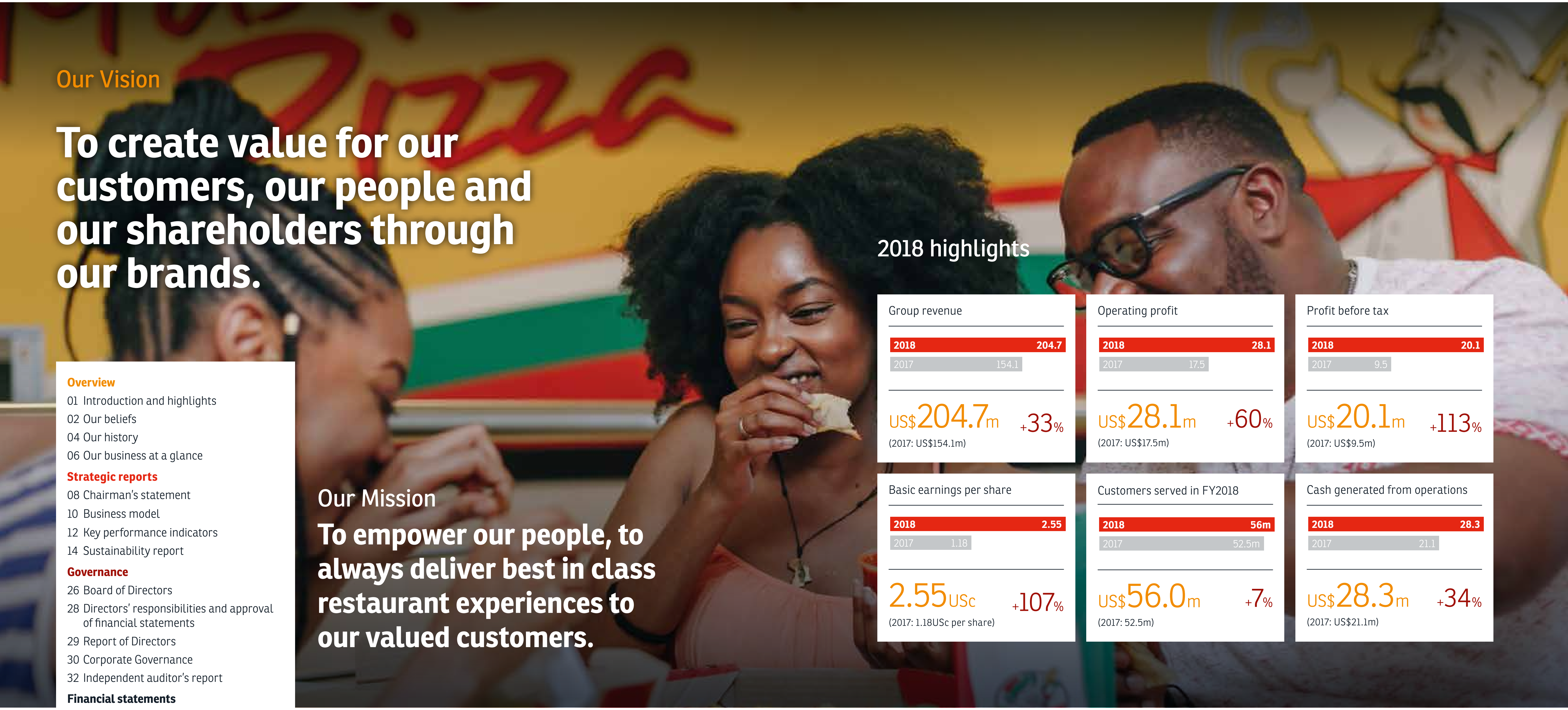
Simbisa Brands
LIMITED

Delivering amazing restaurant experiences to our valued customers

ANNUAL
REPORT
2018



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 best in class restaurant experiences to our valued customers.

2018 highlights

Group revenue

2018	204.7
2017	154.1

US$204.7m +33%
(2017: US$154.1m)

Operating profit

2018	28.1
2017	17.5

US$28.1m +60%
(2017: US$17.5m)

Profit before tax

2018	20.1
2017	9.5

US$20.1m +113%
(2017: US$9.5m)

Basic earnings per share

2018	2.55
2017	1.18

2.55USc +107%
(2017: 1.18USc per share)

Customers served in FY2018

2018	56m
2017	52.5m

US$56.0m +7%
(2017: 52.5m)

Cash generated from operations

2018	28.3
2017	21.1

US$28.3m +34%
(2017: US$21.1m)

About the Report

We are pleased to present the Annual Report for Simbisa Brands Limited, a company listed on Zimbabwe Stock Exchange (ZSE), for the year ended 30 June 2018. This report integrates both financial and non-financial information necessary to inform our broad range of stakeholders on the prospects, performance and strategy of the Group.

Reporting Frameworks

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, Ernst & Young Zimbabwe, in accordance with International Standards on Auditing (ISA). An independent auditors' report on the financial statements is contained on pages 32 to 35.

For more information
www.simbisabrands.com/financial-reporting/

The sustainability report component was prepared in accordance with Global Reporting Initiatives (GRI) Standards, 'core' materiality level.

Forward looking Statements

This report contains certain statements which constitute 'forward looking statements'. These statements are based on current estimates and projections by Simbisa Brands Limited's management and currently available information. Future statements are not guarantees of future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report.

We would welcome your feedback on our reporting and any suggestions you have in terms of what you would like to see incorporated in our report for 2019. To do so, please contact: Nyaradzo Mushangwe or Michelle Fisher on email: nyaradzo.mushangwe@zw-simbisa.com or michelle@zw-simbisa.com and telephone +263 242 744 202.

ABC Chinake
Chairman

Basil Dionisio
Group Chief Executive Officer

Our beliefs

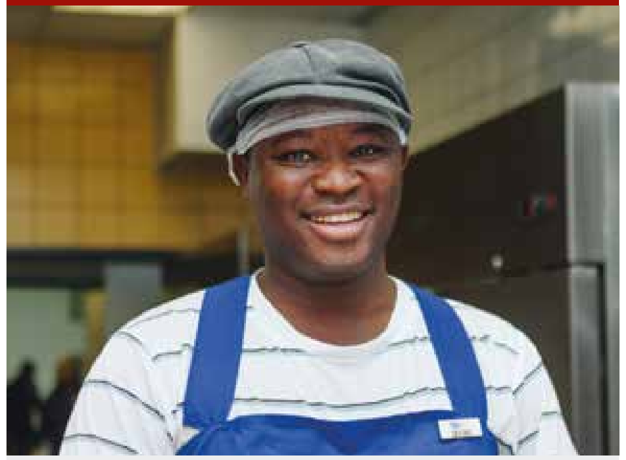
People

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.

At Simbisa Brands, we attribute our success to the extraordinary people who embody and represent the core values of the company: integrity and accountability. We are proud to employ energised individuals who share a common passion and enthusiasm for our brands. It is their commendable resilience in the face of a highly competitive market that cements the foundation of the Simbisa Brands Vision. Our Dial a Delivery brand is a fine example of these very people bringing a personal touch as we send our delicious products "from our kitchen to your couch".

See our **Sustainability** section on page 18

Quality and 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.

Simbisa Brands stands by its commitment to offer only the highest levels of service and quality to our customers as well as to our stakeholders. Across the board, all of our brands constantly strive to remain at the cutting edge of industry standards through consistent innovation and adaptation to the changing needs of our customers. Our drive to be an industry leader in serving quality products puts Simbisa Brands at the top. Our Creamy Inn brand exemplifies how we excel in offering a quality service that is synonymous with the name as, time and again, customers choose the Creamy Inn treats over others.

See our **Sustainability** section on page 19

Growth

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

Simbisa opened 13 new counters in prime site locations during the year under review.

The footprint of Simbisa Brands will continue to expand as the company is committed to constant development in all areas. We are dedicated to our customer base and are always looking for new ways to learn about how to best serve the diverse African population. We know that expansion is essential to maintain our position and we continually research new and inventive ideas.

See our **Business at a glance** section on page 04

Community

As a multinational company, Simbisa Brands recognises and embraces our social responsibility to the regions in which we operate.

We are fully dedicated to establishing environmentally conscious programmes that benefit the youth, veterans, animals and their entire communities. Our projects vary widely and include programmes at the Emerald Hill Children's Home and Greenwood Park in Harare as well as the Harare SPCA. In Kenya, we fund a project that grows the beneficial spirulina for free Children's Clinics and in Mauritius we sponsor a Pizza Masterclass. We take great pride in making a positive impact through this responsible approach.

See our **Sustainability** section on page 22

Performance

We believe that to sustain a profitable business model, a simple and uncomplicated approach is necessary. We also know how critical it is to get the basics right, first and foremost.

Our commitment to providing the Pan-African population with affordable, accessible, nutritious and delicious meals is the key area of our focus. This business model has directly resulted in great performance. The Group achieved double digit growth in revenue for the year ended 30 June 2018, driven by increased customer counts across all markets and improved average spend.

See our **Financial statements** section on page 26

Our history

The Quick Service Restaurant ("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 (IPR's) 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), Rocomama's (Zimbabwe Only) and Vida E Caffé.

On 5 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 in exchange for 541,593,440 shares in the company.

1987
- First Chicken Inn Opens

1995
- Acquisition of Nando's franchise for Zimbabwe

1998
- Innscor Africa Limited lists on the Zimbabwe Stock Exchange
- Acquisition of Steers franchise for Zimbabwe

1999
- Quick Service Restaurants expand to Zambia
- Quick Service Restaurants expand to Kenya

2001
- Quick Service Restaurants expand to Ghana

2004
- Quick Service Restaurants expand to Malawi

2006
- Partnership with Galito's and rollout to Kenya, Zambia and Ghana

2012
- Quick Service Restaurants expand to Swaziland

2013
- Quick Service Restaurants expand to DRC

2015
- Quick Service Restaurants expand to Mauritius
- Centralised Call Centre opened for Dial-A-Delivery Zimbabwe
- Simbisa unbundles from Innscor Africa Limited
- Quick Service Restaurants expand to Namibia

2016
- Centralised Call Centre opened for Dial-A-Delivery Mauritius
- First Chicken Inn Drive Thru opened in Zimbabwe

2017
- Acquisition of RocoMama's franchise for Zimbabwe
- Centralised Call Centre opened for Dial-A-Delivery Kenya

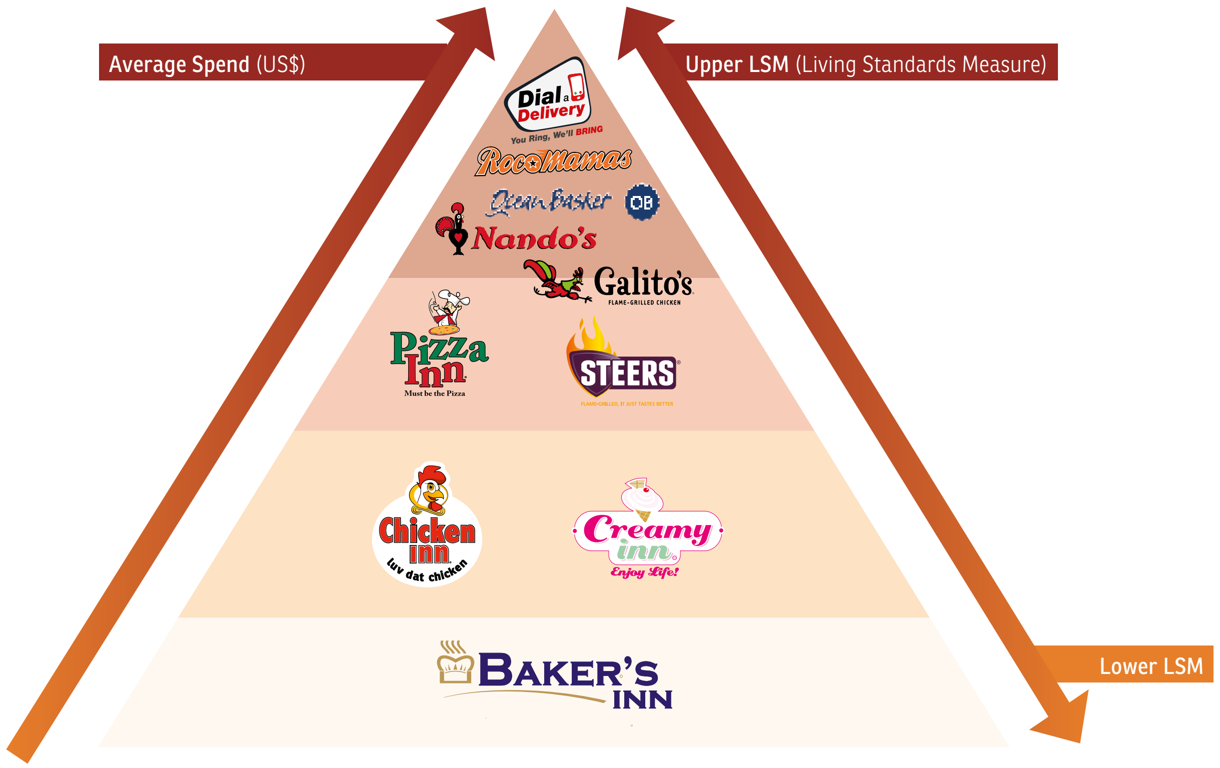
2018
- Acquisition of Ocean Basket franchise for Zimbabwe

Our business at a glance

Simbisa means 'to strengthen' and 'to empower'.

