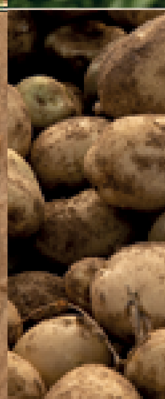
INNSCOR Africa Limited

ANNUAL REPORT 2020



our passion for value creation

About Our **Report**

“Agriculture as a Growth Driver for the Next Five-Years”

VISION

Our vision is to improve the quality of life of the customers in our chosen target markets and thereby to create and unlock value for all our stakeholders. We do this by bringing access to best value consumer staple goods at the lowest relative price.

MISSION

Innscor Africa Limited is a focused group of light manufacturing businesses which, together with various strategically integrated agricultural operations, produce a number of Zimbabwe’s iconic brands in the consumer staple product space.

We manufacture consumer staple goods for the mass market through a managed, and where strategically appropriate, integrated portfolio of businesses which:

- benefit from being part of our Group
- have the ability of being lowest cost producers
- have the ability or potential to achieve scale
- have the ability to become market leaders

VALUES

- Passion for value creation
- Entrepreneurial spirit
- Leadership
- Quality in all we do
- Integrity
- Accountability
- Trust
- Collaboration

ONLINE
You can find this report and more information about Innscor Africa Limited online at **www.innscorafrica.com.** Our Annual Report along with other relevant documents can be downloaded at **http://www.innscorafrica.com/downloads.**

Innscor Africa Limited, a company listed on Zimbabwe Stock Exchange (ZSE), presents its annual report for the year ended 30 June 2020. This report integrates both financial and non-financial information necessary to inform our broad stakeholders on the overview of our economic, environmental and social performance, as well as prospects and strategy of the Group.

The report reflects our belief in strong corporate sustainable practices underpinning our value creation for our stakeholders and shareholders. We continue to improve our report content, as such some sections of the report contain enhancements which are indicated appropriately.

Reporting Frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). Comparative information is reported in accordance with IFRS and the requirements of the Companies and Other Business Entities Act (Chapter 24:31). In reporting non-financial information, the Group is guided by:

- Listing Requirements of the Zimbabwe Stock Exchange (ZSE)
- Global Reporting Initiatives (GRI) Standards – ‘Core’
- The National Code of Corporate Governance in Zimbabwe (ZIMCODE)
- Climate Change Disclosure Framework of the Carbon Disclosure Standards Board (CDSB)
- Business Reporting on Sustainable Development Goals (SDGS): Guide of GRI and United Nations Global Compact (UNGC).

Data and Assurance

Our financial statements were audited by Ernst & Young Zimbabwe in accordance with International Standards of Auditing (ISA). The independent auditors’ report on the financial statements is contained on **page 89.** The Group continues to improve its disclosure requirements on selected sustainability performance indicators which were independently assured by Instinct Risk Advisory Services, the Group’s Internal Audit Function. Internal audit processes were adopted to validate the quality of sustainability data assimilation throughout our businesses and to provide reasonable assurance on our non-financial information disclosure to our stakeholders.

Reinstatements of Data and Information

The Group did not make any reinstatements of data previously published.

Sustainability Report Declaration

The Sustainability information in this annual report was prepared in accordance with GRI Standards ‘Core’ option. The Group believes all considerations were taken into account to ensure the report complies in all material aspects with provisions of the selected disclosure provisions of GRI Standards ‘Core’ option. The sustainability disclosures were verified by the Institute for Sustainability Africa for compliance with GRI Standards ‘Core’ Option.

Forward-looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections by Innscor Africa Limited directors and management using current 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 may have in terms of what you would like to see incorporated in our report for 2021. To do so, please contact Andrew Lorimer or Tracey Stephens on email: andrew.lorimer@innscorafrica.com or tracey.stephens@innscorafrica.com and phone +263 242 496790/496886.

Addington Chinake
Chairman

Julian Schonken
Group Chief Executive Officer

INNSCOR Africa Limited

Contents

Our Passion For Value Creation

OVERVIEW

OUR LEADERSHIP & GOVERNANCE

SUSTAINABILITY IN OUR VALUE CHAIN

FINANCIAL REPORTS

ANNEXURES


so sana

History And
Evolution of the Group

The Beginning

1987

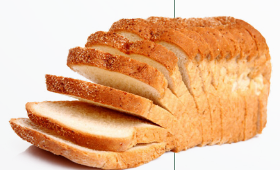
First Quick Service Restaurant (QSR) branded as Chicken Inn opened on Speke Avenue in Harare.

1993

- Acquired Astra Crocodile Ranching & Shearwater Adventures.
- Opened Distribution Group Africa (DGA) and started securing international agencies.

1995

Acquired and commissioned a mechanised bread plant in Harare.



1998

- Secured Nando's Franchise and opened the first Nando's store in Avondale, Harare.
- Acquired Capri Corporation Limited and reverse-listed Innscor on the ZSE (market cap USD70m).
- Opened QSR outlets namely Chicken Inn, Pizza Inn, Bakers Inn and Creamy Inn in Zambia, Ghana, Kenya, Tanzania, Uganda and Mozambique.

1999

- Acquired Spar Eastern Region and opened SPAR branded Corporate Stores in Harare.
- Secured Steers franchise and opened the first Steers outlet at Speke Avenue, Harare.
- Acquired a new biscuit line for the Iris Biscuit business.
- New packaging machine purchased for the Snacks business.

2000

- Concluded an Innscor-Exxon Mobil deal to open Innscor branded QSR outlets on Exxon Mobil forecourts across Africa.

2002

- Opened QSR outlets in Nigeria and Senegal on Exxon Mobil forecourts.
- Opened franchised QSR outlets in Malawi and Angola.
- Opened the first SPAR Corporate store in Zambia.

2003

Acquired shareholding in National Foods Holdings Limited (NTFD.zw), a leading supplier of Zimbabwean FMCGs (www.nationalfoods.co.zw).

2004

Acquired shareholding in Colcom Holdings Limited (COLC.zw), a leading manufacturer of pork products in Zimbabwe (www.colcomfoods.co.zw).

2005

- Commenced construction of a third crocodile farm in Kariba.
- Expanded QSR footprint into 12 African countries, 7 company operated and 5 franchised.

2006

- Increased equity in Colcom Holdings Limited (COLC.zw) to 79.64% and started consolidating Colcom into Innscor results.

2007

- Acquired a new biscuit line for the Iris Biscuit business.
- New packaging machine purchased for the Snacks business.
- Major refurbishment of the Bakery line at Simon Mazorodze Road Site, Harare.
- Opened 2 additional SPAR stores in Lusaka and Livingstone, with a total of 6 stores now in operation in Zambia.
- Increased the number of franchised QSR outlets in the Nigerian market.

2008

- Invested into a new Timber processing plant for our Bakaya Hardwoods business.
- A new SPAR branded corporate store opened in Chawama, Zambia.

2009

Trust earned.

- Acquired shareholding in Irvine's Zimbabwe (Private) Limited, a leading Zimbabwean poultry producer (www.irvineschicken.co.zw).

2010

PADENGA

Unbundled through a dividend in-specie, the crocodile ranching operation and listed this separately on the ZSE as Padenga Holdings Limited (PHL.zw) (www.padenga.com).

2011

- Acquired Shepperton Road property in Harare, with space to accommodate 5 breadlines and started consolidation of Bakery operations onto this site.
- Secured Galito's Franchise.

2013

- Franchised Chicken Inn, Pizza Inn, Creamy Inn and Galito's branded QSR outlets in Swaziland and Lesotho.
- Grew QSR network in the Zimbabwean, Kenyan & Zambian markets.
- Opened QSR outlets in the Democratic Republic of Congo (DRC).

2015

- Acquired a non-controlling interest in a leading stockfeeds business, Profeeds (Private) Limited (www.profeeds.co.zw).
- Unbundled QSR operations through a dividend in-specie and listed it separately on the ZSE as Simbisa Brands Limited (SIM.zw), (www.simbisabrands.com).

2016

- Acquired automotive retail business Transerv.
- Commenced the reorganisation of the Group into a light manufacturing business.
- Disposed the Group's interest in non-core SPAR Corporate Retail stores, Distribution operations and Tourism operations of Shearwater Adventures.
- Acquired a non-controlling interest in an FMCG manufacturing and downpacking of basic commodities business, Probrands (Private) Limited, (www. probrands.co.zw).
- Unbundled Speciality Retail businesses and listed it separately on the ZSE as Axia Corporation Limited (AXIA.zw). (www.axiacorpltd.com).
- Consolidated the Group's light manufacturing business into key categories.

2017

Disposed SPAR Zambia Limited and The River Club.

2018

- Acquired remaining non-controlling interest in Colcom Holdings Limited and de-listed the company. (www.colcom.co.zw).
- Commenced UHT milk production at Prodairy (Private) Limited.
- Merged pie production facilities.

2019

- Restructure of Probrands (Private) Limited.
- Acquisition of 50.64% interest in Probottlers (Private) Limited.
- Restructured Associated Meat Packers (Private) Limited (AMP) out of Colcom.
- Concluded the dilution of Innscor Appliance Manufacturing (Private) Limited to 25.05%.
- Disposal of interest in Freddy Hirsch (Private) Limited.
- Commenced production of condiments.

2020

- Set target of 100 000 hectares under irrigation, to meet the Group's raw material requirements.

Group Structure and Profile

INNSCOR
Africa Limited

MILL-BAKE

- 37.82% National Foods Holdings Limited
  - 100% National Foods Limited
  - 100% National Foods Properties Limited
  - 100% Breathaway Food Caterers (Pvt) Ltd
  - 100% Botswana Milling and Produce Company (Pvt) Ltd
  - 100% Red Seal Manufactures (Pvt) Ltd
  - 50% National Foods Logistics (Pvt) Ltd (Associate Company)
  - 40% Pure Oil Industries (Pvt) Ltd (Associate Company)
  - 50% Lolite Trading (Pvt) Ltd (Associate Company)
- 100% Bread Divison
  - Shepperton Road Plant Harare (Division)
  - Lennard Bread Bulawayo (Division)
  - 50% Bakers Inn Logistics (Pvt) Ltd (Associate Company)
- 49% Profeeds (Private) Limited (Associate Company)
  - 42 x Retail Stores (Division)
  - 1 x Feed Factory (Division)
  - 66% Fish Feeds (Pvt) Ltd

PROTEIN

- 49% Irvine's Zimbabwe (Private) Limited
  - Feedmill (Division)
  - Commercial Hatchery (Division)
  - Breeders (Division)
  - Layers (Division)
  - Broilers and Abattoir (Division)
- 100% Colcom Division
  - Colcom Holdings Limited
  - Triple C Pigs (Division)
  - Colcom Foods Limited
- 50.1% Associated Meat Packers (Private) Limited
  - 20 Retail Stores
  - 50.01% Silkchin Trading (Private) Limited
  - 50.1% Intercane (Private) Limited 13 retail stores

OTHER LIGHT MANUFACTURING

- 50.1% Pangolin (Private) Limited
- 50.64% Probottlers (Private) Limited
- 39.2% Probrands (Private) Limited (Associate Company)
- 50.1% Prodairy (Private) Limited
  - 50% Keshelmar (Private) Limited (Associate Company)
  - 45% Mafuro Farming (Private) Limited (Associate Company)
- 58.33% Natpak (Private) Limited
  - 35% Alpha Packaging (Private) Limited
- 50% Skitap (Private) Limited
  - 25.05% Innscor Appliance Manufacturing (Private) Limited (Associate Company)
    - 100% Capri
    - 66.67% Goodshow Manufacturing (Pvt) Ltd t/a WRS
- 50% Paperhole Investments (Private) Limited (Associate Company)
- 49.89% Afrigrain Trading Limited (Associate Company)

HEAD OFFICE SERVICES

- Treasury Division
- IT Services
  - 50% Syntegra Solutions (Private) Limited
- Payroll & Wellness Services
  - 60% Rafferty Investments (Private) Limited t/a Providence Human Capital
    - 1 Hospital
    - 5 Clinics
- Group Properties Division
- Other Head Office Shared Services
  - Tax
  - Instinct Risk Advisors
  - Legal

Innscor Africa Limited is a manufacturer of consumer staple and durable goods for the mass market, through a managed and where strategically appropriate, integrated portfolio of businesses.

The Group commands leading market shares across a range of its categories and over the years has grown organically, through acquisition and by venturing into new categories.

The structure of the Group and the effective shareholding by Group Companies in subsidiaries and associates is illustrated herewith.

NATIONAL FOODS LTD

GIVING TO 100 CHARITIES *to mark 100 years!*

100 years Feeding The Nation Since 1920

BRIEF DESCRIPTION OF THE INITIATIVE

National Foods Limited (NFL) celebrated 100 years of serving the country with its iconic brands. To celebrate this milestone, the company launched the NFL 100 Charities Initiative to give once off support to 100 initiatives that were not part of the regular beneficiary of NFL's Corporate Social Investment (CSI) Programmes. This gesture allowed us to further increase our CSI footprint and celebrate with more than 50 000 beneficiaries of this initiative in addition to those already supported by NFL.

THE 100 BENEFICIARIES

- ACACIA Trust
- Adonai Charities
- Africa Rise Foundation Trust
- Alive Albinism Initiative
- Alpha Cottages
- As I Am Foundation
- Auntie Gee's Place of Safety in Transit
- Bongani Orphan Care Program
- Bumhudzo Old People's Home
- Cancer Serve
- Caritus Zimbabwe - Gokwe dioces
- Chawana Hama Disability Network
- Chegutu Childled Organisation
- Chengetanai Old Peoples Home
- Chiedza Child Care Centre
- Chiredzi Christian Children's home
- Chitenderano Children's home
- Claaphia Rescue Center
- Danai Children's Home
- Delayed Milestones Children's Trust
- Disabled Peoples Home Mhangura
- Domboshava Children's Home
- Dzikwa Trust Fund
- Eagles Wings Albinism Care & Support
- Eat Out Zimbabwe Trust
- Ekhaya Kip Keino Children's Home
- Entembeni Old People's home
- Esteemed Children Trust
- Falls Famine Appeal
- Flower of Hope Children's Trust
- Foundation of Hope Orphanage
- Foundation Zimbabwe (Goromonzi)
- Fundisa Children Organisation
- Glory to Glory Child Care Centre
- Good Shepherd Children's Home
- Greenline Africa Trust
- Hurungwe Childrens Home
- Ivordale Children's Home
- John Smale Children's Home (ZPYF)
- Kabwe Children's Home
- Kadoma Benevolent Association.
- Kadoma Old Peoples home
- Khanya - Be the Light
- Kurera Children's Trust
- Luveve Training School for Girls
- Makumbi Children's Home
- Mambure Trust
- Manhinga Village Children's Home
- Mashambanzou Care Trust
- Masvingo Association of Residential Care Facilities Trust
- Mathew Rusike
- MoComfort Trust
- Mudzi Orphans Development Trust
- Mustard Seed Communities Zimbabwe
- Mutemwa Leprosy Centre
- Mwana Trust: Child's Hope
- National Association of Societies for the Care of the Handicapped
- Nehemiah AIDS Relief Project
- Nozizwe Mother of All Nations Charity Trust
- Omega Grace Villages
- Our Children, Our Hope Trust/Tariro House of Hope
- Parent and Child Development Zimbabwe
- Patience Foundation
- Patricia Jabangwe Children's Home
- Percy Ibbotson Probation Hostel
- Ramangwana Center
- Rose of Sharon Children's Home
- Rudo Isimba Old Peoples Home
- Rugare Orphan Care Organisation
- Salfina Foundation Trust
- Seke Rural Home Based Care
- Sethule Trust
- Shekinah Children's Home
- Shirley Cripps Children's Home
- Shungudzevana Children's Home
- Sir Humphrey Gibbs Trust
- Sister Children's Home (Silobela)/Dominican Sisters
- Southern Africa Endogenous Development Program
- St Christopher's Children
- St Joseph's Clinic
- Tanyaradzwa Child Care Centre
- Tariro Foundation of Zimbabwe Trust
- Tariro-Hope and Health for Zimbabwe Orphans
- Tawananyasha neRudo Foundation
- Thembiso Children's Home
- Tichakunda Children's Home
- Tirivanhu Therapeutic Center
- Tony Waite Organisation
- Tsungirirai Welfare
- Unathi Children's Network Trust
- Vana Childcare Ministries Home (Sanduko Yeupenyu)
- Well Of Life Orphan Trust (Welot)
- Westgate Haven
- Yamuranai Association for People Living with Disabilities
- Zimbabwe Albino Association
- Zimbabwe Blind Women Trust
- Zimbabwe National League of the Blind
- Zimbabwe Parents of Handicapped Children
- ZimCare Trust Masvingo
- Zororai Old People's Home

An German made Roller Mill, built in 1904, in situ at National Foods Limited Head Office.

Our Products
and Brands

Maize	Stockfeed and Petfood	Flour	Chicken	Table Eggs and Day-Old Chicks	Bread and Pies
National Foods Ltd	National Foods Stockfeeds	National Foods Ltd	Irvine's	Irvine's	Baker's Inn
Pearlenta	PROfeeds	Gloria	Texas Meats		Colcom
Pearlenta Nutri Active Instant Porridge	aquafeeds	Red Seal	Texas Chicken		
Red Seal	Red Seal				
Better Buy	Irvine's				
	Bow Wow				
	Kenergy				
	Colcom				

Pork and Beef	FMCG	Biscuits and Snacks	Dairy and Dairy Blends	Packaging	Beverages
Colcom	Red Seal	National Foods Ltd	PROdairy	NatPak	fizzi
Colcom Tastee	Ma-Hat-Ma Rice	Allegrös Popticorn	masi	Alpha Packaging	Bally House
Danmeats	Zimgold	Iris	Sona		St. Clairs
Oscars	Oleo	ZapNax	Life		Treetips
amp	Purola	King Kurls	Revive		
Texas Meat Market	Zimbrite		KSM Beverages		
Butcher Box	Better Buy		Kershelmar Dairies		
Prime Brand	Royal				
Texas Meats	ideal				
Texas Pork	PRObrands				
Texas Beef					
Zimnyama					

Five-Year Performance
Performance Highlights

Revenue (Inflation-Adjusted)

The Group posted revenue of **ZWL23.938bn** during the year under review, representing a 24% increase against the comparative year.

