INNSCOR AFRICA LIMITED

Audited Abridged Group Financial Results

FOR THE YEAR ENDED 30 JUNE 2020

INNSCOR Africa Limited

Our passion for **value creation**

Salient Features

	INFLATION-ADJUSTED		HISTORICAL	
		30 June 2020 audited ZWL		30 June 2020 unaudited ZWL
Revenue	24%	23 938 405 204	768%	11 159 426 972
Operating profit	54%	3 859 409 320	1221%	3 409 171 103
Profit for the year	97%	3 636 433 453	1749%	4 416 583 427
Basic earnings per share (cents)	84%	449.97	1625%	546.50
Headline earnings per share (cents)	84%	450.56	1652%	546.34
Cash generated from operating activities	253%	465 599 015	2305%	949 422 580
Cash dividend declared per share (cents)	112%	120.81	995%	113.73

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These abridged Group financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for provisional annual financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements except for the effect of adopting the requirements of IFRS 16 (Leases) which increased the Group's assets and liabilities and which had a minimal net impact on the Group's Statement of Profit and Loss and Other Comprehensive Income.

CAUTIONARY STATEMENT- RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR 2019/2020

The Directors would like to advise users to exercise caution in their use of these provisional annual financial statements due to the material, and pervasive impact of the technicalities brought about by the change in functional currency in February 2019, its consequent effect on the usefulness of the financial statements for 2019/2020 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these provisional annual financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of the information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

As noted in the Group's 2019 annual report, the Directors have always ensured compliance with IFRS, but remain unable to do so due to the conflict between these Standards and local statutory requirements that occurred as a result of the change in functional and reporting currency in the prior year.

ADOPTION OF IAS 29 (FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES)

Having assessed the impact of hyperinflation in the economy, the Public Accountants and Auditors Board (PAAB), advised that the conditions for adopting IAS 29, were satisfied with effect from 1 July 2019. IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. The Group has complied with this requirement, and financial commentary is therefore based on these inflation-adjusted financial statements. Financial statements prepared under the historical cost convention, have also been presented as supplementary information.

AUDITOR'S STATEMENT

These abridged Group annual financial statements should be read in conjunction with the complete set of the Group annual financial statements for the year ended 30 June 2020. The Group's annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe). Ernst & Young have issued an adverse opinion as a result of non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) and IAS 8 (Accounting policies, changes in accounting estimates and errors). The auditor's report on the Group's annual financial statements, from which these abridged Group annual financial statements are extracted, is available for inspection at the Company's registered office.

SUSTAINABILITY REPORTING

As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group continues to apply the Global Reporting Initiatives (GRI) standards. Over the years, the Group aligned its sustainability reporting using GRI standards with corresponding Sustainable Development Goals (SDGs) demonstrating the Group's commitment and contribution to sustainable development within the environments that the Group operates. The Group continues to strengthen sustainability practices and values across its operations to ensure that long-term business success is achieved sustainably.

OPERATING ENVIRONMENT AND OVERVIEW

The Group traded in challenging economic conditions throughout the financial year under review. Despite well-intended fiscal and monetary initiatives, the operating environment remained fluid, underpinned by diminishing consumer and business confidence and compounded by exogenous shocks, including the unprecedented COVID-19 global pandemic. Notwithstanding the above, the Group proved resilient with pleasing growth realised in many categories; a testament to the extensive and diversified portfolio of businesses.

A persistent hyperinflationary environment characterised the period under review and business units were required to continually review pricing to ensure relevance in their respective markets, while overhead control remained a critical management area. Paid-up inventory levels also remained a critical success factor for the Group; ensuring uninterrupted operations and the ability to supply goods to our markets during these challenging times.

Constrained local liquidity further exacerbated the effects of the inflationary environment; current gearing levels are sub-optimal and have required the deployment of substantial levels of profit back into inventory. The Group continues to work closely with its financial institution partners to secure the necessary funding to support its growth and the associated increased values of working capital.

As reported in the interim results statement, and subsequent quarterly trading update, the effect of the 2019 drought on local agricultural production has meant that the Group has had to source most of its primary raw materials through imports during the financial year under review. Whilst this does add to the cost profile of the final manufactured product, there was some respite in regional commodity pricing towards financial year-end.

Government progressively reduced its subsidy programmes during the year, with specifically targeted maize meal variants being the only subsidised basic food commodity during the second half of the year. Whilst the need to assist the vulnerable remains through well-targeted programmes, this overall policy migration is welcomed and will result in increased competition, which is expected to yield competitive pricing for consumers.

The Group took an extremely proactive approach in response to the COVID-19 global pandemic, with extensive staff education programmes held before, and during the onset of the disease locally, combined with the early implementation of the World Health Organisation's (WHO) recommended control measures at all its facilities. The knock-on effects of the painful, but necessary, restrictive measures employed by the authorities resulted in severe operational disruptions and curtailed consumer demand in numerous categories. The Group continues to adopt WHO best practices toward mitigating against the effects of the COVID-19 global pandemic on production to assist in the uninterrupted supply of all its products to the local market.

FINANCIAL PERFORMANCE

As noted earlier in this statement, the Group's financial results and commentary have been prepared on an inflation-adjusted basis as required by IAS 29. Financial statements prepared under the historical cost convention have also been presented as supplementary information.

The Group posted revenue of ZWL23.938bn during the year under review, representing a 24% increase on the comparative year. Revenue growth was achieved on the back of mixed volume performance, the gradual removal of subsidies on most products, as well as inflation-induced price adjustments.

The Group's improved product mix, coupled with a well-priced strategic raw material investment and enhanced production and overhead efficiencies, combined to deliver an operating profit of ZWL3.859bn for the year under review, representing a growth of 54% over the comparative year.

The Group's financial income was dominated by revaluation gains on financial assets whilst fair value losses on biological assets resulted from the reduction in the real market value of parts of the Group's livestock herds, and represents lower real sales pricing being realised within the protein markets. The increase in the depreciation charge to ZWL0.606bn arose primarily as a result of additions to fixed assets and a small adjustment resulting from the initial adoption of IFRS16 (Leases).

Notwithstanding the reduction in net gearing levels, resulting from scarce liquidity and the steady devaluation of the local currency; the net interest expense increased, mainly due to the various monetary policy measures that resulted in a higher cost of borrowing from local financial institutions.

The Group's associates delivered a pleasing increase in earnings with all business units contributing positively to the overall result. A monetary gain of ZWL0.263bn was recorded during the year under review, indicating the efficient deployment of resources to non-monetary assets.

Profit before tax for the year at ZWL4.544bn was 69% ahead of the comparative year, whilst overall current annual headline earnings per share of 450.56 ZWL cents showed an 84% increase versus the same period.

The increase in other comprehensive income to ZWL1.486bn is largely attributable to exchange differences arising on the translation of foreign operations.

The Group's Statement of Financial Position remained robust, with a strong asset base supported by fixed assets and inventory positions; net debt was negative at year-end.

The Group's free cash generation was pleasing following strong operational cash flows during the year, whilst capital expenditure was limited to critical maintenance initiatives.

OPERATIONS REVIEW

MILL-BAKE

This reporting segment contains the results from the Group's Bakery division, National Foods, and the Group's non-controlling interest in Profeeds.

In the **Bakery Division**, overall annual loaf volumes declined by 36% against the comparative year. Limited flour availability at the necessary pricing level required to maintain loaf pricing within the regulated pricing framework characterised the first half of the financial year, resulting in lower production. In the second half of the year, and after a reasonable third quarter, volumes were severely affected in April and May following limited accessibility to the large informal sector and reduced trading hours in the formal market as a result of the COVID-19 lock-down restrictions. The gradual easing of trading restrictions saw volumes recovering in June, and this has continued to be the trend in the early part of the new financial year.

The business continues to work with the relevant authorities to achieve efficient pricing frameworks that meet the requirements of all stakeholders in the value chain. Focus remains on re-building the volume base to prelock-down levels, widening the product offering, investigating sustainable auxiliary power and water solutions and further automating production.

National Foods delivered a solid performance, notwithstanding a 25% volume drop against the comparative year to 456,000mt, driven largely by reduced consumer purchasing power.

The operation's Maize division continues to play a vital role for the nation, working together with Government in operationalising its maize subsidy programme; the business has milled in excess of 61,000mt of product for the initiative since launching in December 2019. In support of this programme, both the Mutare and Masvingo (Masvingo plant last operated in 1998) mills were re-opened to facilitate product availability and to assist Government in offering relief to the vulnerable sectors of society.