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



Our markets

Owned and operated Markets

Zimbabwe
64 Chicken Inn, 31 Pizza Inn, 28 Creamy Inn, 43 Bakers Inn, 2 Fish Inn, 9 Nandos, 7 Steers, and 9 Others
193 Company Operated Stores

Kenya
26 Chicken Inn, 36 Pizza Inn, 19 Creamy Inn, 16 Galitos, 7 Bakers Inn, 4 Vida e Caffè and 15 Others
123 Company Operated Stores

Zambia
3 Chicken Inn, 7 Pizza Inn, 5 Creamy Inn, 1 Bakers Inn, 6 Galitos and 3 Others
25 Company Operated Stores

Ghana
5 Chicken Inn, 6 Pizza Inn, 6 Creamy Inn, 1 Galitos and 1 Vida e Caffè
19 Company Operated Stores

Mauritius
4 Pizza Inn, 3 Creamy Inn, 4 Galitos 4 Vida e Caffè
15 Company Operated Stores

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

Franchised Markets

Swaziland
2 Chicken Inn, 3 Pizza Inn, 6 Galitos
11 Franchised Stores

Malawi
3 Pizza Inn, 3 Creamy Inn, 2 Galitos, 1 Chicken Inn
9 Franchised Stores

DRC
3 Chicken Inn, 3 Pizza Inn, 2 Creamy Inn, 2 Galitos
10 Franchised Stores

Business units

Simbisa operates 4 business units. Each operating as an independent centre.

Simbisa Brands Limited
Company listed on the Zimbabwean Stock Exchange

- **Zimbabwe**
  - **Simbisa Brands Zimbabwe QSR Operations** — QSR Operator in Zimbabwe
  - **Simbisa Brands Zimbabwe Franchising** — Franchising company 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

I am pleased to report a strong set of results for the year ended 30 June 2018. The Group has achieved a positive outcome in the context of a challenging operating environment.

Overview

I am pleased to report a strong set of results for the year ended 30 June 2018. The Group has achieved a positive outcome in the context of a challenging operating environment.

This is attributable to our responsive and experienced leadership team combined with our robust business model.

Challenging trading conditions persisted in the year under review. During the financial year, general elections in Zimbabwe and Kenya de-stabilised the socio-political environment in the respective markets. Trading conditions in Zimbabwe were marred by persistent liquidity pressures although financial inclusion and formalization of the retail sector in Zimbabwe, driven by the availability and acceptance of plastic and mobile money, have eased some of the transactional pressures on the Zimbabwean consumer and driven growth in the consumer facing sector.

Simbisa has managed to defend its market share against intensified competition in the industry from new entrants in our major markets. Simbisa remains a significant market player in both Zimbabwe and Kenya with a growing presence in our other markets.

Group Performance

During the financial period under review, Simbisa continued to achieve sustained organic growth across our portfolio of brands whilst simultaneously re-assessing underperforming counters and brands in order to focus efforts on markets and counters which will deliver the highest return on investment to shareholders. Simbisa opened 13 new counters in prime site locations and closed 29 counters, to end the period with 413 counters.

As reported at half year, due to continued macro-economic challenges and the rising financial and operational risk of operating in the DRC, the Group disposed of its interest in the business and the former partner now operates the brands under a franchise arrangement in this market. The comparative figures have accordingly been restated to reflect this disposal.

The Group achieved double digit growth in revenue for the year ended 30 June 2018, driven by increased customer counts across all markets and improved average spend largely due to a stabilization in currency exchange rates against the US Dollar in the regional markets. Simbisa served over 56 million customers in FY2018 (FY2017: 52.5 million), a record high in our 31 year trading history. Thus, the average customers per counter increased from 122,448 in FY2017 to 135,737 in FY2018, a 10.9% increase year on year.

The 2018 financial year also marked a significant increase in profitability with net income for the year more than doubling that achieved in the prior year. This is attributable to higher revenue streams and improved operating efficiencies. All of our markets grew their contribution to Group EBITDA when compared to the prior year.

Financial Performance

The Group's revenue for the financial year under review increased by 33% to US$204,7m (FY2017: US$154,1m) driven mainly by organic growth in Zimbabwe and Kenya.

Operating profit was up 60% to US$28,1m (FY2017: US$17,5m). Profit before tax increased by 113% to US$20,1m (FY2017: US$9,5m). Accordingly, profit attributable to the owners of Simbisa increased by 107% to US$14,2m (FY2017: US$6,8m) and basic earnings per share was up by 107% at 2.55 US cents (FY2017: 1.23 US cents).

Cash generated from operations after changes in working capital increased to US$28,3m (FY2017: US$21,1m). Total cash utilised in investing activities of US$11,1m (FY2017: US$10,4m) was incurred, mainly for expansion initiatives in Kenya and Zimbabwe.

The Group's gearing declined by US$1,5m during the period to close the year with a balance of US$16,8m. A total amount of US$4,0m (FY2017: US$2,3m) was distributed to shareholders as cash dividends in the year under review.

Outlook

Simbisa's strategic intent is to be the leading QSR and casual dining operator in Sub Sahara Africa with profitable and sustainable food businesses in all of the markets in which we operate. Our key strategic objectives are to continue to grow the core QSR business in existing and new African markets, to develop and acquire brands in the QSR and casual dining segment and to enhance our service offering through technology development and by leveraging established infrastructure and supply chain investment.

Expanding into the casual dining food segment, which will appeal to a higher income demographic whilst improving Group margins, will be critical to achieve our strategic intent. Simbisa added several appealing new casual dining brands to its portfolio in the period under review, including RocoMamas and Ocean Basket in Zimbabwe. Simbisa will focus on the roll-out of casual dining brands in our existing markets as well as new markets in the short to medium term and we are continuously exploring opportunities to develop and acquire new brands and value propositions which are aligned with our strategy.

I am optimistic that a stabilisation in the socio-political environment and the impending economic reform in the wake of elections in Kenya and Zimbabwe, will pave the way for continued growth and new opportunities in these two markets, where we are most developed, and that Simbisa will continue to make strides in growing its market share in the other regional markets.

Aim Transaction and Acquisition of Foodfund

Following approval by the shareholders of Simbisa Brands Limited at an Extraordinary General Meeting held on 21 March 2018 of the dual listing of the Company by way of a secondary listing on the AIM segment of the London Stock Exchange ('AIM') and the acquisition of 50% of Foodfund, shareholders are advised that the Board has resolved to postpone the secondary listing on the London Stock Exchange ('AIM') to a future date.

Shareholders are advised that, the parties to the Sale and Purchase Agreement for Foodfund have agreed that the acquisition as presently structured, be amended, due to the postponement of the proposed secondary listing. A notice to shareholders will be published in due course setting out such changes once all formalities are completed.

Simbisa remains committed to joining AIM, and shareholders will be notified on resumption of the dual listing process in due course.

Appreciation

On behalf of the Board, I would like to thank and commend our executive team, management and all other staff members for achieving a pleasing set of results amid a challenging operating environment and thank our loyal customers and other stakeholders for their continued support.

Dividend

I am pleased to announce that the Directors have declared a final dividend of 0.55 cents per share to be paid on or about 29 October 2018. This brings the total dividend for the year to 1.00 cent per share (FY2017: 0.46 cents per share).

For and on behalf of the Board

ABC Chinake
Chairman
26 September 2018

Business model

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 Serivce 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 stakeholders. We use innovation to stay at the cutting edge of industry standards.

The Value we create

For our customers

High service values.

13

new counters opened in FY 2018

For our shareholders

Dividends paid.

1USc / share

FY 2018

For our employees

5 123

people employed

Key performance indicators

Group revenue

2018	204.7
2017	154.1

US$204.7m +33%

(2017: US$154.1m)

Why we measure it

It is key for management, employees, shareholders and other stakeholders to know how much income the Group is receiving in exchange for its goods and services. To continue operating, the Group must generate sufficient income to cover its operating costs and earn a profit.

Progress we've made

The Group achieved double digit growth in revenue when compared with the financial year ended 30 June 2017. This was driven by increased customer counts across all markets and improved average spend per customer.

Operating profit

2018	28.1
2017	17.5

US$28.1m +60%

(2017: US$17.5m)

Why we measure it

This amount measures the profit earned from the Group's ongoing core business operations and excludes deductions of interest and taxes. It is an excellent indicator of the business' potential profitability as it focuses on expenses that are necessary to keep the operations running.

Progress we've made

Operating profit has increased by 60.1% when compared with the financial year ended 30 June 2017. This was driven by higher revenue streams and improved operating efficiencies.

Basic earnings per share

2018	2.55
2017	1.18

2.55USc +107%

(2017: 1.18USc per share)

Why we measure it

Earnings per share is a ratio that measures the amount of net income earned per issued share. This is the amount of money each share would receive if all of the profits were distributed to the issued shares at the end of the year.

Progress we've made

Earnings per share for the financial year ended 30 June 2018 has increased phenomenally by 107% when compared with the financial year ended 30 June 2017. This was driven by higher revenue streams and improved operating efficiencies.

Cash generated from operations

2018	28.3
2017	21.1

US$28.3m +34%

(2017: US$21.1m)

Why we measure it

Cash generated from operations tells us how much money we bring in from selling our goods and providing our services. It excludes cash flows from financing and investing activities.

Progress we've made

When compared with the financial year ended 30 June 2017, cash generated from operations has increased by 34%. This is in line with our growth in revenue which was driven by increased customer counts across all markets and improved average spend per customer.

Dividend

2018	1.00
2017	0.46

1.00USc +117%

per share

Why we measure it

Dividend is the distribution of a portion of the Group's profit to our shareholders. The trend in dividend payments is a vital tool used by investors to track the performance of their interest. It is key for us to monitor the return we are generating for our shareholders.

Progress we've made

When compared with the financial year ended 30 June 2017, dividend per share has increased by 117%. This is testament to the commitment by management to ensure that the shareholders receive a healthy return on their investment.

Group's total borrowings

2018	16.8
2017	18.3

US$16.8m -9%

(2017: US$18.3)

Why we measure it

Debt consists of long and short term borrowings carried by the Group. It is key that management consistently monitors the funding leverage and the business' ability to repay its obligations to various financial institutions.

Progress we've made

When compared with the financial year ended 30 June 2017, Group borrowings have reduced from USD18.3 million to USD16.5 million. Due to the increase in cash generated from operations, the business was in a position to settle some of its long term debt.

Sustainability report

The Group recognises that long term business success rests upon sustainable management of the various forms of capital of our business.

Sustainability strategy and management of key material issues

Our Approach to Sustainability and Reporting

This is the second year since Simbisa Brands Limited ("the Group") adopted Sustainability Reporting as a business strategy for value creation. This requires that we consider economic, environment and social issues in identifying potential risks to, and business opportunities in our business. The Group believes that by considering risk from this perspective, the business will be poised to strategically create long-term value and business success.

The Group also 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.

Governance

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 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

The Group believes the 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.

Supply Chain

Sustaining the supply chain is vital to maintaining our brands and the image of the Group. We have implemented systems which ensure that all suppliers are screened, based on their track record and consideration of sustainability issues such as environmental risk, social behaviour, corruption, statutory compliance and human rights practices. The Group strives to ensure that suppliers share our common values on sustainable business practices.

Capital Management

The Group recognises that 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.

Business Ethics

The Group takes ethics seriously in all the jurisdictions it operates. Our ethos is to ensure that we operate in a manner that minimises bribery, corruption and dishonesty among management and staff. Where any such incidents are identified, they are handled and managed through our Audit and Risk Committee. In the event that an incident is considered a criminal act, we involve the police and authorities in the respective country. Further, our staff are continuously encouraged to attend training on business ethics

Material Issues

Within the Group, material issues are evaluated based on their impact on stakeholders and the business. 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. For the year under review, the Group identified Employee and Supply chain as material issues.

Report Boundary

In defining the reporting boundaries, we focused on jurisdictions in which we have significant operations and believe will have a substantial bearing on the 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.

Stakeholder Engagement and Management

Our Strategy

Simbisa Brands Limited ("the Group") recognises that stakeholder engagement is an integral part to long-term value creation and sustainability for the Group. The Group's Stakeholder Engagement Strategy is integrated with 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 which 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.