24%

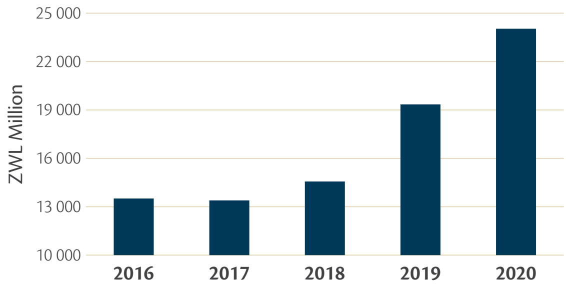
Sustainability Performance

Environmental Performance
Waste Reduction

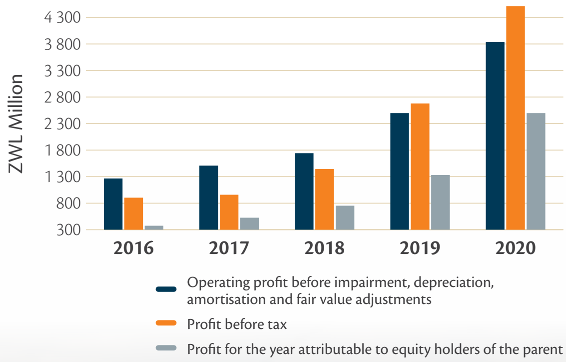
60%

Financial Performance (Inflation-Adjusted)

Revenue



Profit Performance

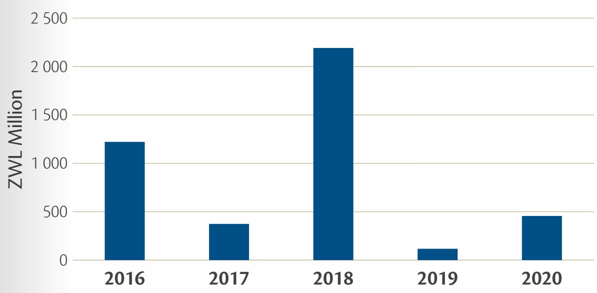


* The financial information used for 2016 to 2018 was converted to ZWL from USD at a rate of 1:1 and restated using the inflation factor as at 1 July 2018.

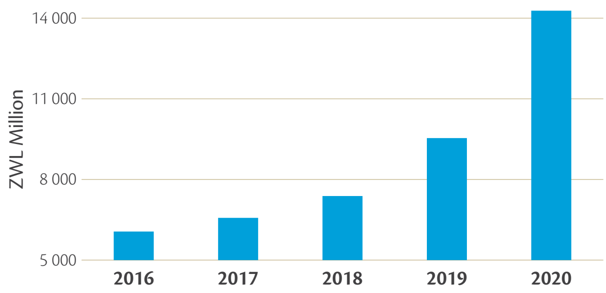
Five-Year
Performance Highlights (continued)

Financial Performance (Inflation-Adjusted)

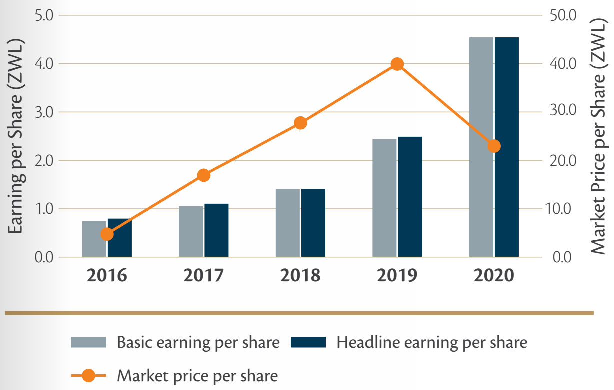
Cash Generated from Operating Activities



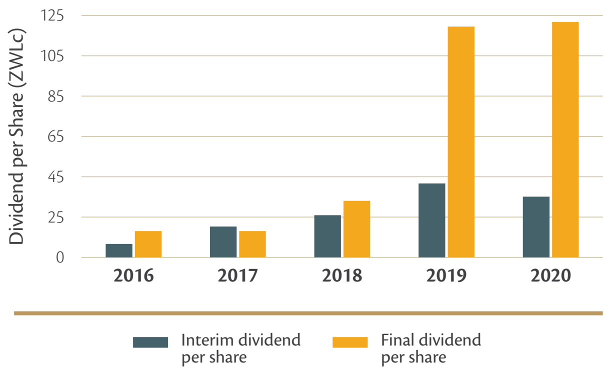
Net Assets



Share Performance



Ordinary Dividend per Share



	2020	2019	2018	2017	2016
Class "A" ordinary share dividend recognised and paid since reporting period	28 200 000	4 454 073	4 454 073	7 941 584	3 416 728
Number of shares in issue at 30 June	564 776 450	559 726 450	559 726 450	541 593 440	541 593 440
Market capitalisation at 30 June (ZWL)	12 798 550 000	12 185 133 307	15 247 777 447	9 002 322 837	2 163 058 122

Sustainability Performance

	2020	2019	2018	2017	2016
Environmental Performance					
Water usage (m³) (% change)	↑ 4%	↑ 8%	↑ 44%	↓ 4%	↓ 22%
Solid waste (tons) (% change)	↓ 60%	↓ 9%	↑ 167%	↓ 46%	↓ 36%
Energy – fuel for ovens (litres) (% change)	↑ 20%	↓ 1%	↑ 31%	↑ 29%	↓ 3%
Social Performance					
Employees (% change)	↓ 2%	↑ 2%	↑ 6%	↓ 19%	↓ 7%
Number of injuries	↑ 28%	↑ 22%	↓ 2%	↓ 23%	↓ 3%
Safety training	↑ 4%	↑ 95%	↓ 4%	↑ 73%	↑ 4%

* The financial information used for 2016 to 2018 was converted to ZWL from USD at a rate of 1:1 and restated using the inflation factor as at 1 July 2018 as stated on note **2.4** of the Annual Financial Statements, presented in this Annual Report.

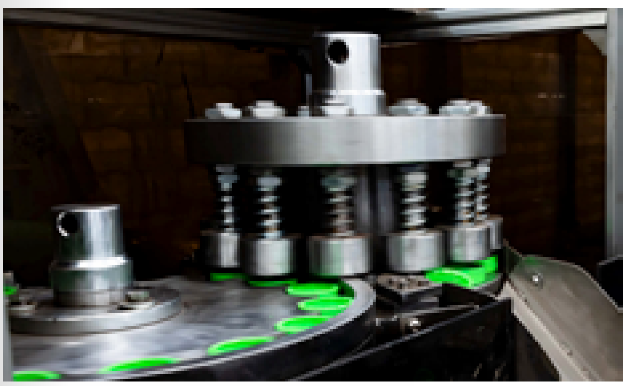

PREMIUM
PREMIUM
PREMIUM
PREMIUM
BAKER'S INN
Better taste, more value

Chairman's Statement
and Review of Operations

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements.

The Group's inflation-adjusted financial statements are presented from **page 96 to 190** of this Annual Report in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for annual financial statements 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 Group annual inflation-adjusted 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 (note 2.4) .

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these 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.

Chairman's Statement **and Review of Operations** (continued)

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 the financial commentary is therefore based on the inflation-adjusted financial statements. Financial statements prepared under the historical cost convention, have only been presented as supplementary information.

AUDITOR'S STATEMENT

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) note 2. The auditor's report on the Group's annual inflation-adjusted financial statements is shown on **page 89 to 95** of this Annual Report.

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.

Chairman's Statement
and Review of Operations (continued)

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.

OPERATING PROFIT

The Group delivered an operating profit of **ZWL3.859bn** for the year under review, representing a growth of **54%** over the comparative year.

54%

Chairman's Statement and Review of Operations (continued)

FINANCIAL PERFORMANCE

As noted earlier in this statement, the Group's financial results and the commentary have been prepared on an inflation-adjusted basis as required by IAS 29. Financial statements prepared under the historical cost convention have only 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). **(Note 4a)**.

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.

Chairman's Statement **and Review of Operations** (continued)

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.

Chairman's Statement **and Review of Operations** (continued)

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 intake 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.

The Group continues to assess and investigate capital projects which will provide long-term business model optimisation and efficiency.

Chairman's Statement and Review of Operations (continued)

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 adopted 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 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-19 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.

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 and comparative 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.

Chairman's Statement and Review of Operations (continued)

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
25 September 2020

The Group's **Agriculture Business Overview**

The continued investment into and empowerment of Zimbabwe's agricultural sector is a critical success factor in ensuring the future sustainable growth of the Group.

The Group's milling, baking and protein businesses are reliant on the local agricultural sector, as such, the commitment to develop 100 000 hectares of land under irrigation in the next five to ten years is a target that the Group has set itself.

PHI FARMING

Paperhole Investments (Private) Limited (PHI), was established in 2008 as a joint venture between Intergrain and Innscor Africa Limited. The company has grown to be a successful, competitive regional commodity broker, and is responsible for the procurement and logistical management the Group's grain requirements.

Corporate & Contract Farming - The company has diversified its trading-oriented interests into primary agriculture, with the establishment of corporate and contract farming operations through the "PHI Farming" division, as well as entering into several strategic joint ventures. The Group has undertaken significant investment into irrigated maize, wheat and soya bean production, with an estimated 2 000 hectares in production under corporate farming, and a further 15 000 hectares under contract farming.

Maize, wheat and soyabeans are critical raw materials that sustain the Group's milling, baking, protein and oil expressing operations and further investment into these essential cropping lines remain a crucial focus. Further, PHI Farming is now a major local producer of table potatoes for wholesale, retail and the quick-service restaurant markets, and has diversified into seed potato production in the Eastern Highlands.

PHI Contracting - This division contracts commercial and selected small scale farming schemes to grow maize and soya beans in the summer and wheat in the winter. The division will contract up to 15 000 hectares of summer crops in the 2020/2021 summer season and recently funded the growth of 3 000 hectares of winter wheat during the 2020 season.

The business also has 12 hectares of granadillas in production for export.

- FOOD SECURITY IS A PRIORITY TO THE NATION
- WORKING TOGETHER WITH ALL STAKEHOLDERS IN AGRICULTURE; SUPPORT, DEVELOPMENT AND EXPANSION
- HIGH QUALITY PRODUCE
- EMPLOYMENT GENERATION & PRODUCTIVITY
- INVESTMENT IN CAPITAL INTENSIVE PROJECTS - IRRIGATION IS KEY
- GROWING EXPORTS
- MUTUAL BENEFICIAL JOINT VENTURE RELATIONSHIPS
- EMPOWERMENT DRIVE AND OPPORTUNITIES
- MAIZE AND SOYA REQUIREMENTS CURRENTLY AT 25%
- EXPAND OVER THE NEXT 2-3 SUMMER SEASONS TO PRODUCE UP TO 50% OF THE BUSINESS REQUIREMENTS BY 2023

The Group's **Agriculture Business Overview**

PHI Horticulture - is growing an array of specialised horticultural products for export and local consumption. The company has also successfully diversified into cherry peppers, chillies, peas, passion fruit and raspberries all destined for international export markets. The current focus is on large-scale blueberry production for export; with 25 hectares in mature production, the focus shifts to expanding the operation that will see a total blueberry production of 43 hectares by the end of December 2021.

PHI HORTICULTURE

During 2020, the horticulture operation produced 40 hectares of sugar snap and mangetout peas for export, and in the process created over two hundred seasonal jobs within the Marondera peri-urban area, and in doing so supported the Group's sustainable practices through providing equal-employment opportunities for women.

PHI Transport - provides road and rail capabilities to assist in meeting the Group's considerable demand for regional and local logistics.

PHI Fertiliser - PHI has strategically partnered with Profeeds to procure fertiliser "straights" and manufacture an array of specialised blends under the "Nutrimaster" brand. The product will be made available to the direct PHI farmer base while being distributed countrywide via the Profarmer retail channels.

Empowering Communities - PHI is committed to the upliftment, growth and protection of the surrounding communities in which it operates.

The Group strives to make a positive impact through ensuring all employees have access to clean water, housing, electricity, healthcare and schooling while extending access to primary, pre and antenatal health care facilities for the broader communities in which the operations are situated. Various joint venture initiatives, with appropriate ministerial approval, continue to provide a livelihood to land beneficiaries through empowerment and strategic training initiatives, and the provision of necessary funding for continued investment into the land.

Highlights of the **Group's Impact and Achievements to Date**

- The establishment of sustainable environmental farming methods, adopted with an emphasis on bio-friendly production and international best practices.
- Creation of technical teams that undertake to work closely with growers, pack-houses and processing facilities; ensuring operations are certified to highest industry standards.
- Undertaken to certify all operations under Global Gap and Smeta thus assuring that all crops are grown, harvested and processed according to international best practice.
- Strategic initiatives aimed at empowering local farmers through mutually beneficial partnerships, which have contributed toward having 2 000 hectares under irrigated production and a further 15 000 hectares contracted. Continued efforts are made by the company to make a meaningful contribution to the growth of food production in Zimbabwe.


Allegrös
Popticorn
Allegrös
Popticorn
Salt & Vinegar
Popticorn
Original
Popticorn
Cream Cheese & Chives
Allegrös
For The Good Life...

Corporate Social Responsibility

Our Strategic Approach

Innscor Africa Limited (IAL) undertakes Corporate Social Responsibility initiatives through the Group's corporate office and through its various subsidiary and associate companies

Collectively, the Group and its business, contribute millions of dollars in the development and training of small-scale farmers enabling them to enhance household livelihoods, building and rehabilitation of schools in rural and developing communities, supporting the educational needs of underprivileged children, sponsoring various sporting disciplines, supporting health and disability centres, senior citizens' homes, orphanages, prisons, the arts and animal welfare organisations.

Investments in Arts and Cultural Support - The annual Visual Arts Festival hosted by National Allied Arts, continues to receive the unwavering support of IAL. This event attracts thousands of entries from students country-wide. Last year's topical theme being - "The Green Planet" covered an important aspect of what challenges our world faces today and the depth of coverage and response from these students was incredibly supportive with today's generation displaying their passion and views of saving our planet.

Investment in Our Environment

IAL in partnership with Friends of the Environment (FOTE) over the years have provided much needed funding to support the annual planting of trees across our country. FOTE have set themselves a target of planting 500 million trees in 10 years, through providing the necessary funding and training to primary and secondary schools to establish tree seedling nurseries country-wide. FOTE'S focus is to develop a youth that is conscious of its environment and to raise awareness within the communities on the significance of conservation and preservation of our environment. To date over 27 million trees have been planted and IAL is proud to be associated with this initiative.

Investment in Sports and Recreation Activities - IAL continues to support and sponsor the Under 14, Under 15 and Under 17 Zimbabwe Junior Cricket Teams in their preparation for, and participation in local and regional tournaments. The Group is proud to be associated with this initiative which is key to the development of Cricket in Zimbabwe. IAL also supports the Zimbabwe National Rugby Team "The Sables". The Sables represent the nation in international competitions and look forward to normal competition resuming in the near future.

Investment in Animal Welfare - In support of animal welfare, IAL continues to support The BLUE CROSS event towards fundraising for the Society for the Prevention of Cruelty to Animals (SPCA). 2020 played host to the 25th edition, fielding the largest number of participants in the history of the event. Funds raised from the event have been successfully disbursed to SPCAs country-wide.

Funds raised continue to be disbursed to most of the SPCA offices in most areas of the country to assist in animal welfare activities.

Investment in Health - During the year considerable investment was undertaken into the Health and Wellness Business in preparation of the the necessary requirements towards the Covid-19 Pandemic which was declared as a National Disaster by the President of the Republic of Zimbabwe.

IAL developed a IAL Covid-19 Response Programme to ensure the safety and well-being of our employees. IAL spent approximately USD600 000 on a high-care medical infrastructure to cater for its group wide employee base who may have required hospitalisation from Covid-19.

National Covid-19 Call Centre - IAL in partnership with other players and the Ministry of Information and Broadcasting Services established the National Covid-19 Call Centre to convey timely and accurate information regarding Covid-19. The Call Centre operates 24/7 and is manned by a team of trained personnel to convey general information such as approved trading hours during lock-down, transport requirements, lock-down regulations, preventative details on Covid-19 as well as general Government announcements regarding Covid-19.

Corporate Social Responsibility

Our Strategic Approach

Baker's Inn are delighted to report on the brand's Corporate Social Responsibility matters and committed to strengthening the communities we operate within through schools, orphanages, disability support and old aged homes.

Baker's Inn continues to support its various CSR initiatives with bread donations to various charities, disability support areas, old aged homes and several prisons across the country. It's Employee Volunteer Programme successfully builds cross functional teams, providing opportunities to support and develop their employees.

Corporate Social Responsibility

PROfeeds

Our Strategic Approach

Profeeds believes in empowering the communities in which it operates. Poultry farming offers good returns on investment which not only allows families to be able to feed themselves but generates continual sustainable income for their livelihoods and is one of the CSR initiative offered by Profeeds. Broiler Management Trainings, which commenced in 2010, provides training programmes at no charge to over 8 000 small-scale farmers on an annual basis.

Rocky the Rhino - In June 2020, Profeeds committed to sponsor an orphaned black rhino on the Humani Ranch - Save Valley Conservancy by providing it with food and milk requirements after it had been orphaned.

Corporate Social Responsibility

Our Strategic Approach

For 76 years, Colcom Foods has contributed to the community in which it operates in several ways. Colcom values its customers and communities and continuously aims to to improve the lives of ordinary Zimbabweans through meaningful and valued initiatives. The business acknowledges that its success is based in part on its history of investing in the success and sustainability of the communities it serves.

Colcom offers assistance to registered charitable organisations in Zimbabwe that touch the lives of a number of disadvantaged people in our society, the elderly, the infirm and orphaned children. Colcom provides at least 1 000 meals every week towards these worthy initiatives. The business also contributes to charities focusing on animal support and welfare.


COLCOM
FRENCH POLONY

Corporate Social Responsibility

Our Strategic Approach

Irvine's Zimbabwe have been operating locally for over 63 years and have been heavily involved in rural poultry production in line with Government's policy of developing agriculture in the rural areas

Since its establishment in the 1950s, Irvine's Zimbabwe has made a difference in the community through its various sustainability programmes, supporting education and vulnerable children.

Irvine's partnered the Command Livestock Agricultural Programme through the provision of 12 poultry demonstration houses fully equipped in each province of the country. Each house has a capacity of 2 500 broilers with Irvine's providing the first batch of chicks and the necessary feed free of charge with the expectation that, beneficiaries would sell chickens from this project and use proceeds to purchase the next batch. These facilities are also used to train producers in poultry production within each province.

As part of their CSR, Irvine's have also provided free training in rural areas, on best poultry farming methods. Recently, the company further took its poultry farming training to Zimbabwe's popular radio stations, Star FM and Radio Zimbabwe, and to the digital space via its social media pages where bite size training videos were deployed as demand for media training continues to grow.

Irvine's Zimbabwe also prides itself in contributing towards the local empowerment of Zimbabwean Farmers through chicken contract farming. As part of Irvine's economic empowerment initiatives about 90% of the broiler chickens that go through Irvine's processing plant are grown and supplied by the operations' Contract Grower Base. The contract farming model provides the farmer with the necessary inputs to grow a successful flock, and above all a guaranteed market. The farmers are required to abide by the strict Irvine's and government's veterinary bio-security standards for quality assurance.

Irvine's provides accommodation to over 600 staff members and their families at both Lanark & Derbyshire farm villages.

The villages boast a recreational centre, clinics and schools that are operated by qualified professionals from the health and education sector.

In addition, the company has been assisting charity organisations, orphanges, childcare centres among other insituitions including Jairos Jiri, Danhiko Project, Emerald Hill Children's Home, Harare Children's Home, St Joseph House of boys, Athol Evans, Harare Senior Citizens Club, Waterfalls Trust, Beezer Organisation, Fairways Home and the Zimbabwe Republic Police (ZRP) Waterfalls Dog Section.

Corporate Social Responsibility

Our Strategic Approach

AMP over the years has partnered with various stakeholders in the community in which it operates and has impacted and supported the livelihoods of everyday Zimbabweans who help build the AMP brand. The organisation has made a long-standing commitment to reach out and help where help is needed the most.