The operation's innovation programme continues to develop and introduce new products. The "Pearlenta Nutri-Active" and the "Allegros Popticorn" products launched during the year under review and delivered above-target volumes, providing pleasing growth in new categories for the Group.

The business closed the year with a strong raw material pipeline, the management of which remains a key focus area for the financial year ahead.

Profeeds, an associate company of the Group, recorded a 36% decrease in feed volumes and a 25% decrease in day-old chick volumes against the comparative year. The majority of this volume decline was within the retail platform, which serves the small-scale segment of the market, and was a reflection of subdued consumer spending, evolving consumer demand in response to market trading conditions, and the effect the COVID-19 lock-down restrictions had on market dynamics.

The re-branding of the "Profarmer" retail network into an all-encompassing agricultural offering is progressing well, with pleasing results from the upgraded stores. The retail arm continues to expand its offering and reach with a strong value proposition to the consumer.

The introduction and commissioning of additional fish feed capacity added above-forecast volumes to the year's results. Investment into additional product capability and capacity will continue in the year ahead allowing for further product diversification.

During the latter part of the year under review, the Competitions and Tariff's Commission (CTC) directed that the Group's non-controlling investment in Profeeds be disallowed; it directed the Group to divest from Profeeds and furthermore levied a fine against the Group in the amount of ZWL40.594m. The matter is currently being appealed through the judicial system, and no provision for this fine has been made in these results.

PROTEIN

This reporting segment comprises the results of Colcom, Irvine's, Associated Meat Packers (AMP), and the "Texas Meats" and "Texas Chicken" branded store network.

The **Colcom** division, comprising Triple C Pigs and Colcom Foods experienced an 18% decline in overall sales volumes year on year. Apart from the fresh pork category, which continued to show pleasing volume growth, all other categories showed a volume decline versus the comparative year.

Pig production grew by 4% from the comparative year, with over 103,000 animals processed during the year; a pleasing result and one that stems from improved genetics and production efficiencies across the herd. Further production increases from these initiatives are expected to increase in the year ahead.

During the last quarter of the year, the business donated in excess of 12,000 piglets in support of the Presidential Livestock Programme, fostering the theme of agricultural self-sustainability.

Irvine's recorded a 13% volume growth in table eggs during the year under review, with the volumes achieved being a record high for the business. Frozen chicken volumes were however 21% behind the comparative year, whilst day-old chick volumes were down by 27% as demand reduced in the small-scale farmer market in response to the current economic conditions, diminished crop yields and the disruptive effects of COVID-19 lock-down measures.

The business continues to execute on its long-term strategy of investing in further table egg automation, as well as additional hatchery facilities; projects which are essential in ensuring lowest-cost production.

Volumes at the **AMP Group** were pleasing during the year under review, growing 7% against those recorded in the comparative year. Volume performance was enhanced by the continued growth of the retail network, which saw the opening of the first "Texas Meat Market" outlet in Bulawayo; this concept is a new "one-stop" protein shopping experience. Further expansion was realised through the opening of Texas Meats in Bulawayo, and Texas Chicken retails outlets in Zvishavane, Mutare and Gwanda during the year.

OTHER LIGHT MANUFACTURING AND SERVICES

This reporting segment comprises the results of Natpak, Prodairy, Probottlers, and the Group's non-controlling interests in Probrands and Capri.

At **Natpak**, volumes during the year were 18% above those recorded in the comparative year, primarily driven by the increased utilisation of the corrugated packaging plant and the newly commissioned rigids packaging operation which operated close to capacity. Volumes in the sacks and flexibles divisions were down marginally on the comparative year, being reflective of softer demand across these particular markets.

Initiatives to expand the rigids capacity and capability are at an advanced stage, with additional plant commissioning expected during the first half of the new financial year, enabling continued growth trajectory in the business.

Current year volumes at **Prodairy** increased by 5% on the comparative year, driven by growth across most of the key categories. The growth in the beverages segment was particularly pleasing, whilst raw milk in-take continued to increase and represented around 20% of national production. The business launched its butter offering during the year under review, and the product was very well received by the market, quickly becoming the market leader. Additional investments into adjacent products and capacity in the value-chain are currently under investigation.

Volumes at **Probottlers** declined by 20% over the comparative year, being mainly affected by power supply challenges during the first half of the year. Additional generator capacity has been installed within the plant, and resulted in second half volumes increasing by 6% over the first half. Further plant upgrades commissioned in the final quarter of the year under review have yielded additional volume capacity and product variation in both the cordial and CSD categories.

At **Probrands**, volumes were 4% above those of the comparative year, primarily driven by improved drought relief supplies; volumes in the other categories were reasonable, except for rice which suffered affordability constraints.

IMPACT OF COVID-19 ON THE BUSINESS

The Government of Zimbabwe declared a State of Disaster in Zimbabwe on the 23rd of March 2020, as a consequence of the COVID-19 global pandemic, and imposed a national lock-down with effect from 30th March 2020.

As reported in the last trading update, the Group has adopted a proactive and comprehensive approach in its response to the pandemic in order to safeguard the health and well-being of its staff and customers; this has included:

- Implementation of updated WHO best practice guidelines.
- Staff education programmes to improve awareness about the virus.
- Distribution to staff members of appropriate sanitizing products for personal and home use.
- Implementation of temperature and routine health checks for all employees entering factory plants.
- Implementation of hygiene protocols and systems at all units for the benefit of staff, customers and other stakeholders.
- Appropriate capacitation of administrative staff, where possible, in order to facilitate a "work from home" initiative.
- Creation of "COVID Champions" in each operating unit, responsible for implementing all Group COVID initiatives.
- Creation of internal communication platforms to update management and staff of all COVID-related matters.
- Creation of an internal toll-free helpline allowing employees to obtain information on COVID-19 and offering tele-health facilities as well as counselling services. This facility is available 24 hours per day and is available in the country's three national languages.
- Assisting the Ministry of Information and Broadcasting Services in creating the National toll-free helpline; this is an information platform available to the general public.
- Supporting national frontline healthcare workers through the donation of basic food provisions.
- Implementation of a Group-wide COVID rapid screening and Polymerase Chain Reaction (PCR) testing programme, in line with the regulations and protocols of the health authorities.

IMPACT OF COVID-19 ON THE BUSINESS (continued)

Whilst the Group's businesses have been classified as essential services during the COVID-19 lock-down, and have therefore been allowed to operate under certain conditions, the restrictions on people movement and business trading hours resulted in a general decline in sales volumes across the Group's network during most of the last quarter of the year under review as measured against the previous quarter. The gradual easing of lock-down restrictions has seen a general improvement in recent volume performance in most business units, and this positive trajectory has extended into the new financial year.

PROSPECTS

Notwithstanding the challenges arising from COVID-19 global pandemic, the Board is very pleased with the overall performance across most of its businesses, during a particularly challenging and fluid trading period.

The Group welcomes the current stability in the exchange rate and inflation levels following the introduction of the foreign currency auction system and is hopeful that this system will continue to be adapted to ensure that its full raw material requirements can be fully met.

Of paramount importance for the Group is maintaining price and product relevance with its customers. The country has faced some extraordinary challenges in the recent past, not least the devastating effects of drought and the severe consequential effects of lock-down measures instituted to control the spread of COVID-19. With positive rainfall patterns being predicted for the 2020 agricultural summer cropping season, and further easing of lock-down restrictions, the Group will focus heavily on re-building its volume and revenue bases in the forthcoming period. In order to achieve this, focus will be applied to achieving lowest-cost raw materials, and investment will continue in the manufacturing platforms to ensure conversion costs continue to show improved efficiency; these initiatives will be critical in ensuring competitive and stable pricing for our customers. Overheads control is also of vital importance, and management will continue to ensure overheads are managed to best efficiency against revenue and margin.

Throughout the year under review, the Group has focused heavily on balance sheet protection and in building solid working capital bases in the face of steep inflation levels and limited local borrowing availability. The management of inventory pipelines is one of the key critical success factors for a business of this size and nature, and so working capital and debt financing will continue to receive priority attention.

The Group remains the largest grain user in the country, and efforts to build internal capacity through contract farming, corporate farming, smart partnerships and small-scale capitalisation to supplement the supply of imported primary raw materials will continue.