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 measures	Communication Channels
Employees	• Remuneration adjustments • Staff accommodation & welfare • Staff development and growth • Staffing levels • Unavailability of Company Pension Fund	• Development, implementation and monitoring of Human Resource Policy and Procedure • Consultation with Banks and pension funds in financing opportunities • Training and capacity development • Staff recruitment • Improved working conditions	• Staff meetings • Direct engagement • Internal communication
Suppliers	• Payment terms • Ethical business practices	• Supplier screening • Flexible payment terms	• Meetings • Emails • Telephone calls
Industry	• Health Standards • Environmental Control and Sanitation	• Regular inspections & Licensing compliance • Innovation	• Briefing meetings • Direct engagements
Government & Regulators	• Safety, Health and Environmental Regulatory Compliance	• Compliance with regulations • Regular internal monitoring	• Meetings • Statutory returns

Sustainability report continued

Our Strategy continued

Stakeholder	Material issues raised	Mitigation measures	Communication Channels
Shareholders and Potential Investors	• Business growth • Sustainable returns • Sound Governance	• Expert advisory services • Monitoring and continuous engagement	• Annual General Meetings • Monthly, quarterly and annual reporting • Website updates
Customers and Consumers	• Product Quality and Promotions • Pricing and value for money	• Consumer engagements • Competitive pricing & promotions	• Social media platforms • Emails • Telephone hotlines • One on one meetings • Customer surveys
Local Communities	• Corporate social responsibility activities • Community empowerment and engagement • Employment creation opportunities	• Corporate social responsibility activities • Community empowerment and engagement • Employing from local communities	• Regular interaction at events

Managing our sustainability performance

Our strategy

For the purpose of this report, all data was obtained from countries where we have direct operations and control. This is our second report since listing on the Zimbabwe Stock Exchange and the Group will continue to improve data collection and measurement systems in order to enhance our reporting on environmental and sustainable governance matters.

As a food services group, we are expected to serve safe and quality food products. We strive to ensure that our food products are healthy and adhere to food industry standards in our value chains across all regions of operations.

Supply Chain Management

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.

Raw Materials

Figure 1

Fuel
644,974
Litres

Protein
8,704
Tonnes

Starch
14,969
Tonnes

Oils
2,074,107
Litres

Raw Materials

The Group relies on raw materials such as meats, starches and vegetables. Our consumption of key raw materials during the 2018 financial year were as follows:

Material	Unit	2018	2017
Protein	Tonnes	8 704	7 600
Starch	Tonnes	14 969	11 404
Oils	Litres	2 074 107	1 607 412

Environmental stewardship

As a Group, we are aware that our operations have an impact on the environment. Further, we are committed to taking appropriate action to ensure that we minimise that impact.

Waste Management

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. During the year under review, the waste generated and disposed is as presented below:

Waste Type	Disposal Method	Unit	2018	2017
Septic tanks (costs of disposal)	Tanks Emptying	US$	155 750	160 075

Energy, Water and Climate Change

We recognise that as a business, our operations impact on climate change which requires us to manage how we consume various energy sources, including water. The Group continues to explore alternative options for minimising these impacts.

Energy Consumption

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	Unit	2018	2017
Fuel	Litres	509 575	451 885
Generator Fuel	Litres	135 399	144 107

Sustainability report continued

Work Related Accidents/Injuries

Figure 3

Total number of injuries

129
Incidents

Total number of work related fatalities

0
Incidents

Water Usage

Water is an important resource in our operations and is used for the cleaning and cooking. 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.

Climate Change

We continue to be cognisant that our operations have an impact on climate change. Therefore, monitoring our footprint is key and we do so by calculating our emissions from fuel consumption. Based on these results, management continuously investigates methods to reduce the Group's carbon footprint.

Human Capital

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.

Work Related Accidents/Injuries

Due to the nature of our business, health and safety matters are critical concerns. The Group investigates all incidences and continuously explores ways to reduce the number of occurrences. Training is also conducted to reinforce expected safety standards in the workplace. During the year, our performance was as follows:

	Unit	2018	2017
Total number of injuries	Incidence	129	62
Number of work related fatalities	Incidence	–	–

Training and Education

Management is committed in ensuring that staff is equipped with appropriate skills and knowledge to successfully perform their duties. Employees attend regular in-house and external training on matters relevant to the business and its operations.

Our workers council works with trade unions on issues that impact our employees' ability to satisfactorily perform their duties. During the year, we discussed, amongst other issues, sexual reproductive health, emergency response preparedness and general safety in the workplace. Below are our average training hours per employees trained:

By Employee Type	Unit	2018	2017
Male	Hours	212	201
Female	Hours	224	226

Customer Satisfaction

Management places great attention on customer concerns and recommendations. Our business outlets have contact phone numbers for customers to use to raise concerns and provide feedback on what the business is doing right or where improvements are required. Other sources of communication with our customers include our social media platforms that are manned by a dedicated team which ensures that each concern raised is addressed.

During the year, the major feedback from our customers was related to product offerings and the lead time it takes to process the orders.

The level of service we provide to our customers is of utmost importance to us and we believe in staying at the cutting edge of industry standards through consistent innovation.

Support economic growth in the countries we operate

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.

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.

	2018 USD	2017 USD
Simbisa creating Employment		
Direct employment in Zimbabwe is 2566		
Wealth distribution to employee per annum in Zimbabwe	24 893 528	19 234 917
Direct Employment in the Region is 2557		
Wealth distribution to employee per annum in Region	12 698 066	11 843 496
Simbisa supporting Industry Growth		
Purchase from suppliers of raw materials and finished goods per annum in Zimbabwe	69 276 543	45 878 973
Purchase from suppliers of raw materials and finished goods per annum in Region	28 039 033	26 207 108

Sustainability report continued

Defined Contribution Pension Plan

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 and National Social Security Fund (NSSF) – Kenya. Contributions to the schemes are presented below:

	Unit	2018	2017
Amount Paid	US$	1 122 249	1 011 506

Standards & certification

For the year ending 30 June 2018, Simbisa Brands Limited had the following certification and business memberships:

Certifications

- Food and Drug Authorities Certification
- Takeaway and Restaurant License
- Medical Certificate

Business membership

- Zimbabwe Tourism Authority (ZTA)
- Kenyan Tourism regulatory Authority (KTRA)
- Ghana Tourism Authority (GTA)

Recognition and awards

The Group received the following awards during the period:

- Category Runner up – Highest Asset Turnover Ratio – Zimbabwe Independent Quoted Companies 2018.
- 1st Prize - Service Excellence Award - Contact Centre association of Zimbabwe.

Community Empowerment and Development

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 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.

Community Development and Charity Support

During the year, the following initiatives were conducted:

Initiative	Beneficiary	Support
Orphanages	• Emerald Children's Home • Good Shepherd Children's Home	• Food, clothes & diapers • Financial Support
Health and Nutrition	• Abha Light Foundation, • Mater Dei Hospital • All about Love and Trust Zimbabwe	• Financial Support • Healthcare support • Food Nutrition Donation • Project Support for malnourished children • Donation of sanitary pads
Sport	• Wazito Football Club • Mario Nailenge Football Foundation • Chicken Inn Football Club • Pumping Legs for Water • Tanya Muzinda – Motocross • Ramah Sports Academy Cricket World Cup • Zvishavane Provincial Athletics Event • Mashonaland East Inter-provincial Basketball Tournamnet	• Meals • Sponsorship • Financial support • Medals and Trophies
Community infrastructure and empowerment support	• JCI Greenwod Park • Lions Club of Flacq Pizza Making Master Classes • Zimbabwe Sunshine Group	• Financial support • Food
Education	• Nairobi University • Mutare Teachers College	• Food • Trophies
Animal Welfare	• Society for the Prevention of Cruelty to Animals (SPCA)	• Financial support

Sustainability report continued

Emerald Hill Children's Home

Emerald Hill Children's Home is a home for orphaned and other vulnerable children, located at the summit of Emerald Hill in Zimbabwe's capital city, Harare. Since 1914, the Roman-Catholic Dominican Sisters have provided shelter for children in need.

Today, the home cares for the physical and spiritual well-being of about 90 children aged 3 to 20. The children come from a variety of difficult backgrounds, many of them having been abandoned by their parents or having gone through traumatic experiences of neglect, emotional and physical abuse. Apart from providing food and shelter, Emerald Hill actively focuses on the emotional healing of its children through Christian spirituality in daily life, the engagement of social workers and counsellors, and a number of other creative offers.

After completing their primary education, the boys move to St. Joseph's House for Boys, Belvedere, Harare, while the girls stay until they finish their education; furthermore, they are assisted with job training to become self-sufficient.

Funding and support

Run by the Dominican Sisters, Emerald Hill is a private home that relies on donations for the upkeep and support of the children, including medical care, school tuition, clothing, food and shelter. Simbisa Brands plays a big part in the donations for the home. Simbisa will donate meals and cakes for the children's birthday parties as well as help with any project funding.

For more information
www.simbisabrands.com/responsibility

SPCA

SPCA HARARE

Established in 1911, the Harare SPCA is the oldest Animal Welfare Organisation in Zimbabwe.

The Harare SPCA is a registered, non-profit organisation (PVO 83/67) and acts as the Official Municipal Pound. However it does not receive any government or municipal funding.

Harare SPCA is the first "Go To" place people will consult when their pet is missing – either to report or to search for. Their role is to provide safe sanctuary and care for animals in and around Harare and at the same time endeavour to educate the populace about animal care to prevent ill treatment and cruelty to animals and promote sterilisation. "We cover the whole of the Greater Harare area which includes all high density areas and Ruwa. No animal in need is ever turned away from our doors."

Funding to keep the Society going is reliant on the good will and support of concerned Corporate entities, Individuals and Fund Raising efforts. Simbisa continues to support the Harare SPCA.

For more information
www.simbisabrands.com/responsibility

Mater Heart Run

Simbisa Brands Kenya Limited offered great support in the planning for this years' Mater heart run that is organized by Mater Hospital. We offered the hospital an in-kind partnership of about Kshs 500,000 and allowed them to sell their t-shirts in our outlets to raise funds for the walk.

The run is purely to support kids with heart diseases. Over the years, Mater Heart Run has managed to get three cardiac missions with 134 heart surgeries and 206 catheterization procedures done by their local doctors and partners outside of Kenya. They have also held eight free cardiac outreach camps in various counties through which 14,937 children benefited from free Rheumatic Heart disease screening and health education.

For more information
www.simbisabrands.com/responsibility

JCI Greenwood Park

In partnership with the City of Harare and JCI, Simbisa is continually working with the business and residential community toward a clean and healthy environment.

In order to address the problems faced by the Park, we undertook a 2-year project to fix up Greenwood Park so to increase the number of visitors which will result increased physical activity and the overall health and well-being of the community.

Zvishavane Provincials

We continue to stand firm and true to our values of getting involved with our surrounding communities. We partnered with schools in Zvishavane during their Provincial athletics events. By providing water and financial assistance to the athletes.

Pizza Inn Lions Club

Pizza Inn teamed up with the Lions Club to put on yet another charitable Kids Pizza Makings Masterclass. The masterclass is for children from the local orphanages.

For more information
www.simbisabrands.com/responsibility

Sustainability report continued

Pumping Legs for Water

Hwange National Park was founded in 1929 and encompasses over 14 000 square kilometres. The north and north-west of the park are drained by the Deka and Lukosi rivers and their tributaries, and the far south of the park is drained by the Gwabadzabuya River, a tributary of the Nata River. There are no rivers in the rest of the park, although there are fossil drainage channels in the main camp and Linkwasha areas, which form seasonal wetlands. In these areas without rivers, grassy pan depressions and pans have formed. Some of these pans, such as many of the pans in the Shumba area, fill with rainwater, while others, such as Ngweshla, Shakwanki and Nehimba, are fed by natural groundwater seeps. Many of the pans are additionally supplied by water pumped from underground boreholes.

In 2008 , Colin Gillies of Wildlife Environment Zimbabwe approached the National Parks of Zimbabwe and suggested a 2 day 100 kilometre Mountain Bike Ride through Hwange to raise funds to supplement the cost of pumping water in Hwange National Park as the National Parks Department had limited funds and resources to maintain the engines and pumps.

11 years later as Pumping Legs for Water, they have averaged 180 cyclists over the last few years with this last years entrants reaching over 200 from as far as the UK to the staff at Main Camp and most countries in between.

The money raised each year is administered by Wildlife Environment Zimbabwe for use in maintaining and developing water sources in Hwange National Park. Simbisa Brands was the main sponsor for this event.

For more information
www.simbisabrands.com/responsibility

Ramah Sports Academy Cricket Tournament

True to our values of corporate social responsibility and getting involved in our communities, we partnered with Ramah Sports Academy during their Under 13 Mock Cricket world cup which they held at Alexandra Sports Club in Harare from the 18th to the 21st of April 2018. In support of the grooming of a future sports generation, we made a donation of 2 piecer meals for the duration of the tournament.