These strategic partnerships with various registered charitable organisations have ensured that the less fortunate and vulnerable have access to much needed protein and healthier meals. Our contributions have added to the lives and well-being of the elderly, the infirm and orphaned children.


TEXAS
PORK
CHICKEN
PREPACKED SAUSAGES
BULK SAUSAGES
MIXED PORTIONS

Corporate Social Responsibility

PRObrands
PROdairy PRObottlers

Our Strategic Approach

The Ruwa Group of companies Corporate Social Responsibility initiatives continue to support various charitable organisations, the environment, animal welfare and arts and recreational activities.

Corporate Social Responsibility

Our Strategic Approach

PHI support a diverse range of community initiatives and projects supporting old age pensioners, personal protective equipment support to a clinic in Muzvezve District as well as various sports sponsorships.

Recognising our Long-serving Human Capital

Innscor Africa Limited and its Group of Companies values the service contributed by employees and considers it important to recognise, reward and celebrate the commitment and contribution of staff who have worked for the company for many years with recognition being awarded from 10 years to 40 years plus. This report aims to acknowledge commendable services of employees that have attained 30 years plus with the Group.

BAKER'S INN
Better taste, more value

Baker's Inn celebrated unparalleled loyalty at the Baker's Inn Long-Service Awards. The company honours workers across the organisation that achieved new long service milestones. Their dedication to the Baker's Inn vision clearly demonstrates the statement 'I AM Baker's Inn'.

The awards ceremony is an incredible affair of employees celebrating together with their families. The Southern Region long-service awards were held at the Zimbabwe International Trade Fair (ZITF) where the business acknowledged almost 194 employees for their years of service.

Similarly National Foods, Irvine's and Colcom celebrated their long-serving employees through awards, prizes and bonuses as a token for their unwavering commitment to the Group and its well-being.

NATIONAL FOODS LTD

List of Long-serving employees celebrated during the year.

Name	Department	Station	Job Title	Years of Service
Moses Mabvuu	Flour Mill	Harare	Plant Operator	40
Francis Komboni	Stockfeeds	Harare	Warehouse Supervisor	40
Ndabezinhle Moyo	Stockfeeds	Bulawayo	Stock Control Clerk	40
Shamiso Mhashu	Snacks	Harare	Packer	40
Deborah Magara	Snacks	Harare	Packer	40
Dennis Tshuma	Maize Mill	Bulawayo	Machine Minder	35
Ndalu Ngwenya	Maize Mill	Bulawayo	Machine Minder	35
Shadreck Ngwenya	MCG	Bulawayo	Senior Machine Operator	35
Mackenzie Ndlovu	SMD	Bulawayo	Cleaner	35
Teremai Maroso	MCG	Harare	Machine Operator	30
Lloyd Majere	MCG	Harare	Stock Controller	30
Angela Adolfo	SMD	Harare	Receptionist	30
Gift Hungwe	Stockfeeds	Harare	Stock Control Clerk	30
Conorio Momberume	Stockfeeds	Harare	Production Supervisor	30
Stephen Kombera	Stockfeeds	Harare	Foreman	30
Cephas Sibanda	Stockfeeds	Bulawayo	Despatch Checker	30
Denis Tshuma	Stockfeeds	Bulawayo	Sales Clerk	30
Shadreck Chiwandire	Stockfeeds	Harare	Foreman	30
Alex Mandishora	Stockfeeds	Harare	Production Supervisor	30
Elisha Mashaira	Stockfeeds	Harare	Handyman	30
Trymore Chiwawa	Stockfeeds	Harare	Pellet Operator	30

Recognising our Long-serving Human Capital

IRVINE'S
Trust earned.

List of Long-serving employees celebrated during the year.

Name	Department	Job Title	Years of Service
Shepard Tunha	Despatch & Delivery	Forklift Operator	40
Kanisiyos Severia	Laundry & Dry Cleaning	General Hand	40
Leonard Makoni	Sales & Marketing	Sales Clerk	40

COLCOM

Colcom acknowledge and appreciate that the foundation of its success is built upon the dedicated commitment and loyalty of its staff, with the following who were recognised at their last formal Long-Service Awards ceremony: -

List of Long-serving employees celebrated during the year.

Name	Job Title	Years of Service
Antony Mutero	Reconciliation Clerk	30
Anderson Kapoche	Packer	30
Francisco Makore	Stock Controller	40
Crispen Marimo	Floor Dusting	40
Rodrick Chinhoi	Packer	40

Innscor Africa
Employee Share Trust

The Group employs approximately 3 400 full-time employees who are eligible beneficiaries of the Innscor Africa Limited Employee Share Trust ("the Trust").

Given the prevailing hyperinflationary climate, both the Innscor Board and the Trustees of the Innscor Africa Limited Employee Share Trust endeavour to pay a dividend to eligible beneficiaries, as often as possible. Under this principle, beneficiaries received a dividend of ZWL1 000 in April 2020, allocated from the interim dividend of ZWL3.8m declared by the Innscor Board to the Trust in February 2020. Beneficiaries will receive an additional dividend of ZWL7 000 from the final dividend of ZWL28.2m declared by the Innscor Board to the Trust in September 2020. The payment of these dividends is vital to help align Innscor permanent staff with the objectives of the Group. The Trust also avails loan facilities to beneficiaries.

IT IS FOR REAL!.....

Tonderai and Hellen Muhambi at their homestead in Dema

Corporate **Governance**

Group Governance & Management Approach

Balancing the interests of all stakeholders continues to be a significant focus of the Group. As such the Group continues to monitor and evaluate best practices critical for long-term business sustainability. Critical to our corporate governance values is ensuring that we observe principles and ethical practices benchmarked on international best practices.

We continue to monitor and align codes of corporate practices and conduct with local and international corporate governance codes such as the National Code of Corporate Governance in Zimbabwe (ZIMCODE) which the Board has adopted as the primary code of Corporate Governance for the Innscor Group. We continue to explore aligning with the OECD Principles of Corporate Governance.

During the past financial year, the revised Zimbabwe Stock Exchange Listing Requirements (ZSE) (Statutory Instrument 134/2019) and the new Companies and Other Business Entities Act (COBE) (Chapter 24:31) have come into operation in Zimbabwe and the Group has analysed these thoroughly in order to ensure compliance with the requirements of the new Listing requirements and COBE.

Our management philosophy is vested on the need to conduct the affairs of the Group with transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of our stakeholders and shareholders. This enables our shareholders and stakeholders to derive assurance that, in sustaining and adding value to Innscor Africa Limited's financial, natural, intellectual, manufactured, relational and human capital investment, the Group is being managed ethically, according to prudently determined parameters and in compliance with best international practices.

Corporate **Governance** (continued)

Mechanisms for Communication with Shareholders

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

Board and Management Ethics

The principles of observing sound ethical practices, values and conduct is ultimately the Board and Management's responsibility. Declarations of interest and any conflict arising in carrying out the effective roles and responsibilities are a requirement of all Innscor Africa Limited's Directors and Management. Such declarations are included in the business of all Board meetings held during the year by the company.

Declaration of Directors

During the year under review, no Directors had any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of Directors and their families in shares of the Innscor Africa Limited are presented in **Note 24.4.**

Share Dealings

Directors, management and all Group staff are not permitted to deal directly or indirectly in the shares of the Group or companies during:

- The period from 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 when they are in possession of information, the effects of which may affect the share price.
- Any share dealings by Directors and management in listed shares of the Group are declared to the ZSE Listing Requirements

Professional Advice

The Group's policy where justifiable, entitles Directors to seek independent professional advice at the Group's expense on matters in the furtherance of their duties or advancement of the Group's business objectives.

Board Structure and Responsibilities

The Group continues to align the Board composition with the COBE (Chapter 24:31) ("the Act") and with the ZSE Listing Requirements and in line with governance policy and international best practices of corporate governance. During FY2020 our Board of Directors consisted of 2 executive Directors, 2 Independent Non-executive Directors and 2 non-independent non-executive Directors. In accordance with the requirements of COBE, that a public company should have a minimum of 7 Directors, the Board will seek to appoint 1 more Independent non-executive Director at the Annual General Meeting of Shareholders in December 2020, following the recommendations of the Nominations Committee. The Chairman and 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 and to deliberate on the strategic direction of its operations. Short biographies of each of the Directors are disclosed on **page 44 and 45**.

The Group operates a decentralised structure reporting to the Group Board of Directors. Each individual business has a formal Board of Directors, with clearly defined responsibilities and objectives, for the day-to-day running of its operations. A comprehensive management reporting system ensures that each business is brought to account on a monthly basis on operational, governance, sustainability and financial matters.

Directors' Remuneration

Remuneration packages for the Group's Executive Directors are determined by the Group's Remuneration Committee. These packages include a guaranteed salary as well as a performance-related incentive linked to the achievement of pre-set targets which takes into account the needs of the Group from time to time. The Group also operates a long-term retention scheme designed to retain employees in the medium to long-term, to focus their attention on longer-term strategic goals and ensure sustained growth of the Group. Details regarding the "2016 Innscor Africa Limited Share Option Scheme" are contained in **Note 24.3.**

As at 30th June 2020, there were no loans from the Group to any Director.

Summarised on **page 42** is the Board Structure and the members of the various board Committees and the responsibilities of each Committee.

Corporate **Governance** (continued)

Committee	Members	Committee Members Summary Roles & Responsibilities
Audit & Risk	T.N. Sibanda (Chairman) A.B.C. Chinake M.J. Fowler	The Audit & Risk Committee assists the Board in the fulfilment of its duties. The Audit & Risk Committee deals, inter alia, with compliance, internal control and risk management. The Committee comprises two independent, non-executive Directors and one non-independent, non-executive director. An independent non-executive Director chairs the Committee. As soon as the new independent non-executive Director is appointed by the Board, then Mr Chinake will stand down as a member of this Committee, in compliance with the requirements of the Companies and Other Business Entities Act (24:31) that the independent non-executive Chairman of the Board should not be a member of the Audit Committee. The Committee meets at least three times a year with the Group's external and internal auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of the systems of internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the Audit & Risk Committee to ensure independence and the objectivity of their findings and scope of their work.
Remuneration	A.B.C. Chinake (Chairman) M.J. Fowler T.N. Sibanda	The Remuneration 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 contribute to the sustainable growth and success of each of the businesses in which the Group operates. Packages primarily include basic salaries, performance related bonuses and long-term, share-based incentives.
Nominations	A.B.C. Chinake (Chairman) M.J. Fowler T.N. Sibanda	The Nominations Committee comprises an independent, non-executive Chairman and two non-executive Directors who consider the composition of the Board and its Committees, and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors.
Executive	J.P. Schonken (Chairman) G. Gwainda M.J.R. Lashbrook A. Lorimer (Company Secretary) C. Tumazos R. Nyamuziwa N. Mazango	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The Committee meets monthly. The Committee is composed of two Group Executive Directors, CEO's from three of its largest operating business units, the Group Treasurer and the Group Company Secretary.
Finance & Investment	G. Gwainda (Chairman) J.P. Schonken R. Nyamuziwa A. Lorimer (Company Secretary)	The Finance and Investment Committee is mandated by the Board to set, approve and monitor overall borrowing limits for the Group and for the individual companies within the Group. The Committee is responsible for approving financial institutions that the Group can transact with and limits of such transactions. The Committee also sets, approves and monitors the overall capital expenditure investment within the Group and specifically analyses any expansion capital expenditure and potential business acquisition or disposal. The Committee is composed of two Group Executive Directors and the Group Treasurer. The Committee meets on a monthly basis to consider banking facilities, borrowing positions, capital expenditure, investment opportunities and such other business as may be directed by the Board.

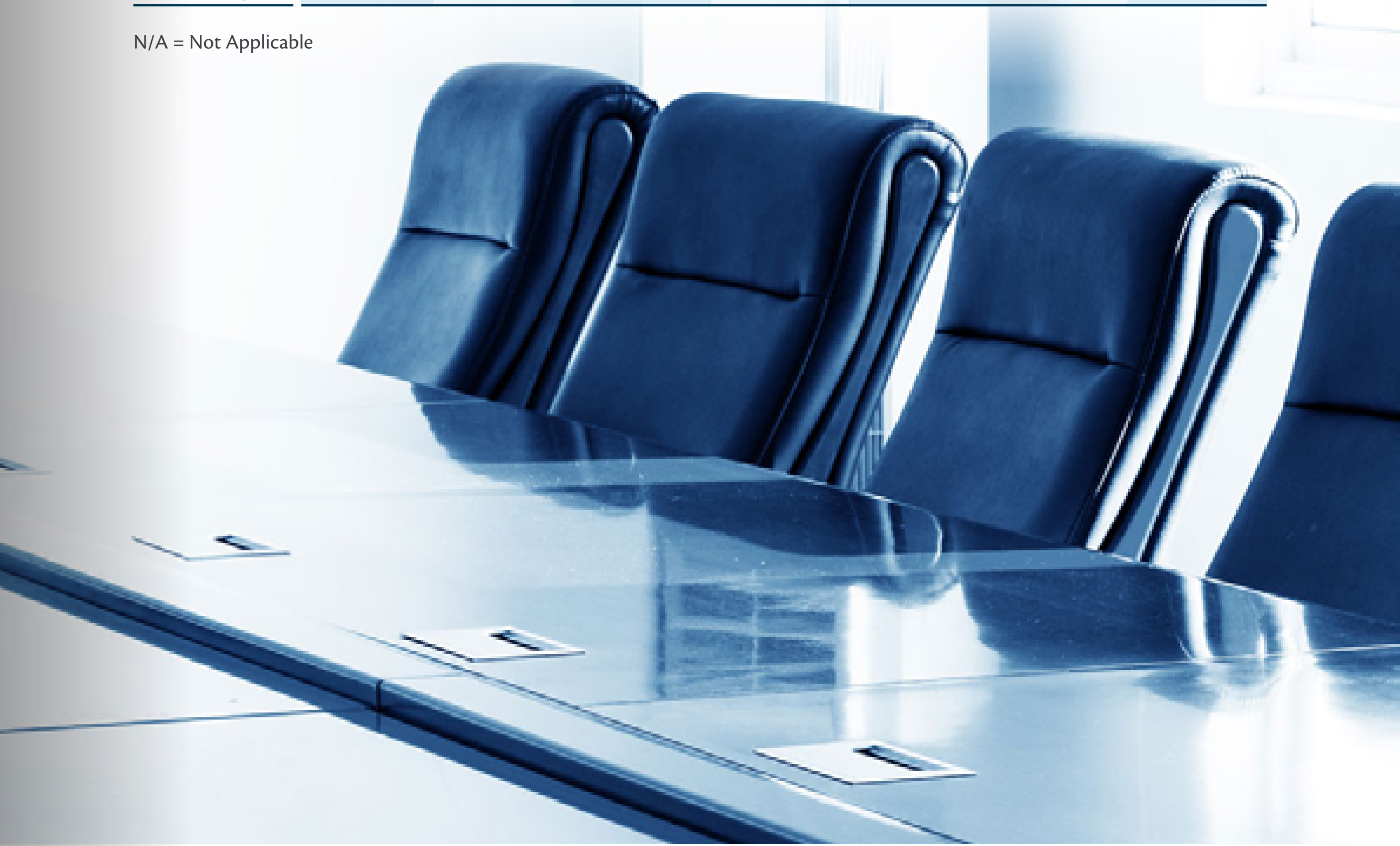
Corporate **Governance** (continued)

Attendance at Meetings during the 2020 Financial Year

Number of Meetings During the Year

DIRECTOR	YEAR OF APPOINTMENT	MAIN BOARD (5 Meetings)	EXECUTIVE (9 Meetings)	AUDIT & RISK (3 Meetings)	REMUNERATION (2 Meetings)	NOMINATION (1 Meeting)	FINANCE & INVESTMENT (9 Meetings)
Mr. A.B.C. Chinake	2015	5	N/A	3	2	1	N/A
Mr. T.N. Sibanda	2005	4	N/A	3	2	1	N/A
Mr. M.J. Fowler	1994	3	N/A	2	1	1	N/A
Mr. Z. Koudounaris	1996	5	N/A	N/A	N/A	N/A	N/A
Mr. J.P. Schonken	2007	5	9	3	N/A	N/A	9
Mr. G. Gwainda	2015	5	9	3	N/A	N/A	9
Mr. A. Lorimer	N/A	5	9	3	N/A	N/A	9
Mr. C. Tumazos	N/A	N/A	8	N/A	N/A	N/A	N/A
Mr. M.J.R. Lashbrook	N/A	N/A	9	N/A	N/A	N/A	N/A
Mr. R. Nyamuziwa	N/A	N/A	8	N/A	N/A	N/A	9
Mr. N. Mazango	N/A	N/A	8	N/A	N/A	N/A	N/A

N/A = Not Applicable



Board of **Directors**

Addington Chinake
Independent Non-Executive Chairman
(Appointed January 2015)

Addington is a legal practitioner by profession, with more than twenty-one years of experience in legal services in Zimbabwe. He has extensive experience in all manner of legal practice in Zimbabwe. Over the past thirteen years, his area of specialisation has been corporate and commercial law including mining law, competition law, mergers and acquisitions, Leveraged Buy Outs (LBO's) and capital raising. Addington has been involved in a number of significant FDI transactions and a number of other multi-million dollar acquisitions and disposals by foreign companies of equity on Zimbabwe Stock Exchange listed entities and major Greenfield mining projects. He has acted for a number of public companies on the Zimbabwe Stock Exchange. Addington is currently the Chairman of Simbisa Brands Limited. He is a member of the Group's Audit and Risk, Remuneration and Nominations Committees.

Julian Schonken
Chief Executive Officer
(Appointed Director October 2007 and Group CEO September 2016)

Julian completed his tertiary education at Rhodes University in South Africa, where he attained a Bachelor of Commerce degree. In 1999 and shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe) with Deloitte, Julian joined Innscor and has held a number of financial and managerial positions. In October 2007, Julian was appointed to the main Board of Innscor as Group Financial Director. He also sits on the board of National Foods Holdings Limited and chairs the Group's Executive Committee and is a member of the Finance and Investment Committee. In January 2015, Julian accepted appointment as Executive Director for the Light Manufacturing Division of Innscor and in September 2016, was appointed Group Chief Executive Officer.

Godfrey Gwainda
Group Financial Director
(Appointed January 2015)

Godfrey is a Chartered Accountant with several years in accounting and financial experience. Godfrey completed his articles of clerkship with KPMG and qualified as a Chartered Accountant (Zimbabwe) in 2000. In September 2001 he joined Innscor, and has held a number of financial and managerial positions. In January 2015, Godfrey was appointed to the main Board of Innscor as Group Financial Director. Godfrey is a member of the Group's Executive Committee and chairs the Finance and Investment Committee. He also sits on the board of National Foods Holdings Limited. Godfrey holds an MBA from Henley.

