessments to understand, identify and prioritise issues with the highest impact to our business and stakeholders. The process enables us to identify the issues that internal and external stakeholders expect us to focus on. The fluidity of sustainability impacts and stakeholder concerns requires us to continuously assess to see whether the priority issues reflect the significant impacts arising out of business activities and relationships.

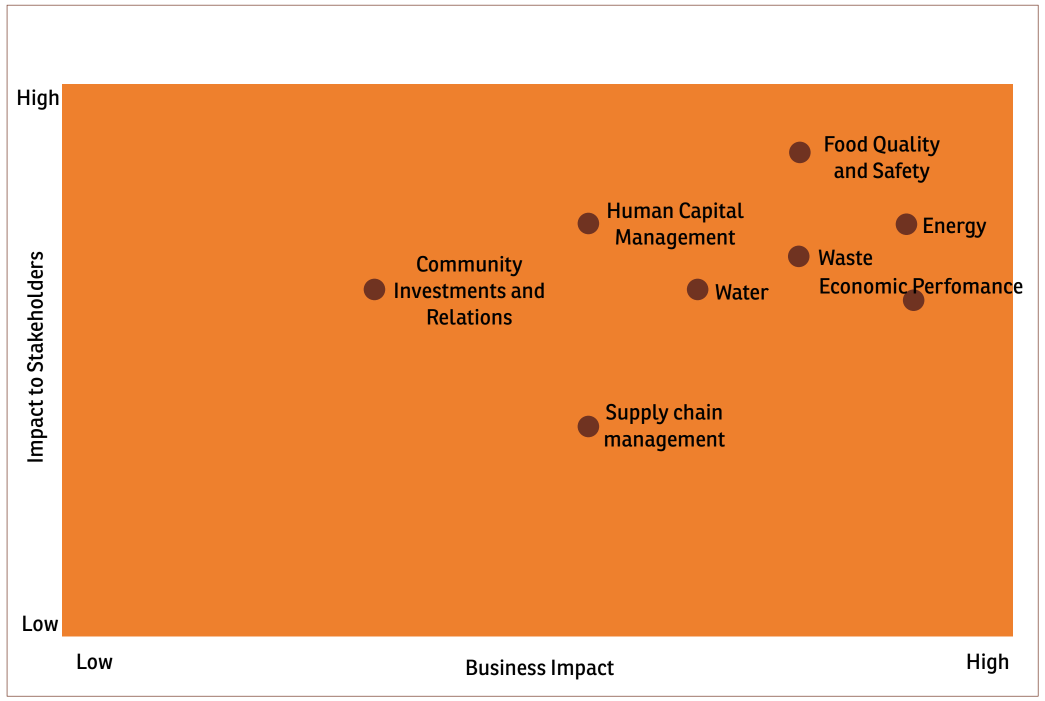
Material issues identified at operational level in our countries of operations are consolidated at Group level for reporting and strategic response. Throughout the process the Group considers the nature of the operations and applicable industry standards. We prioritise the topics based on their comparative significance to business and stakeholders. This process is done with due consideration of the trends that affect our business both locally and globally.

Identified Material Topics

Economic	Social	Environmental
Economic performance	Human capital management	Materials
Community investments	Food quality and safety	Energy
	Community relations	Waste
		Water

Prioritisation of Topics

Materiality Matrix



Sustainability Report (continued)

ECONOMIC PERFORMANCE

Our capacity to be of value to the stakeholders that contribute and rely on our business hinges on our ability to continuously perform as an organisation. This is why it is so important for us make sustainable profits. The value we generate then contributes to our tax payments, supplier support, employment, and community investments. Our commitment to sustainability guides us in making sure our business growth has minimum impact of the stakeholders and the future generations. Through our investments in the countries that we operate in, we contribute to economic growth which fuels national development. Our contribution is vital in supporting local development and the livelihood of the members of the community. These contributions can only be effectively achieved if we continue to generate sustainable profits.

Economic Value Distributed

Economic value generated is distributed through different forms that includes operating costs, employment, procurement, taxes and capital investment which are presented in detail through our financial statements. However, in this section, we present distributions considered significant and of material interest to our stakeholders.

Economic value created (ZWL)	**2019**	**2018**	**2017**
Revenue (million)	390.8	204.7	154.1
Other income (million)	1.7	2.4	1.1
Interest income (million)	0.7	0.1	0.1
Total	393.2	207.2	155.3
Economic value distributed (ZWL)			
Employees (million)	68.2	37.6	30.1
Governments (million)	14.5	6.5	3.7
Shareholders (million)	10.7	5.5	3.0
Suppliers (million)	174.7	97.3	70.3
Total	268.1	146.9	107.1

Defined Contribution Pension Plan

Our commitment to employees extends to the time they are no-longer working for us. We want our employees to work without worrying for their financial security after they retire. Our pension schemes are managed through the Simbisa Brands Pension Fund, National Social Security Authority Scheme & Workers Compensation Insurance Fund (NSSA) –Zimbabwe, Social Security and National Insurance Trust (SSNIT) – Ghana, National Pension Scheme Authority (NAPSA) – Zambia, Buyantanshi Pension Trust Fund - Zambia and National Social Security Fund (NSSF) – Kenya. Contributions to the schemes are presented below:

	2019	**2018**	**2017**
Amount paid (ZWL)	1 508 678	1 122 249	1 011 506

PRODUCT QUALITY AND FOOD SAFETY.

Accountability to the quality and health impacts of our products is an element we treat very seriously. We want consumers of our food to be confident that each bite they sink into our products guarantees maximum satisfaction and trust in us. The preparation of food and the quality of ingredients influences the safety of the food we sell. We ensure strict adherence to systems and procedures are in place so that the quality of food is not compromised.

As part of our commitment to maximum consumer trust, we have stringent systems to monitor quality in our procurement and food preparation. We do not tolerate noncompliance on food safety standards in all our restaurants.

Customer Satisfaction

Simbisa Brands has achieved so many great things this year and one of our key drivers is to make sure that we respond to and manage our customers experiences, as well as recognise the opportunities these present to improve and remain competitive. To achieve this, we listen to our customers' feedback, and continuously improve our services. All customer feedback is important

Sustainability Report (continued)

to Simbisa Brands, and it is our focus to ensure that our customers feel able to provide us with feedback. We are working hard to make sure our customers know where to do this.

Our customers are at the heart of our services. As a result, we are busy with the implementation of a "Check-Inn" service which will be digitally available and allow our customers to provide feedback at the height of their consumer experience in the store. It is vital to continuous service improvement to know when things have gone right and when our customers are happy with the services they receive. However, on those occasions when things go wrong, complaints are equally valuable. They provide a chance to identify errors and to make sure the same mistake is not repeated in the future.

The Customer Feedback team is responsible for the management, facilitation and collation of all customer feedback received from our various communication platforms. These include our Instagram, Facebook and Twitter pages per brand, as well as the contact page on our website, www.simbisabrands.com.

Customer feedback is a great way for us to understand and manage how our customers experience the services we provide. It also lets us monitor our performance against the values that are really important to us while staying at the cutting edge of industry standards through consistent innovation.

HUMAN CAPITAL MANAGEMENT

Our people are at the centre of our capacity to generate sustainable value. Their interactions with our varied stakeholders allows us to listen and give back value. We have put in place an environment where our employees can thrive, learn and achieve great impact. We strive to maintain a strong and competent human capital base that subscribes to our values of integrity and accountability. We consider our employees as business partners who are pivotal in creating and sustaining value for our stakeholders, and as such we are committed to enhancing their skills on an ongoing basis. We continuously engage our staff and management to ensure that they are motivated at all times through fair compensation and working conditions.

2019 New Employees

Male	1,123
Female	1,168
Total	**2,291**

Employee turnover

Male	919
Female	1,060
Total	**1,979**

Sustainability Report (continued)

Employee Wellbeing

At Simbisa Brands all our employees have access to a wide range of wellbeing initiatives to ensure that they remain happy and motivated to work. We believe that a happy workforce is productive. A number of initiatives have been put in place to support the wellbeing of employees such as the Annual Wellness day, and in house professional counselling services.

In Zimbabwe we have also put in place incentives to cushion employees from the harsh economic environment in which we operate. All employees are awarded a hardship allowance every month. This amount is continuously reviewed to ensure that staff financial needs are accommodated. In addition to the hardship allowance, supplementary groceries are provided and we have introduced two buses to commute employees to work. A provision has been made to provide performance based incentives for performing cashiers and shops. We also recognise and reward long serving employees who have served for 10, 20 and 30 years.

SUPPLY CHAIN MANAGEMENT

We source ingredients and products for the preparation of the products we serve from a wide range of suppliers. Consistency in the quality of procured ingredients can be affected if raw material sourcing is not properly managed. We have set standards and thresholds for quality of raw materials to ensure our customers are served with consistent products. Our goal is to ensure that our Group procures raw materials in a sustainable manner that minimises business risk. Our suppliers play an important role in helping us meet our sustainable supply chain goals. Our policies require that we procure our raw materials from approved suppliers who have been vetted and evaluated to meet our quality and standards. As our products contribute to human health, we take responsibility in ensuring that our supply chain is managed to maintain superior standards of quality and consistency for our brand reputation. Suppliers are expected to demonstrate their capacity to guarantee uninterrupted supply of quality raw materials. Furthermore, management continuously monitors and engages suppliers to warrant that they are operating in accordance with our values and are adhering to national laws, health and safety standards, and ethics.

Protein (Tonnes) 6 043	Starch (Tonnes) 14 291	Oils(Litres) 1 136 479

Sourcing criteria and third party certification

Raw materials

The Group relies on raw materials such as meats, starches and vegetables. Managing the raw material is essential in ensuring efficiency in our operations. Our consumption of key raw materials during the 2019 financial year were as follows:

Material	2019	2018
Protein (Tonnes)	6 043	5 748
Starch (Tonnes)	14 291	14 231
Oils (Litres)	1 136 479	1 301 390

ENVIRONMENTAL STEWARDSHIP

Simbisa Brands is aware of the limitations of our environmental resources in meeting the needs of society in our areas of operations. We appreciate that inefficient and wasteful usage of resources has implications for us currently and potentially in the future of our business. Poor management practises of the resources we depend on so much can also lead to pollution and destruction of biodiversity which in turn can cause shortages and increases in the cost of these resources. This understanding influences how we handle key environmental factors such as energy, water and waste.

Sustainability Report (continued)

Energy

Our operations are highly energy intensive due to the kitchen appliances we use, temperature control devices and lighting. Outside the huge cost of energy consumption, energy use leads to air pollution and climate change which are of material impact to our business and stakeholders. Managing energy usage helps us save costs and minimise environmental impact. In Zimbabwe we are currently operating in an environment with depressed grid energy supply which has led to us adopting alternatives such as generators. Achieving energy efficiency is a key responsibility of management and staff. To this end, we are exploring alternative clean and efficient sources of energy. For the year under review, our energy consumption figures are as presented below:

Energy Type	2019
Fuel (Litres)	690 940
Grid Electricity (MWH)	67 671

Water

Water is a key requirement of our activities from cooking, cleaning and ensuring the ambience of our facilities. It is key element to our business which we cannot operate without. We share water sources with communities and other businesses as who expect us to be responsible in our practises. A myriad of factors influence our water consumption, from the number and sizes of our restaurants to product demand. Where our operations are run in water stressed regions – we understand that poor waste management practises adds to the strain faced by those communities. These issues among others explain why water management is material to our business. We are on a mission to innovate and explore options to ensure we minimise our water usage impact. Preserving water is the responsibility of each staff member in our Group. Our aim is to educate our staff across all operations about water conservation and stimulate innovation for minimising water consumption.

Waste

Waste is currently an escapable output of our business, mainly resulting from food and packaging. Resources such as capital, energy and water end up as a loss each time we generate waste and the more waste we generate the more losses we make. Waste has a tremendous impact on the environment decaying organic material from waste foods resulting in Greenhouse gas emissions which contribute to climate change. Managing the amount of waste we generate can contribute towards minimisation of environmental impact, operating costs and our brand reputation which explains why waste is a material element of our business.

We are working tirelessly to ensure we minimise the impact and losses that are waste related. At all our sites we have visible disposal bins and facilities for all materials and waste from our operations. The disposal facilities are positioned in and outside our premises and we have dedicated staff members who monitor and manage whether waste is being disposed of properly. In addition, City Health inspectors continuously assess our premises to ensure that we meet all necessary standards of a business operating in the food industry.

COMMUNITY INVESTMENTS AND RELATIONS

Communities play a critical role in our businesses by contributing human capital, customers and supply chain. We aim to ensure that the relationship between our businesses and communities is mutually beneficial. Our communities are a key pillar to our business as they hold the keys to our social license to operate. Running our businesses across the many communities in our vicinity demands us to be conscious of our economic, social and environmental impacts. We are very much aware that we don't operate in isolation hence the need to be an active member in communities.

Our community investments incorporate our material impact to our communities we are moving away from a philanthropic approach of community investments to one that address the negative impact caused by our business. While this is an ambitious goal much of our community investments also promote local talent and other activities that address the key challenges that are locally relevant. Our strategy is to create shared values with communities while providing economic and social opportunities to the communities we operate in, which we achieve through our Corporate Social Responsibility Programme.

During the year, the following initiatives were conducted:

Sustainability Report (continued)

Initiative	Beneficiary	Support
Education	• Seke Teacher's College • Kwekwe Polytechnic • Baobab Primary School • Lindstern Primary School • Gwanda District • Dominican Convent School • Harare Polytechnic • Zvishavane District Prize Giving Day • Kings Primary School	• 1 551 on piecer meals • 95 two piecer meals • 10 Waste bins • Branded back packs, pens, note books and Tshirts
Orphanages	• Tariro House of Hope • Matthew Rusike Children's Home	• 220 one piecer meals • 500 two piecer meals • 100 quarter chicken and chips • Jumping castle hire
Sport	• Zimbabwe Netball Association • Providence • Delta Beverages • Kwese • ORAP • Inclusive Sports and Play • Chicken Inn Football Club • NAPH/NASH	• Medals • Trophies • Backpacks • Cash sponsorship of ZWL 300,000
Community Empowerment	• Kwekwe Community • Mpilo hospital • Chinhoyi City Council • Beitbridge Mayor's Office • Gwanda DA's Office • Hellenic Academy • Bulawayo City Council • Gwanda Provincial Hospital • Beit Bridge City Council	• Refurbishment items for all ablution facilities, replacing sluice kit, curtains, and cutlery • T-shirts • Time donation in clean-up campaign
Disability Support	• Mayor's Office Gwanda • Chegutu Mayor's Office • Mudavanhu School of the Disabled	• Cash
Arts, Social and Regional Support	• Blackman Entertainment • Zvishavane District Office • Midlands Province • Bulawayo Arts Awards	• 20 Medals and Trophies • Cash
Animal welfare	• ZRP Canine Section • Black Shark	• Meat Products

CSR Initiatives

For the year ended 30 June 2019, our objective has been to connect with customers as a business. The efforts below are aimed at creating positive interactions with our customers, community and other key stakeholders.

Positive interactions with key stakeholders will, in the long run, create a positive image for our various brands. **Our aim** is to consistently have these positive interactions with stakeholders to achieve a positive corporate reputation.

ZIMBABWE

Beitbridge Mayor's Half Marathon

Chicken Inn partnered with the City of Beitbridge during the Beitbridge Mayor's half marathon which was meant to create awareness against litter and drug abuse. We donated T-shirts and 1 piecer meals to some of the participants and helped in manning water points.

Kwekwe Clean Up

Simbisa partnered with Kwekwe community in the 'always fresh and clean environment' drive to build awareness against litter in the community. Simbisa is duty bound to establish a responsible approach that is environmentally friendly and is willing to go the extra mile in facilitating a clean environment.

Seke Teacher's College Donation

On the 5th of September 2018, Chicken Inn donated 10 Chicken Inn Branded Bins to Seke Teacher's College. This is an ongoing campaign to educate schools and capacitate academic institutes on keeping the environment clean.

Mpilo Hospital Donation

Simbisa partnered with a UK based well-wisher through the Chicken Inn brand to donate to Mpilo Hospital in Bulawayo.

This initiative was to refurbish a male ward at the institution by replacing all ablution facilities, sluice kit, curtains, and cutlery. Part of the facelift included the painting of the whole ward and purchase of state-of-the-art trolleys, beds, linen and equipment for the ward.

Matthew Rusike Children's Home Visit

Simbisa visited Matthew Rusike Children's Home. This was to engage with the children and give them life skills. We also donated lunch meals for every child at the home and the staff members. Further, we hired a swimming pool for the children and had entertaining activities for them planned after the lunch break.