Tanya Muzinda

We at team Tanya have over the many years seen the drastic level of impact a child can have in society through their God given talent and ability, especially when us the parents can model forward the vision encompassed within that raw talent into something tangible that the world can eventually buy into as an investment for future generations across in many other parts of the world.

The girl child must not be undermined in their ability of what they can achieve in this life and Tanya is a living example here to encourage others to pursue their goals.

Simbisa was a major sponsor which enabled Tanya to travel to the UK and USA to compete.

Pizza eating competition

Pizza Inn recently teamed up with the amazing Lions Club of Flacq where they organised a Pizza Eating Competition held at the Flacq Coer de Ville in Mauritius.

All money raised was put back into the community through the Lions Club of Flacq's social projects wehich focus on the hungry, disabled and elderly.

Chicken Inn Football Club

As part of our community interface, we sponsor a football club which plays in the Premier League of Zimbabwe. The team was founded in 1997 in Bulawayo and promoted to the premier league in 2011 and is currently managed by Mr. Rahaman Gumbo. The team won the 2015 Premier league title and at the close of the 2017 season.

The team was sitting at 4th position on the log.

Soccer is played by individuals from all walks of life in Zimbabwe and through the club Simbisa assists in keeping the youth of the streets by providing employment for those who make it to play for the first team.

Chicken Inn Football Club has 3 teams in the Bulawayo Province Junior League in the following age groups, under 14, under 16 and under 18. The club also has an under 20 team playing in the ZIFA Bulawayo Province Division 2 league.

Board of Directors

Executives

Basil Dionisio
Group Chief Executive Officer

An experienced operator with more than 38 years of experience across multiple markets and facets of business. Zimbabwean born and raised, Basil has been with Simbisa since its inception and is a founder shareholder. Prior to his appointment as CEO 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 the growing and directing the quick service restaurant business in Zimbabwe and across the greater African region.

In his capacity as Group Chief Executive Officer, Basil has overall responsibility for the business.

Salim Eceolaza
Group Finance Director

Salim is a qualified Chartered Accountant. Salim joined Simbisa Brands Limited as Group Finance Director at its inception and led the unbundling of Innscor Africa Limited's QSR business and subsequent listing of it on the Zimbabwe Stock Exchange, which resulted in the genesis of Simbisa Brands Limited.

Prior to joining Simbisa Brands Limited, Salim successfully co-founded and managed a leading capital markets advisory business in Harare, Zimbabwe.

Salim has varied international business experience from the United Kingdom and United States of America, where he worked at leading professional services firms, KPMG London and PwC New York.

Salim holds a Bachelor of Commerce from the University of Cape Town.

Manoli Vardas
Executive Director

Manoli's career in QSR started with his appointment in 1992 in the capacity of Training and Operations Manager at Steers Holdings (now Famous Brands).

During his time at Famous Brands he was appointed into various brand leadership roles which included Regional Managing Director portfolio for the KwaZulu-Natal and Eastern Cape Regions. Manoli's current portfolio within Simbisa is that of Operations Director for the Region and is responsible for the operational and financial performance of the Quick Service Restaurant, Bakery Production, Wholesale and Retail, and Convenience Store businesses in Kenya, Ghana and the Democratic Republic of Congo, together with overseeing the growth in these markets and future potential markets.

Non-Executives

Addington Bexley 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 a Managing Partner in 2000, and is currently a Senior Partner.

Addington is a former Non-Executive Director of four ZSE listed counters; and a trustee of the National Gallery of Zimbabwe. He is a published contributor to the Zimbabwe Independent Newspaper (Annual Quoted Companies Survey), and The Zimbabwe Stock Exchange Hand Book. 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 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 accountants: KPMG, E&Y and PwC, in tax advisory, tax litigation and finally in Mergers and Acquisition and 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. In 2015, he started his own advisory firm, with focuses 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.

Johnny Tomazos
Non-Executive Director

Johnny Tomazos a business graduate, has been the Chief Executive Officer of Food Fund International (FFI) since April 2013, after serving as Head of International Development. Johnny has been instrumental in leading the evolution and expansion of the company's flagship steakhouse brand The Meat Co, Bentley Bistro & Bar and Eat Greek brands.

Before Johnny was CEO of FFI he spent time gaining practical experience in the food and hospitality industry. He worked in the scullery and kitchen and served guests at front of house. From there he went off to Australia and Europe, earning his way by taking casual jobs. He worked in Michelin-rated restaurants in Paris and later worked in 5-star hotels in London. It gave him invaluable insight into how a company can best meet the expectations of today's well-informed restaurant clientele and this helped Johnny make huge strides with FFI's growth strategy by expanding into the UK, Middle East and Europe.

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 2018, which appear on pages 36 to 79, were prepared by Simbisa Brands Limited finance department under the supervision of the Group Finance Director, Mr Salim Eceolaza. They have been approved by the Board of Directors and are signed on its behalf by:

ABC Chinake
Chairman
26 September 2018

S Eceolaza
Group Finance Director

COMPANY SECRETARY'S CERTIFICATION FOR THE YEAR ENDED 30 JUNE 2018

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by a Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

Prometheus Corporate Services (Private) Limited
Company Secretary
Harare
26 September 2018

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 2018.

Group Results

	30 June 2018 USD	30 June 2017 USD
Profit before tax	20 114 857	9 452 508
Income tax expense	(6 275 194)	(3 669 909)
Profit for the year from continuing operations	13 839 663	5 782 599
Profit for the year from discontinued operations	(13 394)	572 976
Profit for the year from continuing and discontinued operations	13 826 269	6 355 575
Profit for the period attributable to:		
Non-controlling interests	(347 906)	(487 818)
Equity holders of the parent	14 174 175	6 843 393

Dividends

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

	Dividend per share (cents per share)	Amount US$	Date paid or Payable
Interim dividend	0.45	2 505 532	18 May 2018
Final dividend	0.55	3 063 316	29 October 2018

Share Capital

There were no movements in the number of shares in issue during the financial year. Details on shares as at 30 June 2018 are reflected in note 21.2.

Simbisa Brands Share Option Scheme

Details of share options granted during the period are reflected in note 21.3.

Directors and their interests

In terms of the Company's Articles of Association, Mr. A.B.C Chinake 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 21.4 of the financial statements.

Directors' Fees

Members will be asked to approve the payments of the Directors' fees of USD121 549 in respect of the financial year ended 30 June 2018.

Auditors

Members will be asked to approve the remuneration of USD 279 669 of the auditors for the financial year ended 30 June 2018 and to reappoint Ernst & Young as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

ABC Chinake
Chairman
26 September 2018

Prometheus Corporate Services
Company Secretary

Corporate governance

The Directors and Management take responsibility of ensuring that all practices are in line with best practices in coporate governance to give the assurance that the Group is being managed within generally accepted corporate governance practices.

GOVERNANCE AND CONDUCT

Simbisa Brands Limited ("the Group") is committed to best practices and conduct of corporate governance. The Group is currently aligning its corporate governance practices with National Code on Corporate Governance Zimbabwe and other internationally recognised codes of corporate governance. The Directors and Management take responsibility of ensuring that all practices are in line with best practices in corporate governance to give assurance that the Group is being managed within generally accepted corporate governance practices and principles of transparency, integrity, accountability which is in the interests of our shareholders, employees and other stakeholders.

MECHANISMS FOR COMMUNICATION WITH STAKEHOLDERS

The Group provides various platforms for stakeholders to communicate with our Board of Directors and senior management. Such platforms 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. 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.

PROFESSIONAL ADVICE

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 STRUCTURE

The Board of Simbisa Brands Limited currently consists of three executive Directors, and four Non-Executive Directors. The Chairman and the Non-Executive Directors bring a significant amount of experience and intuition to guide an active and ambitious executive management team. The Board meets quarterly to monitor the performance of the Group and its management, as well as to deliberate on operations. Short biographies of each of the Directors are disclosed on pages 26 and 27.

COMMITTEE	MEMBERS	SUMMARY ROLES & RESPONSIBILITIES
Audit and Risk	Amit Gupta (Chairman) Addington Chinake	The Audit Committee assists the Board in the fulfilment of its duties and deals, inter alia, with compliance, internal control and risk management. The Committee comprises of two independent, Non-Executive Directors. An independent Non-Executive Director chairs the committee. The Committee meets at least three times a year with the Group's external and internal auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of the systems of internal control 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 and Nomination	Addington Chinake (Chairman) Zinona Koudounaris Johnny Tomazos	The Remuneration and Nominations Committee comprises 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 who will contribute to the sustainable growth and success of each of the Group's businesses.. Packages primarily include basic salaries, performance-related bonuses and long term, share-based incentives. The Committee 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 Salim Eceolaza Leighton Shaw Manoli Vardas Warren Meares Onias Moyo Misheck Muleya	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.

DIRECTORS' REMUNERATION

Remuneration packages for Executive Directors are determined by our Remuneration Committee. Refer to note 21.3 to the financial statements for details of the Group's share option schemes and note 33.2 for details on key management compensation.

ATTENDANCE OF MEETINGS DURING THE 2018 FINANCIAL YEAR

DIRECTOR	YEAR OF APPOINTMENT	MAIN BOARD	AUDIT AND RISK COMMITTEE	REMUNERATON AND NOMINATION COMMITTEE	EXECUTIVE COMMITTEE
Addington Chinake	2015	4/4	3/3	2/2	
Basil Dionisio	2015	4/4	3/3	2/2	6/6
Salim Eceolaza	2015	4/4	3/3	2/2	6/6
Zinona Koudounaris	2015	4/4		2/2	
Manoli Vardas	2015	4/4			6/6
Amit Gupta	2015	4/4	3/3	2/2	
Johnny Tomazos	2015	2/4			

Number of meetings attended/meetings held during the year

Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SIMBISA BRANDS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Simbisa Brands Limited (the "Group") set out on pages 36 to 79, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2018, and its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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) and other independent requirements applicable to performing audits of financial statements in Zimbabwe. 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the matter
Revenue Recognition	
Revenue from sale of goods was an area of most significance in the audit of the consolidated financial statements in the current year due to the following: - Revenue is a significant component of the group financial statements and key focus area for Management - The completeness and accuracy of revenue is a key audit focus area due to the significant number of sites/sales counters operated by the Group which have a wide geographic spread. - Due to the high volumes of transactions processed between the retail point of sale system and the accounting system there is need for performance of reconciliations between the two systems. - The audit team spent a significant amount of time in the current year validating revenue due to the high volumes of transactions processed - The Group's revenue recognition policy is disclosed in Note 6 (b) of the consolidated financial statements	Our audit procedures included a combination of tests over internal controls over the Group's principal revenue lines and the following substantive procedures: ▪ Performed an assessment of the appropriateness of the Revenue recognition criteria used by Management as per International Financial Reporting (IFRS) requirements. ▪ Engaged our Information Technology (IT) specialists to evaluate IT related controls around initiation, recording and reporting as well as assessment of IT internal controls supporting logical access, manage change and other appropriate application controls relevant to the revenue processes. ▪ We performed substantive analytical review procedures by comparing revenue movements with predetermined trends or expectations. ▪ We re-performed reconciliations between the accounting system and retail point of sale system and agreed amounts to relevant supporting documentation ▪ We performed tests of details on manual journals processed for validity and appropriateness of authorization.

Key Audit Matter	How our audit addressed the matter
Inventory Valuation and Existence	
The existence and valuation of inventory was a key audit matter as it is an area which required significant auditor attention due to the following: - Inventory is dispersed as the Group has a significant number of sites/sales counters that have a wide geographic spread which requires significant investment in audit effort. - The nature of the inventory is mostly perishable items that are susceptible to obsolescence. The provision for obsolete stock or any related write-offs is an area requiring management judgement and is therefore susceptible to bias. We refer to note 6 (n) and note 19 for relevant disclosures.	▪ We attended the year-end inventory counts at the various sites and observed the counting procedures, including management's internal control processes for accounting for all categories of inventories. ▪ We obtained an understanding of the variances noted on the inventory compilation including how they were adjusted for. ▪ We reviewed the inventory valuations in accordance with Group policy and International Accounting Standard 2 ''Inventories". ▪ Assessed management's provision for slow moving and damaged inventories and assessed the need for possible write-offs. ▪ We performed tests at year-end to confirm if inventory is carried below its net realisable value as required by International Accounting Standard 2.