Board of **Directors** (continued)

Michael Fowler
Non-Executive Director
(Appointed July 1994)

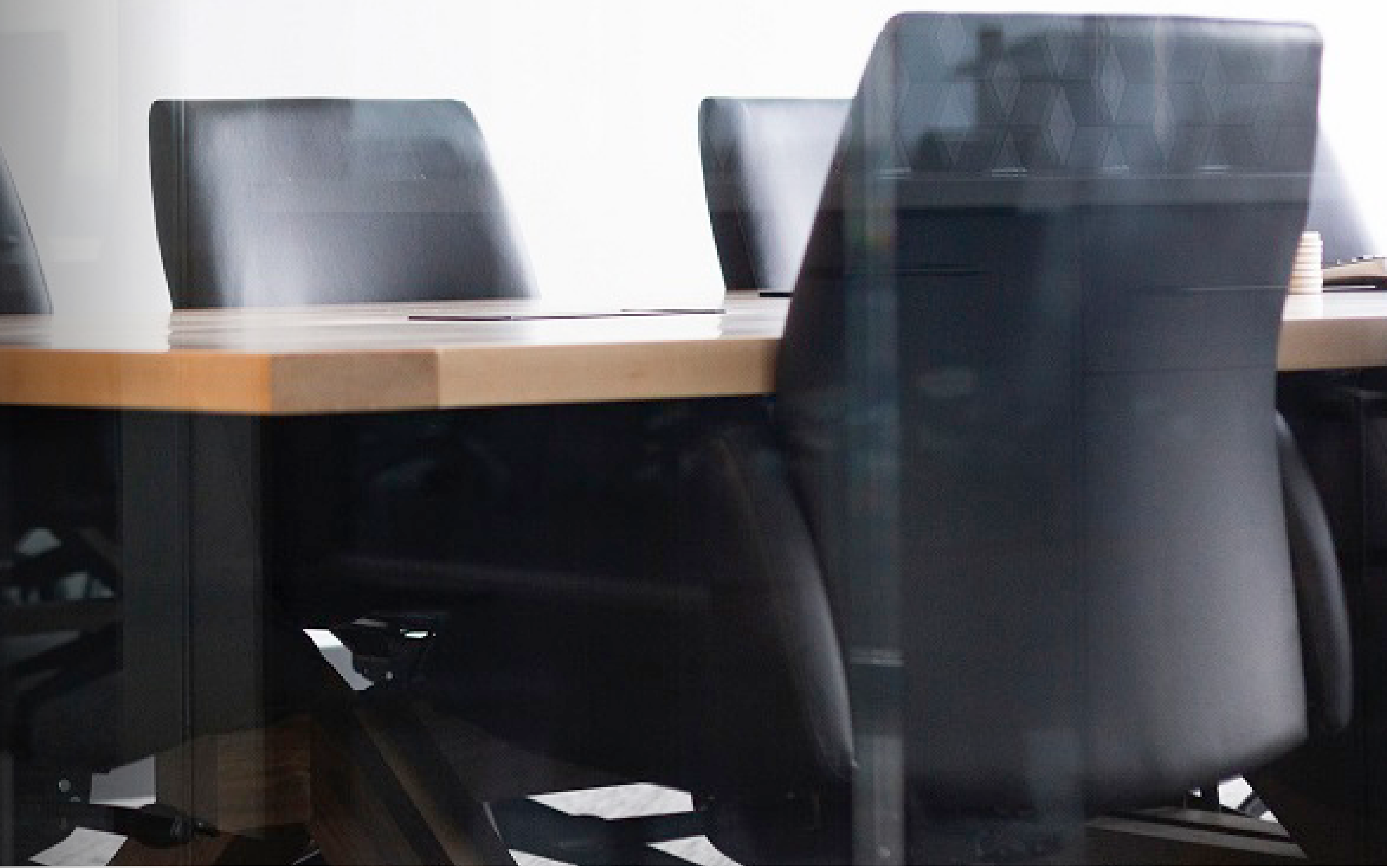
Michael is a founder shareholder of Innscor and has held a number of managerial positions within the Group including a period during which he served as the Group Chief Executive Officer. Michael was a key driver behind the Group's investment into its now unbundled crocodile ranching operations (Padenga Holdings Limited) where he has remained as an executive director since its unbundling and separate listing on the ZSE in 2010.Michael is a member of the Group's Remuneration, Nomination and Audit Committees.

Zinona (Zed) Koudounaris
Non-Executive Director
(Appointed April 1996)

Zed 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 the Group and was the driving force behind the initial creation and success of the Group's core fast food brands. Zed has held a number of positions within the Group 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. Zed also sits on the boards of Simbisa Brands Limited and Axia Corporation Limited.

Thembinkosi (Themba) Sibanda
Independent Non-Executive Director
(Appointed November 2005)

Themba completed his tertiary education at the University of Zimbabwe with a Bachelor of Accounting Honours degree. Shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe), Themba was admitted into partnership and now has over 30 years of experience in compliance and audit services at Schmulian & Sibanda Chartered Accountants (Zimbabwe). Themba currently chairs the Group's Audit & Risk Committee and is also a member of the Remuneration and Nomination Committees. Themba also sits on the boards of a number of other listed entities in Zimbabwe including Edgars Stores Limited, Padenga Holdings Limited, Axia Corporation Limited and Pretoria Portland Cement Limited.



Directorate and Management

BOARD OF DIRECTORS

Independent, Non-Executive Directors
Addington Chinake (Chairman)
Thembinkosi Sibanda

Non-Independent, Non-Executive Directors
Michael Fowler
Zinona (Zed) Koudounaris

Executive Directors
Julian Schonken
Godfrey Gwainda

Audit & Risk Committee
Thembinkosi Sibanda (Chairman)
Addington Chinake
Michael Fowler

Remuneration Committee
Addington Chinake (Chairman)
Thembinkosi Sibanda
Michael Fowler

Nominations Committee
Addington Chinake (Chairman)
Thembinkosi Sibanda
Michael Fowler

Executive Committee
Julian Schonken (Chairman)
Godfrey Gwainda
Michael Lashbrook
Andrew Lorimer (Company Secretary)
Constantine Tumazos
Raymond Nyamuziwa
Ngoni Mazango

Group Executives

Julian Schonken	Group Chief Executive Officer
Godfrey Gwainda	Group Chief Financial Officer
Raymond Nyamuziwa	Group Treasurer
Andrew Lorimer	Group Company Secretary

Finance & Investment Committee
Godfrey Gwainda (Chairman)
Julian Schonken
Raymond Nyamuziwa
Andrew Lorimer

DIVISIONAL MANAGEMENT

CORPORATE SERVICES

Corporate & Treasury

Priti Da Silva	Group Services Executive
Alastair Warren-Codrington	Business Development Executive
Ledwin Magara	Group Finance Executive
Kind Kapfudza	Group Financial Manager
Ronald Gumbo	Group Tax Officer

Providence Human Capital

Chipo Ndudzo	Managing Director

Syntegra Solutions (Private) Limited

Craig Spong	Chief Executive Officer

Directorate and Management (continued)

MILL-BAKE SEGMENT

National Foods Holdings Limited

Michael Lashbrook	Managing Director
Lovejoy Nyandoro	Finance Director
James Stevens	Operations Director
Alice Pawarikanda	Acting Human Resources Director
Lawrence Kutinyu	Marketing Executive
Sharon Musodza	Sales Executive
Swys Viviers	Managing Executive - Stockfeeds
Chipo Nheta	Managing Executive - Maize Milling
Nigel Weller	Managing Executive - MCG
Gareth Rawlins	Managing Executive - Snacks & Treats
William Kapfupi	Technical Executive - Maize Milling and Cereals
Nqgabutho Moyo	Managing Executive - Flour
Tendai Maphosa	Commercial Executive - Stocks Feeds

National Foods Logistics (Private) Limited

John Heath	Managing Director
Bekilizwe Dube	Chief Finance Officer
Kessy Dumba	Human Resources Director

Pure Oils Industries (Private) Limited

Vikash Agarwal	Chief Executive Officer
Rodreck Musiyiwa	Head of Operations
Aman Jyoti	Head of Commercial

Innscor Africa Bread Company Division

Ngoni Mazango	Chief Executive Officer
Mandla Nkosi	Financial Director
Constantine Cyprianos	Procurement Executive

Profeeds (Private) Limited

Sean Reid	Managing Director
Tidings Chimphondah	Executive Director
Herbert Ratisai	Finance Executive
John Mtelela	HR Executive
Knox Mupaya	Retail Executive
Gerry McCollum	Managing Director - Aquafeeds
Grahame Barr	Managing Director - Phosphogen

PROTEIN SEGMENT

Colcom Division

Constantine Tumazos	Group Chief Executive Officer
Mandy Murebwa	Group Finance Director
Norita Adams	Group Sales and Marketing Director
Jan Van As	Group Operations Director
Zvitendo Matsika	Group Human Resources Executive
Ian Kennaird	Chief Executive - Triple C Pigs

PROTEIN SEGMENT

Associated Meats Packers Group

Lester Jones	Chief Executive Officer
Kieran Kelly	Group General Manager
Tsitsi Kuodza	Group Finance Manager

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
Johann Benadie	Chief Operating Officer
Gerald Mabureza	Chief Finance Officer (Effective 01 June 2020)
David Hasluck	Administration Executive
Anele Zunga	Commercial Executive
Wilfred Mapfuise	Human Resources Executive
Rutendo Dzangai	Finance Manager

OTHER LIGHT MANUFACTURING AND SERVICES

Natpak (Private) Limited

Guy Martell	Managing Director
Rodney Finnigan	Finance Director
Tamuka Kunaka	Operations Director

Alpha Packaging (Private) Limited

Michael Ferreira	Managing Director
Michael Dunn	Operations Director

Probrands (Private) Limited

Calum Philp	Managing Director
Nqobani Mthethwa	Finance Director
Onward Nyabadza	Route to Market Executive
James Manguwo	Finance Manager
Rutendo Makunike	Operations Executive
Stacey Jackson	Procurement Executive

Prodairy (Private) Limited

Calum Philp	Managing Director
Nqobani Mthethwa	Finance Director
Ishmael Mtema	Route Market Executive
Tendai Hofisi	Finance Manager
Levie Chikomo	Production Manager

Probottlers (Private) Limited

Christo Botha	Managing Director
Chris Strydom	Operations Manager
Tafadzwa Karimupfumbi	Finance Manager

Pangolin (Private) Limited

Basil Mubuza	General Manager
Jacob Maneswa	Operations Manager
James Manguwo	Finance Manager

Risk **Management**

Management Approach to Risks

The Board is ultimately responsible for governance of risk management across the Group. The Board achieves this through the Audit & Risk and the Finance & Investment Committees as well as independent divisional or subsidiary boards.

The responsibility of each of the committees are provided on **page 42**. Our approach to risk management is structured on Enterprise Risk, Finance and Internal Controls Risk as well as Environmental Risk.

Enterprise Risk Management

Management of Enterprise Risk is based on effective leadership provided by the Board through Executive, Audit and Risk and the Finance and Investment Committees. The Board reviews all material business and financial risks to provide sound decisions and targets for implementation. The Group uses the following instruments and approaches to risk management:

- Maintaining ISO9001, ISO17025 and ISO22000 standards in some business units.
- Supplier and/or customer compliance Audits.
- Safety, Health, Environment and Quality (SHEQ) policies
- Providing effective leadership to ensure all forms of risks are identified, evaluated and monitored.

The Group continues to work with its companies to attain other Certification and Standards where appropriate.

Financial and Internal Control Risk

The Audit & Risk Committee plays a critical role in assisting the Board with managing internal control risk within the Group as is fully explained on **page 42** of this report.

Environmental Risk

The Group manages Environmental Risks by undertaking regular environmental and health inspections and applies internal environmental management procedures and standards to mitigate environmental impacts. The Group ensures compliance with the Environmental Management Agency (EMA) provisions and local authorities' by-laws at all times.

Risk **Management** (continued)

Sustainability Strategy **and Governance**

Group Strategic Approach

Sustainability continues to be firmly embedded into the Group's corporate strategy. We recognise that sustainability is a significant driver to how we manage operational risk and drive the strategic positioning of the Group for long-term business success.

By integrating sustainability in our operational decision making and business strategy, we are able to identify potential risks and opportunities. Our sustainability strategy is to ensure that we minimize negative impacts and related costs on the business and on our stakeholders particularly those related to the environment and society through ensuring that there is good balance with economic success.

Our sustainability strategy is implemented by adhering to international best practices and standards held by Group companies which includes ISO9001, ISO17025 and ISO22000 to manage environmental and social issues in some of the Group companies. In addition, the Group places great emphasis on compliance with local laws, regulations and requirements in the places we operate. Furthermore, the Group keeps track of protocols and commitments adopted or signed by government which have a bearing on business sustainability such as the Sustainable Development Goals (SDGs) and Climate Change.

Governance

Our sustainability management is structured into two levels, starting at the company level all the way to the Group. We have sustainability teams set up in our companies, tasked with identification, evaluation and assisting in managing our sustainability impacts on economic, environmental and social issues. In addition, the teams are responsible for monitoring and evaluating systems from which data is collected to ensure quality and reliability.

Inclusivity and Responsiveness

We continue to integrate stakeholder engagement in the overall corporate and risk management strategy of our businesses. Our approach in achieving sustainable business success driven by ensuring sustainable relations with all our stakeholders as business partners are maintained. Maintaining sustainable stakeholder relationships based on shared values of honesty, inclusivity and responsiveness contribute to trust and strong relational capital for the Group. Our stakeholder engagement strategy is a responsibility that is shared among all employees and management and is embedded in how we interface with our stakeholders in our day-to-day activities.

Sustainability Strategy
and Governance (continued)

Supply Chain
Our corporate strategy is to maintain a sustainable supply chain which thrives on shared values. Supply chain management is a critical component in our business value chain and sustains our brand name and image. Therefore, we provide systems which ensure that all suppliers are screened on their track record and consideration of sustainability issues such as environmental, social, behaviour, corruption, statutory compliance and human rights practices. We try by all means to ensure that most of our suppliers share our common values for sustainability in our value chain. Irvine's Zimbabwe (Private) Limited, Colcom Division, Profeeds (Private) Limited, Probrands (Private) Limited, Associated Meat Packers (Private) Limited and National Foods Holdings provide opportunities for disadvantaged groups, small scale farmers, youths and the less privileged to be part of our supply chain through their contribution to economic empowerment of our society and sustainable development in the places of operation. Appropriate training and support is provided to ensure quality standards are met.

External and Independent Assurance of Data
The information in our report has been prepared with external oversight and guidance of the Institute of Sustainability Africa for compliance with the GRI Standards, whilst the Group's internal audit function, Instinct Risk Advisory Services, provided independent verification of the data in respect to environmental and social impacts. The Group's annual consolidated inflation-adjusted financial statements presented on **page 96 to 190** have been audited by Ernst and Young Chartered Accountants (Zimbabwe).

Sustainable Capital Management
We recognise that it is critical to apply integrated thinking in the manner in which we manage the capitals of our business. We consider natural, human, intellectual, financial, manufacturing and social relations as capital input into our business model. Therefore, sustainable management of this capital remains a critical aspect of our business strategy formulation and execution, for creating and sustaining business value for our shareholders and stakeholders in the short and long term.

Managing Material Issues **and Reporting Practice**

Management Approach

The Group applies a collective approach in determining material issues identified by our stakeholders during engagement and assessment processes in our business units.

Material issues are identified and prioritised using a multi-stage process which starts at the business unit level, material issues and topics are identified and their relevant impacts assessed and shared with our stakeholders.

Report Boundary

In defining the reporting boundaries, we focused on Group specific material impacts and on those whose impacts are material to our companies. While sustainability reporting continued to be fully embedded across our companies, we opted to define reporting boundaries by considering key Group companies with high and material impacts on economic, environmental and social aspects. This following sections have been revised and enhanced to present management's approach to material issues. We introduced new sections covering material topics categorised under economic, environmental and social, materiality process, materiality matrix and the reporting period. These enhancements are to realign with GRI Standards provisions.

Report Enhancement

We have enhanced our report to include sections covering material topics categorised under economic, environmental and social. We have also added materiality measurement process, a materiality matrix and the reporting period, in order to continue to enhance our alignment with GRI Standards and provisions. Further, the report contains a section dedicated to our response to the Covid-19 Pandemic.

Managing Material Issues
and Reporting Practice (continued)

Materiality Management

At Group level, all material issues and topics are assessed for their relevance and impacts on our broad stakeholders, corporate strategy and national context in relation to economic, environmental and social aspects. The Group Sustainability Team consolidate material topics as part of the Executive Board Committee Package for evaluation during their meetings.

All material issues and topics are assessed for their relevance and impacts on our broad stakeholders, corporate strategy and national context in relation to economic, environmental and social aspects.

During the year, material issues considered included:

Economic	Environmental	Social
• Sustainable Economic Development • Foreign Currency availability and management • Supply chain relationships • Indirect economic impacts	• Energy consumption and preservation • Water consumption and preservation • Environmental impacts and mitigation processes and activities • Climate change	• Employment policies, relations • Staff health and welfare • Social responsibility and investments • Employee benefits

Materiality Process

The materiality process was conducted by analysing material issues submitted by business units. Material issues and topics were considered based on stakeholder engagement and how the issues affect the business. This informs the materiality matrix presented below:

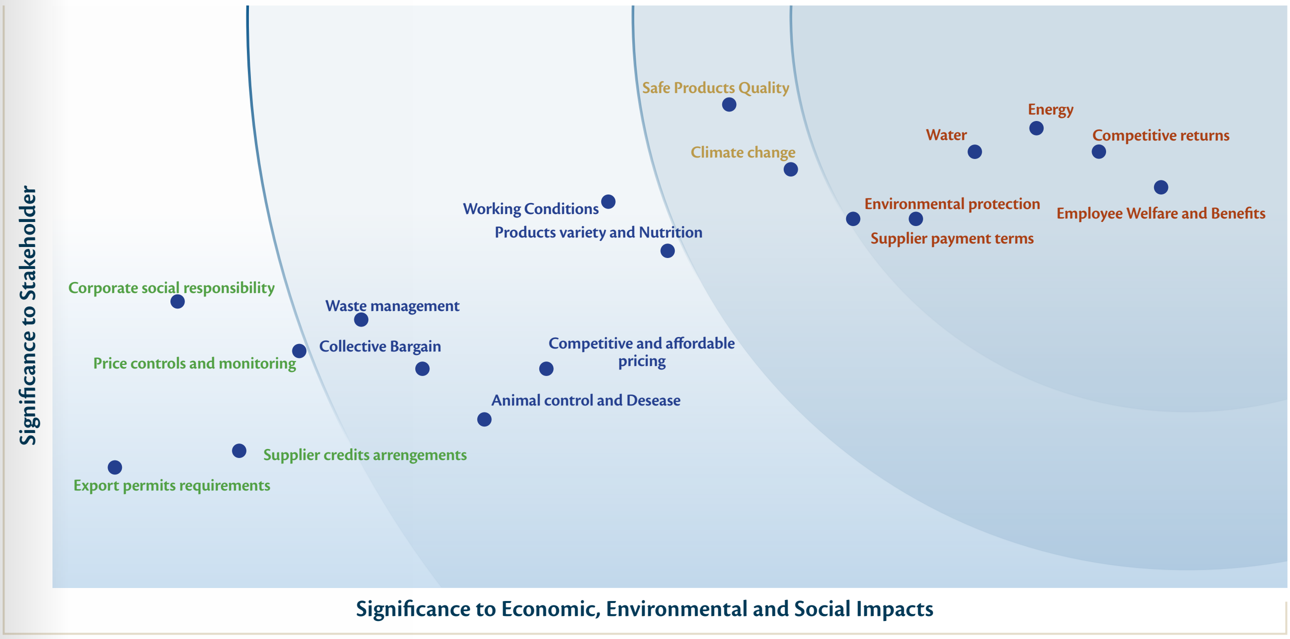
Materiality Matrix

During the year, water, energy, competitive returns, employee welfare and benefits, supplier payment terms and environmental protection were considered priority impacts by both the Group and our key stakeholders as presented in the materiality matrix presented below.