Jikinya & Music Festival Zvishavane

In the month of November, we partnered with Zvishavane District in the Jikinya & Music competition in awarding the top three winners from the eight participating Zvishavane zones with branded bags, medals, meals, and t-shirts. Our presence was greatly appreciated, and we were welcomed with warm hearts. The event was very successful and our relationship with Zvishavane District was enhanced as we gave a huge hand in the success of the competitions for being part of the Jikinya event. The National Association of Primary Heads (NAPH) awarded us with a certificate of appreciation for helping make it a success.

School Prize Giving

We partnered with Baobab and Kings Primary School in Victoria Falls on the 30th of November 2018 for their prize giving awards. At this and other such school events, we awarded branded backpacks to the top pupils at the schools as a way of appreciating their support for corporate orders for their various functions such as sports and other events they hold. We were also given certificates for being part of Candy Preschool Pizza Inn Master Class where the pupils go to make their own pizza at Pizza Inn.

The Gems Netball

Giving back to our community is the cornerstone of Simbisa Brands. This is why we were excited to have come on-board in co-sponsoring the national senior netball team, better known as The Gems.

At Simbisa, we believe in women. As a company, we are strong advocates of women's rights and female empowerment, giving women the same opportunities to achieve and accomplish great successes.

We came across The Gems uplifting story on YouTube and felt that this was a powerful example of women empowerment in the Zimbabwean sports industry. Having also seen them play and witness their level of talent, we felt compelled to be instrumental in helping to make sure they would make it to the World Cup.

Committed to making a positive impact on the community, we at Simbisa believe that a team that has had to rise above their challenges to qualify at a global level, the way The Gems have, should be fully supported. We rallied behind The Gems as they served as a real inspiration for young women with aspirations in this field.

The ethos of Simbisa Brands is "To Strengthen" and "To Empower". We were pleased and proud to hand over ZWL$300,000 cheque, to aid The Gems in their World Cup Campaign.

Cyclone Idai

An intense Tropical Cyclone Idai was one of the worst tropical cyclones on record to affect Africa and the Southern Hemisphere. Idai is the second-deadliest tropical cyclone recorded in the South-West Indian Ocean basin, behind only the 1892 Mauritius cyclone. Idai brought strong winds and caused severe flooding in Madagascar, Mozambique, Malawi, and Zimbabwe.

The estimated number of people affected by the cyclone in Zimbabwe and flooding in nine districts increased to 270,000 (from 250,000), including 129,600 children. The number of schools affected has increased from 114 to 139, affecting an estimated 90,000 learners.

- Over 8,000 households (40,000 people) reached with critical WASH hygiene kits in affected districts.
- A total of 1,855 children (1,111 girls and 745 boys) and their care-givers were reached with child protection services.
- Approximately 1,000 mothers and caregivers of children under the age of two, reached with key messages on Infant and Young Child Feeding in emergencies.

Simbisa assisted with flour, mealie meal, sugar, beans, oil and much more to help all those affected.

Ryan Chimhunga – Marist Brothers Nyanga High

"I'm Ryan Chimhunga currently in my final year of high school at Marist Brothers Nyanga High, studying Maths, Physics, Chemistry and Economics. I received my primary education at Kuwadzana 5 Primary School in Harare where I served as a senior prefect in my final year. At Grade 7, I had 5 units which earned me a place at the prestigious Marist Brothers. My academic transcript is evidence to my academic prowess from Form 1 up to date. At Form 2, I sat for 2 HEXCO subjects and got 2 distinctions, thus I now have a national certificate in Computer Operations and Packages as well as in Ornamental Horticulture. At Form 4, I sat for 16 O'Level Zimsec subjects and got 16 A grades. However, I've not allowed myself to be limited to academics only. I'm also a seasoned debater and a quiz giant with several provincial and national titles to my name. I'm now vying for a regional title and I hope this dream will come to fruition in December this year, when I fly to Ghana for SECTA Regional Championships. Apart from these intellectual sports, I'm also involved in entrepreneurial and charity activities at school. I served Live Company Marist, a school-based company, as managing director from 2016-17. During the same period, I was the vice secretary for Marist Christian Life Community, a faith-based fellowship. I was also a prefect at O'Level, 2nd vice house captain, and I've now been upgraded to be the School Captain (Head Boy) for the 2018-19 term of office. As a person, I cannot say my social background has been rosy at all. It is such a rocky and bleak background that has seen my passion for charity work develop into a calling. I've been an active member of the LEO Club Program, a subsidiary to Lions Club International (largest charity organisation worldwide) since Form 3. Then, I served as club vice projects director during the period 2016-17. I kept on pushing myself until I was sworn into the club presidency for the term of office 2018-19. At the helm of the school prefects board and as LEO Club president, I've spearheaded a number of student empowerment activities and school development projects such as tree planting. Now, I await my Zimsec exams in November with the seriousness they deserve. I've come a long way and still the journey continues.

I would not be where I am today if it was not for the support and assistance from Simbisa Brands. To them I am truly thankful."

KENYA

Chacho Kids' Soccer Tournament

The Galito's team was busy over one weekend at the Chacho Kids' Soccer Tournament. As one of the main sponsors, Galito's had the opportunity to sell their flame grilled chicken to the children who were very excited to have them on board. A good job was done by the team that was on the ground!

Kenya Scholar Athlete Project

Simbisa Brands Kenya contributed largely to the KENSAP fundraiser which is a program that helps needy Kenyan students gain admission to the most selective universities in the United States and Canada. We sponsored a table and sent representatives to attend the fundraiser.

Alpha Children's Home Visit

Alpha Children Home was established 3 years ago in Kahawa Sukari, Nairobi. It houses children whose parents are unable to take care of them and educate them due to the high poverty rate. The home has 54 children and relies on donor support to provide food and shelter for them.

Simbisa visited Alpha Children's home and donated dry foods, clothing, hygiene & household items, school fees for the children and served them with lunch from Pizza Inn and Chicken Inn.

Wiba Women Boxing Sponsorship

Simbisa Brands Kenya Limited sponsored the Women's International Boxing Association (WIBA) Junior Welterweight title alongside Osaga promotions. The boxing title was being fought for by Monalisa Sibanda (Zim) and Joyce Awino (Kenya). Simbisa sponsored USD3,500 to cover for fighter's fee, promoter's fee, referee & judge's fee and branding of the kits. Monalisa won the title.

Kabeberi 7s Rugby Tournament Sponsorship

Simbisa were the official quick service restaurant partners for the 2018 Kabeberi 7s that was held between August 17th-19th 2018 at Kenyatta Stadium, Machakos. Kabeberi 7s is part of the Rugby 7s circuit in Kenya. The sponsorship pack value was USD5,000 which offered us exclusivity for food vending during the event. Simbisa Kenya Limited finds joy in supporting young people achieve and thrive in their sports careers.

MAURITIUS

All Life Matters Craft Market

On 25 August, Vida e Caffe purchased a stand at the All Life Matters Animal Sanctuary Craft Market. The event not only allowed us to give back and help a great cause but also to move into the event and popup market space. We sold croissants, muffins, baguettes, fresh juices, frios, vida snacks, coffee beans, capsules and branded eco cups.

NAMIBIA

The Mario Nailenge Foundation

Pizza Inn partnered with a local initiative during the school holiday. The Mario Nailenge Foundation is a Windhoek based organisation that focuses on developing the football skills of primary school pupils. Once a year a tour is organised to South Africa to give the little ones more exposure to the sport. During the Namibian school holiday, a series of skills workshops was organised and Pizza Inn spoiled the children with pizzas on two of these occasions.

Corporate Governance

Governance and Conduct
Sound corporate governance remains a key supporting pillar in the long-term success of our business, recognising that the business does not operate in a vaccum but rather as a significant part of society. This is a testament to how we have been able to remain accountable to as well as deliver exceptional results to our investors and other stakeholders.

The Board holds the overall responsibility of ensuring compliance with highest standards of corporate governance within the Group, which also includes accountability to key stakeholders, including the preparation and presentation of the Group's financial results. The Group is also currently aligning its corporate governance practices with the Quoted Companies Alliance (QCA) Corporate Governance Code.

Mechanisms for communication with stakeholders
The Group acknowledges the importance of maintaining communication and engagement with its stakeholders. This ensures that stakeholders are kept up-to-date on the Group's goals and performance as well as alerting the Group to its stakeholders points of interest.

The Group provides various platforms for stakeholders to communicate with our Board of Directors and senior management. These include the Annual General Meeting, press announcements of interim and year-end results, investor briefings, meetings, annual reporting to shareholders and exercise of shareholders' voting rights through proxy forms. Our website contains a vast array of updated operational and financial information which can be easily accessed by all stakeholders.

Board and management ethics
We believe that it is one of the key responsibilities of our Board and Management is to lead by observing ethical business practices. Directors are required to arrange their personal and business affairs so as to avoid a conflict of interest with the Group. Therefore, all Directors and Management are required to declare any interests which might be deemed to be in conflict with their roles and responsibilities.

Share dealings
Directors, Management and all Group staff are not permitted to deal directly or indirectly in the shares of the Group during:
- The period between the end of the interim or annual reporting periods to the announcement of the interim and annual results;
- Any period when they are aware of any negotiations or details which may affect the share price; or
- Any period during which they are in possession of information which may affect the share price.

Board Effectiveness
Professional advice
Simbisa Brands has put in place resources and systems to ensure the Directors are provided with comprehensive information on the business on a timely basis. This enables Directors to discharge their duties and carry out their responsibilities. The Group's policy allows Directors to seek independent professional advice at the Group's expense on matters related to the furtherance of their duties or advancement of the Group's business objectives.

Board evaluation
At a frequency advised by the Nomination and Remuneration Committee, the Board evaluates its performance along with the performance of each individual Director. This evaluation focuses on areas of improvement and to ensure the Board functions efficiently and effectively.

Board and Governance Structure
The Board achieves its obligation to uphold corporate governance standards by setting the strategic direction of the Group and overseeing its delivery. The Board also works in conjunction with committees whose recommendations and/or decisions are reported on at board meetings, as well as delegating. responsibility for the day to day management to the Chief Executive Officer with the support of executive directors; the executive directors are aware and involved in strategic planning and therefore extremely qualified to ensure decision making is in line with company strategy. The Board then meets quarterly to monitor the performance of the Group and its management, as well as to deliberate on operations.

Board composition
As at 30 June 2019, our board was composed of 5 Directors: 2 Executive Directors and 3 Non-Executive Directors. The profiles of the directors are set out on pages 30 to 31. The Chairman and the Non-Executive Directors bring a significant amount of experience and intuition to guide an active and ambitious executive management team.

During the first half of the financial year under review Messrs. Leighton Shaw, Manoli Vardas, and Johnny Tomazos retired from the Board. Leighton Shaw is the Executive responsible for Commercial Affairs while Emmanuel Vardas is the Executive for Operations, and Johnny Tomazos was an independent Non-Executive Director.

Baldwin Guchu was appointed on 1st December 2018 as the new Finance Director replacing Salim Eceolaza who has since taken up the role of Managing Director in Simbisa Kenya. He brings extensive experience from various senior roles within the Ecobank Group, a pan-African financial institution. These included Chief Finance Officer for Ecobank Zimbabwe, Regional Business Manager for Ecobank Southern Africa, Regional Chief Finance Officer for Ecobank East Africa, and most recently, Senior Manager within Ecobank Zimbabwe's Corporate and Investment Banking business.

Committees
In line with good corporate governance the Board as well-established committees to assist in carrying out its duties. At present there are three committees, being Audit and Risk, Remuneration and Nomination and Executive.

Committee	Members	Terms of Reference
Audit and Risk	Amit Gupta (Chairman) Addington Chinake	The Audit Committee assists the Board in the fulfilment of its compliance, internal control and risk management mandate. The Committee is comprised of two independent, Non-Executive Directors, one of whom 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 as well as consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the Audit Committee to ensure independence and the objectivity of their findings and the scope of their work.
Remuneration	Addington Chinake (Chairman) Zinona Koudounaris Johnny Tomazos*	The Remuneration and Nominations Committee is comprised of an independent, Non-Executive Chairman and two Non-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 whose performance will contribute to meeting the Group's strategic goals. Packages primarily include basic salaries, performance-related bonuses and long term, share-based incentives. Refer to note 22.3 of the financial statements for details of the Group's share option schemes and note 34.1 for details on key management compensation. The Committee also considers the composition of the Board and its Committees and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors.
Executive Committee	Basil Dionisio Baldwin Guchu Salim Eceolaza Leighton Shaw Manoli Vardas Warren Meares Onias Moyo Misheck Muleya Tom Carter Dylan Meiburg	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The Committee meets quarterly and is comprised of Executive Directors and the Group's Executive Management.

*resigned

ATTENDANCE OF MEETINGS DURING THE 2019 FINANCIAL YEAR
The following table shows the membership of the Board and its committees as well as Directors' attendance during the period July 31, 2018 to June 30, 2019.

Director	Board	Audit and Risk	Remuneration & Nomination	Executive
Amit Gupta	4/4	3/3	1/2	-
Addington Chinake	4/4	3/3	2/2	-
Zinona Koudounaris	4/4	-	2/2	-
Johnny Tomazos*	1/1	-	-	-
Basil Dionisio	4/4	3/3	2/2	6/6
Baldwin Guchu	2/2	2/2	1/1	3/3
Salim Eceolaza*	1/1	1/1	1/1	2/2
Manoli Vardas*	1/1	-	-	6/6

*resigned

Board of Directors

Executives

Basil Dionisio
Group Chief Executive Officer
Basil is an experienced operator with more than 38 years of experience across multiple markets and facets of business. Zimbabwean born and raised, he has been with Simbisa since its inception and is a founder shareholder. Prior to his appointment as Chief Executive Officer of Simbisa, Basil served as a Director on the Innscor Africa Limited Board.

Basil has an exceptional understanding of the African market as well as extensive operational knowledge of Simbisa's business processes which has led to the instrumental success of the Group's regional fast food expansion program.

Basil has also played a key role in establishing the Group's culture and value system and focuses his efforts on growing and directing the quick service restaurant business in Zimbabwe and across the greater African region.

In his capacity as Group CEO, Basil has overall responsibility for the business.

Baldwin Guchu
Group Finance Director
Baldwin is an MBA graduate from the University of Cape Town Graduate School of Business with extensive pan-African business experience. He commenced his professional career with PricewaterhouseCoopers Chartered Accountants (Zimbabwe) where he trained and qualified to be a Chartered Accountant. Prior to his appointment as Group Finance Director of Simbisa Brands Limited, Baldwin held various senior roles within the Ecobank Group, a pan-African financial institution. These included Chief Finance Officer for Ecobank Zimbabwe, Regional Business Manager for Ecobank Southern Africa, Regional Chief Finance Officer for Ecobank East Africa and Senior Manager within Ecobank Zimbabwe's Corporate and Investment Banking business. Baldwin was also instrumental in Ecobank's expansion into Mozambique where he subsequently served as a non-executive Board member.

> "**150 combined years** of working experience from our executive management team"

Non-Executives

Addington Chinake
Non-Executive Chairman
Addington Chinake has been in practice since 1993, and has been with Kantor and Immerman legal practitioners since 1994. He became the Managing Partner in 2000, and is currently a Senior Partner. He has specialised in corporate and commercial law, including mining and competition law and all aspects of tax law and litigation, mergers and acquisitions, leveraged buy-outs and capital raising.

Addington is a former Non-Executive Director of four ZSE listed counters and a trustee of the National Gallery of Zimbabwe. He is a resource person to the Law Society of Zimbabwe, and a recognised mediator. He is a published contributor to the Zimbabwe Independent Newspaper (Annual Quoted Companies Survey), and The Zimbabwe Stock Exchange HandBook. He has acted for a significant number of Fortune 100 Companies who have operations in Zimbabwe and the region. He was involved in a number of significant FDI transactions, including handling a bank merger on the ZSE, the biggest single FDI investment by an investment bank in a Zimbabwean company and a number of other multi-million dollar acquisitions, which included disposals by foreign companies of equity in ZSE listed entities and greenfield mining projects.

Addington is a sought-after Zimbabwe counsel by certain international law firms who are involved in Zimbabwean transactions and thus he has continued to attract important corporate mandates in Zimbabwe and within the SADC region.

Zinona (Zed) Koudounaris
Non-Executive Director
Born in Zimbabwe, Zinona (Zed) Koudounaris completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Sciences. Zed is a founder shareholder of Innscor. He was the driving force behind the initial creation and success of the Innscor's core fast food brands. Zed has held a number of positions within Innscor, including Chief Executive Officer upon the Group's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for the Group and providing guidance to its management team.