Other Information
Directors are responsible for the other information. The other Information consists of the chairman's statement and directors' responsibility statement which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express 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. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements
The Directors of are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) 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 including whether the use of the going concern basis of accounting is appropriate. The use of the going concern and using the going concern basis of accounting is appropriate unless the directors either intend to liquidate the Group or to cease operations, or has 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 and the company'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 and separate 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 and/or the company 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 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 the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies' Act (Chapter 24:03)

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

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Angwa City
Cnr Julius Nyerere Way/Kwame Nkrumah Avenue
Harare

26 September 2018

Group Statement of Comprehensive Income

for the year ended 30 June 2018

	Notes	30 June 2018 USD	Restated 30 June 2017 USD
Continuing Operations			
Revenue	8	204 729 260	154 148 196
Other income	9	2 436 353	1 145 024
Operating expenses	10	(179 094 653)	(137 747 215)
Operating profit before depreciation, amortisation and impairment		28 070 960	17 546 005
Derecognition of property, plant and equipment		(39 597)	(352 006)
Depreciation and amortisation		(6 478 688)	(6 281 421)
Profit before interest and tax		21 552 675	10 912 578
Interest income	11	137 558	64 972
Interest expense	11	(1 575 376)	(1 525 042)
Profit before tax		20 114 857	9 452 508
Income tax expense	12	(6 275 194)	(3 669 909)
Profit for the year from continuing operations		13 839 663	5 782 599
Discontinued Operations			
(Loss) / Profit for the year from discontinued operations	17	(13 394)	572 976
Profit for the year from continuing and discontinued operations		13 826 269	6 355 575
Other comprehensive income – to be recycled to profit or loss in subsequent periods (net of tax)			
Exchange differences on the translation of foreign operations		174 818	(106 442)
Other comprehensive income for the period, net of tax		174 818	(106 442)
Total comprehensive income for the period		14 001 087	6 249 133
Profit for the period attributable to:			
Equity holders of the parent		14 174 175	6 843 393
Non-controlling interests		(347 906)	(487 818)
		13 826 269	6 355 575
Total comprehensive income for the period attributable to:			
Equity holders of the parent		14 323 830	6 668 825
Non-controlling interests		(322 743)	(419 692)
		14 001 087	6 249 133
Earnings per share (cents)			
Basic earnings per share – continuing operations	7	2.55	1.18
Basic earnings per share – continuing and discontinued operations	7	2.55	1.23
Diluted earnings per share – continuing operations	7	2.51	1.17
Diluted earnings per share – continuing and discontinued operations	7	2.51	1.23

Group Statement of Financial Position

as at 30 June 2018

	Notes	30 June 2018 USD	Restated 30 June 2017 USD
Assets			
Non-current assets			
Property, plant and equipment	14	58 078 244	59 665 479
Intangible assets	15	198 997	199 885
Financial assets	24.1	5 109 709	–
Deferred tax assets	23	1 084 027	973 444
		64 470 977	60 838 808
Current assets			
Current tax assets	12.3	–	40 108
Inventories	19	6 532 558	4 864 854
Trade and other receivables	20	6 666 300	4 308 417
Cash and cash equivalents	13.3	7 174 341	3 414 451
		20 373 199	12 627 830
Total assets		84 844 176	73 466 638
Equity and Liabilities			
Capital and reserves			
Ordinary share capital and share premium	21.2	17 339 703	17 339 703
Other reserves	22	(1 730 988)	(2 240 394)
Distributable reserves		22 845 529	13 963 264
Equity attributable to owners of the parent		38 454 244	29 062 573
Non-controlling interests		(328 392)	(106 221)
Total equity		38 125 852	28 956 352
Non-current liabilities			
Deferred tax liabilities	23	3 546 752	3 799 695
Borrowings	24.2	10 778 951	6 345 677
		14 325 703	10 145 372
Current liabilities			
Borrowings	24.2	6 049 516	11 999 858
Trade and other payables	25	25 890 900	22 099 892
Current tax liabilities	12.3	452 205	265 164
		32 392 621	34 364 914
Total liabilities		46 718 324	44 510 286
Total equity and liabilities		84 844 176	73 466 638

ABC Chinake
Chairman
Harare

Basil Dionisio
Group Chief Executive Officer

26 September 2018

Group Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	Ordinary Share Capital and share premium USD	Other Reserves USD	Retained Earnings USD	Total USD	Non-controlling Interest USD	Total Equity USD
		Attributable to Equity Holders of the Parent					
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 year		–	–	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	22 & 16.2 & 17	–	(194 972)	(1 505 772)	(1 700 744)	360 572	(1 340 172)
Share based payments charge	21.3	–	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
Balance at 1 July 2016		17 339 703	(2 134 392)	9 068 619	24 273 930	408 179	24 682 109
Profit for the year		–	–	6 843 393	6 843 393	(487 818)	6 355 575
Other comprehensive income		–	(174 569)	–	(174 569)	68 127	(106 442)
Total comprehensive income		–	(174 569)	6 843 393	6 668 824	(419 691)	6 249 133
Increase in non controlling interest *	22 & 16.2 & 17					338 332	338 332
Share based payments charge	21.3	–	68 567	–	68 567	–	68 567
Dividends		–		(1 948 748)	(1 948 748)	(433 041)	(2 381 789)
Balance at 30 June 2017		17 339 703	(2 240 394)	13 963 264	29 062 573	(106 221)	28 956 352

* increase in non-controlling interest is a result of capital injection from non-controlling interests

Group Statement of Cash Flows

for the year ended 30 June 2018

	Notes	30 June 2018 USD	Restated 30 June 2017 USD
Cash generated from operations	13.1	28 300 554	21 057 665
Interest received	11	137 558	64 972
Interest paid	11	(1 575 376)	(1 525 042)
Income tax paid	12.3	(6 449 161)	(3 780 343)
Net cash flow from operating activities		20 413 575	15 817 252
Investing activities			
Additions to property plant and equipment	14	(7 154 859)	(10 607 421)
Proceeds on disposal of property, plant and equipment		109 578	184 535
Disposal of subsdiary		(21 209)	–
Investment in loan receivable		(4 031 233)	–
Net cash outflow from investing activities		(11 097 723)	(10 422 886)
Financing activities			
Dividends paid by holding company		(3 744 050)	(1 875 664)
Dividends paid by subsidiaries to non-controlling interests		(260 000)	(433 041)
Proceeds from borrowings		5 549 948	3 144 464
Repayments of borrowings		(7 081 249)	(3 218 329)
Receipts from non-controlling interests		–	64 998
Payments of amounts outstanding on acquisition of non-controlling interests	13.2	–	(1 513 300)
Net cash (outflow) from financing activities		(5 535 351)	(3 830 872)
Net increase in cash and cash equivalents		3 780 501	1 563 494
Effects of curency translation on cash and cash equivalents		(20 611)	(10 183)
Cash and cash equivalents at beginning of the year		3 414 451	1 861 140
Cash and cash equivalents at the end of the year	13.3	7 174 341	3 414 451

Notes to the Financial Statements

for the year ended 30 June 2018

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 2018 were authorised for issue in accordance with a resolution of the directors on 26 September 2018.

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).

2.1 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 United States Dollars ("USD") which is the reporting entity's functional currency and figures are not rounded.

2.2 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. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. 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; and
- 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; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings as appropriate.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements in the prior year.

4.1 New and amended standards and interpretations issued and effective

The nature and the impact of each new standard or amendment is described below and did not have a material impact on the annual consolidated financial statements of the Group.

a. Amendments to IAS 34: Interim Financial Reporting.

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively. The Group will consider the amendment in preparing its interim financial statements.

b. Amendments to IAS 1: Disclosure initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements as follows:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and other comprehensive income (OCI) and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements; and
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments do not have an impact on the Group.

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 listed below. The Group intends to adopt those standards when they become effective.

a. Classification and Measurement of Share-based Payment Transaction – Amendments to IFRS 2

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 amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

Notes to the Financial Statements continued

for the year ended 30 June 2018

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES CONTINUED

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

b. IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group is currently assessing the impact of IFRS 9, on the Group's financial statements.

c. IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is 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.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group's revenue is cash based with payment for goods being received prior to the customer receiving his/her food. Due to the nature of the business, IFRS 15 will have very little or no impact on the Group.

d. 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.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. 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 embarked on training its various key finance personnel on the requirements of IFRS 16 so that they are equipped. Each finance team with the assistance of consultant 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.

e. IFRIC 22 – Foreign currency transactions and advance considerations

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration.

The amendments do not have an impact on the Group.

f. IFRS 3 – Business combinations – Previously held Interests in a joint operation

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. Earlier application is permitted. The amendments do not have an impact on the Group's consolidated financial statements.

g. IFRS 11 – Joint arrangements – Previously held Interests in a joint operation

The amendment clarifies that, 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. Earlier application is permitted. The amendments do not have an impact on the Group's consolidated financial statements.

h. IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation

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. Earlier application is permitted. The Group is assessing the potential effect of the amendments 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 and within the scope of IAS *39 Financial Instruments: Recognition and Measurement*, 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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

a. Business combinations and Goodwill continued

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.

Common control transactions

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such acquisition does not meet the definition of a business combination in accordance with IFRS 3 'Business Combinations'. The Group's policy is to treat such an acquisition as a group restructuring, using the common control method, as follows:

- the assets, liabilities and reserves of the acquired entity/entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be required by IFRS 3;
- no new goodwill is recognised as a result of the restructuring. The only goodwill recognised is the existing goodwill in the business as reflected in the consolidated financial statements of the selling entity; and
- the statement of comprehensive income reflects the results of the Group from the effective date of such transaction.

b. Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint arrangement. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

c. Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured 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.

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 in finance income in the statement of profit or loss.

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
- 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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d. Taxes continued

Deferred tax continued

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; and
- 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. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

f. 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 27. 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.

g. 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 21.3. 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. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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).

h. 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.

i. Foreign currency translation

The Group's consolidated financial statements are presented in United States 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.

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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

i. Foreign currency translation continued

Transactions and balances continued

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 United States Dollars 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 are 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.

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.

j. 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.

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

Item	Average useful life
Buildings	40 years
Leasehold improvements	lower of 20 years and expected remaining term of lease
Plant and equipment	12 years
Furniture, fixtures and 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.

k. 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.

l. 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.

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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

m. 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 as they are considered an integral part of the Group's cash management.

n. 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.

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:

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, debentures 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 in finance costs for loans and in cost of sales or other operating expenses for receivables. 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.

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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

n. Financial instruments continued

ii. Financial liabilities continued

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.

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; and
- 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, which include certain financial guarantees, litigation and other letters of credit pledged as collateral security, 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. 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 Directors.

r. Current versus non-current classification

The Group presents assets and liabilities in 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 assets. 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. Determination of the functional currency

The Group's reporting entity (Simbisa Brands Limited) operate in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed if there has been a change in the functional currency used by the segment. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remains United States Dollars (USD). Management concluded that the USD is still the functional currency as presented in the prior year financial statements.

b. 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 14 for the carrying amount of property, plant and equipment and accounting policy note on property, plant and equipment for the useful lives.

c. 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 23 for more information on the deferred tax assets.

Notes to the Financial Statements continued

for the year ended 30 June 2018

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

d. 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.

e. 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 store level by assessing the likelihood of stock write offs based on stock movement historical experience. Refer to note 19.

f. Provision for impairment of accounts receivable

Provision for impairment of receivables is a specific provision made for trade receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period as well as the value of security held over that receivable. Refer to note 20.

g. 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 21.3.

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 averagenumber of ordinary shares in issue after adjusting for the conversion of share options. Share options are consideredfor dilution if the average market price of ordinary shares during the year exceeded the exercise price of suchoptions.

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 2018 USD	**30 June 2017 USD**	**30 June 2018 USD**	**30 June 2017 USD**
7.4 Basic and Diluted Earnings				
Profit attributable to equity holders of the parent (basic and diluted earnings)	14 174 175	6 551 175	14 174 175	6 843 393
	Number of Shares	**Number of Shares**	**Number of Shares**	**Number of Shares**
7.5 Number of shares for Basic and Diluted Earnings Per Share				
Number of ordinary shares in issue	556 784 788	556 784 788	556 784 788	556 784 788
Effects of dilution from share options	8 475 655	785 438	8 475 655	785 438
Weighted average number of ordinary shares in issue adjusted for effects of dilution	565 260 443	557 570 226	565 260 443	557 570 226
	30 June 2018 USD	**30 June 2017 USD**	**30 June 2018 USD**	**30 June 2017 USD**
7.6 Reconciliation of basic earnings to headline earnings				
Profit for the year attributable to equity holders of the parent	14 174 175	6 551 175	14 174 175	6 843 393
Adjustments(gross of tax):				
Profit on disposal of property, plant and equipment	(23 370)	(9 765)	(23 370)	(9 765)
Asset write off/impairment of property, plant and equipment	39 597	352 006	39 597	352 006
Tax effect on adjustments	78	(50 286)	78	(50 286)
Headline earnings attributable to equity holders of the parent	14 190 480	6 843 130	14 190 480	7 135 348
	30 June 2018 US cents	**30 June 2017 US cents**	**30 June 2018 US cents**	**30 June 2017 US cents**
Basic earnings per share	2.55	1.18	2.55	1.23
Diluted earnings per share	2.51	1.17	2.51	1.23
Headline earnings per share	2.55	1.23	2.55	1.28
Diluted headline earnings per share	2.51	1.23	2.51	1.28

At 30 June 2018, 5 400 000 share options (2017: nil) were excluded from the weighted average number of ordinary shares calculation because their effect would be anti-dilutive.