Reporting Period

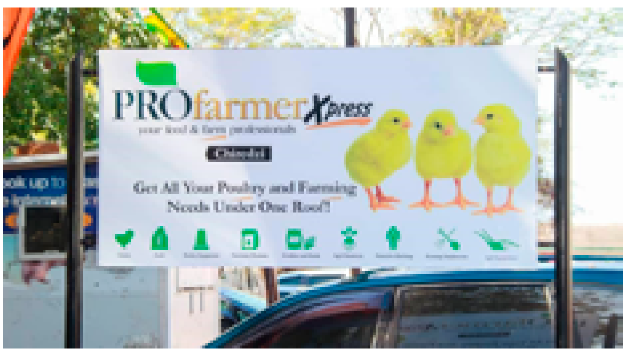
The Group's reporting period spans from 1 July to 30 June each year. This report covers the 12 months for the period ending 30 June 2020.

Material Topics



Stakeholder Capital **and Engagement**

The Group understands that effective stakeholder engagement allows the gaining of valuable insights of material concerns and expectations of our stakeholders. Our stakeholder engagement strategy is integrated with our risk and business development management.



The Group considers dialogue with our stakeholders as a critical function in our business value chain. Our stakeholders who include our employees, customers, suppliers, regulators, society, shareholders and investors are regarded as business partners. Engaging with stakeholders builds an important capital, crucial for the sustainable success of the Group and products.

Management Approach

The Group places the responsibility of stakeholder engagement upon all management and employees. Ultimately, the Board is responsible for stakeholder engagement and management through various committees and business unit management. The Group's approach to stakeholder engagement is such that business units are responsible for managing operational stakeholders while the corporate stakeholders are managed at Group level. Engaging with stakeholders allows the Group to identify and verify material issues impacting our business and stakeholders. Material issues identified at the business unit are evaluated at that level before being consolidated at Group level to inform corporate strategy and responses.

The Group's stakeholder engagement framework is to categorise material issues raised by stakeholders into those relating to economic, environmental or social impacts and opportunities. The framework allows the Group to consider material issues with significant impacts on the Group and stakeholders to be disclosed for accountability and response strategy formulation.

Stakeholder Capital and Engagement (continued)

Categories of our stakeholders

The Group's stakeholder engagement framework is such that we categorise our stakeholders between internal and external:

Internal Stakeholder: Employee and Shareholders

The Group value employees as critical parts of its business model and strive to support their welfare, wellness, health and to provide a conducive workplace. Our shareholders provide the financial capital for sustaining the business, hence we work to provide sustainable return to their investment.

External Stakeholders: Customers, suppliers, financial institutions, communities, regulators and Government organisations, non-profit organisations and business partners.

The Group value customers and other external stakeholders, and commit to providing the best possible products and services by ensuring that we continue to apply good quality, safety, social, environmental and health management practices across our business value chain.

Stakeholder Engagement Process

Our stakeholder engagement process is conducted by mapping out existing relations within our business value chain. We analyse those stakeholders who can be impacted by our business operations and those who can impact our business objectives. These stakeholders are then managed through a stakeholder matrix which informs how each stakeholder is engaged, frequency and communication channels.

Engaging with our Stakeholders

During 2020, the Group engaged with stakeholders and identified material issues as presented below:

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Employees/Staff	• Engagement and inclusion • Employee benefits and awards • Welfare, allowances, transport challenges and the high cost of living. • Professional and continuing education and development • Staff accommodation and facilities • Safety, health, and hygiene • Covid-19 Risk Mitigation • Competitive company performance and remuneration • Death and post-retirement benefits • Housing Scheme arrangements • Regular engagement	• Development, implementation and monitoring of effective Human Resource policy and procedures • Training and staff retention • Regular communication • Company pension fund in addition to NSSA pension scheme • Production based incentive schemes • Regular briefing on company performance and strategy • Renovations of staff accommodation and facilities • Provision of staff meals • Transport provided during the lock-down period • Salaries increased monthly in line with inflation and NEC rates • Training all employees to follow the government and WHO guidelines, Covid-19 • Covid-19 Hospital and Call centre established for employees • Engagement with local Authorities	• Performance Review feedback • Internal Communications • Tip off anonymous • Internal communications through workers council • Face to Face meetings • Noticeboard • Emails • CEO and Line manager engagement • Employee benefits reviews • Code of conduct reviews • Training Sessions • Peer education • Quarterly newsletter

Stakeholder Capital and Engagement (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Suppliers	• Timely payment and meeting supplier terms • Taxation compliance • Ethical business practices • Conflicts of interests • Sustainable business practices • Use of recycled materials for crates, strapping and corrugated boxes for managing cost and environmental impact • Conforming Product supply • Import Permits/ Custom Delays	• Supplier audits • Supplier screening • Weekly payments review • Prepayment arrangements • Settling supplier contracts, import requirements and permit applications before shipping imports • Product returns • Weekly distribution of withholding tax certificates • Supplier contracts • Supplier training • Assessment of the food safety implications of recycled materials in progress • Enhance raw material inspections • Engagement of Financial Institutions and RBZ	• Top management suppliers' visits • Telephone calls • Face to face meetings • Emails • Supplier Code of Conduct • Company profiles • Conflict of interest declarations • Remittance advice • Purchase orders • Corrective actions report
Industry	• Safety, health and the environment • Bio safety protocol • Animal disease control • Fair pricing • Labour collective bargaining issues • Training and development • Price control and monitoring • Fair competition • Fair pricing • Duty protection	• Full time Health and Safety Officer • Involved as employer representatives at NEC level • Interaction with the Department of Veterinary Services of Zimbabwe • Engagement of Financial institution on allocation of foreign currency	• Meetings • Acceptance of inspection by NSSA officers • Engaging Zimbabwe Poultry Association (ZPA) and National Bakers Association of Zimbabwe (NBAZ) CZI • Industry Association meetings • Engagement with all line government ministries • Meeting and visits with regulatory authority officers
Government & Regulators	• Regulatory compliance • Price control and monitoring • Import/export permits • Foreign currency funding • Import substitution • Safe working environment • Covid-19 response • Timely returns and filing payments	• Full compliance with regulations • Lobbying government • Engaged with the line ministry and complied with regulations • Acquiring the relevant licenses • Group Covid-19 taskforce established • Filed returns accordingly	• Newspapers and radio broadcasts • Integrated annual report • Annual General Meeting • Meetings and Engagements with Line Ministries and Associations • Statutory returns • Face to face meetings • Engaging the National Bakers Association of Zimbabwe (NBAZ) • Monthly financial reviews • Internal audit reviews

Stakeholder Capital and Engagement (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Shareholders and Potential Investors	• Competitive returns • Regulatory compliance • Free cash generation • Covid-19 Pandemic	• Improve Profitability and returns year on year • Enhance governance oversight by the Board • Business continuity plans	• Integrated annual report • Annual General Meeting • Regular investor engagement • Investor conferences
Customers and Consumers	• Safe quality products • Competitive and affordable pricing • Nutritious products • Product uniformity • Promotions and branded products • Timely deliveries through distributors • Recyclability of product packaging • Innovative product options • Competitive and affordable products	• Rigorous quality checks of products • Continuous product development • Recycling awareness campaigns • Improve efficiencies in the value chain • Research and development • Retail promotions and road shows • Service level agreement and monitoring of distributors • Contracting a wide pool of third-party transporters, production efficiency and accurate production planning • Efficient and wide distribution of products • Price tracking and benchmarking, reduced production costs for producers and farmers through monitoring and engagement	• Monthly Reports • Food safety standards compliance • Regular meetings with key account contacts and key customers • Sales team interactions • Sharing of research results with customers • Customer surveys • Shop visits • Emails • Face to face meetings
Local Communities	• Economic opportunities • Environmental protection and waste management • Visible corporate social responsibility activities • Community training and development • Commissioning of Community Projects delayed due to Covid-19 lock-down • Waste management	• Compliance with legislation • Continued engagements, process improvements and maintenance • Development of strategic corporate social investments portfolios • Training and support to women and children • Recreational activities • Opening after lock-down to prevent health risks • Continuous engagement with the stakeholders while waiting for opening after the lock-down • Hiring certified waste management companies to treat and dispose waste	• Regular interaction with local authorities • Corporate social responsibility • Above the line and below the line advertising

Sustainability in
Our Value Chain

Managing Sustainability in the Group

Sustainability Data

All of the data and information for the reporting period was collected from all business units and was consolidated with Head Office data.

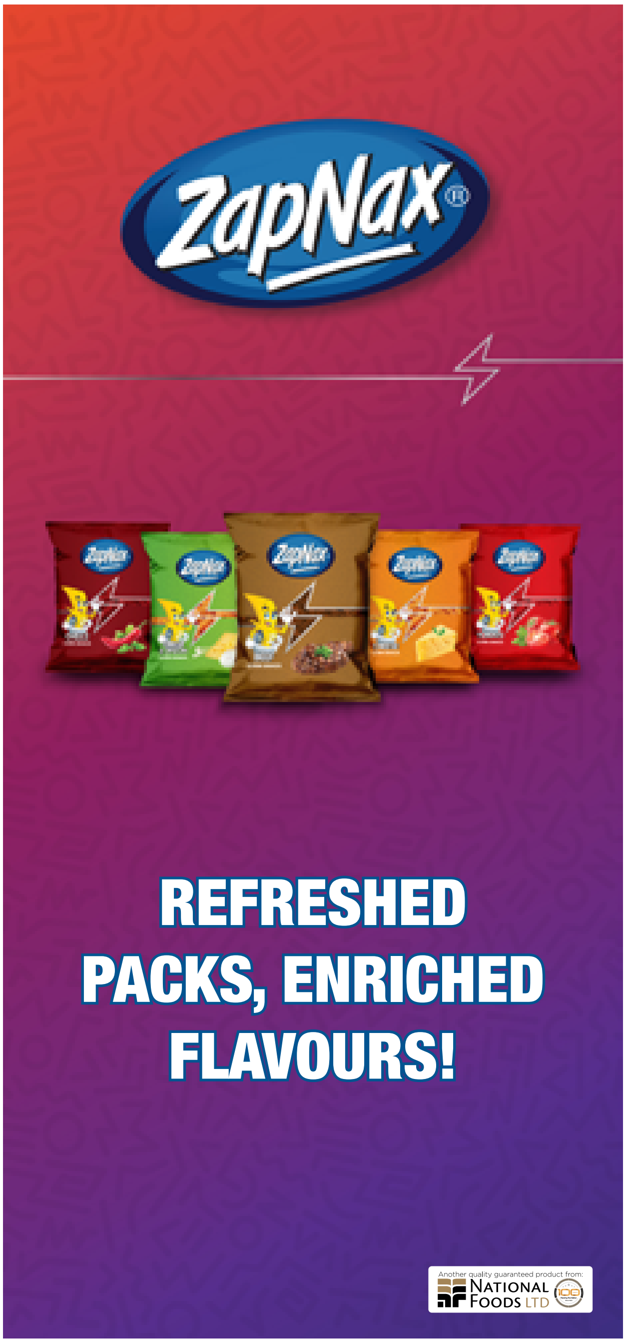
All business units take responsibility for compiling data using a standardised system across the Group. Data collected is validated through an internal assurance system service provided by Instinct Risk Advisory. The Group continues to improve on data collection, measurement systems and quality.

SUPPLY CHAIN MANAGEMENT

Our Strategy
The Group's strategy is to ensure that all raw materials and resource procurement is conducted in a professional and transparent manner, meeting prescribed standards and quality. Our objective is to ensure that the Group procures raw materials in a sustainable way that minimises business risk. The Group places responsibility on management to ensure sustainable supply chain management in all our businesses. We also seek to ensure that our supply chain objectives are delivered in a sustainable manner.

Our Management Approach
The Group expects suppliers to operate in accordance with our values, adhering to national laws, health and safety standards and ethics in the supply chain business relationships. We engage suppliers on our sustainability values through supplier briefings, meetings, audits and trainings. We create economic opportunities for small scale and previously disadvantaged groups in our supply chain as part of our inclusive business approach.

We provide appropriate training to small scale and previously disadvantaged groups in the supply chain to ensure that they meet expected quality and standards. In managing risk, our suppliers are introduced to global standards requirements and evaluation criteria so as to sustain our brands and reputation.



Sustainability in **Our Value Chain** (continued)

RAW MATERIALS

Our Management Approach

Our key products are manufactured and produced from maize, soya beans, soya meal, wheat, mealie meal and stock feeds. These require high quality standards to be met. For the reporting year, our consumption of key raw materials were as follows:

Materials Used	Unit	2020	2019	2018	2017	2016
Maize	Tons	319 957	393 849	271 581	272 711	363 629
Soya meal and brans	Tons	68 451	88 341	66 454	60 461	78 925
Wheat	Tons	227 147	366 204	352 298	242 196	277 610
		615 555	**848 394**	**700 333**	**575 368**	**720 164**

Percentage of materials used that are recycled input materials

The Group's approach to recycling is to ensure that all materials that can be recycled as inputs into other products are screened for negative impacts, and that they meet the quality and standards for re-use in other products. For the reporting year, the percentage of materials recycled was as follows:

Materials	Unit	2020	2019	2018	2017	2016
Overall material recycled	%	28	10	14	17	6

ENVIRONMENTAL STEWARDSHIP

As a Group, environmental stewardship is a key responsibility of our management which carries both financial and physical risks. This necessitates the Group to take appropriate measures to minimise the effects on the environment while being proactive to monitor our impacts.

Our Strategy

In upholding our responsibility on the environment as a natural capital, the Group ensures that operations are in compliance with environmental laws, voluntary and international best practices and standards. We identify waste and effluent from our factories, evaluate potential risks and take appropriate measures to control or ensure appropriate disposals are undertaken with minimum impacts. We observe environmental standards procedures within the Group to minimise impacts on the ecosystem, biodiversity and climate.

WASTE AND EFFLUENT

Our Management Approach

The Group ensures that disposal of waste and effluent meet environmental laws, statutory obligations and international best practices and standards. Our Safety, Health, Environmental and Quality (SHEQ) Officers evaluate disposal methods and ensure that approved disposal methods are in line with our environmental stewardship values, statutory and international best practices and standards. The table below analyses our waste type, disposal method and volume during the reporting year.

Materials	Disposal Method	Unit	2020	2019	2018	2017	2016
Solid wastes	Landfill and compost	Tons	1 009	2 506	2 746	1 030	1 897
Chicken manure	Grass pasture spread	Tons	4 928	5 547	5 248	6 075	6 543
Maturation (rich with Phosphate)	Pond irrigation	m^3	14 760	19 108	56 135	52 156	48 987
Sweepings mixed with sand	Containerway disposal	Tons	893	1 849	665	561	925
Polyethylene Plastics	Sold for recycling	Tons	689	837	616	629	699

The Group continues to ensure that waste is disposed appropriately and in a responsible manner. We will continue to put in place measures to ensure that all waste is separated and quantified appropriately.

Sustainability in **Our Value Chain** (continued)

PROTECTION AND RESTORATION OF NATURAL ENVIRONMENT

The Group undertook the following to mitigate negative impacts on the natural environment:

- Regular air and water quality measuring and monitoring with record submitted for evaluation with the Environmental Management Agency (EMA).
- Regular repair of generators and equipment to reduce emissions.
- Use registered and approved companies for waste management.
- Facilities separate waste and reuse all recyclable materials via licenced third party.
- Excess water from evaporation ponds irrigated onto star grass pasture in accordance with EMA requirements.

ENERGY, WATER AND CLIMATE CHANGE

Achieving energy efficient and sustainable water consumption remains a priority for the Group. As a Light Manufacturing Group, energy and water are fundamental in our operations. The Group continues to seek alternative strategies for managing and responding to energy, water and climate change imperatives.

Our Strategy

The Group remains committed to principles of energy and water efficiency in the business value chain. We recognise climate change as a strong emerging business challenge which has financial implications. Our strategy is to monitor our own carbon footprint and water usage with the goal of ensuring that we play our part in minimising negative impacts from our business operations.

ENERGY

Our Management Approach

The Group ensures that manufacturing operations are energy efficient and achieve low energy intensity. All new equipment is evaluated for efficiency on procurement. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all non-core manufacturing areas. The table below presents energy consumption (within and outside the Group) during the reporting period:

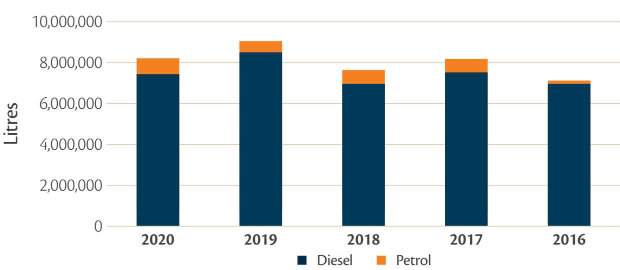
Energy Consumption - Within the Organisation

Energy Type	Unit	2020	2019	2018	2017	2016
Electricity	MWh	68 099	100 272	93 569	87 115	64 888
Heating (Coal)	Tons	4 177	5 704	2 039	2 637	3 997
Fuel for Ovens (Diesel)	Litres	5 474 493	4 561 277	4 615 374	3 533 330	2 746 268

Energy Consumption - Outside the Organisation

Energy Type	Unit	2020	2019	2018	2017	2016
Diesel	Litres	7 332 291	8 509 234	6 970 940	7 469 780	6 890 361
Petrol	Litres	849 662	524 646	596 011	655 784	503 623
Total		**8 181 953**	**9 033 880**	**7 566 951**	**8 115 564**	**7 393 984**

Energy Consumed Outside the Organisation



Sustainability in **Our Value Chain** (continued)

WATER RESOURCE

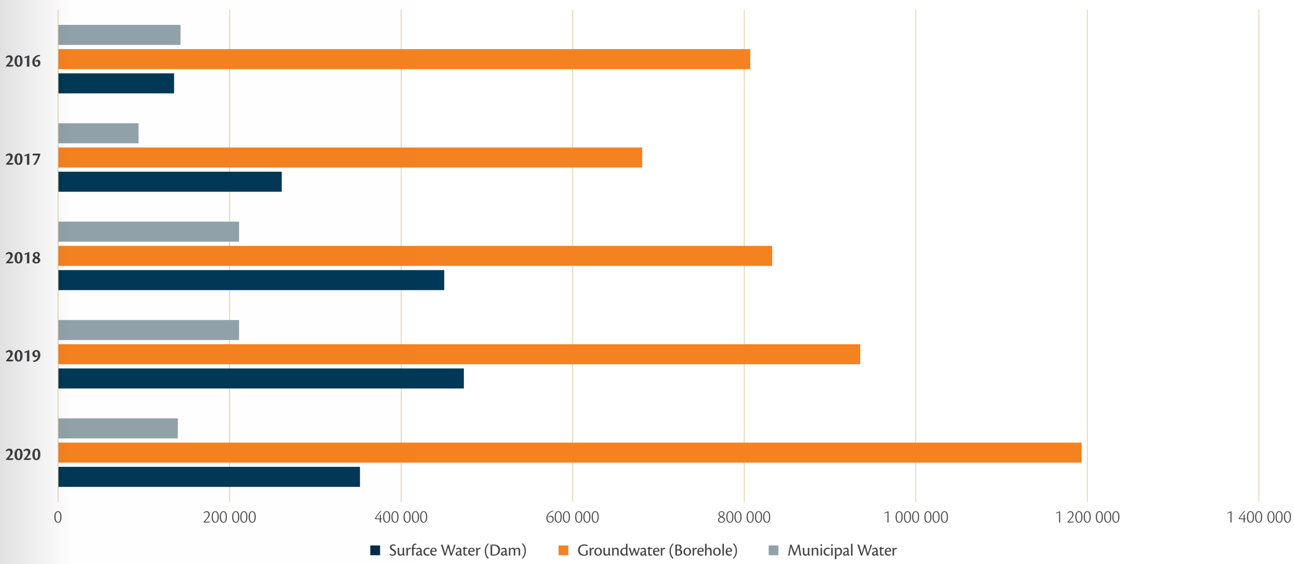
The Group ensures that manufacturing operations are energy efficient and achieve low energy intensity. All new equipment is evaluated for energy efficiency on procurement. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all non-core manufacturing areas. The table below presents energy consumption (within and outside the Group) during the reporting period.