Electricity shortages are likely to persist at least for the medium-term; accordingly, the Group is in the process of investigating alternative sources of energy for its manufacturing sites, whilst water supply also remains a risk, and mitigatory strategies have been planned in this regard.

The Group continues to assess and investigate capital projects which will provide long-term business model optimisation and efficiency; in addition, the Group will continue to evaluate growth opportunities in both adjacent and new categories in pursuit of its ongoing desire to create value creation for shareholders, and to play its part in the successful re-building of our nation.

DIVIDEND

The Board is pleased to declare a final dividend of 100 ZWL cents per share payable in respect of all ordinary shares of the Company, bringing the total dividend for the year to 113.73 ZWL cents. This dividend is in respect of the financial year ended 30th June 2020 and will be payable to all the shareholders of the Company registered at the close of business on the 16th of October 2020.

The payment of this final dividend will take place on or around the 30th of October 2020. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 13th of October 2020 and ex-dividend from the 14th of October 2020.

The Board has also declared a final annual dividend totalling ZWL28.2m to Innscor Africa Employee Share Trust (Private) Limited. The Innscor Africa Employee Share Trust continues to support all qualifying beneficiaries with both dividend flow and access to various loan schemes.

APPRECIATION

I wish to record my appreciation to the Executive Directors, Management and Staff for their effort during the year under review. I also wish to thank the Non-Executive Directors for their wise counsel as well as the Group's customers, suppliers and other stakeholders for their continued support and loyalty.

The Group's response to the COVID-19 global pandemic has been exceptional, and in this regard I wish to specifically thank, on behalf of the Board of Directors, Mrs Chipo Ndudzo, the Chief Executive Officer of Providence Human Capital, a subsidiary of the Group responsible for managing the Group's human capital and wellness functions. Mrs Ndudzo, alongside her team of medical advisors and frontline wellness staff, has led the many COVID-19 programmes that the Group has initiated; my sincere thanks to all our wellness staff for their dedication and service in exceptionally challenging circumstances.

A.B.C. CHINAKE
Independent, Non-Executive Chairman
11 September 2020

Audited Abridged Group Statement of Profit Or Loss and Other Comprehensive Income

	Note	INFLATION-ADJUSTED		HISTORICAL	
		Year ended 30 June 2020 audited ZWL	Year ended 30 June 2019 audited ZWL	Year ended 30 June 2020 unaudited ZWL	Year ended 30 June 2019 audited ZWL
REVENUE		**23 938 405 204**	**19 343 666 557**	**11 159 426 972**	**1 285 539 382**
Operating profit before depreciation, amortisation and fair value adjustments		**3 859 409 320**	**2 507 628 794**	**3 409 171 103**	**258 021 801**
financial income/(loss)	8	393 522 320	(117 081 762)	397 286 609	(9 987 551)
depreciation on property, plant and equipment and right-of-use assets		(605 704 443)	(443 520 681)	(82 409 339)	(32 537 965)
Operating profit before interest, equity accounted earnings and fair value adjustments		**3 647 227 197**	**1 947 026 351**	**3 724 048 373**	**215 496 285**
fair value adjustments on livestock and listed equities		(100 460 167)	295 538 279	979 053 821	41 392 051
Profit before interest and tax		**3 546 767 030**	**2 242 564 630**	**4 703 102 194**	**256 888 336**
interest income		35 377 093	49 139 058	12 583 705	3 236 032
interest expense		(493 746 900)	(205 690 819)	(237 452 504)	(13 401 501)
equity accounted earnings		1 192 648 522	438 891 464	858 414 099	49 418 333
monetary gain		262 925 457	168 636 114	—	—
Profit before tax		**4 543 971 202**	**2 693 540 447**	**5 336 647 494**	**296 141 200**
tax expense		(907 537 749)	(852 207 564)	(920 064 067)	(57 302 528)
Profit for the year		**3 636 433 453**	**1 841 332 883**	**4 416 583 427**	**238 838 672**
Other comprehensive income - to be recycled to profit or loss					
exchange differences arising on the translation of foreign operations, net of tax		1 486 313 362	855 172 769	2 088 749 639	116 122 668
Total comprehensive income for the year		**5 122 746 815**	**2 696 505 652**	**6 505 333 066**	**354 961 340**
Profit for the year attributable to:					
equity holders of the parent		2 523 254 544	1 362 942 920	3 064 586 316	176 786 870
non-controlling interests		1 113 178 909	478 389 963	1 351 997 111	62 051 802
		3 636 433 453	**1 841 332 883**	**4 416 583 427**	**238 838 672**
Total comprehensive income for the year attributable to:					
equity holders of the parent		3 876 498 687	2 179 081 313	5 020 266 736	288 247 701
non-controlling interests		1 246 248 128	517 424 339	1 485 066 330	66 713 639
		5 122 746 815	**2 696 505 652**	**6 505 333 066**	**354 961 340**
EARNINGS PER SHARE (CENTS)					
Basic earnings per share	**16**	449.97	244.30	546.50	31.69
Headline earnings per share	**16**	450.56	245.06	546.34	31.19
Diluted basic earnings per share	**16**	443.36	238.25	538.47	30.90
Diluted headline earnings per share	**16**	443.94	239.00	538.32	30.42

Audited Abridged Group Statement of Financial Position

	Note	INFLATION-ADJUSTED		HISTORICAL	
		At 30 June 2020 audited ZWL	At 30 June 2019 audited ZWL	At 30 June 2020 unaudited ZWL	At 30 June 2019 audited ZWL
ASSETS					
Non-current assets					
property, plant and equipment		5 015 044 701	4 799 478 779	943 669 709	642 628 608
right-of-use asset		236 684 965	—	43 273 852	—
intangible assets		954 039 775	954 039 775	41 369 714	41 369 714
investments in associates		3 337 089 427	1 683 835 606	2 120 352 013	193 767 096
financial assets		1 217 356 505	640 648 154	1 180 363 230	74 515 475
biological assets		104 377 959	78 052 619	104 377 959	9 321 747
		10 864 593 332	**8 156 054 933**	**4 433 406 477**	**961 602 640**
Current assets					
biological assets		1 043 195 746	615 755 399	561 640 630	42 679 332
inventories	9	4 155 433 524	2 308 769 412	3 328 048 365	231 596 747
trade and other receivables	10	2 809 282 113	2 730 190 276	2 555 253 117	306 701 973
cash and cash equivalents		2 125 956 196	1 223 372 609	2 125 956 196	146 106 180
		10 133 867 579	**6 878 087 696**	**8 570 898 308**	**727 084 232**
assets of disposal group classified as held for sale	11	31 814 831	—	7 647 840	—
		10 165 682 410	**6 878 087 696**	**8 578 546 148**	**727 084 232**
Total assets		**21 030 275 742**	**15 034 142 629**	**13 011 952 625**	**1 688 686 872**
EQUITY AND LIABILITIES					
Capital and reserves					
ordinary share capital		129 353 102	129 220 797	5 647 764	5 597 264
class "A" ordinary share capital		231	231	10	10
share premium		417 875 330	411 204 539	20 357 742	17 811 532
other reserves		1 876 282 222	540 508 747	2 056 538 025	374 736 570
distributable reserves		8 007 743 248	5 742 161 694	3 575 772 684	364 769 791
attributable to equity holders of the parent		**10 431 254 133**	**6 823 096 008**	**5 658 316 225**	**762 915 167**
non-controlling interests		3 835 131 043	2 760 647 398	1 664 099 361	276 161 650
Total shareholders' equity		**14 266 385 176**	**9 583 743 406**	**7 322 415 586**	**1 039 076 817**
Non-current liabilities					
deferred tax liabilities		1 290 317 512	1 130 912 712	215 963 985	133 738 056
lease liability	12	49 039 880	—	49 039 880	—
interest-bearing borrowings	13	43 644 147	66 988 582	43 644 147	8 000 380
		1 383 001 539	**1 197 901 294**	**308 648 012**	**141 738 436**
Current liabilities					
lease liability	12	16 013 651	—	16 013 651	—
interest-bearing borrowings	13	1 214 485 007	1 681 256 275	1 214 485 007	200 790 773
trade and other payables	14	3 477 471 268	2 287 989 412	3 477 471 268	273 252 311
provisions and other liabilities		64 509 645	25 431 802	64 509 645	3 037 295
current tax liabilities		608 409 456	257 820 440	608 409 456	30 791 240
		5 380 889 027	**4 252 497 929**	**5 380 889 027**	**507 871 619**
Total liabilities		**6 763 890 566**	**5 450 399 223**	**5 689 537 039**	**649 610 055**
Total equity and liabilities		**21 030 275 742**	**15 034 142 629**	**13 011 952 625**	**1 688 686 872**