Amit Gupta
Non-Executive Director
Amit is a seasoned professional with 18 years of varied experience. A Chartered Accountant and law graduate from India, he started his career with audit in 1997. Soon thereafter, he moved to tax advisory and litigation, representing clients at various appellate stages and at the High Court. Amit worked with the big four chartered accounting firms such as KPMG, E&Y and PwC, in tax advisory, tax litigation and finally in Mergers and Acquisition, International tax structuring, as well as handling commercial law and advisory matters. He then joined Abax Corporate Services ('Abax') in 2009 as a Senior Executive. More recently, he started his own advisory firm, with focus on business consulting, including operational efficiency, structural efficiency, tax advisory and structuring commercial legal matters. He acted as Independent Director on the Board of several large companies and funds and continues to do so.

Directors' responsibility and approval of financial statements

The Directors of the Company are required by the Zimbabwe Companies Act (Chapter 24:03) 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 conform to International Financial Reporting Standards (IFRS).

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. Simbisa 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 and Risk Committee has met the external auditors to discuss their reports on the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size and complexity of Simbisa it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements for the year ended 30 June 2019, which appear on pages 38 to 94, were prepared by Simbisa Brands Limited finance department under the supervision of the Group Finance Director, Mr Baldwin Guchu. They have been approved by the Board of Directors and are signed on its behalf by:

ABC Chinake
Chairman

B GUCHU
Group Finance Director

7 October 2019

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 2019.

Group Results

	30 June 2019 ZWL	30 June 2018 ZWL
Profit before tax	49 834 161	20 114 857
Income tax expense	(17 426 382)	(6 275 194)
Profit for the year from continuing operations	32 407 779	13 839 663
Profit for the year from discontinued operations	-	(13,394)
Profit for the year from continuing and discontinued operations	32 407 779	13 826 269
Profit for the period attributable to:		
-Non-controlling interests	269 227	(347 906)
-Equity holders of the parent	32 138 552	14 174 175

Dividends

Dividends declared on ordinary shares in the financial year are as follows:

	Dividend per share (ZWL cents per share)	Date paid or Payable
Interim dividend	1.00	26 April 2019
Final dividend	0.91	8 November 2019

Share Capital

Movements in issued ordinary shares of the Company are as follows:

	30 June 2019	30 June 2018
Balance at the beginning of the year	556,784,788	556,784,788
New shares issued (Employee share options exercised)	5,400,000	-
Balance at the end of the year	562,184,788	556,784,788

Simbisa Brands Share Option Scheme

Details of share options outstanding as at 30 June 2019 are reflected in note 22.3. No additional share options were granted during the year under review.

Directors and their interests

In terms of the Company's Articles of Association, Mr. Z Koudounaris and Mr. A Gupta retire from office by rotation and being eligible offer themselves for re-election.

The beneficial interests of the Directors' in the shares of the Company are disclosed in note 22.4 of the financial statements.

Directors' Fees

Members will be asked to approve the payments of the Directors' fees of ZWL 373,953 in respect of the financial year ended 30 June 2019.

Auditors

Members will be asked to approve the remuneration of ZWL 801,684 of the auditors for the financial year ended 30 June 2019 and to reappoint Ernst & Young as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

PROMETHEUS CORPORATE SERVICES
Company Secretary
7 October 2019

EY
Building a better working world

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Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Independent Auditor's Report

To the Shareholders of Simbisa Brands Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Simbisa Brands Limited and its subsidiaries (the Group) as set out on pages 8 to 67, which comprise the consolidated and company statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Date of change of functional currency

As explained in note 3 to the consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 July 2018 to 22 February 2019 and Real Time Gross Settlement Dollars (RTGS$ and Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 30 June 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate Foreign Currency Accounts (FCAs) (RTGS$) from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTG$ and the US$. In February 2019 there was a Monetary Policy statement which introduced the Zimbabwe Dollar (Zimbabwe$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, ZWL (which comprises RTGS$, Bond Notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to ZWL) and whether the 1:1 ZWL: US$ exchange rate was appropriate.

Based on IFRS, International Financial Reporting Standards IAS 21-*The Effects of Changes in Foreign Exchange Rates* ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates* and *reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the *Conceptual Framework for Financial Reporting* ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."*

Independent Auditor's Report - Continued

Simbisa Brands Limited

We believe that events in the market and subsequent promulgation of ZWL as a formal currency supports a change in functional currency from US$ to ZWL prior to 22 February 2019 and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. The Group has chosen to comply with the law by adopting the date of change in functional currency of 22 February 2019, the valuation of assets and liabilities as well as the accounting for exchange differences.

Accordingly, the consolidated financial statements of the Group include balances and transactions denominated in US$ that were not converted to ZWL at a ZWL:US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in note 3 to the financial statements.

Exchange rates (Non Compliance with IAS 21)

The Directors applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st October 2018 and of the 20th of February 2019 for transactions from 1 October 2018 to 22 February 2019. On the 22nd of February 2019, the Group translated most of the applicable foreign denominated non-monetary balances at that date to ZWL at an exchange rate of 1:2.5 between US$ and ZWL. IFRS requires that all line items at the date of change in functional currency should be translated at the same rate to the new currency and therefore there would be no translation adjustments. Any subsequent translation of monetary items would be recognised through profit or loss.

Subsequently the interbank rate was used for transactions between 23 February 2019 and 30 June 2019. As at 30 June 2019 all monetary balances were translated at a closing rate of USD$1: ZWL 6,62 which was based on the official interbank rate. The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below:

According to IAS 21, *at the end of each reporting period; (a) foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. According to paragraph 8 of IAS 21, the closing rate is defined as a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery.*

In light of the definitions above, the IFRS Interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and RTGS$/ZWL used by the Group (1:1 for the period 1 October 2018 to 22 February 2019, 1:2.5 for the translation to functional currency on 23 February 2019) were inappropriate. The interbank rate used for transactions between 23 February 2019 and 30 June 2019 and 1:6.62 closing rate at 30 June 2019 did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above.

The effects of the above departures from IFRS are material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the Directors' Responsibility Statement but does not include the financial statements and our auditors report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates.

We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

07 October 2019

Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

CONTINUING OPERATIONS	Notes	30 June 2019 ZWL	30 June 2018 ZWL
Revenue from contracts with customers	8	390 793 795	204 729 260
Other income	9	1 710 107	2 412 983
Operating expenses	10	(328 472 324)	(179 006 222)
Operating profit before depreciation, amortisation and impairment		64 031 578	28 136 021
Foreign exchange and other gains/(losses)	11	(2 745 850)	(65 061)
Impairment of property, plant and equipment		(333 081)	(39 597)
Depreciation and amortisation	15	(9 383 162)	(6 478 688)
Profit before interest and tax		51 569 485	21 552 675
Interest income	12	665 448	137 558
Interest expense	12	(2 400 772)	(1 575 376)
Profit before tax		49 834 161	20 114 857
Income tax expense	13	(17 426 382)	(6 275 194)
Profit for the year from continuing operations		32 407 779	13 839 663
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	18	-	(13 394)
Profit for the year from continuing and discontinued operations		32 407 779	13 826 269
Other comprehensive income - to be recycled to profit or loss in subsequent periods (net of tax) when specific conditions are met			
Exchange differences on the translation of foreign operations		37 507 987	174 818
Other comprehensive income for the period, net of tax		37 507 987	174 818
Total comprehensive income for the period		69 915 766	14 001 087
Profit for the period attributable to:			
Equity holders of the parent		32 138 552	14 174 175
Non-controlling interests		269 227	(347 906)
		32 407 779	13 826 269
Total comprehensive income for the period attributable to:			
Equity holders of the parent		70 204 243	14 323 830
Non-controlling interests		(288 477)	(322 743)
		69 915 766	14 001 087
Earnings per share (cents)			
Basic earnings per share - continuing operations	7.6	5.77	2.55
Basic earnings per share - continuing and discontinued operations	7.6	5.77	2.55
Diluted earnings per share - continuing operations	7.6	5.72	2.51
Diluted earnings per share - continuing and discontinued operations	7.6	5.72	2.51
Headline earnings per share - continuing operations	7.6	5.81	2.55
Headline earnings per share - continuing and discontinued operations	7.6	5.81	2.55

Group Statement of Financial Position

as at 30 June 2019

	Notes	30 June 2019 ZWL	30 June 2018 ZWL
ASSETS			
Non-current assets			
Property, plant and equipment	15	180 839 618	58 078 244
Intangible assets	16	1 306 626	198 997
Financial assets	25.1	14 989 844	5 109 709
Deferred tax assets	24.2	2 708 188	1 084 027
		199 844 276	64 470 977
Current assets			
Current tax assets	13.3	18,097	-
Inventories	20	31 683 631	6 532 558
Trade and other receivables	21	30 765 322	6 666 300
Cash and cash equivalents	14.2	17 894 178	7 174 341
		80 361 228	20 373 199
Total assets		280 205 504	84 844 176
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and share premium	22.2	18 178 323	17 339 703
Other reserves	23	36 206 354	(1 730 988)
Distributable reserves		45 286 075	22 845 529
		99 670 752	38 454 244
Non-controlling interests		(695 390)	(328 392)
Total equity		98 975 362	38 125 852
Non-current liabilities			
Deferred tax liabilities	24.2	2 502 721	3 546 752
Borrowings-long term portion	25.2	12 309 570	10 778 951
		14 812 291	14 325 703
Current liabilities			
Borrowings-short term portion	25.2	50 937 470	6 049 516
Trade and other payables	26	112 511 450	25 890 900
Current tax liabilities	13.3	2 968 931	452 205
		166 417 851	32 392 621
Total liabilities		181 230 142	46 718 324
Total equity and liabilities		280 205 504	84 844 176

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ABC CHINAKE
Chairman
Harare
7 October 2019

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B GUCHU
Group Finance Director

Group Statement of Changes In Equity

for the year ended 30 June 2019

	Notes	Attributable to Equity Holders of the Parent: Ordinary Share Capital and share premium ZWL	Other Reserves ZWL	Retained Earnings ZWL	Total ZWL	Non-controlling Interest ZWL	Total Equity ZWL
Balance at 1 July 2018		**17 339 703**	**(1 730 988)**	**22 845 529**	**38 454 244**	**(328 392)**	**38 125 852**
Profit for the period		-	-	32 138 552	32 138 552	269 227	32 407 779
Other comprehensive income		-	38 065 691	-	38 065 691	(557 704)	37 507 987
Total comprehensive income		-	38 065 691	32 138 552	70 204 243	(288 477)	69 915 766
Transactions with owners	17.1	-	-	(789 548)	(789 548)	537 477	(252 071)
Exercise of share options		838 620	(157 140)	-	681 480	-	681 480
Share based payments charge	23	-	603 398	-	603 398	-	603 398
Purchase of treasury shares		-	(574 607)	-	(574 607)	-	(574 607)
Dividends		-	-	(8 908 458)	(8 908 458)	(615 998)	(9 524 456)
Balance at 30 June 2019		**18 178 323**	**36 206 354**	**45 286 075**	**99 670 752**	**(695 390)**	**98 975 362**
Balance at 1 July 2017		**17 339 703**	**(2 240 394)**	**13 963 264**	**29 062 573**	**(106 221)**	**28 956 352**
Profit for the period		-	-	14 174 175	14 174 175	(347 906)	13 826 269
Other comprehensive income		-	149 655	-	149 655	25 163	174 818
Total comprehensive income		-	149 655	14 174 175	14 323 830	(322 743)	14 001 087
Transactions with owners	17 &23	-	(194 972)	(1 505 772)	(1 700 744)	360 572	(1 340 172)
Share based payments charge	23	-	554 723	-	554 723	-	554 723
Dividends		-	-	(3 786 138)	(3 786 138)	(260 000)	(4 046 138)
Balance at 30 June 2018		**17 339 703**	**(1 730 988)**	**22 845 529**	**38 454 244**	**(328 392)**	**38 125 852**

Group Statement of Cash Flows

for the year ended 30 June 2019

	Notes	30 June 2019 ZWL	30 June 2018 ZWL
Cash generated from operations	14.1	73 586 884	28 300 554
Interest received		665 448	137 558
Interest paid		(2 222 392)	(1 575 376)
Income tax paid	13.3	(14 524 731)	(6 449 161)
Net cash flow from operating activities		57 505 209	20 413 575
Investing activities			
Additions to property plant and equipment	15	(30 939 859)	(7 154 859)
Proceeds on disposal of property, plant and equipment		724 007	109 578
Disposal of subsdiary		-	(21 209)
Investment in financial assets		(2 100 000)	(4 031 233)
Net cash outflow from investing activities		(32 315 852)	(11 097 723)
Financing activities			
Issue of ordinary shares		681 480	-
Dividends paid by holding company		(8 876 811)	(3 744 050)
Dividends paid by subsidiaries to non-controlling interests		(615 998)	(260 000)
Proceeds from borrowings		1 921 187	5 549 948
Repayments of borrowings		(6 960 140)	(7 081 249)
Receipts from non-controlling interests		-	-
Purchases of Treasury shares		(574 607)	-
Payments of acquisition of non-controlling interests	17.2	(252 171)	-
Net cash (outflow)/inflow from financing activities		(14 677 060)	(5 535 351)
Net increase in cash and cash equivalents		10 512 297	3 780 501
Effects of curency translation on cash and cash equivalents		207 540	(20 611)
Cash and cash equivalents at beginning of the period		7 174 341	3 414 451
Cash and cash equivalents at the end of the period	14.2	17 894 178	7 174 341

Notes to the Financial Statements

for the year ended 30 June 2019

1. Corporate Information

Simbisa Brands Limited (Simbisa) is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE"). Simbisa Brands Limited, and its subsidiaries own and operate quick service restaurants (QSR) across Africa and its registered office is Edward Building, Corner First Street and Nelson Mandela Avenue, Harare, Zimbabwe.

The consolidated financial statements of Simbisa Brands Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 7 October 2019.

2. Statement of Compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in a manner required by the Zimbabwe Companies Act (Chapter 24:03).

3.1 Basis of preparation

The consolidated financial statements are based on statutory records that are maintained under the historical cost convention. The consolidated financial statements are presented in Zimbabwean Dollars (ZWL) which is the reporting entity's functional currency and figures are not rounded.

a. Change in functional and presentation currency

In 2009 the Group's parent company and its subsidiaries domiciled in Zimbabwe adopted the USD as the functional and presentation currency following the introduction of the multi-currency regime by the Government of Zimbabwe. In November 2016, to ease shortages of notes and coins, the Government of Zimbabwe introduced a quasi-currency, the bond note, which was pegged at 1:1 with the USD. Monetary Authorities were directed not to open separate bank accounts for bond notes and USD.

However, in October 2018, the Government of Zimbabwe through its monetary authorities directed the separation of Nostro Foreign Currency (FCA) bank accounts, for foreign currency holdings which would now be distinguished from existing bank accounts (designated as RTGS Bank accounts).

On 22 February 2019, the government, through Statutory Instrument 32 (SI 32) of 2019, formally pronounced the RTGS dollar and bond notes as official currencies. Exchange Control Directive RU 28 of 2019 was issued on the same day which introduced an interbank market for the RTGS dollar and the US$, as well as other existing currencies in the multi-currency regime. In addition, Statutory Instrument 33 (SI 33) of 2019 was issued specifying that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in US dollar (other than those specified in the RBZ Act) shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar.

Subsequent to that date, on 24 June 2019, Statutory Instrument 142 of 2019 'Reserve Bank of Zimbabwe (Legal tender) Regulations 2019' was issued prescribing the Zimbabwe dollar as the sole currency for legal tender in Zimbabwe. The Zimbabwe dollar was also prescribed as coterminous with the RTGS dollar.

As a result of the changes above, the Group concluded that, in line with IAS 21, The Effects of Changes in Foreign Exchange Rates, that the functional currency for the parent company and its subsidiaries domiciled in Zimbabwe had changed to the Zimbabwe dollar. The Group adopted the Zimbabwe dollar as the functional currency and reporting currency effective 22 February 2019.

In compliance with S.1 33 the Group translated its statement of financial position as at 22 February 2019 to Zimbabwe dollar at the fixed exchange rate of 1 US dollar to 1 Zimbabwe dollar, with the exception of foreign currency denominated assets and liabilities which have been translated at the interbank rate on the same date.

Applying the fixed exchange rate, as prescribed by S.I. 33 of 2019, did not comply with the requirements of IAS 21 and as a result, the External Auditors have issued an adverse audit opinion on the Group's financial statements in accordance with guidance issued by the Public Accountants and Auditors Board in Zimbabwe.