Our Management Approach

The Group requires all business units to measure and report their water consumption for sustainable water management. Our approach is that we minimise water leakages and wastage within our business premises. Below are the sources of water and quantities withdrawn from each of the sources:

Water (m3)	Unit	2020	2019	2018	2017	2016
Surface (from dams)	m^3	353 982	473 358	451 162	262 833	138 671
Ground Water (Borehole)	m^3	1 195 260	938 282	837 064	683 531	807 544
Municipal Water Supply	m^3	141 945	215 321	215 567	97 665	146 514
Total	**m^3**	**1 691 187**	**1 626 961**	**1 503 793**	**1 044 029**	**1 092 729**

Water Consumption by source



Sustainability in Our Value Chain (continued)

CLIMATE CHANGE

We recognise that our operations contribute to climate change in some way. It is our responsibility that our businesses respond to climate change protection and mitigation calls. The Group took the initiative to constantly monitor and disclose our carbon footprint in our value chain. We considered the use of Carbon Disclosure Standards (CDS) developed by the Carbon Disclosure Standards Board (CDSB) and Global Reporting Initiatives (GRI) Standards for our disclosures. The Group converts its fuel and electricity consumption into carbon emission equivalency.

Our Management Approach

As a Group, we support climate protection by recognising that we have a part to play. Climate change impacts some of our businesses that heavily rely on water usage and on agricultural inputs. Our goal is to report our carbon footprint across the value chain of all our businesses. For this reporting year, we calculated carbon emission equivalency using the Department for Environment, Food and Rural Affairs (DEFRA) (United Kingdom) Emission Factors on fuel usage and Ecometrica Emission factors for Zimbabwe on electricity. Our Carbon footprint is presented below according to Scopes 1 and 2.

Scope 1: Direct Emissions

Scope 1 Relates to direct emission arising from business activities within our control and ownership. During the year, Scope 1 carbon emission equivalency was as follows:

Emissions Sources (CO_2)	Unit	2020	2019	2018	2017	2016
Bio Fuels (Petrol, Diesel and Coal)*	Kg CO2e/Litre	45 696 096	49 479 142	36 749 824	36 525 410	35 936 329

*We used emission factors issued by DEFRA

Scope 2: Indirect Emissions

Scope 2 Relates to emissions released into the atmosphere from consumption or use of electricity energy generated by third parties or sources we do not have control. During the year, our indirect emissions were as follows:

Emissions Sources (CO_2)	Unit	2020	2019	2018	2017	2016
Electricity	Kg CO2e/Litre	23 941 029	49 352 274	37 506 452	57 851 364	43 090 849

Climate Change Mitigation and Adaptation

During the year, the Group was involved in various climate change mitigation and adaptation strategies as regards to energy needs and efficiency assessments.

BIODIVERSITY

We recognise that biodiversity is critical in sustainability of the ecological system. Two of our businesses operate farms which interact with biodiversity. Therefore, our businesses take responsibility of ensuring that appropriate systems are in place to minimise negative impacts and manage our interaction with the areas.

Our Management Approach

The Group monitors interactions between the operations and the areas considered as biodiversity. Our businesses ensure that no waste is discharged into biodiversity areas. We also monitor human activities for ensuring than any interaction do not negatively impact or disturb the natural ecological setting. Below is the space considered as biodiversity area:

	Unit	2020	2019	2018	2017	2016
Biodiversity Area	Hectares	4 061	4 061	4 061	4 061	4 061

Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL

The Group's employees deliver on our tagline which is **'Passion for Value Creation'.** We thrive to attract and retain talented and passionate people for our businesses and support them in their skills and knowledge development. Our businesses create a working environment which makes our employees feel that they are partners in fulfilling the Group's mission, founded on mutual trust, respect and dedication to performance, quality, respect for each other and undying passion for value creation.

Our Strategy

The Group consists of highly motivated executives, management and support teams that help the Group achieve its corporate strategy and goals. To achieve this, we focus on creating working conditions that inspire our employees to achieve set targets. Our businesses are strongly committed to labour and social standards that attract and retain excellent people and leaders whom we continue to develop through long life learning and support.

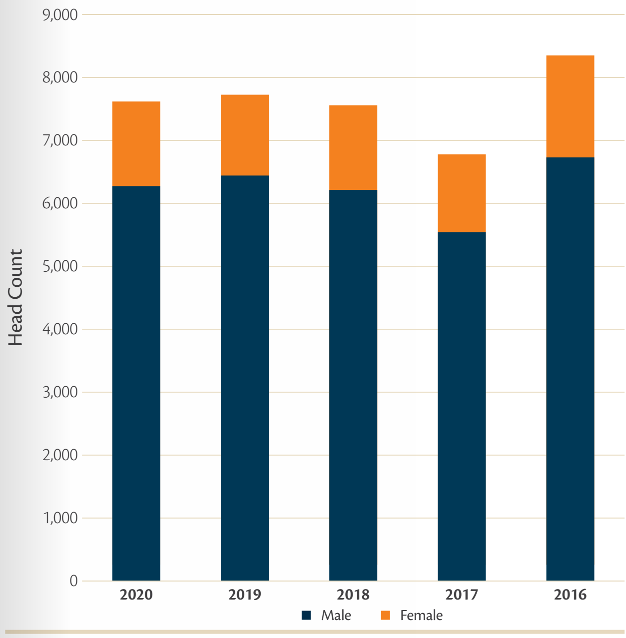
Our Management Approach

The Group provides employment opportunities through various forms that includes short-term contracts, casual positions, fixed-term contracts and full time or permanent positions. These opportunities are managed through adherence to local and international labour standards. We allow our employees to be members of trade unions of their choice in our business sectors to enable us to build sustainable relations. The following presents our employee base:

Employees Base (Permanent, including associate companies)

Total Employees	Unit	2020	2019	2018	2017	2016
Male	Count	6 259	6 410	6 207	5 534	6 707
Female	Count	1 320	1 320	1 359	1 205	1 641
Total Employees		**7 579**	**7 730**	**7 566**	**6 739**	**8 348**

Employee Base



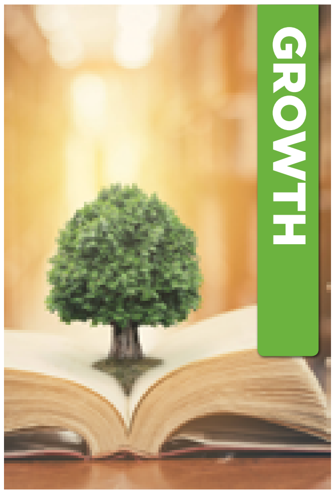
Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)

Employees Skills base

The Group maintains a skills base that allows sustainable value creation. Some of the Group employees are members to the following professional bodies:

- Institute of Chartered Accountants Zimbabwe (ICAZ)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Institute of Chartered Secretaries and Administrators Zimbabwe (ICSAZ)
- The Chartered Institute of Certified Forensic Fraud Investigators (CIPFU)
- Zimbabwe Institute of Tax Accountants (ZITA)
- The Open Group Architecture Framework (TOGAF)
- Chartered Institute of Logistics and Transport (CILT)
- Institute of People Management in Zimbabwe (IPMZ)
- Project Management Institute (PMI)
- Institute of Marketing Management - South Africa (IMMSA)
- Chartered Institute of Marketing (CIM)
- Chartered Institute of Purchasing and Supply Management (CIPS)
- Health Professionals Association of Zimbabwe
- Institute of Payroll Administrators
- Law Society of Zimbabwe



Occupational Health and Safety

The Group considers health and safety in our work place as critical to all our businesses. Any incidences are treated seriously and receive the necessary attention. Regular audits are conducted to ensure safety measures are in place at all times and appropriate training conducted to ensure that all employees are aware of health and safety issues. The Group's policy is to ensure incidences are kept as low as possible.

	Unit	2020	2019	2018	2017	2016
Total Number of Injuries	Incidence	405	317	260	266	344
Safety Training (days)	Days	472	452	232	242	140

Health and Safety topics covered in formal agreements with Trade Unions

The Group's commitment to health, safety and welfare for all of its employees requires all businesses to ensure that they adopt and apply best practices at all times. Our employees' Workers Council works with trade unions on key topics and standard practices on health and safety observed in our factories and operations. Our employees are members to several trade unions. During the year, major topics discussed at various employees sessions are presented below.

In response to the above, our Wellness Programme, managed by Providence Human Capital (PHC), hosted training activities covering emergency preparedness, fire fighter training, fire drills, risks and hazards in the workplace. Audits of factories were conducted to compile adequate information to enable appropriate response and action on material issues raised.

Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)

Our Providence Team....

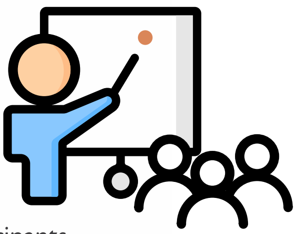
Response to Covid-19

Innscor Africa Limited through its Wellness Program managed under Providence Human Capital sent a very clear message to its employees across all its businesses in the Group that they; our employees are the most important asset in our business and as such, there was need to invest in the necessary medical infrastructure and social employee requirements towards Covid-19 response and precautions in the workplace for the safety and wellbeing of our employees. Our response strategy included:

Communication Initiatives - The Group developed communication initiatives to provide medical perspective and interventions regarding legitimate information about the Covid-19 pandemic. Purposeful interventions were drafted into various materials. Our communication were through Whatsapp bot and bulk SMS messages with Covid-19 information and the Groups CEO's message which was instrumental in showing solidarity between the management and employees.

Scope of Communication covered:

3 200



face-to-face participants reached through **73** awareness sessions on Covid-19

200

200 flyers and **110** posters have been distributed to companies to distribute them to their relevant employees

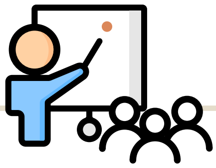
Sustainability in Our Value Chain (continued)

HUMAN CAPITAL (continued)

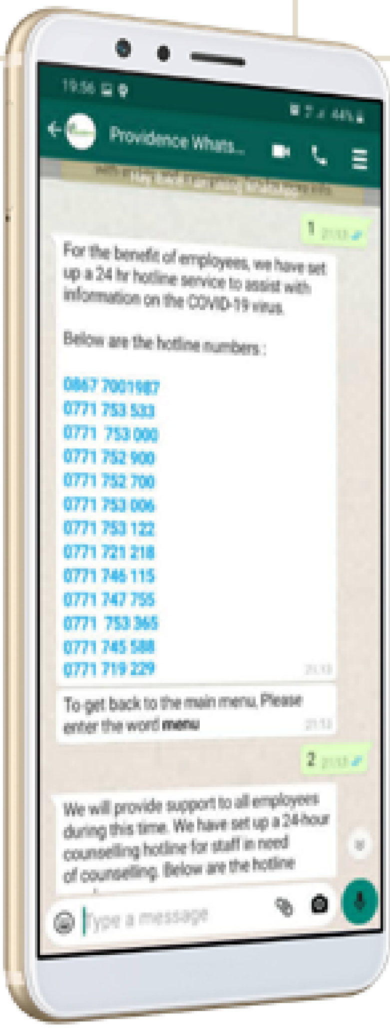
Providence initiated a preparedness response strategy as follows:

- Activation of nurses' cellphones to respond to Covid-19 queries
- SMS Messages

- Assignment of personnel to manage and coordinate issues related to the Pandemic

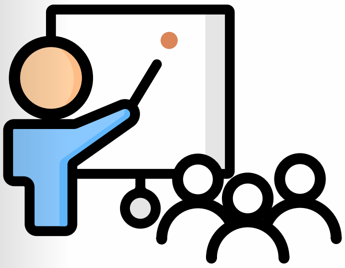


- Provision of sessions on Covid-19 to employees, HR Practitioners and other stakeholders



Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)



16 Medical personnel

Awareness Campaigns - The Group together with Providence Human Capital created an internal communication plan for managing the pandemic within the workplace. The themes of the awareness campaigns were premised around the national statistics and national guidelines requirements such as social distancing, proper hand washing and facemask wearing. We communicated facts from authoritative sources on how the virus was spread and the infection prevention and control protocols. Our narrative was emphasised on preventative rather than curative as outlined in the Providence Health Covid-19 Awareness Manual.

1 000 Flyers and 200 posters distributed 27 000 SMS messages

Information and Educational Materials - The Group produced two PowerPoint presentations and a manual for internal purposes as well as for the Covid-19 learning and development. These materials included fliers, posters, short videos and audios which were circulated via social media platforms and physical areas. The materials were meant to promote safety steps for employees in the workplace covering correctly washing hands with soap, sanitisation, wearing masks and maintaining safe distance etc.

National Call Centre - IAL established a hotline number: **08607001987** and **1987** for employees to reach out to in the event of an employee showing Covid-19 symptoms. In addition, we also supported the national call centre, with the hotline number - 2023 for public use to provide clear instructions in the event of suspected cases in our communities.

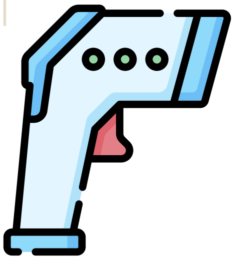
Sustainability in
Our Value Chain (continued)

HUMAN CAPITAL (continued)

Medical Intervention - The Group established a Covid-19 physical infrastructure that include a high-care hospital at 35 Fife Avenue in Harare and a Clinic in Bulawayo. The 35 Fife Avenue Hospital in Harare (Covid-19 epicentre) housed a Rapid Response team dealing with treatment of Covid-19 patients and was manned by medical personnel (includes a doctor and nurse) 24 hours. The facilities were fully equipped with vital Covid-19 essentials i.e. medicines and other consumables (including test kits, masks, sanitisers and adequate Personal Protective Equipment (PPE) for medical personnel) and Equipment (ventilators, monitors etc.). IAL together with Providence Human Capital partnered with the Government and Lancet Laboratories to conduct Covid-19 screening tests for our employees and their dependents.

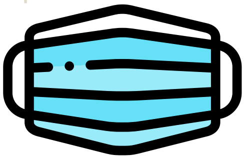
Equipment Distribution

1 500 Hand Sanitisers
- 6 x 50kg Oxygen Tanks
- 5 drums Bleach
- 2500 Masks

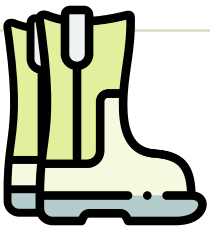


6 Infrared Thermometers
- 100 Digital Thermometers
- 150 buckets with nozzles

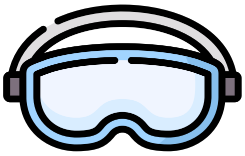
Providence Human Capital have been building the facilitation skills and capacity of health workers so that they can deliver Covid-19 awareness to all our employees and as first responders to care for the victims



1 000 N95 Face masks



60 Gumshoes



100 Goggles

5 000 Gloves

2 000 Head covers

100 Gowns

Sustainability in
Our Value Chain (continued)

HUMAN CAPITAL (continued)

Institutional Disinfection - In addition to the dissemination of awareness sessions and provision of crucial material, we contributed in the required disinfection of our clinics and institutions to limit the spread of Covid-19.

KUVIMBIKA
PURSUIT OF EXCELLENCE
CHIDO SHARE INFORMATION
KINDNESS COLLABORATION
BE PREPARED RESPECT OTHERS
INTEGRITY RUDO HANYA
KUZVININIPISA RESPECT
CREATE HEALTHY YOURSELF
AND SAFE
WORKING SPACES MUSHANDIRA PAMWE
TAKE RESPONSIBILITY

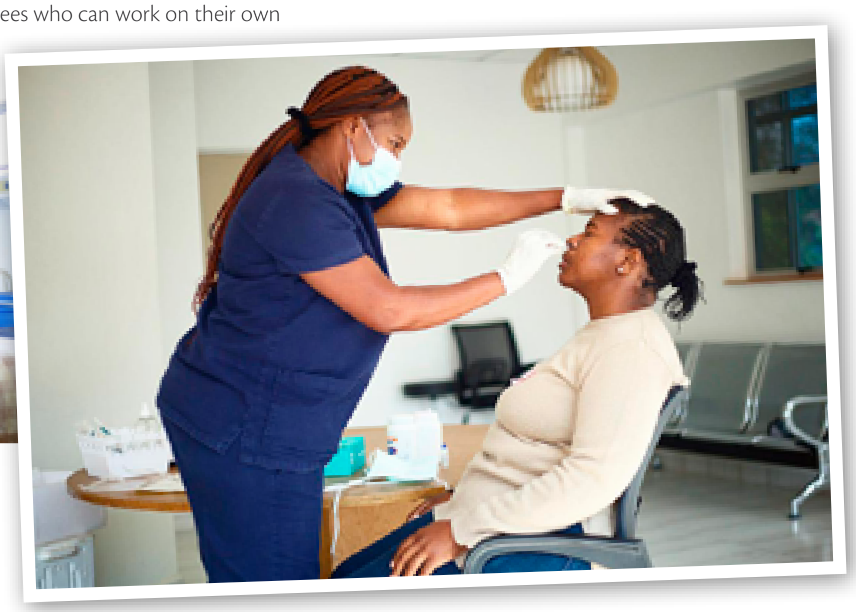
Sustainability in
Our Value Chain (continued)

HUMAN CAPITAL (continued)

35 FIFE AVENUE CLINIC

Digital Transformation - Our response to Covid-19 has also enabled us to :

- Understand our customers by establishing Call Centre and feedback platforms
- Introducing digital products - the bulk SMS system and the WhatsApp platforms have become essential communication tools for us
- Using this Opportunity to enhance our new business development approaches – new business opportunities realised
- Automation
- Virtualising work environment – Employees working from home
- Performance management – can assess the employees who can work on their own



Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)

Various businesses, several schools as well as the Zimbabwe Republic Police (ZRP) Avondale Station staff were also trained by our established Covid-19 team..

Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)

WORKPLACE MEASURES

To safeguard our employees and visitors entering our business premises, the following measures were taken:

- Screening employees and visitors through temperature checks
- Sanitisation premises and enhancing handwashing facilities
- Providing Rapid and PCR Tests
- Limiting staff visits to offices by having some work from home on a rotational basis
- Restricting staff travel

Sustainability in **Our Value Chain** (continued)

HUMAN CAPITAL (continued)

Enhancing Employees Wellness

The Innscor Africa Limited Wellness Program provides employees, their dependents and retirees with many opportunities that bring good health, balance and well-being. Our interactions focus on nutrition, fitness, general health education and workplace safety. In 2020 however, Our Wellness Program was disrupted by the Covid-19 pandemic and we responded accordingly such that even during the pandemic, we continued to have a positive influence on health behaviours of the staff, dependants and retiree population.

Our Management Approach

The Group's Wellness Programme provides primary healthcare to all our employees and their dependents through our industrial clinics. Our health clinics provide consultation, medication and where necessary transfers to referral hospitals. We also work with the City of Harare and the Ministry of Health in promoting primary healthcare to our employees and their dependents. The table below summarises Wellness activities conducted before the outbreak of Covid-19 in Zimbabwe and the lockdown that was introduced by Governance there after:

Programmes	Programmes Activities & Outcomes
Annual Wellness Day	9 years running the day event. Event activities included BMI, BP checks, visual screening, dental screening, HIV testing & counselling, cancer awareness, stress management, men's sexual reproductive health, dental check-up, family therapy and practical basic life support training. Employees across the country participated in soccer, netball, Zumba dance and other activities.
Health Centres and Partnerships	Our clinics now service around 3 000 patients monthly. We contacted clients through non-communicable diseases health outreach programs, compliance medical examinations, HIV/AIDS awareness programs and other health talks. We actively operated five clinics, three in Harare and two in Kariba.
HIV/Aids Programmes	Provided awareness and training on rapid HIV Counselling and Testing in partnership with International Labour Organisation (ILO). We were identified as pioneers on ORAQUICK (HIV Self-testing) program by International Labour Organisation (ILO) and three members of our staff went for training at national level.
Outreaches	Conducted outreaches with clear target of raising awareness on HIV testing, initiation to ART, cancer management, nutrition and also management of non-communicable disease like BP/ Diabetes which are on the rise.
Lectures and Workshop	Conducted retirement seminars for those over 50 years through on-site training with NSSA. Activities equipped employees with understanding on how to prepare for retirement and life after retirement. Safety, Health and Environment training were conducted on emergency preparedness, risks and hazards management.
Cancer Awareness	Employees participated in workplace based cancer awareness and self-examination. Cancer Awareness activities were carried out in partnership with Cancer Serve.
Financial Wellness Outreach	Financial wellness seminars were hosted with particular attention to those near retirement. Retirement seminars were hosted in partnership with Old Mutual.

Annual Wellness Day - Sport Tournament awards


Famba
Every
Day
Ubvise
Pressure

Sustainability in
Our Value Chain (continued)

HUMAN CAPITAL (continued)

Future Wellness Activities

- Raising more and more awareness on Non-Communicable Diseases (NCD)'s in all staff members, their spouses and extended families
- Continuing on smoke cessation programmes
- Managing employees' wellness
- Engaging in team goals on wellness and fitness
- Managing peer education and accountability per department
- Creating increased accessibility to health services for all our employees in every corner of the country
- Covid-19 Awareness

EMPLOYEE LIFE LEARNING AND DEVELOPMENT

We strive to ensure that our production facilities maintain the highest standard and skills, by providing opportunities to our employees to attend relevant training courses and programmes which advance their knowledge and skills that benefit our business value chain. Our life learning and development opportunities are available through internal and external training activities in an equitable manner. Below are the average training hours for our employees:

Average Training hours per Employee	Unit	2020	2019	2018	2017	2016
Male	Hours	85	71	85	43	35
Female	Hours	114	96	71	69	29

HUMAN RIGHTS IN OUR BUSINESS

Our Management Approach

The Group believes that every human has rights that need to be observed including our employees in the work place. We recognise guiding principles for business and human rights as developed by the United Nations (UNGP) which are also included in the GRI Standards. The Group monitors practices in our business conduct and engagement with employees. All business units are encouraged to manage human rights issues as a risk to our business and brands by conducting human rights assessments. During the reporting year, no material human rights violation issues were brought to the attention of management.

RESPONSIBLE PRODUCTION

The Group strives to ensure that our production facilities maintain the highest of standards that do not compromise on quality and safety of our consumers and employees. We take comprehensive preventative measures to ensure that our production facilities meet the highest standards which allow responsible consumption of raw materials in our production processes. The Group adheres to ISO9001, ISO17025 and ISO22000 standards in managing production processes and quality.

PRODUCTS RESPONSIBILITY

Our Management Approach

Our businesses monitor and review the safety of our products through our quality control units from raw material procurement, production all the way to our customers. We do this through customer satisfaction surveys and engagements. Our businesses work continuously to ensure that our products pose no risk to our customers, consumers, employees and the environment and that they are, and are seen to be used responsibly and in the manner intended. Our Strategy is to ensure that high standards are applied in the manufacturing and distribution. For the reporting year, our companies retained their ISO9001, ISO17025, ISO22000 and FSS22000 certifications.

During the year, the outcomes of our customer satisfaction surveys showed that customers were generally satisfied with the quality of our products. Our brands received significantly higher rankings in the market in terms of awareness and satisfaction rating. The Group continues to promote responsible marketing by ensuring that all our products contains all necessary information on the product for our consumers.

Sustainability in **Our Value Chain** (continued)

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Sustainable Development Goal (SDGS) Contribution

Sustainable development is critical in all our businesses. Our vision is to 'Improve the quality of life of the customers in our chosen markets' which is in line with the United Nations supported Sustainable Development Goals (SDGs). These goals have been incorporated into the way we operate, therefore, it is important for our Group to contribute to their achievement.

Our Management Approach

The Group ensures that actions taken on implementing our sustainability strategies contribute to the implementation of SDGs in the places we operate. Our actions are aligned to contribute to the 10 national priority SDGs adopted by the Government of Zimbabwe. Our approach is to ensure that we continue to report on our contribution to the SDGs along our sustainability reporting using the newly launched guide manual developed by GRI and United Nations Global Compact (UNGC) for Business Reporting on SDGs. During the year, some of our actions and contributions were towards the following SDGs:

SDG	Theme	Our Business Response(s)
3 GOOD HEALTH AND WELL-BEING	'Good health and well-being'	• Provided support to our employees and their families though wellness programmes • The Group responded to the Covid-19 pandemic and health needs with an investment of approximately ZWL15 million.
4 QUALITY EDUCATION	'Quality Education'	• Provided employees with training and education. Our averages training hours were 85 hours for male and 114 hours for female. • The Group supported a number of schools across the country with learning materials, food stuff and schools sporting. The Group contributed ZWL333 656 (ZWL105 200- FY19) towards children education support which represent an increase of 217%.
6 CLEAN WATER AND SANITATION	'Ensure availability and sustainable management of water and sanitation'	• The Group enhanced the utilisation of water resources in its operation by effectively managing the resource in way that meets regulatory requirements and avoiding harming the water sources. • Our companies measure and monitor the quality of water.
7 AFFORDABLE AND CLEAN ENERGY	'Sustainable and modern energy'	• The Group monitors energy utilisation and continue to work towards clean energy in business operations. • Alpha Packaging installed a 5KVA solar systems.
8 DECENT WORK AND ECONOMIC GROWTH	'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'	• The Group enhanced its production efficiency for materials used to minimise waste, production energy and waste disposal by increasing recycling to 28%
	'Employment and decent work for all'.	• Created and sustained employment and decent working conditions through health and safety, wellness programmes and responding to Covid -19 in workplace.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	'Promote sustained, inclusive and sustainable economic growth	• Distributed economic value created to support economic growth through taxes paid to government, employee welfare, supporting community development and local supply chain support in our business activities (See Value add statement below)
	Promote peaceful and inclusive societies for sustainable development.	• Financial investment and materials of approximately ZWL18 million into various social, community development and charities including the Covid-19 Response in Zimbabwe. This investment represents an increase of 860%.

Sustainability in **Our Value Chain** (continued)

ECONOMIC PERFORMANCE

We are operating in an economic environment heavily constrained by domestic and global challenges which impact on our business performance. As the global economic slowdown in major economies continues due to the Covid-19 Pandemic, the Group continues to take appropriate measures and strategies to explore alternative opportunities for value creation.

Our Strategy
We continue to build a resilient Group of businesses that will create and deliver sustainable value for our shareholders and stakeholders. Our strategy is to ensure that our experienced teams with industry expertise, deep market knowledge and entrepreneurial creativity continue to manage all capitals deployed for value creation and sustaining in the short and long term.

DEFINED CONTRIBUTION PENSION PLAN

Our Management Approach
The Group ensures that all qualifying employees are members of voluntary and statutory pension schemes managed through self-administered defined contribution pension schemes and the relevant statutory bodies. We manage the Innscor Africa Limited Pension Fund, National Foods Pension Fund and Colcom Pension Fund under the Group. Compulsory external schemes comprise the National Social Security Authority Scheme, Workers Compensation Insurance Fund and the Catering Industry Pension Fund.

The total contributions to the schemes for the year is presented below:

	INFLATION-ADJUSTED				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Pension	25 288 690	71 511 878	98 963 156	102 651 650	74 575 352

	HISTORICAL				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Pension	11 205 476	4 722 232	4 286 639	4 446 408	3 230 269

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

Sustainability in Our Value Chain (continued)

DIRECT ECONOMIC VALUE: GENERATED AND DISTRIBUTED

	INFLATION-ADJUSTED				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Economic Value Generation					
Value Generated *	10 116 730 465	7 182 391 607	5 434 232 215	4 848 608 421	4 800 361 909
Other income and interest	90 369 770	460 232 824	121 865 048	104 522 943	136 331 161
Equity Accounted Earnings	1 192 648 522	438 891 464	272 082 899	143 679 523	109 908 913
	11 399 748 757	**8 081 515 895**	**5 828 180 162**	**5 096 810 887**	**5 046 601 983**
Economic Value Distribution					
Other operating costs	(3 333 059 935)	(2 834 984 419)	(1 980 675 519)	(1 884 372 496)	(1 930 041 132)
Staff Costs and benefits	(3 079 714 053)	(1 955 333 881	(1 739 047 950)	(1 525 740 010)	(1 666 451 012)
Impairment and related charges	393 522 320	(117 081 762)	(83 365 623)	(228 749 155)	(39 452 871)
Depreciation and Amortisation	(605 704 443)	(443 520 681)	(383 687 787)	(352 978 275)	(368 792 082)
Providers of Capital	(493 746 900)	(205 690 819)	(189 924 512)	(143 910 918)	(141 469 783)
Provision for Taxes	(907 537 749)	(852 207 564)	(326 801 366)	(183 310 529)	(196 780 625)
Monetary gain	262 925 457	168 636 113	—	—	—
Value Added	**3 636 433 453**	**1 841 332 883**	**1 124 677 405**	**777 749 504**	**703 614 479**

	HISTORICAL				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Economic Value Generation					
Value Generated *	6 402 751 809	571 286 047	235 386 509	210 019 919	207 930 097
Other income and interest	1 063 529 186	51 747 269	5 278 646	4 527 464	5 905 253
Equity Accounted Earnings	858 414 099	49 418 333	11 785 408	6 223 551	4 760 760
	8 324 695 094	**672 451 649**	**252 450 563**	**220 770 934**	**218 596 110**
Economic Value Distribution					
Other operating costs	(1 593 289 136)	(179 002 619)	(85 793 959)	(81 622 545)	(83 600 705)
Staff Costs and benefits	(1 472 183 230)	(141 380 811)	(75 327 739)	(66 088 198)	(72 183 166)
Impairment and related charges	397 286 609	(9 987 551)	(3 611 024)	(9 908 385)	(1 708 921)
Depreciation and Amortisation	(82 409 339)	(32 537 965)	(16 619 630)	(15 289 432)	(15 974 415)
Providers of Capital	(237 452 504)	(13 401 501)	(8 226 676)	(6 233 574)	(6 127 835)
Provision for Taxes	(920 064 066)	(57 302 528)	(14 155 566)	(7 940 188)	(8 523 652)
Value Added	**4 416 583 428**	**238 838 672**	**48 715 969**	**33 688 612**	**30 477 416**

* measured by gross profit during the period

Sustainability in **Our Value Chain** (continued)

Payments to Government

The Group tax affairs are managed under the Group Tax Officer. Our tax practice is to comply with all tax laws in Zimbabwe and priorities paying due taxes on times. The Group Tax Officer regularly engage with our Tax Authority, Zimbabwe Revenue Authority (ZIMRA) for any upcoming tax developments.

During the year, our payments were as follows:

	INFLATION-ADJUSTED				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Corporate Tax – Associates	37 282 354	169 537 232	120 605 405	26 033 923	26 514 663
Corporate Tax Subsidiaries	248 157 289	228 904 031	189 924 512	151 509 722	266 614 834
Intermediate Money Transfer Tax (IMTT)	246 688 300	241 406 561	—	—	—
Value Added Tax (VAT)	228 676 248	(146 449 146)	121 193 764	152 932 515	135 180 072
Import Duty	79 088 674	105 343 755	125 109 106	100 642 693	118 307 753
Other Taxes	706 109 169	328 654 595	223 567 731	121 429 384	132 022 311
Grand Total	**1 546 002 035**	**927 397 027**	**780 400 518**	**551 548 236**	**678 639 634**

	HISTORICAL				
	2020 ZWL	2019 ZWL	2018 ZWL	2017 ZWL	2016 ZWL
Corporate Tax – Associates	16 519 896	11 195 261	5 224 084	1 084 357	1 148 496
Corporate Tax Subsidiaries	109 959 058	15 115 502	8 226 676	6 562 720	11 548 556
Intermediate Money Transfer Tax (IMTT)	109 308 146	15 941 097	—	—	—
Value Added Tax (VAT)	101 326 965	(9 670 657)	5 249 569	6 624 349	5 855 393
Import Duty	35 044 371	6 956 294	5 419 164	4 359 389	5 124 560
Other Taxes	312 878 577	21 702 454	9 683 949	5 259 775	5 718 613
Grand Total	**685 037 013**	**61 243 951**	**33 803 447**	**23 890 950**	**29 395 618**

INVESTING IN OUR COMMUNITY

Charity Support

The Group takes community empowerment and development to be of significant business value in the places we operate. Our main focus is creating sustainable partnerships with communities in ways that bring long-term impact and sustainable benefits to both ourselves and those communities. The Group supports communities as part of its commitment to good corporate citizenship and full details of this per business is detailed on **pages 24 to 35**.

Our Strategy

The Group's community empowerment and development strategy is to ensure that the Group provides economic opportunities in the value chain that help alleviate poverty and contribute towards better conditions of life for the community and individuals therein.

Our Management Approach

The Group supports community development that empowers the disadvantaged and less privileged with opportunities to access health care, education and recreational activities. The Group supports children, disabled, orphans and senior citizens in improving their living conditions. We also supports areas of art, culture and sports around the communities we operate as well as supporting animal welfare. Our communities include those within which our employees and their families live as well as where our business operate.

Sustainability in **Our Value Chain** (continued)

INVESTING IN OUR COMMUNITY (continued)

Charity Support

	Investment Goals	Support	Beneficiaries
Covid-19 Responses	• Upgrading Covid-19 quarantine centres • Improving remuneration for Nurses – hence improved health delivery	Mealie meal, sanitisers, setting up a Covid-19 Information Centre, 40 000 test kits, National Call Centre for Covid-19 Response.	Zimbabwe Covid-19 Assistance Trust (ZimCAT), Ministry of Health Facilities, Kariba Hospital, Beatrice Infections Hospital, Chitepo Manicaland Hospital, Ekhusileni Hospital, Ministry of Information & Kamba Communications – Covid-19 Call Centre, Tekhotel Call Centre; Teleprompter – Covid-19 and Nurses
Education	• Help keep children in school through enhancing enrolment and reducing absenteeism. • Supporting education • Assisting the needy	• Roller meal • Groceries • School fees • Stock feed • Day Old Broiler Chicks • Teachers incentives • Educational loans	Hellenic School Zimstock festival, Bishopslea Preparatory School for Girls, Peter House Boys School, Gateway Primary School, Chiredzi Government School, Ruvheneko School Bindura University of Science Education - Prize to top student doing BSc Animal Science Derbyshire Primary School and Ardno Primary School
Community Infrastructure and empowerment support	• Covid-19 Response support • Assistance with funeral expenses • Brand Visibility • Empower farmers with knowledge on good animal husbandry • Alleviate hunger and malnutrition • Build cross function team	• Cash donations • Groceries – roller meal, salt milk, Tomato sauce, eggs, Bread • Sponsorships – Business and Network • Funeral expenses • Employee volunteering Time • Fuel • Office painting • Classroom block project • Protective clothing items • Training on broilers and feed management to small scale chicken farmers across all 10 provinces in towns where we have distributors	Shingirai Trust, ChildLine Zimbabwe, Ballantyne Park Conservancy Confederation of Zimbabwe Industries (CZI) Conference, Friends of the Environment (FOTE) Broiler & Layer Markets, Mom's A Genius (MAGS Network) Market Linkage Association, Brand Agro Awards, Caledonia Farm for teenage mothers, Lanark Women's club, Derbyshire Women's club, Mashambanzou Care Trust, Tariro Youth Centre, St Giles Medical Rehabilitation Centre, Northcot Training Institute, Zimbabwe Simudzirai Welfare Organisation, Emerald Hill School For The Deaf and Zimcare Trust (Batsirai Zimcare Special School)
Sport	• Promoting Sports in Zimbabwe and in our companies • Promoting cricket in Zimbabwe • Brand Visibility • Supporting recreation and employee welfare • Promoting grassroots rugby and swimming • Supporting basketball development	• Cash Donations • T- Shirts and Caps • Refreshments • Hosting sporting tournaments	Lanark Farm Soccer & Netball Team, Derbyshire Farm Soccer & Netball Team NATPAK Football Club (Social Soccer), Swimming Clubs, Tag Rugby Trust, African Sporting Championships 2020, Veterinarians for Animal Welfare Zimbabwe Golf Day, National Show Jumping Championships Sponsor, Peterhouse U/16 Basketball Kit, Progroup African Classic Series, Kadoma Touch Bowl, Lite Active Wear, Hellenic Golf Club, Zimbabwe Rugby Union, Zimbabwe Junior Cricket Team and Whitestone Cricket Gateway Golf Tournament

Sustainability in **Our Value Chain** (continued)

INVESTING IN OUR COMMUNITY (continued)