Audited Abridged Group Statement of Cash Flows

	INFLATION-ADJUSTED		HISTORICAL	
	Year ended 30 June 2020 audited ZWL	Year ended 30 June 2019 audited ZWL	Year ended 30 June 2020 unaudited ZWL	Year ended 30 June 2019 audited ZWL
Cash generated from operating activities	**465 599 015**	**131 875 332**	**949 422 580**	**39 476 843**
interest income	35 377 093	49 139 058	12 583 705	3 236 032
interest expense	(493 746 900)	(205 690 819)	(237 452 504)	(13 401 501)
tax paid	(589 772 387)	(322 491 958)	(261 329 484)	(21 295 509)
Total cash (utilised by)/ available from operations	**(582 543 179)**	**(347 168 387)**	**463 224 297**	**8 015 865**
Investing activities	**(726 170 470)**	**(1 011 416 606)**	**(291 447 119)**	**(61 815 198)**
Net cash (outflow)/inflow before financing activities	**(1 308 713 649)**	**(1 358 584 993)**	**171 777 178**	**(53 799 333)**
Financing activities	**1 217 155 167**	**696 542 397**	**813 930 769**	**81 044 750**
Net (decrease)/increase in cash and cash equivalents	**(91 558 482)**	**(662 042 596)**	**985 707 947**	**27 245 417**
Effects of currency translation on cash and cash equivalents - foreign operations	**994 142 069**	**488 652 454**	**994 142 069**	**58 359 279**
Net increase/(decrease) in cash and cash equivalents	**902 583 587**	**(173 390 142)**	**1 979 850 016**	**85 604 696**
Cash and cash equivalents at the beginning of the year	**1 223 372 609**	**1 396 762 751**	**146 106 180**	**60 501 484**
Cash and cash equivalents at the end of the year	**2 125 956 196**	**1 223 372 609**	**2 125 956 196**	**146 106 180**

Audited Abridged Group Statement of Changes in Equity

	attributable to equity holders of the parent												
				Other Reserves									
	Ordinary Share Capital ZWL	Class "A" Ordinary Share Capital ZWL	Share Premium Reserve ZWL	Restructure Reserve ZWL	Foreign Currency Translation Reserve ZWL	Change in Functional Currency Reserve ZWL	Treasury Shares Reserve ZWL	Share Based Payment Reserve ZWL	Total Other Reserves ZWL	Distributable Reserves ZWL	Total Attributable to Equity Holders of the Parent ZWL	Non-Controlling Interests ZWL	Total Shareholders' Equity ZWL
INFLATION-ADJUSTED - AUDITED													
Balances at 30 June 2018	**129 220 797**	**231**	**411 204 539**	**(303 231 377)**	**3 245 212**	**—**	**(15 878 610)**	**19 737 090**	**(296 127 685)**	**4 716 282 800**	**4 960 580 682**	**2 425 107 052**	**7 385 687 734**
Profit for the year	—	—	—	—	—	—	—	—	—	1 362 942 920	1 362 942 920	478 389 963	1 841 332 883
Other comprehensive income	—	—	—	—	816 138 393	—	—	—	816 138 393	—	816 138 393	39 034 376	855 172 769
Dividends paid	—	—	—	—	—	—	—	—	—	(322 311 019)	(322 311 019)	(176 678 759)	(498 989 778)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	(14 753 007)	(14 753 007)	(5 205 234)	(19 958 241)
Share based payment charge, net of tax	—	—	—	—	—	—	—	20 498 039	20 498 039	—	20 498 039	—	20 498 039
Balances at 30 June 2019	**129 220 797**	**231**	**411 204 539**	**(303 231 377)**	**819 383 605**	**—**	**(15 878 610)**	**40 235 129**	**540 508 747**	**5 742 161 694**	**6 823 096 008**	**2 760 647 398**	**9 583 743 406**
Issue of shares	132 305	—	6 670 791	—	—	—	—	(21 759 529)	(21 759 529)	—	(14 956 433)	—	(14 956 433)
Profit for the year	—	—	—	—	—	—	—	—	—	2 523 254 544	2 523 254 544	1 113 178 909	3 636 433 453
Other comprehensive income	—	—	—	—	1 353 244 143	—	—	—	1 353 244 143	—	1 353 244 143	133 069 219	1 486 313 362
Dividend paid	—	—	—	—	—	—	—	—	—	(257 672 990)	(257 672 990)	(171 667 956)	(429 340 946)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	—	—	(96 527)	(96 527)
Share based payment charge	—	—	—	—	—	—	—	4 288 861	4 288 861	—	4 288 861	—	4 288 861
Balances 30 June 2020	**129 353 102**	**231**	**417 875 330**	**(303 231 377)**	**2 172 627 748**	**—**	**(15 878 610)**	**22 764 461**	**1 876 282 222**	**8 007 743 248**	**10 431 254 133**	**3 835 131 043**	**14 266 385 176**
HISTORICAL													
Balances at 30 June 2018 - audited	**5 597 264**	**10**	**17 811 532**	**(13 134 620)**	**140 568**	**—**	**(687 790)**	**854 922**	**(12 826 920)**	**204 288 168**	**214 870 054**	**105 044 735**	**319 914 789**
Profit for the year	—	—	—	—	—	—	—	—	—	176 786 870	176 786 870	62 051 802	238 838 672
Other comprehensive income	—	—	—	—	111 460 831	—	—	—	111 460 831	—	111 460 831	4 661 837	116 122 668
Dividends paid	—	—	—	—	—	—	—	—	—	(22 025 824)	(22 025 824)	(12 215 008)	(34 240 832)
Effect of change in functional currency	—	—	—	—	—	282 177 143	—	—	282 177 143	—	282 177 143	117 239 940	399 417 083
Unwinding of change in functional currency reserve	—	—	—	—	—	(7 482 514)	—	—	(7 482 514)	7 482 514	—	—	—
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	(1 761 937)	(1 761 937)	(621 656)	(2 383 593)
Share based payment charge, net of tax	—	—	—	—	—	—	—	1 408 030	1 408 030	—	1 408 030	—	1 408 030
Balances at 30 June 2019 - audited	**5 597 264**	**10**	**17 811 532**	**(13 134 620)**	**111 601 399**	**274 694 629**	**(687 790)**	**2 262 952**	**374 736 570**	**364 769 791**	**762 915 167**	**276 161 650**	**1 039 076 817**
Issue of shares	50 500	—	2 546 210	—	—	—	—	(1 084 740)	(1 084 740)	—	1 511 970	—	1 511 970
Profit for the year	—	—	—	—	—	—	—	—	—	3 064 586 316	3 064 586 316	1 351 997 111	4 416 583 427
Other comprehensive income	—	—	—	—	1 955 680 420	—	—	—	1 955 680 420	—	1 955 680 420	133 069 219	2 088 749 639
Dividends paid	—	—	—	—	—	—	—	—	—	(127 272 399)	(127 272 399)	(97 032 092)	(224 304 491)
Unwinding of change in functional currency reserve	—	—	—	—	—	(274 694 629)	—	—	(274 694 629)	273 688 976	(1 005 653)	—	(1 005 653)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	—	—	(96 527)	(96 527)
Share based payment charge	—	—	—	—	—	—	—	1 900 404	1 900 404	—	1 900 404	—	1 900 404
Balances at 30 June 2020 - unaudited	**5 647 764**	**10**	**20 357 742**	**(13 134 620)**	**2 067 281 819**	**—**	**(687 790)**	**3 078 616**	**2 056 538 025**	**3 575 772 684**	**5 658 316 225**	**1 664 099 361**	**7 322 415 586**

Supplementary Information

1 Corporate Information
The Company is incorporated and domiciled in Zimbabwe.

2 Basis of preparation
The Group's annual consolidated financial statements for the year ended 30 June 2020 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The Listing Requirements require financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS"). The Group's consolidated financial statements have been prepared based on the statutory records that are maintained under the historical cost basis, except for equity investments and some biological assets that have been measured at fair value. The financial statements are presented in Zimbabwe Dollars ("ZWL"); all values are rounded to the nearest dollar, except where otherwise indicated.