The Group also restated the comparative financial information to Zimbabwe dollars at the official fixed exchange rate of 1:1.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

3.1. Basis of preparation (continued)

b. 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 consolidated financial statements.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

4. Changes in accounting policy and disclosures

4.1 New and amended standards and interpretations issued and effective.

The Group applied IFRS 15 and IFRS 9 for the first time in the current period. The nature and the impact as a result of adoption of these new accounting standards is described below and did not have a material impact on the annual consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in the current financial year, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a. IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group adopted IFRS 15 using the modified retrospective method with the date of initial application of 1 July 2018. Under this method, the cumulative effect of initially applying this standard is recognised as an adjustment to the opening balance of distributable reserves. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The impact of adopting IFRS 15 has been assessed to be immaterial for the Group based on the following:

i) Sale of goods (food and beverages)
The following was considered on assessing the contracts for the sale of food and beverages by the Group:

- Completed contracts - Elected to exclude all completed contracts and contract modifications before the date of initial application from the assessment as allowed by the standard. All contracts for the sale of food and beverages were complete as at date of initial application as the performance obligations are satisfied at a point in time.
- Timing of revenue recognition – sale of goods was assessed as performance obligations satisfied at a point in time. The timing of revenue from sale of goods will not change from the accounting requirements of IAS 18.
- Variable consideration – the Group sells food and beverages for a variable consideration which include discounts and free additional goods offered as part of promotion. The goods are transferred and consideration determined and collected at the same time. Therefore, no estimation of the variable consideration is performed as it is determined at point of sale with reasonable accuracy. No contract or refund assets/ liabilities arise from the sale or rights of return arise as a result of the contracts as the goods are consumed by customers in a reasonably short time (less than a day).
- Multiple performance obligations – the contracts for sales of food and beverages have specific performance obligations all satisfied at the same time and at a point in time. The number of performance obligations will thus not affect the amount of revenue recognised under IFRS 15.
- Contract modifications – Contract modifications do not affect the timing of revenue recognition for the Group.

ii) Royalty and franchise revenue
The Group licenses intellectual property (IP) to various third parties. Franchise arrangements by the Group gives rise to sales-based royalties recognised at later of sales occurring or the performance obligations being satisfied. The following was considered on assessing the contracts for the franchise arrangements by the Group:

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

a. IFRS 15 Revenue from Contracts with Customers (continued)

ii) Royalty and franchise revenue (continued)

- Completed contracts - Elected to exclude all completed contracts and contract modifications before the date of initial application from the assessment as allowed by the standard. Various ongoing franchise arrangements on the date of initial application were assessed.
- Timing of revenue recognition – Under IAS 18, the royalties were recognised as a percentage of the sales of the franchisee determined per contract arrangements. Under the new guidance of IFRS 15, licensing of intellectual property is a service satisfied either over time or at a point in time depending of the functionality of the brand. Franchise contracts were assessed to determine if they give rights to access (Intellectual Property does not have functionality on its own on transfer) or Intellectual Property use can function on its own on transfer. If the license gives rights to access the Intellectual Property, revenue is recognised over time and if it gives right to use the Intellectual Property, revenue is recognised at a point in time. The Group has significant intervention and operational activities to the franchisees operations which significantly influence or alter the way the brands function and operate in the future. The royalties will be recognised over time subject to the royalty revenue recognition exception for sale-based royalties. Therefore, there is no change in timing of revenue recognition compared to IAS 18 requirements.
- Variable consideration – Under IAS 18, the Group recognised sales-based royalties as a percentage of franchises' revenue as the sales occur. Under IFRS 15, due to application of the royalty recognition exception, the revenue is recognised at later of sales occurring or the performance obligations being satisfied. As a result, the royalties are recognised as sales occur (as this is mostly the later activity). No adjustments were therefore noted for variable consideration purposes on date of initial application.
- Multiple performance obligations – the franchise arrangements were assessed for separate performance obligations. There were no separate performance obligations which were noted in the contracts to benefit the customers or which are usually offered separately to the licenses.
- Contract modifications – there were no contract modifications made of the ongoing contracts which significantly affected the original scope or contract prices.

b. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group adopted IFRS 9 using the modified retrospective method. Under this method, the cumulative effect of initially applying this Standard is recognised at the date of initial application against the opening distributable reserves.

The impact of adopting IFRS 9 has been assessed to be immaterial for the Group based on the following on date of initial application:

i) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring all its financial assets at amortised cost which were previously held at amortised cost under IAS 39.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

4. Changes in accounting policy and disclosures (continued)

4.1 New and amended standards and interpretations issued and effective. (continued)

b. IFRS 9 Financial Instruments (continued)

i) Classification and measurement (continued)

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The Group opted to apply the standard retrospectively to those financial assets that were not derecognised before 1 July 2018 with all adjustments recognised in opening retained earnings on date of initial application. There were no remeasurement adjustments which were noted due to reclassification of financial assets or liabilities on date of initial application.

ii) Allowance for credit losses

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

IFRS 9 has two methods of assessing allowance for credit losses: the simplified approach and the general "3-stage" approach.

The simplified approach is used to assess for expected credit losses for trade receivables, contract assets and lease receivables. The method uses a provision matrix which determines the expected default rate for various aged trade receivables which is determined by taking into consideration historical and forward-looking information. The Group assessed the impact of using the provision matrix on the date of initial application and the impact was determined to be immaterial.

The general "3-stage" approach is used for all other financial assets measured at amortised cost not covered by the simplified approach. The approach categorises the financial assets into various stages (stage 1 to 3) based on the credit risk. Stage 1 is when there is no increase in credit risk since initial recognition and only 12-month expected credit losses are recognised. Stage 2 is when significant increase in credit risk is noted since initial recognition without objective evidence of a loss event occurring. The Group recognises lifetime expected credit losses. Stage 3 is when the financial asset is credit impaired and there is evidence of a loss event occurring. The Group recognises life time expected credit losses and calculates interest on the net carrying amount of the financial asset. The Group calculates the impairment based on the exposure at default (EAD), loss given default (LGD) and probability of default (PD) for each financial asset determined based on the factors giving rise to the credit risk. An assessment was performed on date of initial application based on the general approach and no significant impact was noted.

c. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas:

- the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for the classification of share-based payment transactions with net settlement features is consistent with the approach clarified in the amendments. In addition, the Group has no cash-settled share-based payment transactions and therefore, no modifications of share-based payment transaction apply to the Group. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

4. Changes in accounting policy and disclosures (continued)

4.2 New and amended standards and interpretations issued and not yet effective.

Standards issued but not yet effective up to the date of issuance of the Group's financial statements which are relevant the Group are detailed below. The Group intends to adopt those standards when they become effective if they are applicable at the time of adoption.

a. IFRS 16 – Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. These changes are likely to have a significant impact on the Group, given the Group's leasing arrangements. The Group has trained various key finance personnel on the requirements of IFRS 16 so that they are equipped. Each finance team with the assistance of consultants where necessary is in the process of reviewing all lease contracts and compiling a detailed lease register that will enable the Group to prepare all relevant calculations and meet the disclosure requirements of IFRS 16.

Transition to IFRS 16

The Group plans to adopt IFRS 16 using the modified retrospective approach. Under this approach the Group will:

- not restate comparative information
- recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 July 2019 (date of initial application)
- recognise a lease liability on 1 July 2019, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate
- measure the right of use asset at an amount equal to the lease liability on date of initial application adjusted by amount of prepaid or accrued lease payments recognised immediately before 1 July 2019.

The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

4. Changes in accounting policy and disclosures (continued)

4.2 New and amended standards and interpretations issued and not yet effective (continued).

Due to the adoption of IFRS 16, the Group's operating profit before depreciation, amortisation and impairment will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17. The Group is still assessing the significance of the impact of the changes to the consolidated financial statements and metrics mentioned.

b. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

4.3 Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

a. IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

b. IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

c. IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

d. IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

5. Summary of significant accounting policies

a. Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in expenses.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain 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 has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Disposal of subsidiaries

When a change in the Company's ownership interest results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss if required by a specific Standard.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

b. Revenue and other income recognition (continued)

The Group generates revenue from sale of food and beverages through its various operated and franchised brands. The Group also generates revenue in the form of franchise and royalty fees from franchising it's owned brands to third parties. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services net of value added tax. The expected consideration will take into account the contractually defined terms of payment and variable consideration in the form of discounts and rebates. The Group acts as a principal in all of its revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods (food and beverages) is recognised at the point in time when control of the asset is transferred to the customer, generally on fulfilment of the order. The goods are generally sold for cash.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Royalty and Franchise fee Income

Royalties and franchise fees arise from licensing of the Group's brand names, usually under long-term contracts with the franchisees. The Group charges royalties and franchise fees as a percentage of the franchisee's revenue arising from the contract.

Franchise contracts were assessed to determine if they give rights to access or use of brands or trademarks. The contracts give rise to access to brands as the Group has significant intervention and operational activities to the franchisees operations which significantly influence or alter the way the brands function and operate.

The Group assesses if the contract contains more than one performance obligation at contract inception and on subsequent contract modifications. If the performance obligations are distinct and separately identifiable and for which stand-alone prices can be estimated with sufficient reliability, the Group allocates the transaction price based on the relative stand-alone selling prices of the performance obligations identified.

The royalty revenue is recognised at later of sales occurring or the performance obligations being satisfied (i.e. rights to access of the brand). As a result, the royalties are mainly recognised as sales occur (as this is mostly the later activity).

Other income

Other income includes income earned by the Group which is not directly related to the business of the Group and income earned on adhoc basis. The income includes sundry income from sale of non-core products and fees income.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included as a separate line in the statement of profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

c. Revenue and Income recognition prior to adoption of IFRS 15

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 regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding discounts, rebates, and value added tax. The Group acts as a principal in all of its revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods comprise retail sales to customers and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery and when the entity retains neither continual managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts.

Royalty and Franchise fee Income

Royalties and franchise fees arise from licensing of the Group's brand names, usually under long-term contracts with the franchisees. The Group charges royalties and franchise fees as a percentage of the franchisee's revenue arising from the contract. Revenue is earned and recognised on a monthly basis.

d. 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, at the reporting date in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

- where the deferred 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 arrangements 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 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 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

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred 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 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 tax asset to be utilised. Unrecognised deferred 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 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 tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value Added Tax

Revenue, 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.
- receivables and payables are stated with the amount of sales 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.

e. Employee benefits

Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised as an expense during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Simbisa Brands Pension Fund and other pension funds in foreign subsidiaries as mentioned in Note 28. 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. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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 or the equivalent in foreign subsidiaries, is determined by the systematic recognition of legislated contributions.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5 Summary of significant accounting policies (continued)

f. Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in in Note 22.3. That cost is recognised in employee benefit expenses, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 7).

g. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as lessee

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.

h. Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwe dollars, which is also the parent company's functional 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. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5 Summary of significant accounting policies (continued)

h. Foreign currency translation (continued)

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign operations
On consolidation, assets and liabilities of foreign operations are translated into Zimbabwean Dollars (ZWL) at rates of exchange ruling at the reporting date and their statements of profit or loss 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 is translated on a month-on-month basis using the average rate of exchange for each month. Differences on exchange arising from translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, cumulative translation differences related to that entity are reclassified to profit or loss.

As highlighted in note 3.1, the Group adopted the Zimbabwe dollar as the reporting currency with effect from 22 February 2019. In translating the results of foreign operations, the Group retained the official fixed exchange rate of 1:1 from the beginning of the year to 22 February 2019 and thereafter applied the interbank rate following establishment of the interbank foreign exchange rate by the Reserve Bank of Zimbabwe.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

i. Property, plant and equipment
Property, plant and equipment, except land which is carried at cost, is 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 if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. 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.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5 Summary of significant accounting policies (continued)

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Item	Average useful life
Freehold property	40 years
Leasehold improvements	lower of 20 years and expected remaining term of lease
Plant and Equipment	12 years
Office equipment	5 to 10 years
Motor vehicles	8 years

Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

j. 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, excluding capitalised development costs, 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 the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition 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 the statement of profit or loss when the asset is derecognised.

k. Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

k. Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts that are considered an integral part of the Group's cash management.

m. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group applies IFRS 9 in accounting for financial instruments.

(i) Financial assets

Financial assets include trade and other receivables, loans receivable included under non-current financial assets and cash and cash equivalents (refer to the cash and cash equivalent accounting policy). The Group classifies financial assets based on the business model in which they are kept into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI)

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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification. The most relevant categories for the Group are amortised cost and fair value through profit or loss; which are measured as follows:

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

m. Financial Instruments (continued)

(i) Financial assets (continued)

Amortised cost

The amortised costs include all the financial assets which the Group hold with an objective to collect contractual cashflows which are solely payments of principal and interest. The category includes trade and other receivables and loans receivable included under non-current financial assets. These financial assets are initially recognised at fair value plus any transaction costs. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in finance income in the statement of profit or loss.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Fair value through profit or loss

This category is used as the residual category to classify financial assets which do not meet the criteria of the amortised cost and fair value through other comprehensive income category. Currently, the Group has no financial assets held at fair value through profit or loss or through other comprehensive income.

Allowance for expected credit losses

The Group assesses the financial assets held at amortised cost for expected credit losses. The Group uses the simplified approach and general "3-stage" approach when assessing for expected credit losses.

Simplified approach

The simplified approach is used to assess for expected credit losses for trade receivables, contract assets and lease receivables. The method uses a provision matrix which determines the expected default rate which is determined by taking into consideration historical and forward-looking information.

The expected default rate is determined separately for each market in which the Group operates as each market faces a different economic and operating environment.

General "3-stage" approach

The general "3-stage" approach is used for all other financial assets measured at amortised cost not covered by the simplified approach. The Group assesses some financial assets individually and others collectively if they have similar credit risk and identical characteristics. The Group assesses for expected credit losses for loans receivable on an individual basis and uses the collective approach for rental deposits and staff loans.

The method categorises financial assets into 3 different categories based on credit risk. The categories are as follows:

- Stage 1 – there is no increase in credit risk since initial recognition and the Group only recognises 12-month expected credit losses. The interest will be calculated on the gross carrying amount of the financial asset.
- Stage 2 – there is significant increase in credit risk since initial recognition without objective evidence of a loss event occurring. The Group recognises lifetime expected credit losses and calculates interest on the gross carrying amount of the financial asset.
- Stage 3 – the financial asset is credit impaired and there is evidence of a loss event occurring. The Group recognises life time expected credit losses and calculates interest on the net carrying amount of the financial asset.

The Group considers various factors when categorising the financial assets including:

- Assessing borrower's financial performance
- Assess compliance with debt covenants
- Assess value supporting collateral
- Considering economic conditions in which the borrower operates
- Changes in regulation
- Downgrade in borrower's credit rating

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

m. Financial Instruments (continued)

(i) Financial assets (continued)

General "3-stage" approach (continued)
The Group uses the above collected information and data to calculate the exposure at default (EAD), loss given default (LGD) and probability of default (PD).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n. Financial Instruments prior to adoption of IFRS 9 (relates to comparative financial information)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets
Financial assets include trade and other receivables, cash and cash equivalents (refer to the cash and cash equivalent accounting policy). 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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The subsequent measurement of financial assets depends on their classification. The most relevant category to the Group is loans and receivables; which are measured as follows:

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

n. Financial Instruments prior to adoption of IFRS 9 (relates to comparative financial information)

i) Financial assets (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables include trade and other receivables, and loans issued by the reporting entity. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to trade and other receivables and cash and cash equivalents.

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cashflows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

n. Financial Instruments prior to adoption of IFRS 9 (relates to comparative financial information) (continued)

i) Financial assets (continued)

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, or
- 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, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. 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.

ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

o. Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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.

p. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a 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 a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leave pay provision

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

q. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and 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, if reissued, is recognised in equity.

r. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Executive Management Committee.

s. Headline Earnings

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for remeasurements of assets or liabilities that do not form part of the operating/trading activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

A re-measurement is an amount recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability.

Included in remeasurements that do not form part of the operating/trading activities of the Group are profit/losses on disposal of property plant and equipment and impairment of property, plant and equipment.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

5. Summary of significant accounting policies (continued)

t. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when

- It is expected to be settled in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Change in functional currency

As highlighted in note 3.1, the Group adopted the Zimbabwe dollar as the Group's functional currency with effect from 22 February 2019. The Directors applied their judgement in determining the date of change in functional currency as 22 February 2019. The Group considered guidance issued by the Public Accountants and Auditors Board highlighting that there was no official and legal local currency in Zimbabwe prior to 22 February 2019.

As a result of the above conclusion, foreign currency transactions in Zimbabwe and the results of foreign operations have been translated at the official exchange rate of 1:1 between the US dollar and the Zimbabwe dollar from the beginning of the financial year to 22 February 2019.