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.

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	Group 30 June 2018 USD	Restated Group 30 June 2017 USD
8. REVENUE		
Sale of goods	202 470 907	152 101 213
Royalty and franchise revenue	2 258 353	2 046 983
	204 729 260	154 148 196
9. OTHER INCOME		
Sundry income*	2 200 829	954 887
Rebates	212 154	180 372
Profit on disposal of property plant and equipment	23 370	9 765
	2 436 353	1 145 024
10. OPERATING EXPENSES		
Raw materials and consumables used	97 315 576	70 338 443
Staff costs	37 592 489	30 115 745
Audit fees and expenses (note 10,1)	279 669	260 748
Operating lease charges - fixed	7 665 712	7 352 131
Operating lease charges - variable	6 544 230	4 897 991
Electricity, water and rates	8 266 517	7 378 153
Repairs and maintenance	3 193 234	2 313 722
Fuel	1 038 162	937 220
Advertising and marketing	4 850 533	4 300 638
Security	1 845 643	1 621 726
Insurance and licenses	1 161 513	1 026 622
Exchange losses	88 431	153 883
Royalty	916 639	393 569
Other operating expenses**	8 336 305	6 656 624
	179 094 653	137 747 215
10.1 Audit fees and expenses		
Current year	279 669	260 748
Fees for other services	–	–
	279 669	260 748
10.2 Key management compensation		
Non-executive directors - fees	121 549	139 316
Key management remuneration	2 061 350	1 754 392
	2 182 899	1 893 708
11. Interest income and expense		
Interest income		
Short-term bank deposits	137 558	64 972
Interest expense		
Borrowings	(1 536 944)	(1 419 732)
Trade and other payables	(38 432)	(105 310)
	(1 575 376)	(1 525 042)
Net interest expense	(1 437 818)	(1 460 070)

* Sundry income mainly includes rent received, sale of scrap, outside catering, commissions and other fees receivable.

** Other operating expenses mainly comprise of administration costs including travel, communication, cleaning, consultancy costs and other general costs.

12. TAX

	Notes	Group 30 June 2018 USD	Restated Group 30 June 2017 USD
12.1 Income tax (credit)/charge			
Current income tax charge		6 677 522	4 362 791
Deferred tax credit		(402 328)	(692 882)
		6 275 194	3 669 909
		%	%
12.2 Tax rate reconciliation			
Zimbabwe normal tax rates		25.75%	25.75%
Adjusted for:			
Depreciation on assets that do not qualify for tax claims		1.15%	1.97%
Disallowable expenditure*		0.87%	0.80%
Tax losses for which deferred tax assets have not been recognised		1.07%	6.23%
Foreign tax rates		2.36%	4.07%
Effective tax rate		31.20%	38.82%
12.3 Movement in current income tax liabilities			
Current income tax (asset)/liability (net) at the beginning of the period		225 056	(374 149)
Amounts charged to profit and loss	12.1	6 677 522	4 397 030
Foreign currency exchange movements		(1 212)	(17 482)
Tax paid		(6 449 161)	(3 780 343)
Current income tax (asset)/liability (net) at the end of the period		452 205	225 056
Net current income tax asset at 30 June is presented as below on the statement of financial position:			
Current tax asset		–	(40 108)
Current tax liability		452 205	265 164
		452 205	225 056

* Disallowable expenditure includes excess pension costs, disallowable entertainment costs, donation costs and other non-deductible expenditure.

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13. CASH FLOW INFORMATION

	Notes	Group 30 June 2018 USD	Restated Group 30 June 2017 USD
13.1 Cash generated from operations			
Profit before tax from continuing operations		20 114 857	9 452 508
Profit before tax from discontinued operations		(13 394)	607 215
Profit before tax		20 101 463	10 059 723
Depreciation	14	6 478 688	6 411 291
Asset write off/impairment of property, plant and equipment	14	39 597	352 006
Profit on disposal of property, plant and equipment	9	(23 370)	(9 765)
Amortisation of intangible assets	15	712	1 370
Unrealised exchange gains		(71 657)	158 335
Share based payments charge	33.1	554 723	68 567
Net interest paid/(received)	11	1 437 818	1 460 070
Inventory written off		–	142 380
Allowance for credit losses	20	67 654	(9 680)
Leave pay provision		371 911	295 450
Other non cash movements		252 907	(185 016)
Cash generated before changes in working capital		29 210 446	18 744 731
(Increase)/decrease in inventories		(1 667 705)	(278 303)
(Increase)/decrease in receivables		(2 717 061)	(1 117 390)
Increase/(decrease) in payables		3 474 874	3 708 627
		28 300 554	21 057 665
13.2 Analysis of cash flows of acquisition of minorities			
Total cash consideration payable at beginning of the period		–	1 513 300
Amount payable to non-controlling shareholders at the end of the period		–	–
Amount paid* to non-controlling interests during the period included in financing activities		–	1 513 300
13.3 Cash and cash Equivalents			
Cash at bank and on hand		7 648 403	3 662 912
Bank overdraft		(474 062)	(248 461)
		7 174 341	3 414 451

13.4 In 2016 the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments. Any foreign payments which are made from bank balances above are ranked based on the Reserve Bank of Zimbabwe prioritisation criteria and paid subject to the banking institution having adequate funds with its foreign correspondent banks. The timing of funds flows is therefore dependent on the approvals the company receives. The amount of bank balances held by the Group with financial institutions regulated by Reserve Bank of Zimbabwe included in cash and cash equivalents above is USD4 677 645 (2017: USD2 059 693).

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold property USD	Leasehold improvements USD	Plant, Fittings & Equipment USD	Motor vehicles USD	Work in progress USD	Group Total USD
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
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
Cost						
At 1 July 2016	86 262	35 235 097	48 888 607	3 187 311	395 514	87 792 791
Additions	1 821 484	3 948 035	3 849 922	448 488	539 492	10 607 421
Disposals	–	(38 482)	(120 515)	(235 355)	(35 305)	(429 657)
Adjustments	(61 847)	(450 603)	825 621	15 912	(154 550)	174 533
Exchange movements	–	36 400	(158 051)	(18 660)	(2 360)	(142 671)
At 30 June 2017	1 845 899	38 730 447	53 285 584	3 397 696	742 791	98 002 417
Depreciation						
At 1 July 2016	–	9 274 479	20 789 803	1 593 137	–	31 657 419
Disposals	–	(45 295)	(45 572)	(160 386)	–	(251 253)
Charge for the year	–	1 811 953	4 338 231	261 107	–	6 411 291
Impairment charge	–	352 006	–	–	–	352 006
Adjustments	–	32 540	140 420	1 573	–	174 533
Exchange movements	–	(4 260)	6 429	(9 227)	–	(7 058)
At 30 June 2017	–	11 421 423	25 229 311	1 686 204	–	38 336 938
Net carrying amount						
At 1 July 2016	86 262	25 960 618	28 098 804	1 594 174	395 514	56 135 372
At 30 June 2017	1 845 899	27 309 024	28 056 273	1 711 492	742 791	59 665 479

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15. INTANGIBLE ASSETS

	Goodwill on acquisition USD	Other USD	Group Total USD
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)
30 June 2017			
Net carrying amount 1 July 2016	197 316	4 326	201 642
Gross carrying amount	197 316	17 239	214 555
Accumulated amortisation	–	(12 913)	(12 913)
Purchase of intangible assets	–	–	–
Amortisation	–	(1 370)	(1 370)
Exchange movements	–	(387)	(387)
Net carrying amount 30 June 2017	197 316	2 569	199 885
Gross carrying amount	197 316	16 852	214 168
Accumulated amortisation	–	(14 283)	(14 283)

Goodwill

The Group performed its annual impairment tests as at 30 June 2018. Goodwill arising on acquisition of subsidiaries has been allocated to cash generating units, i.e. business units. As at 30 June 2018, 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.

16. CHANGES IN INTERESTS IN SUBSIDIARIES

16.1 Acquisition of additional interest in Zambia

On 1 July 2017, the Group's wholly owned subsidiary in Zambia 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 retains 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.

Assets acquired and liabilities assumed

The fair value of the 50% share of identifiable assets and liabilities of QSR Restaurants as at the date of acquisition were:

	1 July 2017 USD
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. The purchase consideration includes 49% shares of Inscor Zambia Limited issued to the local partner and ZMW2 300 000 (Zambian Kwacha) payable to the local partner.

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

16.2 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, increasing its ownership interest to 100%. Consideration of USD 80 000 being receivables set-off was paid to the non-controlling shareholders. At acquisition date, the carrying value of the net assets of the Ghanaian operating entity was USD (1 796 418). The following is the impact of the acquisition:

	1 July 2017 USD
Consideration paid to non-controlling shareholders	80 000
Carrying value of the additional interest acquired	(897 611)
Difference recognised in retained earnings	(817 611)

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16. CHANGES IN INTERESTS IN SUBSIDIARIES CONTINUED

16.3 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, increasing its ownership interest to 87,5%. Consideration of USD 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 Mauritian operating entity was (USD 1 286 700).

	1 July 2017 USD
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 after share issue	420 704
Ownership equity held by Group before share issue	(659 936)
Difference recognised in retained earnings	(686 864)

17. 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 has disposed of its interest in the DRC subsidiary and the partner now operates the brands under a franchise arrangement in this market. The comparative figures have accordingly been restated to reflect this disposal.

17.1 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 QSR operations presented in the operating segment note.

The results of the business unit for the year ended 30 June 2018 are summarised below:

	30 June 2018 USD	30 June 2017 USD
Revenue	–	4 735 470
Other income	–	98 626
Operating expenses	–	(4 095 641)
Operating profit before depreciation, amortisation and impairment	–	738 455
Depreciation and amortisation	–	(131 240)
Profit before interest and tax	–	607 215
Interest income	–	–
Interest expense	–	–
Profit before tax	–	607 215
Income tax expense	–	(34 239)
Profit for the period	–	572 976
Loss on disposal of discontinued operation	(13 394)	–
Profit for the period from dicontinued operation	(13 394)	572 976
Earnings per share		
Basic earnings per share from disconinued operations (cents)	0.00	0.10
Diluted earnings per share from disconinued operations (cents)	0.00	0.10

The major classes of assets and liabilities of the DRC business classified as dicontinued operations as at 30 June 2018:

	30 June 2018 USD	30 June 2017 USD
ASSETS		
Property, plant and equipment	–	2 365 456
Inventory	–	209 561
Trade and other receivables	–	611 515
Bank and cash	–	21 209
	–	3 207 741
LIABILITIES		
Trade and other payables	–	701 517

The net cashflows incurred by DRC business are as follows:

	30 June 2018 USD	30 June 2017 USD
Operating	–	475 714
Investing	–	(12 050)
Financing	–	(546 082)
Net cash (outflow)	–	(82 418)

17.2 Details of sale of subsidiary

As referred to in Note 17.1, on 1 July 2017, the Group disposed of its 51% interest in the DRC subsidiary through a share buy-back by the subsidiary.

	1 July 2017 USD
Details of the disposal are as follows:	
Consideration received	1 278 174
Carrying value of net assets derecognised (note 17.1)	(2 506 224)
Derecognition of 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 / (loss) 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.

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18. GROUP STRUCTURE AND COMPANIES

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

	Country of incorporation	30 June 2018 % interest	30 June 2017 % interest
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%
Simbisa Africa 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%	50.10%
Innscor Congo SARL	DRC	0.00%	51.00%
Simbisa Brands (Mauritius) Limited	Mauritius	87.50%	51.00%
Innscor Foods Zambia Limited	Zambia	100.00%	100.00%
Innscor Zambia Limited	Zambia	51.00%	100.00%
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%

19. INVENTORIES

	Group	
	30 June 2018 USD	30 June 2017 USD
Consumable stores	851 119	1 821 736
Finished products	907 136	510 960
Raw materials and packaging	4 442 982	2 506 755
Goods in transit	331 321	25 403
	6 532 558	4 864 854

The amount of write -down of inventories recognised as an expense in the statement of profit and loss is USD nil (2017 USD 142 380). USD 169 152 (2017 USD 106 668) of inventories was pledged as security for borrowings.