The principal accounting policies applied in the preparation of the Group consolidated financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), and its consequential impact on the inflation-adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements except for the adoption of the following standards and amendments effective for the current year:

a) IFRS 16 (Leases)
b) IAS 29 (Financial Reporting in Hyperinflationary Economies)

3 IAS 21 (The Effects of Changes in Foreign Exchange Rates)
As noted in the Group's prior year financial statements, the Government of Zimbabwe promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect for the reintroduction of the ZWL as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be ZWL at the rate which was at par with the United States Dollar ("USD"). Guidance issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI 33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. In respect of the current financial year information, and as a result of the absence of an observable foreign exchange market as defined by IAS 21, the Group continues to be unable to meet the full requirements of this Standard. Due to the material and pervasive impact of these technicalities, the Directors would like to advise users to exercise caution in their use of these inflation-adjusted financial statements.

4 IAS 29 (Financial Reporting in Hyperinflationary Economies)
In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Interpretations Committee ("IFRIC") 7 (Applying the Restatement Approach under IAS 29), as if the economy had been hyperinflationary from 1 July 2018. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the year ended 30 June 2020 and the comparative year. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 July 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

The CPIs and conversion factors used by the Group to adjust the Group's historical cost figures for the effects of hyperinflation for the period under review are as follows:

MONTH	CPI	Conversion Factor
Jun-20	1 445.21	1.00
Jun-19	172.60	8.37
Jun-18	62.60	23.09
Average for the year - June 2020	640.38	2.26
Average for the year - June 2019	95.43	15.14

5 Adoption of IFRS 16 (Leases)
The Group adopted IFRS 16 (Leases) on 1 July 2019 as a replacement of IAS 17 (Leases). IFRS 16 introduces a single on balance sheet accounting model for leases by lessees and eliminates the distinction between operating and finance leases, requiring the recognition of a right-of-use asset and a lease liability at the commencement for all leases except short-term leases and low-value assets when such recognition exemptions are adopted. The Group, in compliance with IFRS 16, elected not to restate its comparative financial statements and the impact of adopting IFRS 16 has been applied prospectively. The comparative information, therefore,continues to be reported under IAS 17 and IFRIC 4 (Determining Whether an Arrangement Contains a Lease).

In accordance with IFRS 16 where the Group is a lessee, it is the Group's policy to recognise the right-of-use asset, representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lease liabilities are measured as the present value of the remaining lease payments, discounted using the Group's weighted average incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by prepaid or accrued lease payments and initial direct costs, if any, relating to the specific lease. Where the Group is a Lessor, lessor accounting remains similar to previous accounting policies.

The Group leases properties, office buildings, warehouses, factory facilities, production equipment, farms and retail shops. The leases typically run for a period of between 1 to 10 years with an option to renew the lease after that date. Lease payments are negotiated in both ZWL and USD, however the lease payments are payable in ZWL at the exchange rate ruling on the date of payment. Lease fees in USD are renegotiated annually and/or when there is a change in market forces. For certain leases, the Group is restricted from entering into any sub-leasing arrangements. Most of the Group's leases for properties were entered into historically as combined leases for land and buildings. Previously these leases were classified as operating leases under IAS 17.

Parts of the retail shop network that are leased by the Group are in remote areas and the leases are of low value; in these instances the Group has elected not to recognise right-of-use assets and lease liabilities. In addition, the Group also has several leases where lease payments are based on revenue such variable leases do not fall under IFRS 16.

There were no onerous lease contracts that would have required an adjustment to the right-of-use as a result of initial adoption.

Supplementary Information (continued)

5 Adoption of IFRS 16 (Leases) (continued)

The following charges have been recorded in the Group's Statement of Profit or Loss for the year:

	INFLATION-ADJUSTED		HISTORICAL	
	Year ended 30 June 2020 audited ZWL	**Year ended 30 June 2019 audited ZWL**	**Year ended 30 June 2020 unaudited ZWL**	**Year ended 30 June 2019 audited ZWL**
Depreciation charge	47 121 275	—	8 615 330	—
Finance charges	35 026 981	—	15 520 535	—
Exchange losses	13 632 380	—	13 632 380	—
	95 780 636	**—**	**37 768 245**	**—**

The charge to the Group Statement of Profit or Loss would have been ZWL35 836 738 had the Group continued to account for Leases under IAS 17.

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain that it will exercise the extension options and reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as a Lessor

There were no material changes to the classification and measurement of finance leases and to leases where the Group is a Lessor.

6 Legacy Liabilities

The Group has foreign legacy liabilities amounting to USD5 133 811, being foreign liabilities that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZWL currency. The foreign liabilities were registered and approved by the Reserve Bank of Zimbabwe, ("RBZ") and the Group transferred to the RBZ the ZWL equivalent of the foreign liabilities based at an exchange rate of USD/ZWL, 1:1 in line with Exchange Control Directives RU102/2019 and RU28/2019 and as directed by the RBZ. The foreign liabilities have been accounted for at the closing rate of exchange at 30 June 2020 in line with IAS 21 whilst the deposits with the RBZ have been accounted for as financial assets at the same closing exchange rate. In compliance with IFRS, the deposit at the RBZ represents a commitment to pay the quivalent value in USD and has therefore been treated as a financial derivative in accordance with IFRS 9.

The cash cover deposits at the RBZ have been disclosed in the Group's financial statements as a financial asset. The following exchange losses and revaluation gains have been recorded in the statement of profit and loss, in respect of this financial asset.

	INFLATION-ADJUSTED		HISTORICAL	
	Year ended 30 June 2020 audited ZWL	**Year ended 30 June 2019 audited ZWL**	**Year ended 30 June 2020 unaudited ZWL**	**Year ended 30 June 2019 audited ZWL**
Exchange losses	(456 909 179)	—	(456 909 179)	—
Gain on revaluation of financial asset	456 909 179	—	456 909 179	—
Impairment loss of financial asset	(118 341 342)	—	(118 341 342)	—

An amount of ZWL456 909 179 was recorded as an unrealised foreign exchange loss relating to foreign legacy liability amounts of USD5 133 811. The cash cover deposits at the RBZ have been treated as a financial derivative uplifted at closing rate and discounted to a Net Present Value of ZWL343 701 648. The difference between the Net Present Value and the face value of the financial asset of ZWL462 042 990 has been expensed. The unrealised net loss is expected to reverse on settlement of the instrument.

The Board is confident that the RBZ will settle the legacy liability as per the Exchange Control Directives.

7 Operating Segments

The Group's operations comprise the Mill-Bake, Protein, Other Light Manufacturing and Services and Head Office Services Segments explained as follows:

Mill-Bake Segment - reports the results of the Group's interests in National Foods Holdings Limited, the Bakery division and non-controlling interest in Profeeds (Private) Limited.

Protein Segment - reports the results of the Group's interests in the Colcom division, Irvine's Zimbabwe (Private) Limited, Associated Meat Packers (Private) Limited (AMP) and Intercane Investments (Private) Limited.

Other Light Manufacturing and Services - reports the results of the Group's controlling interests in Natpak (Private) Limited, Prodairy (Private) Limited, Pangolin Investments (Private) Limited, Probottlers (Private) Limited, and associated interests in Probrands (Private) Limited, Innscor Appliance Manufacturing (Private) Limited t/a Capri, Paperhole Investments (Private) Limited and Afrigrain Trading Limited.

Head Office Services - reports the Group's shared services functions of treasury, legal, tax, audit, human capital and wellness and information technology.