The Director's applied their judgement in determining the accounting treatment of exchange gains or losses on change of functional currency to Zimbabwe dollars. The exchange differences have been recorded in the statement of profit or loss.

b. Hyperinflation considerations

The annual inflation rate in Zimbabwe increased from 31% in October 2018 to 175.5% at June 2019. The high inflation figure triggered consideration over whether the Zimbabwean entities should report under IAS 29 Financial reporting in Hyperinflation Economies. In accordance with IAS 29, it is preferable that all entities that report in the currency of the same hyperinflationary economy apply this standard from the same date. As of the date of reporting date, the Public Accountants and Auditor's Board was still considering the matter. As a result, the Group continued to present its financial statements on the historical cost basis.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

6. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

c. 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 the accounting policy note for "Property, Plant and Equipment." 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. Refer to note 15 for the carrying amount of property, plant and equipment and accounting policy note on property, plant and equipment for the useful lives.

d. Recoverability of Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the value of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Assumptions about the generation of future taxable profits depend on management's estimates of future cashflows. These estimates of future cashflows are based on forecast cash flows from operations (which are impacted by operating environment, sales volumes, product prices, operating costs, capital expenditure, dividends and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in the future periods. Refer to note 24 for more information on the deferred tax assets.

e. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset or cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the goodwill recognised by the Group. Refer to note 15 for the carrying amount of goodwill and more information on the estimates and assumptions applied in performing the impairment assessment.

f. Provision for obsolete stock

Provision for obsolete stock is an allowance created for possible inventory write offs due to the nature of inventory which is mostly perishable items which are susceptible to obsolescence. Management is required to exercise judgement in determining the amount of the provision of obsolete stock. The allowance is determined at business unit level by assessing the likelihood of stock write offs based on stock movement historical experience. Refer to note 20.

g. Allowance for credit losses for trade receivables and non-current financial assets

The allowance for credit losses on trade receivables, other receivables and non-current financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs are disclosed in note 29.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

6. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

h. Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date using a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 22.3.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

7 Earnings per share

7.1 Basic Earnings basis
The calculation is based on the profit attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the year.

7.2 Diluted Earnings basis
The calculation 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 the conversion of share options. Share options are considered for dilution if the average market price of ordinary shares during the year exceeded the exercise price of such options.

7.3 Headline Earnings basis
Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for remeasurements of assets or liabilities that do not form part of the trading activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

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

		Continuing operations		Continuing and discontinued operations	
		30 June 2019 ZWL	30 June 2018 ZWL	30 June 2019 ZWL	30 June 2018 ZWL
7.4	**Basic and Diluted Earnings**				
	Profit attributable to equity holders of the parent (basic and diluted earnings)	32 138 552	14 174 175	32 138 552	14 174 175
		Number of shares	**Number of shares**	**Number of shares**	**Number of shares**
7.5	**Number of shares for Basic and Diluted Earnings Per Share**				
	Weighted average number of ordinary shares in issue for basic EPS	557 234 788	556 784 788	557 234 788	556 784 788
	Effects of dilution from share options	4 205 530	8 475 655	4 205 530	8 475 655
	Weighted average number of ordinary shares in issue adjusted for effects of dilution	561 440 318	565 260 443	561 440 318	565 260 443
	*The weighted average number of shares takes into account the weighted average effect of new shares issued during the year				
7.6	**Reconciliation of Basic Earnings to Headline Earnings**				
		ZWL	ZWL	ZWL	ZWL
	Profit for the year attributable to equity holders of the parent	32 138 552	14 174 175	32 138 552	14 174 175
	Adjustments(gross of tax):				
	Profit on disposal of property, plant and equipment	(24 950)	(23 370)	(24 950)	(23 370)
	Asset write off/impairment of property, plant and equipment	333 081	39 597	333 081	39 597
	Tax effect on adjustments	(43 537)	78	(43 537)	78
	Headline earnings attributable to equity holders of the parent	32 403 146	14 190 480	32 403 146	14 190 480
		ZWL cents	ZWL cents	ZWL cents	ZWL cents
	Basic earnings per share	5.77	2.55	5.77	2.55
	Diluted earnings per share	5.72	2.51	5.72	2.51
	Headline earnings per share	5.81	2.55	5.81	2.55
	Diluted headline earnings per share	5.77	2.51	5.77	2.51

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

7 Earnings per share (continued)

7.6 Reconciliation of Basic Earnings to Headline Earnings (continued)

At 30 June 2019, 5,400,000 share options (2018: 5,400,000) arising from the 2016 Simbisa Brands Share Option Scheme were not dilutive.

The share options from the Group's indigenisation agreement and the Simbisa Brands Employee Share Trust Scheme were not dilutive as at the end of the current period.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

		Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
8	**Revenue from contracts with customers**		
	Disaggregated revenue information		
	Set out below is the disaggregation of the Group's revenue from contracts with customers:		
	Nature of revenue		
	Sale of goods	387 630 304	202 470 907
	Royalty and franchise revenue	3 163 491	2 258 353
		390 793 795	204 729 260
	Segments		
	Zimbabwe	255 061 495	142 336 984
	Region	135 924 656	62 392 276
	Inter-segment effects	(192 355)	-
		390 793 796	204 729 260
	Timing of revenue recognition		
	Goods transferred at a point in time	387 630 304	202 470 907
	Services transferred over time	3 163 491	2 258 353
		390 793 795	204 729 260
9	**Other income**		
	Sundry income*	1 149 740	1 636 061
	Rebates	-	212 154
	Fee Income	560 367	564 768
		1 710 107	2 412 983

*Sundry income mainly includes rent received, sale of scrap and outside catering services

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

		Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
10	**Operating expenses**		
	Raw materials and consumables used	174 745 923	97 315 576
	Staff costs	68 217 080	37 592 489
	Audit fees and expenses (note 10.1)	801 684	279 669
	Operating lease charges - fixed	12 720 915	7 665 712
	Operating lease charges - variable	13 208 424	6 544 230
	Electricity, Water and other utility costs	11 646 546	8 266 517
	Repairs and maintenance	7 055 629	3 193 234
	Fuel	2 660 817	1 038 162
	Advertising and marketing	7 991 767	4 850 533
	Security	1 401 949	1 845 643
	Insurance and licenses	1 058 210	1 161 513
	Royalty fees	2 283 423	916 639
	Bank Charges and levies	5 016 613	1 052 419
	Cleaning	3 406 636	1 390 990
	Consultancy costs	1 219 771	341 111
	Printing and Stationery	3 853 008	1 035 614
	Communication costs	566 321	511 764
	Travel and Accomodation	2 938 733	1 110 640
	Freight and Transport	4 289 269	489 382
	Other operating expenses*	3 389 606	2 404 385
		328 472 324	179 006 222
	*Other operating expenses mainly comprise of general administration costs.		
10.1	**Audit fees and expenses**		
	Current year	801 684	279 669
	Fees for other services	-	-
		801 684	279 669
10.2	**Key management compensation**		
	Non-executive directors - fees	373 953	121 549
	Key management remuneration	3 622 474	2 061 350
		3 996 427	2 182 899
11	**Foreign exchange and other gains/(losses)**		
	Exchange losses - realised*	6 199 122	160 088
	Exchange gains - unrealised*	(3 428 322)	(71 657)
	Loss/(profit) on disposal of property plant and equipment*	(24 950)	(23 370)
		2 745 850	65 061

* Exchange losses were reclassified in the current period from "Operating expenses" to be presented under "foreign exchange and other gains /(losses)". The profit or loss on property, plant and equipment and other non-cash gains and losses were reclassified from "Other income" to "Foreign exchange and other gains /(losses)". This is necessary to provide more relevant information to the users and the prior year comparative numbers were adjusted accordingly to allow for meaningful comparison.

Included in Exchange losses (net) are gains and losses arising from the change in functional currency in Zimbabwe in the current year.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

		Notes	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
12	**Interest income and expense**			
	Interest income			
	- Short-term bank deposits		665 448	137 558
	Interest expense			
	- Borrowings		(1 931 948)	(1 536 944)
	- Trade and other payables		(468 824)	(38 432)
			(2 400 772)	(1 575 376)
	Net interest expense		(1 735 324)	(1 437 818)
13	**Tax**			
13.1	**Income tax (credit)/charge**			
	Current income tax charge		17 342 986	6 677 522
	Deferred tax expense/(credit)		83 396	(402 328)
			17 426 382	6 275 194
13.2	**Tax rate reconciliation**		%	%
	Zimbabwe normal tax rates		25.75%	25.75%
	Adjusted for:			
	Depreciation on assets that do not qualify for tax claims		0.59%	1.15%
	Disallowable expenditure*		4.70%	0.87%
	Tax losses for which deferred tax assets have not been recognised		0.69%	1.07%
	Foreign tax rates		3.23%	2.36%
	Effective tax rate		34.96%	31.20%

*Disallowable expenditure includes share based payment charges, disallowable taxes and levies, excess pension costs, disallowable entertainment costs, donation costs and other non-deductible expenditure.

		Notes	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
13.3	**Movement in current income tax liabilities**			
	Current income tax liability (net) at the beginning of the period		452 205	225 056
	Amounts charged to profit and loss	13.1	17 342 986	6 677 522
	Foreign currency exchange movements		(319 626)	(1 212)
	Tax paid		(14 524 731)	(6 449 161)
	Current income tax (asset)/liability (net) at the end of the period		2 950 834	452 205
	Net current income tax asset at 30 June is presented as below on the statement of financial position:			
	- Current tax asset		(18,097)	-
	- Current tax liability		2 968 931	452 205
			2 950 834	452 205

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

		Notes	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
14	**Cash flow information**			
14.1	**Cash generated from operations**			
	Profit before tax from continuing operations		49 834 161	20 114 857
	Profit before tax from discountinued operations		-	(13 394)
	Profit before tax		49 834 161	20 101 463
	Depreciation	15	9 383 162	6 478 688
	Asset write off/impairment of property, plant and equipment	15	333 081	39 597
	Profit on disposal of property, plant and equipment	11	(24 950)	(23 370)
	Amortisation of intangible assets	16	3 093	712
	Unrealised exchange gains		(3 428 322)	(71 657)
	Share based payments charge	23	603 398	554 723
	Net interest paid/(received)	12	1 735 324	1 437 818
	Inventory written off		550 914	-
	Allowance for credit losses	21	-	67 654
	Leave pay provision		322 851	371 911
	Other non cash movements		-	252 907
	Cash generated before changes in working capital		59 312 712	29 210 446
	(Increase)/decrease in inventories		(16 000 820)	(1 667 705)
	(Increase)/decrease in receivables		(67 875)	(2 717 061)
	Increase/(decrease) in payables		30 342 867	3 474 874
	Cash generated from operations		73 586 884	28 300 554
14.2	**Cash and cash equivalents**			
	Cash at bank and on hand		22 275 824	7 648 403
	Bank overdraft		(4 381 646)	(474 062)
			17 894 178	7 174 341

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

15 Property, plant and equipment

30 June 2019	Freehold property ZWL	Leasehold improvements ZWL	Plant, Fittings & Equipment ZWL	Motor vehicles ZWL	Work in progress ZWL	Group Total ZWL
Cost						
At 1 July 2018	1 839 899	39 320 697	54 698 528	3 522 061	2 603 706	101 984 891
Additions	-	6 060 394	16 491 519	1 445 691	6 942 255	30 939 859
Disposals	-	(1 212 103)	(4 127 999)	(1 285 780)	(242 748)	(6 868 630)
Asset write off	-	(8 951)	(560 228)	(15 516)	-	(584 695)
Transfers in/(out)	-	1 232 697	648 160	9 519	(1 890 376)	-
Exchange movements	-	55 872 510	114 522 210	7 611 043	3 844 454	181 850 217
At 30 June 2019	1 839 899	101 265 244	181 672 190	11 287 018	11 257 291	307 321 642
Accumulated Depreciation						
At 1 July 2018	57 496	13 067 669	28 924 392	1 857 090	-	43 906 647
Disposals	-	(1 073 900)	(3 972 872)	(1 126 125)	-	(6 172 897)
Charge for the year	45 997	1 834 079	7 052 592	450 494	-	9 383 162
Asset write off	-	-	(248 663)	(2 951)	-	(251 614)
Transfers in/(out)	-	-	-	-	-	-
Exchange movements	-	19 202 285	55 431 523	4 982 918	-	79 616 726
At 30 June 2019	**103 493**	**33 030 133**	**87 186 972**	**6 161 426**	**-**	**126 482 024**
Net carrying amount						
At 1 July 2018	1 782 403	26 253 028	25 774 136	1 664 971	2 603 706	58 078 244
At 30 June 2019	1 736 406	68 235 111	94 485 218	5 125 592	11 257 291	180 839 618
30 June 2018						
Cost						
At 1 July 2017	1 845 899	38 730 447	53 285 584	3 397 696	742 791	98 002 417
Additions	-	1 478 285	3 039 422	254 743	2 382 409	7 154 859
Acquisition of Interest in joint operation	-	-	252 171	-	-	252 171
Disposals	-	(5 996)	(2 087)	(156 307)	(55 846)	(220 236)
Disposal of subsidiary	-	(1 338 731)	(1 598 659)	-	-	(2 937 390)
Asset write off	-	-	(216 560)	(17 975)	-	(234 535)
Transfers in/(out)	(6 000)	486 830	(51 110)	34 840	(464 560)	-
Exchange movements	-	(30 138)	(10 233)	9 064	(1 088)	(32 395)
At 30 June 2018	1 839 899	39 320 697	54 698 528	3 522 061	2 603 706	101 984 891
Accumulated Depreciation						
At 1 July 2017	-	11 421 423	25 229 311	1 686 204	-	38 336 938
Disposals	-	-	(740)	(133 288)	-	(134 028)
Disposal of subsidiary	-	(157 952)	(413 982)	-	-	(571 934)
Charge for the year	57 496	1 772 977	4 343 065	305 150	-	6 478 688
Asset write off	-	-	(191 937)	(3 001)	-	(194 938)
Transfers in/(out)	-	29 063	(29 063)	-	-	-
Exchange movements	-	2 158	(12 262)	2 025	-	(8 079)
At 30 June 2018	57 496	13 067 669	28 924 392	1 857 090	-	43 906 647
Net carrying amount						
At 1 July 2017	1 845 899	27 309 024	28 056 273	1 711 492	742 791	59 665 479
At 30 June 2018	1 782 403	26 253 028	25 774 136	1 664 971	2 603 706	58 078 244

*Work in progress relates to capital expenditure costs incurred in relation to new store projects that are in progress as at the statement of financial position date.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

16 Intangible assets

30 June 2019	Goodwill on acquisition ZWL	Other ZWL	Group Total ZWL
Net carrying amount 1 July 2018	197 316	1 681	198 997
Gross carrying amount	197 316	16 676	213 992
Accumulated amortisation	-	(14 995)	(14 995)
Amortisation	-	(3 093)	(3 093)
Exchange movements	1 109 310	1 412	1 110 722
Net carrying amount 30 June 2019	**1 306 626**	**-**	**1 306 626**
Gross carrying amount	1 306 626	18 088	1 324 714
Accumulated amortisation	-	(18 088)	(18 088)
30 June 2018			
Net carrying amount 1 July 2017	197 316	2 569	199 885
Gross carrying amount	197 316	16 852	214 168
Accumulated amortisation	-	(14 283)	(14 283)
Amortisation	-	(712)	(712)
Exchange movements	-	(176)	(176)
Net carrying amount 30 June 2018	**197 316**	**1 681**	**198 997**
Gross carrying amount	197 316	16 676	213 992
Accumulated amortisation	-	(14 995)	(14 995)

Goodwill

The Group performed its annual impairment tests as at 30 June 2019. Goodwill arising on acquisition of subsidiaries has been allocated to cash generating units, i.e. business units. As at 30 June 2019, goodwill relates to the Regional operating segment.

The recoverable amount of the cash generating units has been determined using value in use. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 13.5%. As a result of this analysis, there was no impairment. A reasonable change in the discount rate will not have a material impact on the cashflow projections.

Other intangible assets

Other intangible assets mainly comprise of rights to specific brands acquired by the Group's Regional Operations. The rights have a finite useful life and amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 10 to 20 years.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

17 Changes in interests in subsidiaries

Acquisitions in 2019

17.1 Acquisition of interest in Zambia

On 1 July 2018, the Group acquired the remaining 49% non-controlling interest in Simbisa Brands Zambia Limited (the Group's operating entity in Zambia). Amount receivables from the non-controlling shareholder was set off from the consideration due of ZWL 252,071. At acquisition date, the carrying value of the net assets of Simbisa Brands Zambia Limited was ZWL(1,096,928).