20. TRADE AND OTHER RECEIVABLES

	Group	
	30 June 2018 USD	30 June 2017 USD
Trade receivables	590 121	592 773
Prepayments	2 101 800	1 566 147
Other receivables	4 051 266	2 158 730
	6 743 187	4 317 650
Allowance for credit losses	(76 887)	(9 233)
	6 666 300	4 308 417

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

Reconciliation of allowance for credit losses is as follows:

	Group	
	30 June 2018 USD	30 June 2017 USD
Balance at the beginning of the period	9 233	18 913
Charge/(Reversal) for the year	67 654	(9 680)
Balance at the end of the period	76 887	9 233

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20. TRADE AND OTHER RECEIVABLES CONTINUED

There were no material collectively impaired trade receivables in the current year. As at 30 June, the ageing analysis of trade receivables was as follows:

	Group	
	30 June 2018 USD	**30 June 2017 USD**
Less than 30 days	164 867	132 491
31 to 60 days	381 946	173 904
61 to 90 days	5 118	24 469
Over 90 days	38 190	261 909
	590 121	592 773

Trade receivables that are less than 30 days past due are not considered to be impaired unless specific circumstances indicate otherwise. On 30 June 2018, trade receivables of USD 164 867 (2017: USD 132 491) were neither past due nor impaired and were fully performing. The quality of the receivables within 30 days is satisfactory based on the payment history trends.

Amounts that were past due but not impaired are as follows:

	Group	
	30 June 2018 USD	**30 June 2017 USD**
31 to 60 days	381 946	173 904
61 to 90 days	5 118	24 469
Over 90 days	38 190	261 909
	425 254	460 282

Trade receivables that were impaired and provided were as follows:

	Group	
	30 June 2018 USD	**30 June 2017 USD**
Over 90 days	76 887	9 233

Other receivables include rebate amounts receivable, amounts advanced to franchised markets, statutory receivables and amounts receivable from minority partners and are receivable between 30 and 60 days.

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

21. ORDINARY SHARE CAPITAL

21.1 Authorised

	2018		2017	
	Number of Shares	**Group and Company USD**	**Number of Shares**	**Group and Company USD**
Ordinary shares of US$ 0.0001 each	999 999 000	100 000	999 999 000	100 000
Non-Voting Class "A" ordinary shares of US$0.0001 each	1 000	0.10	1 000	0.10
	1 000 000 000	100 000	1 000 000 000	100 000

21.2 Issued and fully paid

	Group			
	Number of shares	**Ordinary share capital USD**	**Share premium USD**	**Total USD**
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
30 June 2017				
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

21.3 Share options

As at 30 June 2018, Simbisa Brands Limited had the following share option agreements:

Indigenisation share option agreement

Agreement with the Benvenue Investments (Private) Limited, an indigenous company. 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 fives 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 arising from the Group's indigenisation transaction have no dilutive effect at the end of the financial year.

Simbisa Brands Limited Employee Share Trust

The second indigenisation transaction is with the Simbisa Brands Limited Employee Share Trust. 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 receive discretionary income equivalent to up to 5% of dividend declared by the Board.

No shares options have been granted to date to Simbisa Brands Limited Employee Share Trust. No transactions have occurred to date in Employee Share Trust. The scheme is expected to be effective in the financial year ending 30 June 2019.

Notes to the Financial Statements continued

for the year ended 30 June 2018

21. ORDINARY SHARE CAPITAL CONTINUED

21.3 Share options continued

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 offer 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 Remmuneration Committee applicable to the relevant grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Number of share options outstanding 30 June 2018 USD	Number of share options outstanding 30 June 2017 USD
Balance at the beginning of the period	10 800 000	5 400 000
Granted during the period	5 400 000	5 400 000
Balance at the end of the period	16 200 000	10 800 000

Details of outstanding share options are as follows:

Number of share options	Financial year of option grant	Financial year in which options vest	Remaining useful life of options	Exercise price in US cents per share option	Option fair value at grant date in US cents per share option
5 400 000	June 2016	June 2019	3 months	12.62	2.91
5 400 000	June 2017	June 2020	15 months	12.08	2.91
5 400 000	June 2018	June 2021	27 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 average share price of 13 US cents at the grant date for the options granted in 2016 and 2017 and 77 US cents for the options granted in 2018. the exercise price shown above, volatility of 35% for the options granted in 2016 and 2017 and 40% for the options granted in 2018, dividend yield of 3% for the options granted in 2016 and 2017 and 1.6% for the options granted in 2018. An expected option life of three years and an annual risk-free interest rate of 1% for the options granted in 2016 and 2017 and 1.77% for the options granted in 2018. Expected volatility of the share price was determined by giving consideration to the historical volatility of the Simbisa Brands Limited share price.

21.4 Directors' shareholdings

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

	Group 30 June 2018 USD	Group 30 June 2017 USD
Z Koudounaris	102 829 853	109 973 843
B Dionisio	22 484 058	22 484 058
L Shaw	10 000 000	10 000 000
	135 313 911	142 457 901

22. OTHER RESERVES

	Group		
	Foreign currency translation reserve USD	Share based payments reserve USD	Total other reserves USD
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)
Balance at 1 July 2016	(2 139 039)	4 647	(2 134 392)
Share based payments charge	–	68 567	68 567
Exchange differences arising on translation of foreign subsidiaries	(174 569)	–	(174 569)
Balance at 30 June 2017	(2 313 608)	73 214	(2 240 394)

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. Refer to note 21.3 for further details of this plan.

Notes to the Financial Statements continued

for the year ended 30 June 2018

23. NET DEFERRED TAX LIABILITIES

	Group 30 June 2018 USD	Group 30 June 2017 USD
23.1 Reconciliation		
Balance at the beginning of the period (net)	2 826 251	3 566 476
Charged to profit or loss (note 12)	(402 328)	(692 882)
Exchange movements	38 802	(47 343)
Balance at the end of the period (net)	2 462 725	2 826 251
23.2 Analysis of net deferred tax assets/(liabilities)		
Accelerated depreciation for tax purposes	5 432 274	6 381 427
Accumulated tax losses	(2 664 891)	(3 388 786)
Unrealised exchange gains	(21 884)	(17 987)
Prepayments	(44 919)	4 220
Allowance for credit losses	327	–
Other	(238 182)	(152 623)
	2 462 725	2 826 251
The net deferred tax liability is made up as follows:		
Deferred tax assets	(1 084 027)	(973 444)
Deferred tax liabilities	3 546 752	3 799 695
	2 462 725	2 826 251

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.

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 Financial Assets

	Rate of Interest per annum	Year Repayable	Group 30 June 2018 USD	Group 30 June 2017 USD
Financial assets at amortised cost				
Trade and other receivables - non-interest bearing	nil	On demand	3 609 430	2 742 270
Trade and other receivables - interest bearing	8%	On demand	955 070	–
Long–term receivable (unsecured)	2%	2023	1 303 738	–
Medium term receivable (secured)	3%	2020	3 805 971	–
Total financial assets			9 674 209	2 742 270
Financial assets are presented within the following on the statement of financial position:				
Trade and other receivables			4 564 500	2 742 270
Non-current financial assets			5 109 709	–
Total financial assets			9 674 209	2 742 270

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.

24.2 Borrowings

	Currency	Rate of interest	Year Repayable	Group USD
30 June 2018				
Secured loans				
Regional Operations	GHC	27% to 28%	2018 to 2019	468 154
Unsecured				
Regional Operations medium term debt	USD	5.5% to 12%	2018 to 2021	8 500 651
Regional Operations short term debt	ZMW	28%	2018 to 2019	250 496
Zimbabwe Operations medium term debt	USD	7%	2018 to 2020	5 666 667
Zimbabwe Operations short term debt	USD	7%	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 19)				169 152
30 June 2017				
Secured loans				
Regional Operations	GHC	27% to 28%	2017 to 2019	580 802
Unsecured				
Regional Operations medium term debt	USD	5.5% to 12%	2018 to 2021	4 924 137
Regional Operations short term debt	ZMW	28%	2019	416 373
Zimbabwe Operations medium term debt	USD	7%	2017 to 2021	8 500 000
Zimbabwe Operations short term debt	USD	7%	On demand	3 488 308
Zimbabwe Operations overdraft	USD	7%	On demand	435 915
Total borrowings				18 345 535
Repayable within one year (current borrowings)				11 999 858
Repayable within two to five years (non-current borrowings)				6 345 677
				18 345 535
Collateralised borrowings are secured by inventory (note 19)				106 668

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 2018 based on this formula is USD 28 674 170 (2017: 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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

25. TRADE AND OTHER PAYABLES

	Group 30 June 2018 USD	Group 30 June 2017 USD
Trade payables	12 451 592	10 977 095
Accruals and other payables	10 258 337	9 808 402
Dividends payable to shareholders of the parent	120 196	78 110
Statutory liabilities	3 060 775	1 236 285
	25 890 900	22 099 892

Trade payables are non-interest bearing and are normally settled within 30 to 60 days. Other payables are non-interest bearing and have varying settlement terms between 1 month and 6 months. Included in other payables are other creditors who provide other goods and services which do not form part of the direct costs and services of the business.

26. BUSINESS SEGMENTS

26.1 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.

Year ended 30 June 2018	Zimbabwe USD	Region USD	Intersegment adjustments USD	Total USD
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	4 470 875	(895)	28 070 960
Depreciation and amortisation	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:				
Sale of goods				202 470 907
Royalty income				2 258 353
				204 729 260

Year ended 30 June 2017 (restated)	Zimbabwe USD	Region USD	Intersegment adjustments USD	Total USD
Statement of profit or loss				
Revenue from external customers	100 477 827	53 670 369		154 148 196
Operating profit before depreciation and amortisation	15 579 376	1 966 629		17 546 005
Depreciation and amortisation	4 238 535	2 042 886		6 281 421
Profit before tax	10 541 415	(1 088 907)		9 452 508
Interest expense	845 972	679 070		1 525 042
Interest income	46 544	18 428		64 972
Income tax expense	2 736 098	933 812		3 669 909
Statement of financial position				
Segment assets	51 861 652	26 139 844	(4 534 858)	73 466 638
Segment liabilities	27 387 475	17 862 756	(739 945)	44 510 286
Capital expenditure	7 453 984	3 153 437	–	10 607 421
Entity-wide information				
Analysis of revenue by products and services:				
Sale of goods				152 101 213
Royalty income				2 046 983
				154 148 196

Information about major customers

The customer base of the Group is widely dispersed and no single external customer accounts more than 10% of the Group's revenue.

27. PENSION FUNDS

Simbisa Brands Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 1 January 2016. 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 USD700.

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.

Notes to the Financial Statements continued

for the year ended 30 June 2018

27. PENSION FUNDS CONTINUED

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.

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 Employee's contributes 3% and Employer 6%.

Institut National de Securite Social (INSS) – DRC

The National Insurance Fund is a social security fund whereby the employee contributes 3,5% and the employer 9%.

Social Security Commission – Namibia

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 2018 USD	Group 2017 USD
Simbisa Brands Pension Fund	559 062	478 907
National Social Security Authority - Zimbabwe	357 575	302 395
Social Security and National Insurance Trust - Ghana	35 857	35 319
National Pension Scheme Authority - Zambia	63 801	62 761
National Social Security Fund - Kenya	39 194	37 213
National Savings Fund - Mauritius	66 278	53 007
Social Security Commission - Namibia	482	77
Institut National de Securite Social - DRC	–	41 827
	1 122 249	1 011 506

28. 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 IAS 39 Financial instruments: Recognition and Measurement category:

	Group 2018 USD	Group 2017 USD
Financial assets		
Loans and receivables		
Trade and other receivables (excluding prepayments)	4 641 387	2 742 270
Cash and cash equivalents	7 174 341	3 414 451
	11 815 728	6 156 721
Financial liabilities		
Measured at amortised cost		
Borrowings	16 828 467	18 345 535
Trade and other payables (excluding statutory liabilities)	22 830 125	20 863 607
	39 658 592	39 209 142

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

28.1 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 2018 USD	Group 2017 USD
Effect on profit before tax		
Decrease of 0.3% in interest rates	34 125	37 548
Increase of 0.3% in interest rates	(34 125)	(37 548)

Notes to the Financial Statements continued

for the year ended 30 June 2018

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

28.2 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 2018			
South African Rand	–	–	–
30 June 2017			
South African Rand	–	177 999	177 999

There is no impact on equity.

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

Currency	Assets	Net position
30 June 2018		
South African Rand	+5%	–
30 June 2017		
South African Rand	+5%	8 476

28.3 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 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.

Credit risk consists mainly of cash deposits, cash equivalents and trade and other receivables.

The maximum exposure arising from default equals the carrying amount of these instruments.