7 Operating Segments (continued)

	Mill-Bake ZWL	**Protein ZWL**	**Other Light Manufacturing and Services ZWL**	**Head Office Services ZWL**	**Inter-Segment Adjustments ZWL**	**Total ZWL**
INFLATION-ADJUSTED - AUDITED						
Revenue						
30 June 2020	15 943 549 898	6 718 696 919	3 788 536 790	146 451 572	(2 658 829 975)	**23 938 405 204**
30 June 2019	10 986 700 167	5 884 498 292	3 209 737 827	120 403 766	(857 673 495)	**19 343 666 557**
Operating profit/(loss) before depreciation, amortisation and fair value adjustments						
30 June 2020	2 479 105 572	979 342 588	571 289 047	(170 327 887)	—	**3 859 409 320**
30 June 2019	1 296 611 674	828 699 513	430 633 724	(48 316 117)	—	**2 507 628 794**
Depreciation and amortisation						
30 June 2020	204 528 428	173 298 142	200 518 435	25 731 878	1 627 560	**605 704 443**
30 June 2019	189 631 529	147 585 389	96 580 730	5 917 486	3 805 547	**443 520 681**
Equity accounted earnings						
30 June 2020	337 730 159	5 917 651	107 880 968	741 119 744	—	**1 192 648 522**
30 June 2019	180 208 839	—	61 047 732	197 634 893	—	**438 891 464**
Profit before tax						
30 June 2020	2 204 341 821	888 901 875	499 801 600	951 114 452	(188 546)	**4 543 971 202**
30 June 2019	1 267 362 236	562 972 812	374 151 317	488 778 880	275 202	**2 693 540 447**
Segment assets						
30 June 2020	8 143 133 397	3 453 560 023	2 446 322 134	6 823 287 075	163 973 113	**21 030 275 742**
30 June 2019	6 686 267 174	3 281 059 790	2 521 510 911	1 597 835 340	947 469 414	**15 034 142 629**
Segment liabilities						
30 June 2020	2 970 724 271	1 353 549 129	1 079 061 511	1 080 999 278	279 556 377	**6 763 890 566**
30 June 2019	2 492 049 562	1 272 778 276	1 068 218 072	1 007 271 792	(389 918 479)	**5 450 399 223**
Capital expenditure						
30 June 2020	199 383 687	147 173 508	240 244 435	117 621 605	—	**704 423 235**
30 June 2019	392 451 333	384 924 672	314 619 337	87 030 140	—	**1 179 025 482**
Net cash flow from operating activities						
30 June 2020	278 641 756	72 282 297	84 781 928	14 452 108	15 440 926	**465 599 015**
30 June 2019	(15 946 275)	94 753 133	58 084 196	(848 995)	(4 166 727)	**131 875 332**
Net cash flow from investing activities						
30 June 2020	(204 236 662)	(169 428 560)	(298 588 950)	(105 840 463)	51 924 165	**(726 170 470)**
30 June 2019	(385 735 501)	(343 087 285)	(292 511 871)	(94 799 073)	104 717 124	**(1 011 416 606)**
Net cash flow from financing activities						
30 June 2020	317 220 155	357 312 830	278 484 111	322 344 572	(58 206 501)	**1 217 155 167**
30 June 2019	609 034 658	127 030 112	158 154 201	577 105 286	(774 781 860)	**696 542 397**
HISTORICAL						
Revenue						
30 June 2020	7 432 445 029	3 132 071 956	1 766 111 789	68 271 700	(1 239 473 502)	**11 159 426 972**
30 June 2019	730 152 978	391 071 376	213 312 423	8 001 781	(56 999 176)	**1 285 539 382**
Operating profit/(loss) before depreciation, amortisation and fair value adjustments						
30 June 2020	2 189 893 421	865 092 602	504 642 537	(150 457 457)	—	**3 409 171 103**
30 June 2019	133 414 515	85 268 817	44 309 943	(4 971 474)	—	**258 021 801**
Depreciation and amortisation						
30 June 2020	27 827 190	23 578 142	27 281 609	3 500 960	221 438	**82 409 339**
30 June 2019	13 911 920	10 827 293	7 085 443	434 124	279 185	**32 537 965**
Equity accounted earnings						
30 June 2020	243 082 790	4 259 256	77 647 808	533 424 245	—	**858 414 099**
30 June 2019	20 291 168	—	6 873 857	22 253 308	—	**49 418 333**
Profit before tax						
30 June 2020	2 588 879 800	1 043 966 996	586 989 846	1 117 032 290	(221 438)	**5 336 647 494**
30 June 2019	139 340 092	61 896 024	41 136 052	53 738 775	30 257	**296 141 200**
Segment assets						
30 June 2020	5 038 358 378	2 136 803 148	1 513 600 112	4 221 736 760	101 454 227	**13 011 952 625**
30 June 2019	751 024 643	368 539 978	283 224 822	179 474 389	106 423 040	**1 688 686 872**
Segment liabilities						
30 June 2020	2 498 864 464	1 138 555 958	907 667 026	909 297 005	235 152 586	**5 689 537 039**
30 June 2019	297 016 858	151 697 065	127 316 399	120 052 469	(46 472 736)	**649 610 055**
Capital expenditure						
30 June 2020	83 156 588	61 381 384	100 198 305	49 056 227	—	**293 792 504**
30 June 2019	23 388 380	22 939 824	18 749 934	5 186 615	—	**70 264 753**
Net cash flow from operating activities						
30 June 2020	568 190 151	147 393 878	172 882 404	29 469 903	31 486 244	**949 422 580**
30 June 2019	(4 773 513)	28 364 324	17 387 488	(254 146)	(1 247 310)	**39 476 843**
Net cash flow from investing activities						
30 June 2020	(81 969 991)	(67 999 826)	(119 838 100)	(42 478 866)	20 839 664	**(291 447 119)**
30 June 2019	(23 575 168)	(20 968 618)	(17 877 578)	(5 793 877)	6 400 043	**(61 815 198)**
Net cash flow from financing activities						
30 June 2020	212 130 098	238 940 699	186 226 697	215 556 876	(38 923 601)	**813 930 769**
30 June 2019	70 862 968	14 780 326	18 401 705	67 147 892	(90 148 141)	**81 044 750**

* Historical numbers have been provided for supplementary purposes only, and therefore 2020 historical numbers have not been audited.

Supplementary Information (continued)

		INFLATION-ADJUSTED		HISTORICAL	
		Year ended 30 June 2020 audited ZWL	Year ended 30 June 2019 audited ZWL	Year ended 30 June 2020 unaudited ZWL	Year ended 30 June 2019 audited ZWL
8	**Financial income/(loss)**				
	Exchange gains - realised	(39 368 139)	25 706 333	(17 442 112)	1 697 498
	Exchange gains/(losses) - unrealised	53 788 776	(103 684 758)	53 788 776	(12 382 968)
	Profit on restructure of associate and subsidiaries	—	51 446 128	—	2 228 415
	Profit on disposal of listed equities	—	371 818	—	85 472
	Dividend income	46 962 271	7 941 623	20 809 089	524 419
	(Loss)/profit on disposal of plant and equipment	(6 137 827)	(38 350 044)	1 693 784	(41 940)
	(Loss)/profit on disposal on non-current asset held for sale	—	(22 527 837)	—	409 865
	Gain on revaluation of financial asset	338 567 837	—	338 567 837	—
	Other	(290 598)	(37 985 025)	(130 765)	(2 508 312)
		393 522 320	**(117 081 762)**	**397 286 609**	**(9 987 551)**
9	**Inventories**				
	Consumable stores	269 168 086	350 472 637	207 727 400	33 554 866
	Finished products, net of allowance for obsolescence	795 787 331	175 980 348	711 124 220	37 513 067
	Raw materials and packaging	3 040 741 584	1 697 295 732	2 362 773 513	156 714 995
	Work in progress	49 736 523	85 020 695	46 423 232	3 813 819
		4 155 433 524	**2 308 769 412**	**3 328 048 365**	**231 596 747**
10	**Trade and other receivables**				
	Trade receivables	1 262 430 366	911 130 459	1 262 430 366	108 815 409
	Prepayments	1 135 277 463	1 419 913 267	881 248 467	150 216 887
	Rental deposits	133 944	23 921 265	133 944	2 856 893
	VAT receivable	66 114 779	82 723 921	66 114 779	9 879 636
	Other receivables	385 422 772	369 137 869	385 422 772	44 085 770
		2 849 379 324	**2 806 826 781**	**2 595 350 328**	**315 854 595**
	Allowance for credit losses	(40 097 211)	(76 636 505)	(40 097 211)	(9 152 622)
		2 809 282 113	**2 730 190 276**	**2 555 253 117**	**306 701 973**

11 Assets of disposal group classified as held for sale

The Group continues to dispose of non-core or aging assets in order to apply the value of the statement of financial position more appropriately. Following the disposal of the National Foods Holdings Limited depot operations in October 2016, the Board has identified the properties from which some of these depots operate to be non-core. As such these properties have been categorised as assets for disposal group classified as held for sale.