	1 July 2018 ZWL
Consideration paid by Group (receivables set-off)	252 071
Decrease in owner's equity held by Group through acquisition of additional interest	537 477
NCI balance before share issue	537 477
NCI after share issue	-
Loss arising from transaction with owners recognised in Distributable reserves	**789 548**

Acquisitions and disposals in 2018

17.2 Disposal of interest in Zambia

On 1 July 2017, the Group's wholly owned subsidiary in Zambia (Simbisa Brands Zambia Limited) issued shares to its local partner in exchange for their 50% share of assets and liabilities in a jointly controlled operation by both parties. This has resulted in Simbisa's interest in the Zambian operating entity reducing from 100% to 51%. Simbisa retained control of the entity and it has been consolidated in the Group results on that basis in line with the applicable International Financial Reporting Standards. The jointly controlled operation ceased to operate following this transaction. The following are the details of the 50% share of assets and liabilities acquired:

The fair value of the 50% share of identifiable assets and liabilities of the jointly controlled operation as at the date of acquisition were:

	1 July 2017 ZWL
ASSETS	
Property, plant and equipment	252 171
Inventory	205 782
Trade and other receivables	235 347
Financial assets (receivable from partner)	292 233
Bank and cash	(246 207)
	739 326
LIABILITIES	
Trade and other payables	(472 610)
Provisions	(14 545)
	(487 155)
Total identifiable net assets at fair value	252 171
Non-controlling interest measured at cost	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**252 171**

The carrying value of the assets and liabilities approximate their fair value at acquisition date. The property, plant and equipment was purchased from the local partner on the same date at fair value.

Goodwill	
Consideration transferred	252 171
Non-controlling interests measured at cost	-
Fair value of 50% identifiable net assets	(252 171)
Goodwill	-

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

17 Changes in interests in subsidiaries (continued)

17.3 Acquisition of additional interest in Ghana

On 1 July 2017, the Group acquired an additional 49.9% interest in the voting shares of its Ghanaian operating entity (Simbisa Brands Ghana Limited), increasing its ownership interest to 100%. Amounts receivable from the non-controlling shareholder was set off against the consideration of ZWL 80 000. At acquisition date, the carrying value of the net assets of the Ghanaian operating entity was ZWL (1 796 418). The following is the impact of the acquisition:

	1 July 2017 ZWL
Consideration paid to non-controlling shareholders	80 000
Carrying value of the additional interest acquired	737 611
Loss arising from transaction with owners recognised in Distributable reserves	**817 611**

17.4 Acquisition of additional interest in Mauritius

On 1 July 2017, the Group acquired an additional 36,5% interest in the voting shares of the Mauritian operating entity (Simbisa Brands Mauritius Limited), increasing its ownership interest to 87,5%. Consideration of ZWL 1 767 504 was settled through conversion of shareholder loans to equity and conversion of class A ordinary shares to ordinary shares. At acquisition date, the carrying value of the net assets of the Simbisa Brands Mauritius Limited was ZWL (1 286 700).

	1 July 2017 ZWL
Consideration paid by Group for the new shares issued	1 767 504
Increase in owner's equity held by Group through share issue	1 080 640
Ownership equity held by Group before share issue	659 936
Ownership equity held by Group after share issue	420 704
Loss arising from transaction with owners recognised in Distributable reserves	**686 864**

18 Disposal of interest in the Democratic Republic of Congo

Due to the continued macro-economic challenges and the rising financial and operational risk of operating in the Democratic Republic of Congo ("DRC"), the Group disposed of its interest in the DRC subsidiary and the partner now operates the brands under a franchise arrangement in this market.

18.1 Discontinued operation

On 1 July 2017, the Group disposed of its 51% interest in its DRC subsidiary. With it being classified as a discontinued operation, the DRC results are no longer included in the Regional operations presented in the operating segment note. The following was included in the comparative profit for the year :

	30 June 2018 ZWL
Loss on disposal of discontinued operation	(13 394)
Earnings per share	
Basic earnings per share from discontinued operations (cents)	**0.00**
Diluted earnings per share from discontinued operations (cents)	**0.00**

Details of the disposal are as follows:

Consideration received	1 278 174
Carrying value of net assets derecognised	(2 506 224)
Derecognitionof non-controlling interest	1 214 656
Loss on disposal of subsidiary	(13 394)

The loss on disposal of the subsidiary is recorded as part of profit for the year from discontinued operation in the statement of profit or loss and other comprehensive income. The consideration is receivable after 5 years and earns interest at a rate of 2% per annum. The business now operates the brands in this market under a franchise arrangement with the Group.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

19 Group structure and companies

The structure below shows the Group's effective ordinary shareholding and excludes dormant companies.

	Country of incorporation	30 June 2019 % interest	30 June 2018 % interest
Simbisa Brands Zimbabwe Limited (formerly Axeaq Investments (Private) Limited)	Zimbabwe	100.00%	100.00%
Invercarge Investment Services (Private) Limited	Zimbabwe	100.00%	100.00%
Paxtime Investments (Private) Limited	Zimbabwe	67.00%	67.00%
Plexigreen Investments (Private) Limited	Zimbabwe	100.00%	100.00%
Edusky Investments (Private) Limited	Zimbabwe	75.00%	75.00%
Belsynch Investments (Private) Limited	Zimbabwe	67.00%	67.00%
Matabeleland Inns (Private) Limited	Zimbabwe	100.00%	100.00%
Hard White Trading (Private) Limited	Zimbabwe	100.00%	100.00%
Assyria Enterprises (Private) Limited	Zimbabwe	100.00%	100.00%
Bakers Inn Manicaland (Private) Limited	Zimbabwe	100.00%	100.00%
Mutare Inns (Private) Limited	Zimbabwe	60.00%	60.00%
Africa Retail Investments Limited	Mauritius	100.00%	100.00%
Simbisa Retail Africa Limited	Mauritius	100.00%	100.00%
Simbisa International Franchising Limited	Mauritius	100.00%	100.00%
Galitos Africa Franchising Limited	Mauritius	50.00%	50.00%
Simbisa Brands Ghana Limited	Ghana	100.00%	100.00%
Simbisa Brands (Mauritius) Limited	Mauritius	87.50%	87.50%
Innscor Foods Zambia Limited	Zambia	100.00%	100.00%
Simbisa Brands Zambia Limited (formerly Innscor Zambia Limited)	Zambia	100.00%	51.00%
Simbisa Investments Kenya Limited	Kenya	100.00%	100.00%
Simbisa Kenya Limited	Kenya	100.00%	100.00%
Simbisa Shared Services (Pty) Limited	South Africa	100.00%	100.00%
Simbisa Shared Services (Mauritius) Limited	Mauritius	100.00%	100.00%
Simbisa Brands Namibia Limited	Namibia	100.00%	100.00%

20 Inventories

	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Consumable stores	3 443 228	851 119
Finished products	4 475 783	907 136
Raw materials and packaging	23 119 164	4 442 982
Goods in transit	645 456	331 321
	31 683 631	6 532 558

The amount of write -down of inventories recognised as an expense in the statement of profit and loss is ZWL 550 914 (2018 ZWL Nil). ZWL 1 190 010 (2018 ZWL 169 152) of inventories was pledged as security for borrowings.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

21 Trade and other receivables

	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Trade receivables	5 099 630	590 121
Prepayments	9 628 601	2 101 800
Other receivables	16 058 565	4 051 266
	30 786 796	6 743 187
Allowance for credit losses	(21 474)	(76 887)
	30 765 322	6 666 300

Trade receivables are receivable in 30 to 60 days and are non-interest bearing.

Other receivables include rebate amounts receivable, amounts advanced to franchises and amounts receivable from non-controlling partners and are receivable between 30 and 60 days.

Prepayments include rental deposits and amounts paid in advance for various goods and services.

Reconciliation of allowance for credit losses is as follows:

	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Balance at the beginning of the period	76 887	9 233
Provision for expected credit losses for the year	-	67 654
Write-off/(reversal) for the period	(55 413)	-
Balance at the end of the period	21 474	76 887

There were no material collectively impaired trade receivables in the current year.

22 Ordinary Share capital

22.1 Authorised	2019 Number of shares	2019 Group and Company ZWL	2018 Number of shares	2018 Group and Company ZWL
Ordinary shares of US$ 0.0001 each	1 999 999 000	200 000	1 999 999 000	200 000
Non-Voting Class "A" ordinary shares of US$0.0001 each	1 000	0.10	1 000	0.10
	2 000 000 000	200 000	2 000 000 000	200 000

22.2 Issued and fully paid	Number of shares	Group and Company Ordinary share capital ZWL	Group and Company Share premium ZWL	Group and Company Total ZWL
30 June 2019				
At the beginning of the period	556 784 788	55 678	17 284 025	17 339 703
Issue of shares (options exercised)	5 400 000	540	838 080	838 620
At the end of the period	**562 184 788**	**56 218**	**18 122 105**	**18 178 323**
30 June 2018				
At the beginning of the period	556 784 788	55 678	17 284 025	17 339 703
Issue of shares	-	-	-	-
At the end of the period	**556 784 788**	**55 678**	**17 284 025**	**17 339 703**

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

22 Ordinary Share capital (continued)

22.3 Share option

As at 30 June 2019, Simbisa Brands Limited had the following share option agreements:

Indigenisation share option agreement
Share options were awarded to Benvenue Investments (Private) Limited, an indigenous company to comply with the Indigenisation laws in Zimbabwe. The terms of the Benvenue share option are as follows:

Maximum number of shares available:	50 000 000
Tenure:	10 years (effective January 2014)
Exercise Price:	The higher of - 75% of the volume weighted average price of Simbisa Brands Limited shares over the previous 60 trading days, and for the first five year period, USD 0.40 per share, and for the second five year period, USD 0.70 per share
Expiry period:	10 years from option grant date (January 2014)

The share options do not have a vesting period and can be exercised at any time during the period from January 2014 to January 2024.

Simbisa Brands Limited Employee Share Trust
The second indigenisation transaction is with the Simbisa Brands Limited Employee Share Trust. The beneficiaries of the Trust are employees of the Group in Zimbabwe. The terms of the share option scheme are as follows:

Maximum number of shares available:	30 000 000
Tenure:	10 years
Exercise Price:	At the volume weighted average price of Simbisa Brands Limited shares over the previous 60 trading days.
Discretionary income	At the sole discretion of the Simbisa Board, the Trust would be entitled to receive discretionary income equivalent to up to 5% of any ordinary dividend declared by the Board.

The share options do not have a vesting period and can be exercised at any time during the tenure of the scheme.

Simbisa Brands Limited Employee Share Scheme
Share options are granted to selected employees. The terms of the Simbisa Brands Limited Employee Share Option scheme are as follows:

Maximum number of shares available:	54 159 344
Vesting period:	3 years
Exercise Price:	Minimum of the - 45-day volume weighted average price of Simbisa Brands Limited shares immediately preceding the grant date and the nominal value of the shares
Expiry period:	1 year from the date on which each option may first be exercised

Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving its target growth as may be stated by the Remuneration Committee applicable to the relevant grant. The Group uses headline earnings growth as the perfomance measure. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

22 Ordinary Share capital (continued)

22.3 Share options (continued)

Movements in the number of share options outstanding is as follows:

30 June 2019	SBL Employee share option scheme	SBL Employee share trust Options	Indigenisation share option agreement
Balance at the beginning of the period	16 200 000	30 000 000	50 000 000
Exercised during the period	(5 400 000)	-	-
Balance at the end of the period	**10 800 000**	**30 000 000**	**50 000 000**
30 June 2018			
Balance at the beginning of the period	10 800 000	30 000 000	50 000 000
Granted during the period	5 400 000	-	-
Balance at the end of the period	**16 200 000**	**30 000 000**	**50 000 000**

Details of outstanding share options are as follows:

Share Option Scheme	Number of share options	Financial year of option grant	Financial year in which options vest	Remaining useful life of options	Exercise price in ZW cents per share option	Option fair value at grant date in ZW cents per share option
SBL Indigenisation Share Option agreement	50 000 000	June 2016	June 2016	54 months	variable	10.60
SBL Employee Share Trust Options	30 000 000	June 2016	June 2016	indefinite	variable	0.20
SBL Employee Share Option Scheme	5 400 000	June 2017	June 2020	3 months	12.08	2.91
SBL Employee Share Option Scheme	5 400 000	June 2018	June 2021	15 months	58.44	30.01

The fair value of options granted during the period was determined using the Binomial tree model. The significant inputs into the model were as shown in the table below. Expected volatility of the share price was determined by giving consid-eration to the historical volatility of the Simbisa Brands Limited share price.

Share Option Scheme	Year of option grant	Average share price at grant date in ZWL cents	Volatility	Dividend Yield	Risk Free Interest Rate
SBL Indigenisation Share Option agreement	June 2016	13.2	50%	3%	3%
SBL Employee Share Trust Options	June 2016	13.2	50%	3%	3%
SBL Employee Share Option Scheme	June 2017	13	35%	3%	1%
SBL Employee Share Option Scheme	June 2018	77	40%	1.6%	1.77%

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

22.4 Directors' shareholdings	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
At 30 June, the Directors held directly and indirectly the following number of shares:		
Z Koudounaris	102 829 853	102 829 853
B Dionisio	23 384 058	22 484 058
	126 213 911	125 313 911

23 Other reserves

	Group			
	Treasury shares ZWL	Foreign currency translation reserve ZWL	Share based payments reserve ZWL	Total other reserves ZWL
Balance at 1 July 2018	-	(2 358 925)	627 937	(1 730 988)
Share based payments charge	-	-	603 398	603 398
Exercise of share options	-	-	(157 140)	(157 140)
Purchase of treasury shares	(574 607)	-	-	(574 607)
Exchange differences arising on translation of	-	38 065 691	-	38 065 691
foreign subsidiaries	-			-
Balance at 30 June 2019	**(574 607)**	**35 706 766**	**1 074 195**	**36 206 354**
Balance at 1 July 2017	-	(2 313 608)	73 214	(2 240 394)
Share based payments charge		-	554 723	554 723
Acquisition of non-controlling interest		(194 972)	-	(194 972)
Exchange differences arising on translation of foreign subsidiaries		149 655	-	149 655
Balance at 30 June 2018	**-**	**(2 358 925)**	**627 937**	**(1 730 988)**

Nature and purpose of reserves

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

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration and share options issued in terms of indeginisation schemes. Refer to note 22.3 for further details of these share option schemes.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

24 Net deferred tax liabilities

24.1 Reconciliation	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Balance at the beginning of the period (net)	2 462 725	2 826 251
Charged to profit or loss (note 13)	83 396	(402 328)
Exchange difference arising on translation of foreign subsidiaries	(2 751 588)	38 802
Balance at the end of the period (net)	(205 467)	2 462 725
24.2 Analysis of net deferred tax assets/(liabilities)		
Accelerated depreciation for tax purposes	4 618 403	5 432 274
Accumulated tax losses	(2 895 399)	(2 664 891)
Unrealised exchange losses	(247 878)	(21 884)
Prepayments	(293 093)	(44 919)
Allowance for credit losses	-	327
Other*	(1 387 500)	(238 182)
	(205 467)	2 462 725
The net deferred tax liability is made up as follows:		
Deferred tax assets	(2 708 188)	(1 084 027)
Deferred tax liabilities	2 502 721	3 546 752
	(205 467)	2 462 725

*Other deferred tax liabilities are as a result of temporary differences on arising from accruals and provisions.

The Group recognises deferred tax assets arising from tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has implemented strategies in those subsidiaries with tax losses in order to generate sufficient taxable profits. The future taxable profits were determined from the approved forecast profits by the Board of Directors.

The Group has tax losses that arose in Zambia of ZWL 3,657,900 (2018: 1,350,001) that expire in 2023 and 2024 respectively. that are available until 2023 to 2024 for offsetting against future taxable profits of the company in which they arose. Deferred taxes have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

25 Financial assets and financial liabilities

25.1 Financial assets

	Rate of Interest per annum	Year Repayable	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Financial assets at amortised cost				
Trade and other receivables - non-interest bearing	nil	On demand	14 612 529	3 609 430
Trade and other receivables - interest bearing	8%	On demand	6 524 192	955 070
Long-term loan receivable (unsecured)	2%	2023	8 802 638	1 303 738
Medium term loan receivable (secured)	3%	2020	6 187 206	3 805 971
Total financial assets			**36 126 565**	**9 674 209**
Financial assets are presented within the following on the statement of financial position:				
Trade and other receivables (excluding prepayments)			21 136 721	4 564 500
Non-current financial assets			14 989 844	5 109 709
Total financial assets			**36 126 565**	**9 674 209**

Loans and receivables are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

The carrying amount of the loans and receivables approximate their fair values at end of each year. The loans and receivables are due from third parties. The medium term loan is secured by a corporate guarantee.