28.4 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 assets and liabilities:

	Less than 3 months USD	Between 3 months and 1 year USD	Between 1 and 4 years USD	Over 4 years USD	Total USD
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 June 2017					
Liabilities					
Interest-bearing borrowings	7 210 783	5 777 349	7 481 082	–	20 469 214
Trade and other payables	17 000 268	4 820 303	279 321		22 099 892
Total	24 211 051	10 597 652	7 760 403	–	42 569 106

29. 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 2018 USD	Group 2017 USD
Total borrowings	16 828 467	18 345 535
Less cash and cash equivalents	(7 174 341)	(3 414 451)
Net debt	9 654 126	14 931 084
Total Equity	38 125 852	28 956 352
Gearing ratio	20%	34%

Notes to the Financial Statements continued

for the year ended 30 June 2018

30. 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 2018		Group 2017	
	Statement of profit/ loss and other comprehensive income FX : USD 1	Statement of Financial position FX : USD 1	Statement of profit/ loss and other comprehensive income FX : USD 1	Statement of Financial position FX : USD 1
South African Rand	13.79	13.05	13.05	13.05
Kenya Shilling	102.25	103.70	102.34	103.70
Ghanaian Cedi	4.57	4.36	4.14	4.36
Mauritian Rupee	34.47	34.30	34.89	34.30
Zambian Kwacha	9.51	9.09	9.67	9.09

31. 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 2018 USD	Group 2017 USD
Payable within the next 12 months	10 348 903	10 498 969
Payable within 2 to 5 years	25 773 904	28 172 880
Payable thereafter	7 557 241	7 878 106
	43 680 048	46 549 955

32. CAPITAL EXPENDITURE COMMITMENTS

Approved by the directors and contracted for	1 886 177	371 180
Approved by the directors but not contracted for	4 794 573	7 416 314
	6 680 750	7 787 494

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

33. RELATED PARTY TRANSACTIONS

33.1 Key management compensation

	Group 30 June 2018 USD	Group 30 June 2017 USD
Short-term employee benefits	2 030 984	1 724 026
Post-employment benefits	30 366	30 366
Share based payment transactions	554 723	68 567
	2 616 073	1 822 959

33.2 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 2018 USD	Group 2017 USD
Statement of profit or loss		
Professional fees paid	203 640	203 640
Interest paid on loans from directors	123 438	97 416
Statement of financial position		
Loans to Directors	81 931	71 742
Loans from Director related entities (included under borrowings)	1 812 332	1 708 185

34. CONTINGENT LIABILITIES

The Group operates in different geographies and was subject to 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.

35. EVENTS AFTER REPORTING DATE

There have been no significant events after the reporting date which require disclosure and/or amendments to the financial statements.

Company Statement of Financial Position

as at 30 June 2018

	Notes	30 June 2018 USD	30 June 2017 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	A	18 373 998	18 373 998
Deferred tax assets		174 890	44 865
Financial assets		3 805 971	–
		22 354 859	18 418 863
Current assets			
Loans receivable from Group companies	B	2 294 671	11 374 548
Trade and other receivables	C	3 467 797	2 507 967
Cash and cash equivalents		49 506	127 332
		5 811 974	14 009 847
Total assets		28 166 833	32 428 710
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	21	17 339 703	17 339 703
Other reserves		627 937	73 214
Distributable reserves		420 275	472 544
Total Equity		18 387 915	17 885 461
Non-current liabilities			
Borrowings		4 958 334	5 666 667
Current liabilities			
Borrowings		2 650 833	6 321 641
Trade and other payables	D	2 169 751	2 554 941
		4 820 584	8 876 582
Total liabilities		9 778 918	14 543 249
Total equity and liabilities		28 166 833	32 428 710

The above Statement of Financial Position should be read in conjunction with accompanying notes.

ABC Chinake
Chairman
26 September 2018

Basil Dionisio'
Group Chief Executive Officer

Notes to the Company Statement of Financial Position

for the year ended 30 June 2018

A. Investment in subsidiaries

The movement of the Company's investments in subsidiaries is as follows:

	2018 US$	2017 US$
Balance at beginning of the period	18 373 998	18 373 998
Balance at end of the period	18 373 998	18 373 998

B. Loans due from Group companies

	2018 US$	2017 US$
Loans due from Group Companies	2 294 671	11 374 548

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

C. TRADE AND OTHER RECEIVABLES

	2018 US$	2017 US$
Prepayments	153 791	18 417
Amounts due from Group of Companies	3 314 006	2 489 550
	3 467 797	2 507 967

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

D. TRADE AND OTHER PAYABLES

	2018 US$	2017 US$
Amounts due to Group of Companies	2 016 168	2 464 086
Other payables	153 583	90 855
	2 169 751	2 554 941

Shareholder information

TOP 20 SHAREHOLDERS

Company	Shares %
ZMD Investments (Private) Limited	18.47%
Stanbic Nominees (Private) Limited	18.44%
H M Barbour (Private) Limited	17.96%
Old Mutual Life Assurance Company Zimbabwe Limited	10.03%
Scb Nominees	4.14%
Sarcor Investments (Private) Limited	4.04%
Pharaoh Limited	2.13%
Stone House Trust-NNR	1.80%
Mining Industry Pension Fund	1.48%
Old Mutual Zimbabwe Limited	1.41%
Music Ventures (Private) Limited	1.34%
City And General Holdings P/L	1.23%
General Electronics (Private) Limited	0.81%
Warren Meares	0.79%
Schutex Investments (Private) Limited	0.78%
J-Soft (Private) Limited	0.71%
National Social Security Authority	0.64%
Old Mutual Insurance Company (Private) Limited	0.60%
Norton Textiles (Private) Limited	0.43%
Tresemme Investments (Private) Limited	0.38%
Other	12.41%

SHARE ANALYSIS BY VOLUME
as at 30 June 2018

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	2 100 238	0.38	3 173	80.8
5001-10000	1 275 124	0.23	172	4.38
10001-25000	2 221 203	0.4	136	3.46
25001-50000	3 674 987	0.66	101	2.57
50001-100001	5 611 114	1.01	78	1.99
100001-200000	12 964 939	2.33	90	2.29
200001-500000	28 038 516	5.04	90	2.29
500001-1000000	22 043 417	3.96	31	0.79
1000001 and Above	478 855 250	86	56	1.43
Totals	556 784 788	100	3,927	100

SHARE ANALYSIS BY INDUSTRY
as at 30 June 2018

Industry	Shares	Shares %	Shareholders	Shareholders %
Local Companies	278 868 426	50.09	466	11.87
Pension Funds	84 888 972	15.25	308	7.84
Foreign Nominee	75 657 691	13.59	24	0.61
Insurance Companies	63 911 135	11.48	42	1.07
Local Individual Resident	15 519 456	2.79	2,677	68.17
New Non Resident	13 347 284	2.40	93	2.37
Foreign Companies	11 855 278	2.13	6	0.15
Local Nominee	8 491 919	1.53	90	2.29
Other Investments & Trust	1 531 965	0.28	142	3.62
Trusts	1 387 603	0.25	10	0.25
Fund Managers	623 386	0.11	13	0.33
Charitable	483 905	0.09	18	0.46
Government / Quasi	100 000	0.02	1	0.03
Banks	48 475	0.01	2	0.05
Deceased Estates	46 910	0.01	33	0.84
Foreign Individual Resident	22 383	0	2	0.05
Totals	556 784 788	100	3 927	100

Shareholder information continued

SHARE ANALYSIS BY DOMICILE
as at 30 June 2018

Country	Shares	Shares %	Shareholders	Shareholders %
Zimbabwe	453 650 867	81.48	3,218	81.95
USA	65 983 907	11.85	22	0.56
Mauritius	16 471 924	2.96	09	0.23
Virgin Islands, U.S.	11 845 483	2.13	01	0.03
Belgium	7 212 833	1.30	04	0.10
Address Unknown	1 307 131	0.23	585	14.90
South Africa	120 311	0.02	54	1.38
United Kingdom	52 613	0.01	15	0.38
Mozambique	45 000	0.01	01	0.03
Japan	41 141	0.01	01	0.03
Germany	23 282	0	02	0.05
Cayman Islands	10 058	0	03	0.08
Australia	4 973	0	05	0.13
Namibia	4 971	0	02	0.05
Canada	4 430	0	02	0.05
Ghana	3 565	0	01	0.03
New Zealand	2 241	0	01	0.03
Kenya	58	0	01	0.03
Totals	556 784 788	100	3 927	100

Notice to Members

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of Simbisa Brands Limited will be held at Standards Association of Zimbabwe, Northend Close, Borrowdale on 23 November 2018 at 0815hrs 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 2018.

2. Re-election of Directors

To re-elect Directors, on individual motions, who retire by rotation, in terms of Article 89 of the Articles of Association. Mr. A.B.C Chinake and Mr. Amit Gupta, retire by rotation and being eligible offer themselves for re-election.

To note the following Changes to the Board of Directors

a) Mr. Salim Eceolaza retired from the Board with effect from 28 September 2018 to take up the post of Managing Director of Simbisa Brands Kenya Limited. We thank him for his services to the Company as Finance Director;

b) Messrs. Leighton Shaw and Manoli Vardas retired from the Board with effect from 1 July 2018 and 28 September 2018 respectively.

Their retirements allow for the majority of the Board to be made up of Independent Directors.

We thank them for thier services to the Company.

3. Directors' Remuneration

To approve fees accrued to Directors for the twelve months ended 30 June 2018.

4. Auditors

To approve the remuneration of the Independent Auditors for the twelve months ended 30 June 2018 and to re-appoint auditors for the ensuing year. Ernst and Young of Harare have indicated their willingness to continue as Independent Auditors to the Company for the ensuing year.

5. Share Buy-back

To consider and, if deemed fit, to pass with or without modifications, the following ordinary resolution:

That the Company authorizes 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

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.

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

6. 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

Prometheus Corporate Services

COMPANY SECRETARY

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

3RD 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 23 November 2018 at 08.15 hours and at any adjournment thereof.

Signed this .... day of 2018

Signature of member ....

Note

1. In terms of section 129 of the Zimbabwe 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 ....

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

Barclays Bank of Zimbabwe Limited

Principal Legal Advisors

Lunga Gonese 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

Third Annual General Meeting	23 November 2018
Interim financial results for the 6 months to 31 December 2018 published	26 March 2019
Abridged financial results for the year ended 30 June 2019 published	24 September 2019
Annual report for the year ended 30 June 2019 published	22 November 2019
Fourth Annual General Meeting	22 November 2019

Affix Stamp Here

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

Email: enquiries@corpserve.co.zw

GRI Content Index 'Core'

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE (S)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
GRI102-14	8-9	Not Assured
ORGANISATIONAL PROFILE		
GRI102-1	Cover	Assured
GRI102-2	6	Not Assured
GRI102-3	86	Assured
GRI102-4	5	Not Assured
GRI102-5	82	Not Assured
GRI102-6	7	Not Assured
GRI102-7	7,64	Assured
GRI102-8	18-19	Not Assured
GRI102-41	N/A	Not Assured
GRI102-9	14	Not Assured
GRI102-10	62	Assured
GRI102-11	30	Not Assured
GRI102-12	19-20; 22-25	Not Assured
GRI102-13	21	Not Assured
INDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
GRI102-45	62, 64	Assured
GRI102-46	14	Not Assured
GRI102-47	14	Not Assured
GRI103-1	15	Not Assured
GRI103-1	15	Not Assured
GRI102-48	N/A	Not Assured
GRI102-49	N/A	Not Assured
STAKEHOLDER ENGAGEMENT		
GRI102-40	15-16	Not Assured
GRI102-42	15-16	Not Assured
GRI102-43	15-16	Not Assured
GRI102-44	15-16	Not Assured
REPORT PROFILE		
GRI102-50	IFC	Not Assured
GRI102-51	14	Not Assured
GRI102-52	IFC	Not Assured
GRI102-53	IFC	Not Assured
GRI102-54	IFC, 14	Not Assured
GRI102-55	N/A	Not Assured
GOVERNANCE		
GRI102-18	14	Not Assured
ETHICS AND INTEGRITY		
GRI102-16	14	Not Assured

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS: DMA AND INDICATORS	PAGE (s)	OMMISSION	EXTERNAL ASSURANCE
ECONOMIC			
Economic Performance			
GRI201-1: Direct Economic Value Generated and distributed	19, 36	N/A	Assured
GRI201-3: Coverage of the organisation's defined Contribution plan obligation	20	N/A	Assured
GRI201-4: Finance Assistance from Government	N/A	N/A	Not Assured
ENVIRONMENTAL			
Materials			
GRI301-1: Materials used by weight or volume	17	N/A	Not Assured
Energy			
GRI302-1: Energy consumption within the organisation	17	N/A	Not Assured
GRI302-2: Energy Consumption outside the organisation	17	N/A	Not Assured
Water			
GRI303-1: Water withdrawn by source	18	N/A	Not Assured
Effluent and Waste			
GRI306-2: Total weight of waste by type and disposal method	17	N/A	Not Assured
SOCIAL			
Employment			
GRI401-1: Total number and rates of new employee hires and employee turnover	N/A	N/A	Not Assured
GRI403-2: Total injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	18	N/A	Not Assured
Training and Education			
GRI404-1: Average hours of training per year per employee	18	N/A	Not Assured
Product Responsibility			
GRI102-43-44: Approach to stakeholder engagement Key topics and concerns raised	15-16	N/A	Not Assured

Notes

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