		INFLATION-ADJUSTED		HISTORICAL	
		Year ended 30 June 2020 audited ZWL	Year ended 30 June 2019 audited ZWL	Year ended 30 June 2020 unaudited ZWL	Year ended 30 June 2019 audited ZWL
12	**Lease liability**				
12.1	**Analysis**				
	Non-current	49 039 880	—	49 039 880	—
	Current	16 013 651	—	16 013 651	—
		65 053 531	**—**	**65 053 531**	**—**
12.2	**Non-discounted future lease payments**				
	Payable within one year	33 726 160	46 333 207	33 726 160	5 533 529
	Payable two to five years	78 207 679	136 433 904	78 207 679	16 294 166
	Payable after five years	27 381 910	8 569 742	27 381 910	1 023 476
		139 315 749	**191 336 853**	**139 315 749**	**22 851 171**
13	**Interest Bearing Borrowings** Interest bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 34.04% (2019: 8.91%) at the end of the year. These facilities expire at different dates and will be reviewed and renewed when they mature.				
14	**Trade and other payables**				
	Trade payables	1 808 089 117	1 285 470 621	1 808 089 117	153 522 484
	Accruals	539 054 644	482 440 078	539 054 644	57 617 341
	Other payables	1 130 327 507	520 078 713	1 130 327 507	62 112 486
		3 477 471 268	**2 287 989 412**	**3 477 471 268**	**273 252 311**
15	**Commitments for capital expenditure**				
	Contracts and orders placed	1 047 971 489	408 776 016	1 047 971 489	48 819 715
	Authorised by Directors but not contracted	320 136 438	1 120 704 204	320 136 438	133 844 594
		1 368 107 927	**1 529 480 220**	**1 368 107 927**	**182 664 309**

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

16 Earnings per share

Basic earnings basis

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

Diluted earnings basis

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

The share options arising from the Group's Employee Share Trust Scheme and the 2016 Innscor Africa Limited Share Options Scheme were not dilutive as at the end of the current period.

The share options arising from the Group's Indigenisation transaction had a dilutive effect at the end of the period as shown in note 16c below.

Headline earnings basis

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

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

		INFLATION-ADJUSTED		HISTORICAL	
		Year ended 30 June 2020 audited ZWL	Year ended 30 June 2019 audited ZWL	Year ended 30 June 2020 unaudited ZWL	Year ended 30 June 2019 audited ZWL
a	**Net profit attributable to equity holders of the parent**	**2 523 254 544**	**1 362 942 920**	**3 064 586 316**	**176 786 870**
b	**Reconciliation of basic earnings to headline earnings**				
	Profit for the year attributable to equity holders of the parent	**2 523 254 544**	**1 362 942 920**	**3 064 586 316**	**176 786 870**
	Adjustment for non-headline items (gross of tax):				
	Loss/(profit) on disposal of property, plant and equipment and intangible assets	6 137 827	38 350 044	(1 693 784)	41 940
	Profit on restructure/disposal of associates/subsidiaries	—	(51 446 128)	—	(2 228 415)
	Loss/(profit) on disposal of assets held for sale	—	22 527 837	—	(409 865)
	Tax effect on adjustments	(1 517 271)	(3 965 550)	436 149	(10 800)
	Non-controlling interests share of adjustments	(1 319 019)	(1 195 423)	359 014	(178 260)
	Headline earnings attributable to ordinary shareholders	**2 526 556 081**	**1 367 213 700**	**3 063 687 695**	**174 001 470**
c	**Reconciliation of weighted average number of ordinary shares**				
		No. of shares issued	**No. of shares issued**	**No. of shares issued**	**No. of shares issued**
	Number of shares in issue at the beginning of the year	559 726 450	559 726 450	559 726 450	559 726 450
	Add: Weighted average number of shares issued during the year	2 856 148	—	2 856 148	—
	Less: Weighted average number of Treasury Shares	(1 818 912)	(1 818 912)	(1 818 912)	(1 818 912)
	Weighted average number of shares	**560 763 686**	**557 907 538**	**560 763 686**	**557 907 538**
	Weighted average number of ordinary shares before effect of dilution	**560 763 686**	**557 907 538**	**560 763 686**	**557 907 538**
	Effect of dilution from Indigenisation transaction share options	8 360 505	14 144 688	8 360 505	14 144 688
	Weighted average number of ordinary shares adjusted for the effect of dilution	**569 124 191**	**572 052 226**	**569 124 191**	**572 052 226**
	Basic earnings per share (cents)	**449.97**	**244.30**	**546.50**	**31.69**
	Headline earnings per share (cents)	**450.56**	**245.06**	**546.34**	**31.19**
	Diluted basic earnings per share (cents)	**443.36**	**238.25**	**538.47**	**30.90**
	Diluted headline earnings per share (cents)	**443.94**	**239.00**	**538.32**	**30.42**
17	**Contingent liabilities**				
	Guarantees The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at June 2020	**910 475 000**	**1 269 118 187**	**910 475 000**	**151 569 529**

INNSCOR AFRICA LIMITED

Audited Abridged Group Financial Results

FOR THE YEAR ENDED 30 JUNE 2020

INNSCOR Africa Limited

Our passion for **value creation**

Short-Form Financial Annoucement

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

A copy of the full announcement has been shared with shareholders using the latest email addresses supplied by the shareholder, and is available upon request, and for inspection, at the Company's registered office or via email request to **corpserve@escrowgroup.org**. The full announcement is also available on the Zimbabwe Stock Exchange website: **www.zse.co.zw** and the Company website: **www.innscorafrica.com**.

INFLATION-ADJUSTED SALIENT FEATURES

Revenue **24%**

Operating Profit **54%**

Basic Earnings Per Share **84%**

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	**% change 2020 vs 2019**	**30 JUNE 2020 unaudited ZWL**	**% change 2020 vs 2019**
Revenue	23 938 405 204	24%	11 159 426 972	768%
Operating profit	3 859 409 320	54%	3 409 171 103	1 221%
Profit for the year	3 636 433 453	97%	4 416 583 427	1 749%
Total assets	21 030 275 742	40%	13 011 952 625	671%
Total equity	14 266 385 176	49%	7 322 415 586	605%
Total liabilities	6 763 890 566	24%	5 689 537 039	776%
Basic earnings per share (ZWL cents)	449.97	84%	546.50	1 625%
Headline earnings per share (ZWL cents)	450.56	84%	546.34	1 652%
Dividend per share				
Final dividend (ZWL cents)	100.00	316%	100.00	1 171%
Interim dividend (ZWL cents)	20.81	(37%)	13.73	445%
Total dividend (ZWL cents)	**120.81**	**112%**	**113.73**	**995%**

Dividend

Ordinary shares

The Board declared a final dividend of ZWL100 cents per share (2019: ZWL7.87 cents per share) in respect of all ordinary shares of the Company bringing the total dividend for the year to ZWL113.73 cents per share (2019: ZWL10.39 cents per share). This dividend is in respect of the financial year ended 30th June 2020 and will be payable to all the shareholders of the Company registered at the close of business on the 16th of October 2020.

The payment of this final dividend will take place on or around the 30th of October 2020. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 13th of October 2020 and ex-dividend from the 14th of October 2020.

Non-voting class "A" ordinary shares

The Board declared a final dividend of ZWL28 200 000 (2019: ZWL2 200 000) to the Innscor Africa Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2020 financial year to ZWL32 077 734 (2019: ZWL2 905 000).

Auditor's Statement

This short-form financial announcement should be read in conjunction with the complete set of the Group annual financial statements for the year ended 30 June 2020. The Group annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion for non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates). The auditor's report on the Group annual financial statements, from which this short-form financial announcement is extracted, is available for inspection at the Company's registered office.