25.2 Borrowings

	Currency	Rate of interest	Year Repayable	Group ZWL
30 June 2019				
Secured loans				
Regional Operations	GHC	20% to 28% fixed	2019	2 183 082
Unsecured				
Regional Operations medium term:2 year term	USD	5% fixed	2020	17 437 819
Regional Operations medium term:4 year term	USD	libor +4,4% variable	2019 to 2021	19 314 167
Regional Operations short term	USD	8% to 12% fixed	2020	17 551 574
Regional Operations short term	ZMW	28% fixed	2020	3 156 386
Zimbabwe Operations medium term: 3 year term	ZWL	8% to 11% fixed	2019 to 2020	2 849 908
Zimbabwe Operations short term	ZWL	7% to 9% fixed	On demand	754 104
Total borrowings				63 247 040
Repayable within one year (current borrowings)				50 937 470
Repayable within two to five years (non-current borrowings)				12 309 570
				63 247 040
Collateralised borrowings are secured by inventory (note 20)				1 190 010

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

25.2 Borrowings (continued)

	Currency	Rate of interest	Year Repayable	Group ZWL
30 June 2018				
Secured loans				
Regional Operations	GHC	27% to 28% fixed	2017 to 2019	468 154
Unsecured				
Regional Operations medium term :2 year term	USD	5% fixed	2020	2 026 027
Regional Operations medium term :4 year term	USD	libor +4,4% variable	2018 to 2021	4 583 333
Regional Operations short term	USD	9.24% to 12% fixed	On demand	1 891 291
Regional Operations short term	ZMW	28% fixed	2019	250 496
Zimbabwe Operations medium term: 3 year term	USD	7% fixed	2017 to 2021	5 666 667
Zimbabwe Operations short term	USD	7% fixed	On demand	1 942 499
Total borrowings				16 828 467
Repayable within one year (current borrowings)				6 049 516
Repayable within two to five years (non-current borrowings)				10 778 951
				16 828 467
Collateralised borrowings are secured by inventory (note 20)				169 152

Short-term borrowings and overdrafts form part of the Group's core borrowings and are renewed in terms of ongoing facilities negotiated with the relevant financial institutions.

Borrowing powers

As per the company's articles of association the borrowing powers are limited to issued and fully paid share capital of the Company for any one financial year multiplied by a factor of five hundred and fifteen (515). The borrowing limit as at 30 June 2019 based on this formula is USD 28 674 170 (2018: USD 28 674 170). This limit was determined from twice the annual earnings before interest, tax, depreciation and amortization for the Company and its subsidiaries for the financial year ended 30 June 2016.

26 Trade and other payables

	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Trade payables	70 055 399	12 451 592
Accruals and other payables	29 685 357	10 258 337
Dividends payable to shareholders of the parent	151 843	120 196
Statutory liabilities	12 618 851	3 060 775
	112 511 450	25 890 900

Trade payables are non-interest bearing and are normally settled within 30 to 60 days. Other payables are non-interest bearing with the exception of amounts of ZWL 771 990 (2018:ZWL 1 213 170) which bear interest at the rate of 9.7% (2018:9.7%).Other payables have varying settlement terms between 1 month and 6 months.

Included in other payables are other creditors who provide goods and services which do not form part of the direct costs and services of the business.

Statutory liabilities comprise of employment taxes and statutory contributions, value added taxes and other levies and taxes payable in the different jurisdictions the Group operates in.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

27 Business segments

27.1 Segmental analysis

Management has determined the Group's operating segments based on the information reviewed by the Group's Executive Management Committee for the purposes of allocating resources and assessing performance.

The revenue, operating profit, assets and liabilities reported to the Group's Executive Management Committee are measured consistently with that in the reported consolidated financial statements.

Business segments
The two reportable segments are as follows:

Zimbabwe QSR Operations
This operating segment comprises the Group's Zimbabwe Quick Service Restaurant operations.

Regional QSR Operations
This operating segment comprises the Group's Quick Service operations across the African continent, outside Zimbabwe.

	Zimbabwe ZWL	Region ZWL	Intersegment adjustments ZWL	Total ZWL
Year ended 30 June 2019				
Statement of profit or loss				
Revenue from external customers	255 061 495	135 924 656	(192 356)	390 793 795
Operating profit before depreciation and amortisation	53 046 694	10 984 884	-	64 031 578
Depreciation, amortisation and impairment	4 759 089	4 957 154	-	9 716 243
Profit before tax	43 274 113	4 199 736	2 360 312	49 834 161
Interest expense	570 453	1 833 956	(3 637)	2 400 772
Interest income	291 667	377 418	(3 637)	665 448
Income tax expense	13 892 343	3 534 039	-	17 426 382
Statement of financial position				
Segment assets	104 673 521	184 078 682	(8 546 699)	280 205 504
Segment liabilities	48 886 504	137 095 539	(4 751 901)	181 230 142
Capital expenditure	18 387 081	12 552 777	-	30 939 858

Entity-wide information

Analysis of revenue by products and services:

	ZWL
- Sale of goods	387 630 304
- Royalty income	3 163 491
	390 793 795

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

27 Business segments (continued)

27.1 Segmental analysis

Year ended 30 June 2018	Zimbabwe ZWL	Region ZWL	Intersegment adjustments ZWL	Total ZWL
Statement of profit or loss				
Revenue from external customers	142 336 984	62 392 276	-	204 729 260
Operating profit before depreciation and amortisation	23 600 980	4 535 936	(895)	28 136 021
Depreciation, amortisation and impairment	4 277 139	2 201 549	-	6 478 688
Profit before tax	18 700 496	1 415 256	(895)	20 114 857
Interest expense	699 266	876 110	-	1 575 376
Interest income	75 921	61 637	-	137 558
Income tax expense	5 327 574	947 620	-	6 275 194
Statement of financial position				
Segment assets	61 295 097	28 076 634	(4 527 555)	84 844 176
Segment liabilities	26 691 363	20 759 873	(732 912)	46 718 324
Capital expenditure	5 448 766	1 706 093	-	7 154 859

Entity-wide information

Analysis of revenue by products and services:

	ZWL
-Sale of goods	202 470 907
- Royalty income	2 258 353
	204 729 260

Information about major customers
The customer base of the group is widely dispersed and no single external customer accounts for more than 10% of the Group's revenue.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

28 Pension funds

The Group makes pension contributions to the following defined contribution schemes:

Simbisa Brands Pension Fund

This is a self-administered, defined contribution fund. Contributions are at the rate of 10% of pensionable emoluments less NSSA of which members pay 5%.

National Social Security Authority (NSSA) - Zimbabwe

The scheme was established, and is administered , in terms of statutory instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is ZWL700.

Social Security and National Insurance Trust (SSNIT) - Ghana

Social Security and National Insurance Trust (SSNIT) is a defined contribution fund based on 13% employer contribution and 5.5% employee contribution. Of the total amount contributed, 13.5% is withheld by SSNIT and the 5% balance is monitored by the approved trustee. On retirement, the above mentioned contribution will be paid to the employee along with interest.

National Pension Scheme Authority (NAPSA) - Zambia

The scheme was established, and is administered, in terms of Government of Zambia Act No 40 of 1996 and enacted effective 12th February 2000, after the transformation of the then Zambia National Provident Fund (ZNPF) which had been in existence since 1966 with a mandate to act as the main vehicle for providing retirement and social security benefits to workers in the country. The Benefits are based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time.

Buyantanshi Pension Trust Fund-Zambia

Buyantanshi Pension Trust Fund is a multi-employer fund designed and set up by Aon Zambia Pension Fund Administrators Limited to address the needs of employers who are not in a position to set up their own pension schemes. The employee contributes 5% while the employer contributes 7.5%. The fund is audited in terms of the Pension Scheme Regulations Act of 1996. The Trustees have appointed Aon Zambia to be Fund Administrators responsible for the day to day management of the Fund with four Investment Managers from whom participating employers can chose from.

National Social Security Fund (NSSF) - Kenya

National Social Security Fund (NSSF) is a pension fund based on specific contributions legislated from time to time.

National Savings Fund (NSF) and National Pensions Scheme (NPS) - Mauritius

The National Savings Fund is a security fund whereby the employer contributes 2.5% and the employee 1% of basic wages for all employees. The Company also contributes to the National Pensions Scheme (NPS) where the Employees contribute 3% and Employer 6%.

Social Security Commission - Namibia

Established under the Social Security Act, 1994 (Act No. 34 of 1994), currently read with the Employees' Compensation Act, 1941 (Act No. 30 of 1941) as amended, SSC's principal purpose is to administer the Funds established by the aforementioned statutes.

Pension costs recognised as an expense for the period:	**Group 2019 ZWL**	**Group 2018 ZWL**
Simbisa Brands Pension Fund	756 132	559 062
National Social Security Authority - Zimbabwe	490 380	357 575
Social Security and National Insurance Trust - Ghana	35 599	35 857
National Pension Scheme Authority - Zambia	53 467	63 801
Buyanstanshi Pension Scheme-Zambia	59 778	-
National Social Security Fund - Kenya	44 517	39 194
National Savings Fund - Mauritius	66 777	66 278
Social Security Commission - Namibia	2 028	482
	1 508 678	1 122 249

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

29 Financial risk management objectives and policies

The Group's principal financial liabilities comprise interest-bearing borrowings, overdrafts and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group's principal financial assets comprise trade and other receivables and cash and cash equivalence that derive directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees the policies for managing each of these risks.

The following table summarises the carrying amount of financial assets and liabilities recorded at based on IFRS 9 measurement categories:

	Group 2019 ZWL	**Group 2018 ZWL**
Financial assets		
At amortised cost (2018: Loans and receivables)		
- Trade and other receivables (excluding prepayments) (note 21)	21 158 195	4 641 387
- Cash and cash equivalents (note 14.2)	17 894 178	7 174 341
-Loans receivable(Non-current Financial assets) (note 25.1)	14 989 844	5 109 709
	54 042 217	16 925 437
Financial liabilities		
At amortised cost		
- Borrowings (note 25.2)	63 247 040	16 828 467
- Trade and other payables (excluding statutory liabilities) (note 26)	99 892 599	22 830 125
	163 139 639	39 658 592

Below is the detail relating to the risks and the Board's risk management strategies.

The sensitivity analyses have been prepared on the basis that the amount of net debt , the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on the carrying values of the non-financial assets and liabilities of foreign operations.

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and liabilities held at 30 June 2019 and 30 June 2018.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

29 Financial risk management objectives and policies (continued)

29.1 Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's policy is to manage its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact of floating rate borrowings, as follows:

	Group 2019 ZWL	Group 2018 ZWL
Effect on profit before tax		
Decrease of 0.3% in interest rates	156 445	34 125
Increase of 0.3% in interest rates	(156 445)	(34 125)

29.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 liabilities at the reporting date are as follows:

Currency	Liabilities	Assets	Net position
30 June 2019			
United States of America dollar	16 188 592	7 288 274	(8 900 318)
South African Rand	167 949	1 722	169 671
30 June 2018			
South African Rand	-	-	-

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the Zimbabwe an Dollar (ZWL) exchange rate against the following currencies, with all other variables held constant.

	Change in rate	Effect on profit before tax ZWL
30 June 2019		
United States of America dollar	+15%	(1 335 048)
South African Rand	+15%	(25 451)
30 June 2018		
South African Rand	+5%	-

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

29 Financial risk management objectives and policies (continued)

29.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

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.

There is no concentration risk as the Group trades with a wide range of customers with different risk profiles. Credit limits are set by the Group to avoid exposure to a single customer.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due without reasonable evidence of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtor to engage in a repayment plan with the Group, and failure to make contractual payments for a period of greater than 90 days past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in Note 21. The Group does not hold collateral as security.

Cash deposits and other receivables

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The general "3-stage" approach is used for all other financial assets measured at amortised cost not covered by the simplified approach. The Group assesses some financial assets individually and others collectively if they have similar credit risk and identical characteristics. The Group assesses for expected credit losses for loans receivable on an individual basis and uses the collective approach for rental deposits and staff loans. The Group considers various factors when categorising the financial assets including borrower's financial performance, compliance with debt covenants, supporting collateral, economic conditions in which the borrower operates, regulation and borrower's credit rating. The Group uses the above collected information and data to calculate the exposure at default (EAD), loss given default (LGD) and probability of default (PD). The Group also applies the rebuttable presumption for payments 30 days overdue on which the Group has reasonable evidence that credit risk has not increased significantly.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

29 Financial risk management objectives and policies (continued)

29.4 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through management of cash resources and flexibility through the use of bank overdrafts and interest-bearing borrowings.

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

	Less than 3 months ZWL	Between 3 months and 1 year ZWL	Between 1 and 4 years ZWL	Over 4 years ZWL	Total ZWL
30 June 2019					
Liabilities					
Interest-bearing borrowings	16 779 754	38 257 130	12 893 921	-	67 930 805
Trade and other payables	104 741 214	7 509 080	490 047	-	112 740 341
Total	121 520 968	45 766 210	13 383 968	-	180 671 146
30 June 2018					
Liabilities					
Interest-bearing borrowings	4 431 255	2 243 516	11 161 107	-	17 835 878
Trade and other payables	22 551 466	2 139 556	875 400	-	25 566 422
Total	26 982 721	4 383 072	12 036 507	-	43 402 300

30 Capital management

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

The capital of the Group consists of interest-bearing borrowings, cash and cash equivalents and equity as disclosed in the statement of financial position.

The Group manages its capital 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 capital to shareholders, or issue new shares.

The Group manages capital using a gearing ratio, which is calculated as net debt divided by the sum of net debt and equity.

	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Total borrowings (note 25.2)	63 247 040	16 828 467
Less cash and cash equivalents (note 14.2)	(17 894 178)	(7 174 341)
Net debt	45 352 862	9 654 126
Total Equity	98 975 362	38 125 852
Net Gearing ratio	31%	20%

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

31 Translation Rates

The table below provides the average and closing translation rates used for the purpose of consolidating foreign investments' financial statements to the Group's reporting currency:

	Group 2019		Group 2018	
	Statement of profit/loss and other comprehensive income FX : ZWL 1	Statement of Financial position FX : ZWL 1	Statement of profit/loss and other comprehensive income FX : ZWL 1	Statement of Financial position FX : ZWL 1
United States Dollar	0.76	0.15	1	1
South African Rand	10.67	2.13	13.79	13.05
Kenya Shilling	76.76	15.45	102.25	103.70
Ghanaian Cedi	3.74	0.82	4.57	4.36
Mauritian Rupee	26.03	5.38	34.47	34.30
Zambian Kwacha	8.73	1.93	9.51	9.09

32 Operating Lease Commitments

The Group has commitments arising from property leases for its business operations. These leases have varying terms with renewable options included in some contracts. There are no restrictions placed on the Group by entering into these leases.

The future minimum rentals due are payable as follows:	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Payable within the next 12 months	48 520 274	10 348 903
Payable within 2 to 5 years	95 183 024	25 773 904
Payable thereafter	32 207 043	7 557 241
	175 910 341	43 680 048

33 Capital expenditure commitments

Approved by the directors and contracted for	38 960 566	1 886 177
Approved by the directors but not contracted for	56 259 080	4 794 573
	95 219 646	6 680 750

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

34 Related party transactions

34.1 Key management compensation	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Short-term employee benefits (note 10.2)	3 622 474	2 061 350
Share based payment transactions (note 23)	17 301	554 723
	3 639 775	2 616 073

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

34 Related party transactions (continued)

34.2 Transactions with Directors

The Group receives loans from Directors or entities where Directors have a direct or beneficial interest from time to time. Interest rates on the loans are at 7% per annum based on the Group's average borrowing rate.

The Company's subsidiaries receive legal and professional services from firms in which a non-executive director has a direct interest. The services are provided at market related prices.

The aggregate of the above transactions is as follows:	Group 30 June 2019 ZWL	Group 30 June 2018 ZWL
Statement of profit or loss		
Professional fees paid	521 128	203 640
Interest paid on loans from directors	97 416	123 438
Statement of financial position		
Loans from Director related entities (included under borrowings)	623 807	1 812 332

35 Contingent liabilities

The Group operates in different geographies and was subject to a routine audit in certain jurisdictions. It is possible that disagreements may arise relating to the interpretation of tax laws and regulations applicable to the business of the Group in those jurisdictions. The resolution of such disagreements may result in an obligation to the Group.