A B C Chinake
Independent, Non-Executive Chairman
11 September 2020

DIRECTORS: *ABC Chinake (Chairman), JP Schonken (Chief Executive Officer), *MJ Fowler, G Gwainda, *Z Koudounaris, *TN Sibanda (*Non Executive)

Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INNSCOR AFRICA LIMITED

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the consolidated inflation adjusted financial statements of Innscor Africa Limited and its subsidiaries (the Group), as set out on pages 10 to 70 , which comprise the consolidated inflation adjusted statement of financial position as at 30 June 2020, and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements do not present fairly the consolidated financial position of the Group as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with IFRS: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates in the prior period and inappropriate application of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors (Arising from the company and local subsidiaries with ZWL as their functional currency)

As explained in note 2.2 to the consolidated inflation adjusted financial statements, the Group applied the United States Dollar (US$) as its functional and reporting currency for the period 1 July 2018 to 22 February 2019 and the Real Time Gross Settlement Dollar (RTGS$) or Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 30 June 2019, in order to comply with Statutory Instrument 33 (SI33) of 2019, issued on 22 February 2019. In addition, to complying with SI33, the Group changed its functional and reporting currency with effect from 23 February 2019. We however, believe that the change in currency occurred from 1 October 2018.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out local Foreign Currency Accounts (FCAs) (RTGS$) from the FCA Nostro US$ Accounts effective 1 October 2018. Although the exchange rate between US$ and RTGS$ was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between the two currencies.

In February 2019, a Monetary Policy Statement was issued introducing the RTGS$ and the interbank foreign exchange market. This Monetary Policy statement was followed by Statutory Instrument 142 of 2019 which specified that for all domestic transactions, ZWL (which comprises RTGS$, Bond Notes and Bond Coins) was the sole legal tender effective 24 June 2019.

The events in the preceding paragraphs, triggered a requirement for the Group to assess whether there was a change in functional and reporting currency from US$ to RTGS$. We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supported a change in functional currency from US$ to RTGS$ prior to 22 February 2019 and that transactions in the market indicated different exchange rates between the two currencies despite the legal 1:1 RTGS$: US$ exchange rate and this applied from 1 October 2018. The Group chose to comply with the requirements of the law by adopting the date of change in functional and reporting currency as of 22 February 2019. This therefore impacted the basis for measuring transactions that occurred between 1 October 2018 and 22 February 2019.

Consequently, our audit report for the year ended 30 June 2019 was modified as the effects were considered material and pervasive.

There has been no restatement of the opening balances to resolve this matter which resulted in the adverse audit opinion in the prior period in accordance with *IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors* as the issues to do with the absence of IFRS compliant and observable market exchange rates have persisted in the current period. Consequently:

- All corresponding numbers remain misstated on the consolidated inflation adjusted Statement of Profit or Loss and Other Comprehensive Income, the consolidated inflation adjusted Statement of Financial Position, the consolidated inflation adjusted Statement of Changes in Equity, and the consolidated inflation adjusted Statement of Cash Flows; this also impacts comparability of the current year's figures.

- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the consolidated inflation adjusted Statement of Cash Flows, the consolidated inflation adjusted Statement of Profit or Loss and Other Comprehensive Income and the consolidated inflation adjusted Statement of Changes in Equity.

Furthermore, notwithstanding that IAS 29 - **Financial Reporting in Hyperinflationary Economies** has been applied from 1 July 2018 to 30 June 2020 it is noted that its application was based on inappropriate numbers as a result of the non-compliance with IAS 21 / IAS 8 as described above.

In addition to the impact on the corresponding numbers, current year performance and cash flows, the matter continues to impact the balances on the consolidated inflation adjusted Statement of Financial Position as some of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the consolidated inflation adjusted Statement of Financial Position, the specific accounts and the portions affected by this matter have not been identified / quantified. This is due to the further matters requiring modification (which have been discussed below) and which result in most accounts being misstated.

Exchange rates used (Non-compliance with IAS 21by the company and its local subsidiaries with ZWL as their functional currency)

As outlined in Note 2.3 to the consolidated inflation adjusted financial statements, for the year ended 30 June 2020, the Group translated foreign denominated transactions and balances using exchange rates determined from the interbank market and trading arrangements.

In view of the continued distortions in the foreign exchange market during the year, the Group indicated that it could not establish observable market wide exchange rates that meet the requirements of IAS 21, the same issue that contributed to the adverse opinion in prior year on this matter.

Had exchange rates contemplated by IAS 21 been available on the market, virtually all balances and amounts on all financial statements would have been affected in a material manner except for Intangible Assets, Right of Use Asset , Assets of a disposal group Held for Sale ,Share Capital, Share Premium, Lease Liabilities and Provisions and other Liabilities. However, owing to the lack of market wide information on observable spot exchange rates available to the Group and the other matters discussed above it is not possible to quantify the impact of this on the Group's inflation adjusted financial statements for the year under consideration.

Accounting for blocked funds

Included in financial assets of ZWL1, 217,356,505 on Note 18 to the consolidated inflation adjusted financial statements for the year ended 30 June 2020, are local funds deposits amounting to ZWL5,133,811 placed by the Company and its local subsidiaries namely National Foods Holdings Limited , Irvine's Zimbabwe (Private) Limited and Probottlers (Private) Limited, with Reserve Bank of Zimbabwe (RBZ) (through authorised dealers) in pursuance of registration of foreign currency denominated liabilities at the date of functional currency change on 22 February 2019 as required by policy pronouncements and undertakings by RBZ. The equivalent liabilities were translated at the Group's closing exchange rates. The deposits in local currency, held with RBZ have, in our view been inappropriately treated as foreign denominated derivative financial assets and translated at the Group's closing exchange rate at 30 June 2020. This is not consistent with IAS 21 which defines 'foreign currency' as a currency other than the functional currency of the Group. This resulted in an overstatement of the current assets and financial income by ZWL338, 567,837.

Consolidating Associates with underlying matters

The Investment in Associates amount disclosed under Note 16 to the consolidated inflation adjusted Statement of Financial Position of ZWL3,337,089,427 (2019: ZWL1,683,835,606) includes ZWL2,015,325,265 (2019: ZWL999,692,835) relating to local associates. These local associates also contribute ZWL1,035,434,599 on the consolidated inflation adjusted Statement of Profit or Loss and Comprehensive Income. These amounts arose from equity accounting as required by IFRS.

Consolidating Associates with underlying matters (continued)

The underlying accounting records used to equity account the amounts contain the following elements in all the associates:

- Non-compliance with IAS 8 in not correcting the start date of the change in functional currency which has a further pervasive impact to the results of the associates.

- Use of exchange rates which are not in compliance with IAS 21 as they do not meet the definition of spot exchange rates which have a further pervasive impact to the results of the associates.

The above matters arose in the prior year and contributed to our adverse opinion in the prior period. The above matters continue to impact the amounts recognised in the financial statements (as noted above) in the current period in respect of these associates and the impact cannot be determined. Our opinion on the current period's consolidated inflation adjusted financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Consolidating Foreign Associates and Subsidiaries using inappropriate exchange rates

Further to the issue noted above in respect of exchange rates, management have also used the same exchange rates referred to in Note 2.3 to the consolidated inflation adjusted financial statements, to translate the foreign subsidiaries and the foreign associate to group reporting currency on consolidation. The impact is misstatement of elements to the carrying amounts of the following accounts on the consolidated inflation adjusted Statement of Financial Position of the Group: ZWL982,594,491 included in Cash and Cash equivalents of ZWL2,125,956,196; ZWL312,739,717 included in Trade and Other Payables of ZWL3,477,471,268; ZWL1,321,764,162 included in Investment in Associates of ZWL3,337,089,427, Foreign Currency Translation Reserve of ZWL2,172,627,748 and Distributable Reserves of ZWL8,007,743,248. This matter also arose in the prior year and contributed to our adverse opinion in the prior period. Our opinion on the current period's financial statements is therefore also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Consequential impact of the above matters on IAS 29 (Financial Reporting in Hyperinflationary Economies) accounting

Furthermore, notwithstanding that IAS 29 - *Financial Reporting in Hyperinflationary Economies* has been applied from 1 July 2018 to 30 June 2020, it is noted that its application was based on prior and current periods' financial information which has been misstated as a result of matters described above. Had the correct base numbers and start date been used, virtually all elements of the financial statements would have been different.

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

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

Key Audit Matters

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

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and Press Release, the Directors' Approval and Responsibility Statement, the Report of the Directors and the Historical Cost Financial Information, which we obtained prior to the date of this report. The other information does not include the consolidated inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the consolidated inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Sustainability Report and the Review of Operations are expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 21 –*The Effects of Changes in Foreign Exchange Rates* and other matters.

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

Responsibilities of the Directors for the Consolidated Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls as the directors determine is necessary to enable the preparation of consolidated inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted 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 inflation adjusted 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 controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INNSCOR AFRICA LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated inflation adjusted financial statements, including the disclosures, and whether the consolidated inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements have not, in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

Harare

25 September 2020