36 Events after reporting date

36.1 Changes in Interest in subsidiaries

Subsequent to year end the Board of Directors approved, subject to agreement of terms and conditions to sell a 49 % interest in Simbisa Brands Namibia to a local partner effective 1 July 2019. This will result in Simbisa's interest reducing from 100% to 51%. The Group retains control of Simbisa Brands Namibia.

The Board also approved, subject to agreement of terms and conditions, the aqcuisition of the remaining 12.5% non-controlling interest in Simbisa Brands Mauritius Limited effective 1 July 2019.

Notes to the Financial Statements

for the year ended 30 June 2019 (continued)

36 Events after reporting date (continued)

36.2 Hyperinflation

Subsequent to the reporting date, inflation statistics (based on the Consumer Price Index statistics as published by the Reserve Bank of Zimbabwe) have continued to exhibit an upward trend. As a result, this has triggered considerations over the applicability of IAS 29 – Hyperinflation ("IAS 29") to the financial results of the Group.

IAS 29 considers the following characteristics of the economic environment of a country to be strong indicators of the existence of hyperinflation which includes but are not limited to the following:

(a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;

(b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;

(c)sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;

(d) interest rates, wages and prices are linked to a price index;

(e) the cumulative inflation rate over three years is approaching, or exceeds 100%

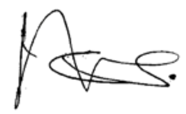
An assessment of the above matters requires the application of judgment by management and conclusive evidence on the quantitative and qualitative characteristics, above, may be difficult to obtain during these subsequent reporting periods.

Management will continue to evaluate these characteristics, including any communication from relevant regulators. Should the conclusion be reached that IAS 29 is applicable to the Group, the financial information presented at subsequent reporting dates may be subject to significant restatement. An estimate of the potential financial impact cannot be made at this stage as this is reliant on the determination of an appropriate index at such reporting dates.

Company Statement of Financial Position

as at 30 June 2019

	Notes	30 June 2019 ZWL	30 June 2018 ZWL
ASSETS			
Non-current assets			
Investments in subsidiaries		18 373 998	18 373 998
Financial assets	1	6 187 207	3 805 971
Deferred tax assets		183 821	174 890
		24 745 026	22 354 859
Current assets			
Loans and receivables from Group companies	2	4 388 893	5 608 677
Other receivables		44 796	153 791
Cash and cash equivalents		4 515	49 506
		4 438 204	5 811 974
Total assets		29 183 230	28 166 833
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and share premium		18 178 323	17 339 703
Other reserves		503 491	627 937
Distributable reserves		(110 785)	420 275
Total equity		18 571 029	18 387 915
Non-current liabilities			
Borrowings-long term portion	3	-	4 958 334
Current liabilities			
Borrowings-short term portion	3	5 163 061	2 650 833
Payables to Group Companies	4	3 559 732	2 016 168
Other payables	5	1 889 408	153 583
		10 612 201	4 820 584
Total liabilities		10 612 201	9 778 918
Total equity and liabilities		29 183 230	28 166 833



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ABC CHINAKE
Chairman
Harare
7 October 2019

....

B GUCHU
Group Finance Director

Company Statement Of Changes In Equity

for the year ended 30 June 2019

	Ordinary Share Capital and share premium ZWL	Other Reserves ZWL	Retained Earnings ZWL	Total Equity ZWL
Balance at 1 July 2018	**17 339 703**	**627 937**	**420 275**	**18 387 915**
Profit for the year	-	-	8 377 398	8 377 398
Exercise of share options	838,620	(157 140)	-	681 480
Share based payments charge	-	607,301	-	607 301
Purchase of treasury shares	-	(574,607)	-	(574 607)
Dividends	-	-	(8 908 458)	(8 908 458)
Balance at 30 June 2019	**18 178 323**	**503 491**	**(110 785)**	**18 571 029**
Balance at 1 July 2017	**17 339 703**	**73 214**	**472 544**	**17 885 461**
Profit for the year	-	-	3 733 869	3 733 869
Share based payments charge	-	554 723	-	554 723
Dividends	-	-	(3 786 138)	(3 786 138)
Balance at 30 June 2018	**17 339 703**	**627 937**	**420 275**	**18 387 915**

Notes to the Company Financial Statements

for the year ended 30 June 2019

1 Financial assets

Financial assets comprise of loans due from third parties that bear interest at 3% per annum and are due in 2020.

2 Loans and Receivables from Group Companies

	30 June 2019 ZWL	30 June 2018 ZWL
Loans receivable from Group Companies	-	2 294 671
Other receivables from Group Companies	4 388 893	3 314 006
	4 388 893	5 608 677

Loans receivable from Group Companies bear interest at an average rate of 7% per annum and have no fixed repayment dates

Other Receivables due from Group companies are non-interest bearing and are due in 30 to 60 days.

3 Borrowings

	30 June 2019 ZWL	30 June 2018 ZWL
Medium term loan repayable from 2019 to 2020 (interest 8% per annum)	2 849 908	5 666 667
Short-term loans (interest 7% per annum)	754 104	1 942 500
Overdrafts (interest 11% per annum)	1 559 049	-
	5 163 061	7 609 167
Repayable within one year (non-current borrowings)	-	4 958 334
Repayable within two to five years (current borrowings)	5 163 061	2 650 833
	5 163 061	7 609 167

4 Payables to Group Companies

Amounts due to Group Companies are non-interest bearing and are due in 30 to 60 days.

5 Other payables

	30 June 2019 ZWL	30 June 2018 ZWL
Statutory payables	1 051 781	946
Amounts due to Employee share Trust	482 517	-
Other	355 110	152 637
	1 889 408	153 583

*Statutory payables relate to employment and other non-income taxes due to the tax authorities.

Shareholder Information

TOP 20 SHAREHOLDERS
as at 30 June 2019

Company	Shares %
ZMD Investments (Pvt) Ltd	18.29
H M Barbour (Pvt) Ltd	17.79
Stanbic Nominees (Pvt) Ltd	17.71
Old Mutual Life Ass Co Zim Ltd	10.12
Sarcor Investments (Pvt) Ltd	4.00
Scb Nominees 033663700070	3.29
Pharaoh Limited	2.12
Stone House Trust-Nnr	1.92
Mining Industry Pension Fund	1.47
Music Ventures Pvt Ltd	1.33
City And General Holdings P/L	1.21
Old Mutual Zimbabwe Limited	1.13
General Electronics (Pvt) Ltd	0.76
Warren Meares	0.75
J-Soft (Pvt) Ltd	0.70
Schutex Investments (Pvt) Ltd	0.70
National Social Security Authority	0.64
National Social Security Authority (Wcif)	0.62
Old Mutual Insurance Company Pvt Ltd	0.58
Norton Textiles (Pvt) Ltd	0.43

Shareholder Information continued

SHARE ANALYSIS BY INDUSTRY
as at 30 June 2019

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	275,594,645	49.02	470	11.80
PENSION FUNDS	90,410,582	16.08	314	7.89
FOREIGN NOMINEE	70,974,320	12.62	29	0.73
INSURANCE COMPANIES	65,424,214	11.64	45	1.13
LOCAL INDIVIDUAL RESIDENT	19,297,808	3.43	2,709	68.03
NEW NON RESIDENT	14,123,854	2.51	89	2.24
FOREIGN COMPANIES	11,937,645	2.12	6	0.15
LOCAL NOMINEE	9,389,405	1.67	85	2.13
OTHER INVESTMENTS & TRUST	2,269,322	0.40	143	3.59
TRUSTS	1,376,748	0.24	9	0.23
FUND MANAGERS	661,679	0.12	18	0.45
CHARITABLE	453,630	0.08	17	0.43
GOVERNMENT / QUASI	138,000	0.02	2	0.05
DECEASED ESTATES	56,165	0.01	39	0.98
BANKS	48,475	0.01	2	0.05
FOREIGN INDIVIDUAL RESIDENT	28,296	0.01	5	0.13
Totals	562,184,788	100.00	3,982	100.00

SHARE ANALYSIS BY VOLUME
as at 30 June 2019

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	2,152,196	0.38	3,181	79.88
5001-10000	1,355,762	0.24	185	4.65
10001-25000	2,474,324	0.44	148	3.72
25001-50000	3,455,711	0.61	98	2.46
50001-100000	6,683,607	1.19	93	2.34
100001-200000	11,398,584	2.03	77	1.93
200001-500000	30,174,551	5.37	98	2.46
500001-1000000	30,061,007	5.35	42	1.05
1000001 and Above	474,429,046	84.39	60	1.51
Totals	**562,184,788**	**100.00**	**3,982**	**100.00**

ANALYSIS BY DOMICILE
as at 30 June 2019

Country	Shares	Shares %	Shareholders	Shareholders %
ZIMBABWE	365,885,547	65.08	3,266	82.02
ADDRESS UNKNOWN	101,473,722	18.05	593	14.89
BELGIUM	36,349,262	6.47	8	0.20
USA	24,848,538	4.42	20	0.50
MAURITIUS	21,360,456	3.80	9	0.23
VIRGIN ISLANDS, U.S.	11,927,850	2.12	1	0.03
SOUTH AFRICA	115,871	0.02	50	1.26
JAPAN	82,471	0.01	1	0.03
UNITED KINGDOM	52,163	0.01	14	0.35
MOZAMBIQUE	28,400	0.01	1	0.03
GERMANY	23,282	0.00	2	0.05
CAYMAN ISLANDS	10,058	0.00	3	0.08
AUSTRALIA	4,973	0.00	5	0.13
NAMIBIA	4,971	0.00	2	0.05
CANADA	4,430	0.00	2	0.05
BOTSWANA	4,066	0.00	1	0.03
GHANA	3,565	0.00	1	0.03
KENYA	2,922	0.00	2	0.05
NEW ZEALAND	2,241	0.00	1	0.03
Totals	562,184,788	100.00	3,982	100.00

Notice to Members

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Simbisa Brands Limited will be held at Standards Association of Zimbabwe, Northend Close, Northridge Park, Borrowdale on 22nd November 2019 at 08:30 hrs for the following purposes:

Ordinary Business

1. Financial Statements
To receive and approve the Audited Financial Statements and the Reports of the Directors and Auditors for the twelve months ended 30 June 2019.

2. Re-election of Directors
To elect Directors who retire by rotation, in terms of Article 104 of the Articles of Association. Mr. A. Gupta and Mr. Z. Koudounaris retire by rotation and being eligible offer themselves for re-election.

Mr Gupta is a founder Director of Simbisa Brands Limited since the time of the demerger from Innscor Africa Limited. He is the current Chairman of the Audit Committee. He has a wealth of experience as a qualified Chartered Accountant and Lawyer. He currently runs his own advisory firm in Mauritius with commercial law, tax and operational efficiency as its main focus areas.

Mr. Koudounaris is a founder shareholder of Innscor Africa Limited, and was key in the creation and success of the then Innscor core fast food brands. He has been on the board of Simbisa Brands Limited since the time of the demerger from Innscor Africa Limited and is active in pursing growth opportunities within the Group.

3. Directors' Remuneration
To approve fees accrued to Directors for the twelve months ended 30 June 2019.

4. Auditors
4.1 To approve the remuneration of the independent auditors for the twelve months ended 30 June 2019; and
4.2 To reappoint Ernst & Young of Harare as auditors of the Company for the ensuing year. Ernst and Young have indicated their willingness to continue as Independent Auditors to the Company for the ensuing year.

Special Business

5. Limits on Borrowing Powers of Directors
To consider and if deemed appropriate, to pass with our without modifications a special resolution amending the Articles by the insertion of a new Article 112A as follows:

"The borrowings, loans and payments of any sums of money referred to in Article 112 above shall not exceed at any one time the aggregate of i) the issued and fully paid share capital of the Company and ii) two times the EBITDA for the previous twelve (12) months on a rolling basis, except with the sanction and/or ratification of the Company at a general meeting."

6. Share Buy-back
To consider and, if deemed fit, to pass with or without modifications, the following special resolution:

That the Company authorises in advance, in terms of section 79 of the Companies Act and the Zimbabwe Stock Exchange (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 price at which such ordinary shares may be acquired will be not more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and

Note
In terms of this resolution, the Directors are seeking authority to allow use of Company's available 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, the adequacy of ordinary capital and reserves as well as working capital.

Notice to Members continued

IV) A press announcement will be published as soon as the Company has acquired such 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; and
V) If during the subsistence of this resolution the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect".

7. Any other Business
To transact all such other business as may be transacted at an Annual General Meeting.

By Order of the Board
SIMBISA BRANDS LIMITED

COMPANY SECRETARY
Prometheus Corporate Services
17 Morningside Drive Mt Pleasant
Harare

Proxies
Every member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote and speak instead of him. A proxy need not be a member of the Company. A member wishing to appoint a proxy must lodge the completed proxy form at the Registered Office of the Company at least 48 hours before the Meeting.

Proxy Form

Simbisa Brands LIMITED

FORM OF PROXY

4th ANNUAL GENERAL MEETING

I/We (Block Letters)..of...

Being a member of Simbisa Brands 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 behalf at the second Annual General Meeting of the Company to be on 22 November 2019 at 08:15 hours and at any adjournment therof.

Signed this..day of..2019

Signature of member...

Note

1. In terms of section 129 of the Zimbawe 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 instruments 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...

Affix Stamp Here

Simbisa Brands LIMITED

Registars and Transfer Secretaries
Corpserve Transfer Secretaries Private Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare
Zimbabwe

Email: enquiries@corpserve.co.zw

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe

Core Business
Simbisa Brands Limited owns and operates restaurants across Africa

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

Company Secretary
Prometheus Corporate Services
(Private) Limited

Independent Auditors
Ernst & Young Chartered
Accountants Zimbabwe

Principal Bankers
First Capital Bank Limited

Principal Legal Advisors
Lunga Attorneys

Registrars and Transfer Secretaries
Corpserve Transfer Secretaries
(Private) Limited,
2nd floor, ZB Centre,
1st Street/Kwame Nkrumah Avenue,
Harare, Zimbabwe

Email: enquiries@corpserve.co.zw

Sustainability Advisors
Institute for Sustainability Africa,
22 Walter Hill Avenue, Eastlea,
Harare, Zimbabwe

Email: admin@insafrica.org.zw

Event Information

• Results for the 3 months ending 30 September 2019 published	November 2019
• Fourth Annual General Meeting	22 November 2019
• Interim financial results for the 6 months to 31 December 2019 published	March 2020
• Results for the 9 months ending 31 March 2020 published	May 2020
• Abridged financial results for the year ended 30 June 2020 published	September 2020
• Annual report for the year ended 30 June 2020 published	October 2020
• Fifth Annual General Meeting	November 2020

GRI Context and Index 'core'

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	
			Part Omitted	Explanation
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	**Organizational profile**			
	102-1 Name of the organization	Cover page		
	102-2 Activities, brands, products, and services	2, 3		
	102-3 Location of headquarters	102		
	102-4 Location of operations	7, 102		
	102-5 Ownership and legal form	74		
	102-6 Markets served	7		
	102-7 Scale of the organization	4, 7,14		
	102-9 Supply chain	20		
	102-11 Precautionary Principle or approach	29		
	102-12 External initiatives	24-27		
	Strategy			
	102-14 Statement from senior decision-maker	10		
	Ethics and integrity			
	102-16 Values, principles, standards, and norms of behavior	1, 28		
	Governance			
	102-18 Governance structure	28-31		
	Stakeholder engagement			
	102-40 List of stakeholder groups	17		
	102-42 Identifying and selecting stakeholders	16-17		
	102-43 Approach to stakeholder engagement	16-17		
	102-44 Key topics and concerns raised	17		
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	7, 38-97		
	102-46 Defining report content and topic Boundaries	IFC, 16		
	102-47 List of material topics	23		
	102-48 Restatements of information		There was no restatement of information provided in previous reports.	
	102-49 Changes in reporting		There were no changes in material topics reported previously	
	102-50 Reporting period	Inside Front Cover (IFC)		
	102-51 Date of most recent report		Our 2018 Report was published on 30 July 2019	
	102-52 Reporting cycle	IFC		
	102-53 Contact point for questions regarding the report	IFC		
	102-55 GRI content index	103		
	102-56 External assurance	34-37		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	
			Part Omitted	Explanation
Material Topics				
200 series (Economic topics)				
Economic Performance				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	19		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19		
	201-3 Defined benefit plan obligations and other retirement plans	19		
300 series (Environmental topics)				
Materials				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	21		
Energy				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	22		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	22		
	302-2 Energy consumption outside of the organization	22		
Water				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	22		
Effluents and Waste				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	22		
400 series (Social topics)				
Employment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	20		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	20		

Notes

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