Charity Support

	Investment Goals	Support	Beneficiaries
Disability support	Assist Children and Adults with Disabilities to enjoy full lives	• Groceries • Sponsorship • Wheel chairs	Various Old People's Homes, Manicaland State University of Applied Science (MSUAS) Beatrice Infections Hospital, Tariro Halfway Home-Mentally Challenged Rehabilitation Dorothy Duncan Centre For The Blind & Physically Handicapped, Babra Burrel, Harare Hospital Children's Rehabilitation, Mushawedu Community Caledonia Branch, Sibantubanye School, Emerald Hill Children's Home, National Parents of Handicapped Children Zimbabwe, Danhiko Project, Jairos Jiri Southerton and Waterfalls, St Joseph's House of Boys, St Marceline Catholic Parish, Zimcare Trust Homefield Sharon Cohen
Orphanages	• For every child to enjoy a healthy and productive life • Assisting the disadvantaged and vulnerable children in society. • Alleviate hunger and malnutrition • Uplift the under privileged children.	• Groceries • Pig Grower and finisher Meal, layer meal, stress pack, sow and boar meal, dewormer, Virukill, foot bath	Chinyaradzo Children's Home, Runyararo Children's Home, Kambuzuma Felly Orphanage, Rose of Sharon Harare Children's, Hupenyu Hutsva, Wings of Grace Trust, Danai Children's Home, Vimbainesu Children's Home, Red Frogs, Bags of Smiles, Matthew Rusike Children's Home, Divine Grace Apostolic Faith Mission of Zimbabwe, St Marcelline Catholic Parish, Childline Zimbabwe, Rugare Care and Zambuko Trust
Old People's Homes	Keep them in a positive mood warding off depression	• Groceries	Flame Lily Old Age Home Zimbabwe, Missionaries Of Charity, Ralstein House of Old People's Home, Idawokwako Old Aged Home, Our Neighbours Ministry – Baptist Church, Bumhudzo Hospital Home, Ekhuphumuleni Geriatric Nursing Home, With Love Foundation, Fairways Homes, Waterfalls Trust, Senior Citizens Club, Athol Evans Hospital, Lodge Scotia, Dutch Reformed Church, Rusape Old Age Homes, Shearly Cripps Children Home, Mucheke Old People's Home and Ruwa Trust Lodge

Sustainability in Our Value Chain (continued)

INVESTING IN OUR COMMUNITY (continued)

Charity Support

	Investment Goals	Support	Beneficiaries
Arts, Social and Religion	• Promoting ARTS in Zimbabwe, • Addressing Depression, exploring History, brings people together to build the community.	• Cash Donations • Groceries • PPE Donation • Sanitisers, Candles, Dishwashing Liquid, soap, Makleena, Hampers	National Institute of Allied Arts (NIAA), Zimbabwe National Army (ZNA), Zimbabwe National Liberation War Veterans Association (ZNLWVA), Eagle Life Assembly, Mirazvo Productions, Zimbabwe National Covid Action Trust (Zincat), National Blood Transfusion Services (NBTS), Redcross Zimbabwe, Nkayi Rural District Council, Nozizwe Mother of Nations Trust, Caledonia Farm Teenage Mothers, Eatout Movement, Lisa Haywood Trust, Anglican Aid, Hellenic Ladies Association of Zimbabwe, Zimbabwe Republic Police Ruwa, Spar – The Starbrite Talent and Vocational Training & Sunshine Zimbabwe
Animal Welfare	• Improve animal welfare through raising awareness on animal cruelty and directly providing care to animals in need.	• Chicken animal food • Dog food, Game nuts, horse feed, rhino formula, game feed, pet food • Groceries and Dishwasher • Cash Donation	Zimbabwe Republic Police Waterfalls Dog Section, Zambesia Conservation Alliance, Save Valley Conservancy, Friends Animals Foundation Zimbabwe Society for Prevention of Cruelty to Animals (ZNSPCA), Imire Rhino & Wildlife Conservation - Rhino Feeding programme, Healing with Horses, Veterinarians for Animal Welfare Zimbabwe (VAWZ), Ngwenya Triplets family, Victoria Falls - Anti-Poaching Unit (VFAPU), The Zambezi Society, Society for Prevention of Cruelty to Animals (SPCA) and Friends of Hwange
Environment	Caring for the environment	Cash donation	Friends of the Environment (FOTE)
Prisons	• Supporting welfare • Sustainable relationships	Groceries and bread	Chikurubi Maximum Prison, Percy Ibboston Remand Home and Hostel and Anjo Prison
General	• Sustainable relationships • Brand awareness	Groceries, Roller meal, cooking oil, salt, beans and sugar etc	Zimbabwe National Army (ZNA), Zimbabwe Republic Police (ZRP), Missionaries of Charity Ardbennie, Eatout Movement, Ondine Online, Ministry of Agriculture and Mbare Police

Business Association **Memberships**

The Group and its businesses are involved in a number of bodies and associations or have employees that belong to these industrial bodies and associations. Depending on the business, membership is to the following bodies:

General
- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- Commercial Farmers Union (CFU)
- Business Council for Sustainable Development Zimbabwe (BCSDZ)

Industry
- Federation of Master Printers of Zimbabwe (FMPZ)
- Zimbabwe Poultry Association (ZPA)
- Health Professions Authority of Zimbabwe (HPAZ)
- Pig Producers' Association of Zimbabwe (PPAZ)
- Livestock Identification Trust (LIT)
- National Bakers Association of Zimbabwe (NBAZ)
- Stockfeed Manufacturers Association (SMA)
- Livestock Meat Advisory Council (LMAC)
- Grain Millers Association of Zimbabwe (GMAZ)
- Zimbabwe Association of Dairy Farmers (ZADF)
- Zimbabwe Dairy Industry Trust (ZDIT)
- Dairy Processors Association of Zimbabwe (DPAZ)
- Groceries Manufacturers Association (GMA)
- Association of Meat Importers & Exporters (AMIE)
- Zimbabwe Business Council on Wellness (ZBCW)
- Zimbabwe Abbatoir Association (ZBA)
- Zimbabwe Institution of Engineers (ZIA)
- Zimbabwe Institute of Occupational Safety and Health (ZIOSH)

STANDARDS & CERTIFICATIONS

We act according to values and standards prescribed in our business value chain to deliver high quality products and services. We strive to uphold national laws and regulations while taking into account global best practices and standards. Some of the Group companies subscribe to the following international and local standards:
- ISO 9001 [SABS]
- ISO 22000 [SABS]
- ISO 17025 [SABS]
- FSSC 22000
- Health Professions Authority of Zimbabwe (HPA)
- Agricultural Marketing Authority (AMA)
- Ministry of Health Certification
- Ministry of Agriculture Certification
- Factory License (National Social Security Authority)
- City Health License (City of Harare)
- Environmental Management Agency Licences
- Health Registration Certificate (Ruwa Town Council)

Individual
Businesses Awards

Some of our businesses received the following awards during the period.

NATIONAL FOODS LTD

- **Business to Business (B2B) Sector Super Brands -** 1st Position Super Brand award – Marketers Association of Zimbabwe
- **Gloria -** Consistent Brand - Marketers Association of Zimbabwe (MAZ)
- **Roller Meal -** Maize Meal sector Super brand award winner – Marketers Association of Zimbabwe (MAZ)
- **Pearlenta -** Maize Meal sector Super brand award 1st Runner Up – Marketers Association of Zimbabwe (MAZ)
- **Pearlenta High Fibre -** Gold Award in Food Innovation - Africa Food Industry Awards (AFMASS)
- **Manatsa Gaka -** 2nd Runner Up Brand Manager of the Year – Business-to-Business (B2B) Brands in Zimbabwe – Marketers Association of Zimbabwe (MAZ)
  Overall Supplier of the Year Award
  Top 100 Suppliers of the Year

Probrands
- Supplier of the Year - TM Pick 'n' Pay Awards
- 11th position Business to Business (B2B) Super brand award winner - Marketers Association of Zimbabwe (MAZ)
- 16th Position Business to consumer category (B2C) Super brand award winner - Marketers Association of Zimbabwe (MAZ)

Probottlers
Top 100 Local Brands - Buy Zimbabwe

Prodairy
- Top 100 local Brands - Buy Zimbabwe
- Confederations of Retailers Award

Irvine's
- Buy Zimbabwe Insignia Award - Buy Zimbabwe
- Corporate Social Responsibility of the Year award - Institute of Public Relations and Communication Zimbabwe Excellence

Pangolin
- Food Packaging Medal Winners
- Gold Award Star for Africa

Individual
Businesses Awards (continued)

Annual Financial **Statements**

for the year ended 30 June 2020

Directors' Responsibility and Approval of Financial Statements

The Directors of Innscor Africa Limited ("the Company"/"the Group"/"Innscor") are required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and to prepare consolidated 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, as well, reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year with the inclusion of additional accounting policies in the current year of new applicable International Financial Reporting Standards (IFRS), namely IFRS 16 (Leases) and International Accounting Standard (IAS 29) (Financial Reporting in Hyperinflationary Economies). All the principal accounting policies applied by the Group conform to IFRS except for IAS 21 (Effects of Changes in Foreign Exchange Rates) as explained under **Note 2** of these financial statements.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. Innscor maintains internal controls and systems that are designed to safeguard the assets of the Group prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit and Risk Committee has met the external auditors to discuss their reports and 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, complexity and diversity of Innscor it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit and Risk Committee and the Board.

The consolidated financial statements for the year ended 30 June 2020, which appear on **page 96 to 190** have been approved by the Board of Directors and are signed on its behalf by:

A B C CHINAKE
Chairman
Harare
25 September 2020

G GWAINDA
Executive Director

Company Secretary's Certification

I certify that, to the best of my knowledge and belief, the Group 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 and Other Business Entities Act (Chapter 24:31), and all such returns are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
25 September 2020

Report of Directors

The Directors have the pleasure in presenting their report together with the audited consolidated inflation adjusted financial statements of the Group for the year ended 30 June 2020. The numbers presented in this Report of Directors are all adjusted for inflation as per the requirements of IAS 29 (Reporting in Hyperinflationary Economies).

Share Capital

At 30 June 2020 the authorised share capital of the Company comprised of 800 000 000 ordinary shares of ZWL0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of ZWL0.01 (one cent) each. The issued share capital was at ZWL129 353 102 (2019: ZWL129 220 797), (Historical: ZWL5 647 764, 2019: ZWL5 597 564) divided into 564 776 450 ordinary shares (2019: 559 726 450) of ZWL22.90 cents (2019: ZWL23.09), (Historical: ZWL0.01) each and 1 000 Non-Voting Class "A" ordinary shares of ZWL23.09 (Historical: ZWL0.01) each.

Dividends

Ordinary shares

The Board declared a final dividend of ZWL100 cents per share (2019: ZWL24.03 cents), [Historical: ZWL100 cents per share (2019: ZWL7.87cents)] and an interim dividend of ZWL20.81 cents per share (2019: ZWL33.08 cents), [Historical: ZWL13.73cents per share (2019: ZWL2.52 cents)]. This brings the total dividend in respect of the 2020 financial year to ZWL120.81 cents per share (2019: ZWL57.11 cents), [Historical: ZWL113.73 cents per share (2019: ZWL10.39 cents)].

Non-voting class "A" ordinary shares

The Board declared a final dividend of ZWL28 200 000 (2019: ZWL4 454 072), [Historical: ZWL28 200 000, (2019: ZWL2 200 000)] and an interim dividend of ZWL7 850 778 (2019: ZWL10 316 493), [Historical: ZWL3 877 734 (2019: ZWL705 000)] to the Innscor Africa Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2020 financial year to ZWL36 050 778 (2019: ZWL14 770 564)], [Historical: ZWL32 077 734 (2019: ZWL2 905 000}].

Directors and their Interests

In terms of the Company's Articles of Association, Messrs M.J. Fowler and G. Gwainda retire from office by rotation at the Company's Annual General Meeting of Shareholders on 1 December 2020 and being eligible offer themselves for re-election as Directors. The beneficial interests of the Directors in the shares of the Company are disclosed in **Note 24.4** of the financial statements.

Directors' Fees

Members will be asked to approve the payments of the Directors' fees in respect of the year ended 30 June 2020.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2020 and to appoint Deloitte & Touche as auditors of the Company to hold office for the ensuing year.

For and on behalf of the Board.

A B C CHINAKE
Chairman
Harare
25 September 2020

G GWAINDA
Executive Director

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 96 to 190 , 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 local ZWL functional currency subsidiaries)

As explained in note 2.2 on 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 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.

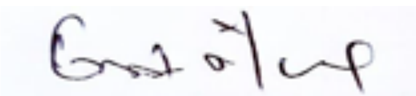
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
Revenue	8	**23 938 405 204**	**19 343 666 557**	**11 159 426 972**	**1 285 539 382**
Cost Of sales	20.1	(13 821 674 739)	(12 161 274 950)	(4 756 675 163)	(714 253 335)
Gross Profit		**10 116 730 465**	**7 182 391 607**	**6 402 751 809**	**571 286 047**
other trading income	9.1	155 452 844	115 555 487	71 891 660	7 119 186
operating expenses	10.1	(6 412 773 989)	(4 790 318 300)	(3 065 472 366)	(320 383 432)
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)	9.2	393 522 320	(117 081 762)	397 286 609	(9 987 551)
depreciation & amortisation	10.4	(605 704 443)	(443 520 681)	(82 409 339)	(32 537 965)
fair value adjustments - listed equities	18	167 313 965	311 988 417	696 453 370	36 034 878
fair value adjustments - biological assets	19.3	(267 774 132)	(16 450 138)	282 600 451	5 357 173
Operating profit before interest and tax		**3 546 767 030**	**2 242 564 630**	**4 703 102 194**	**256 888 336**
interest income	11.1	35 377 093	49 139 058	12 583 705	3 236 032
interest expense	11.2	(493 746 900)	(205 690 819)	(237 452 504)	(13 401 501)
equity accounted earnings	16	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	12	(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 translation of foreign operations attributable to:					
equity holders of the parent		1 353 244 143	816 138 393	1 955 680 420	111 460 831
non-controlling interests	26	133 069 219	39 034 376	133 069 219	4 661 837
Other comprehensive income for the year, 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	25	2 523 254 544	1 362 942 920	3 064 586 316	176 786 870
non-controlling interests	26	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**
Basic earnings per share (cents)	6	**449.97**	**244.30**	**546.50**	**31.69**
Headline earnings per share (cents)	6	**450.56**	**245.06**	**546.34**	**31.19**
Diluted basic earnings per share (cents)	6	**443.36**	**238.25**	**538.47**	**30.90**
Diluted headline earnings per share (cents)	6	**443.94**	**239.00**	**538.32**	**30.42**

Group Statement of Financial Position

as at 30 June 2020

		INFLATION-ADJUSTED		HISTORICAL	
	Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
ASSETS					
Non-current assets					
property, plant and equipment	13	5 015 044 701	4 799 478 779	943 669 709	642 628 608
right-of use-assets	14.1	236 684 965	—	43 273 852	—
intangible assets	15	954 039 775	954 039 775	41 369 714	41 369 714
investments in associates	16	3 337 089 427	1 683 835 606	2 120 352 013	193 767 096
other financial assets	18	1 217 356 505	640 648 154	1 180 363 230	74 515 475
biological assets	19.1	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	19.2	1 043 195 746	615 755 399	561 640 630	42 679 332
inventories	20	4 155 433 524	2 308 769 412	3 328 048 365	231 596 747
trade and other receivables	21	2 809 282 113	2 730 190 276	2 555 253 117	306 701 973
cash and cash equivalents	22.5	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 held for sale	23	**31 814 831**	**—**	**7 647 840**	**—**
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	24.2	129 353 102	129 220 797	5 647 764	5 597 264
class A ordinary share capital	24.2	231	231	10	10
share premium	24.2	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	25	8 007 743 248	5 742 161 694	3 575 772 684	364 769 791
attributable to equity of the parent		**10 431 254 133**	**6 823 096 008**	**5 658 316 225**	**762 915 167**
non-controlling interests	26	3 835 131 043	2 760 647 398	1 664 099 361	276 161 650
Total equity		**14 266 385 176**	**9 583 743 406**	**7 322 415 586**	**1 039 076 817**
Non-current liabilities					
deferred tax liabilities	27	1 290 317 512	1 130 912 712	215 963 985	133 738 056
lease liability	14.3	49 039 880	—	49 039 880	—
interest-bearing borrowings	28	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	14.3	16 013 651	—	16 013 651	—
interest-bearing borrowings	28	1 214 485 007	1 681 256 275	1 214 485 007	200 790 773
trade and other payables	29	3 477 471 268	2 287 989 412	3 477 471 268	273 252 311
provisions	30	64 509 645	25 431 802	64 509 645	3 037 295
current tax liabilities	31	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**

A B C CHINAKE
Chairman
Harare
25 September 2020

G GWAINDA
Executive Director

Group Statement of Changes in Equity

for the year ended 30 June 2020

	Note	Ordinary Share Capital ZWL	Class "A" Ordinary Share Capital ZWL	Share Premium Reserve ZWL	Restructure Reserve ZWL
INFLATION-ADJUSTED - AUDITED					
Balances at 30 June 2018		**129 220 797**	**231**	**411 204 539**	**(303 231 377)**
Profit for the year	25	—	—	—	—
Other comprehensive income	25.1	—	—	—	—
Dividends paid	7 & 25	—	—	—	—
Transactions with owners in their capacity as owners	25	—	—	—	—
Share-based payment charge	24.3	—	—	—	—
Balances at 30 June 2019		**129 220 797**	**231**	**411 204 539**	**(303 231 377)**
Issue of shares	24	132 305	—	6 670 791	—
Profit for the year	25	—	—	—	—
Other comprehensive income	25.1	—	—	—	—
Dividend paid	7 & 25	—	—	—	—
Transactions with owners in their capacity as owners	26	—	—	—	—
Share-based payment charge	24.3	—	—	—	—
Balances 30 June 2020		**129 353 102**	**231**	**417 875 330**	**(303 231 377)**
HISTORICAL					
Balances at 30 June 2018 - audited		**5 597 264**	**10**	**17 811 532**	**(13 134 620)**
Profit for the year	25	—	—	—	—
Other comprehensive income	25.1	—	—	—	—
Dividends paid	7 & 25	—	—	—	—
Effect of change in functional currency	25.1	—	—	—	—
Change in functional currency reserve realised	25	—	—	—	—
Transactions with owners in their capacity as owners	25	—	—	—	—
Share-based payment charge	24.3	—	—	—	—
Balances at 30 June 2019 - audited		**5 597 264**	**10**	**17 811 532**	**(13 134 620)**
Issue of shares	24	50 500	—	2 546 210	—
Profit for the year	25	—	—	—	—
Other comprehensive income	25.1	—	—	—	—
Dividends paid	7	—	—	—	—
Change in functional currency reserve realised	25.1	—	—	—	—
Transactions with owners in their capacity as owners	26	—	—	—	—
Share-based payment charge	24.3	—	—	—	—
Balances at 30 June 2020 - unaudited		**5 647 764**	**10**	**20 357 742**	**(13 134 620)**

Attributable to equity holders of the parent								
Other Reserves								
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
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**
—	—	—	—	—	1 362 942 920	1 362 942 920	478 389 963	1 841 332 883
816 138 393	—	—	—	816 138 393	—	816 138 393	39 034 376	855 172 769
—	—	—	—	—	(322 311 019)	(322 311 019)	(176 678 759)	(498 989 778)
—	—	—	—	—	(14 753 007)	(14 753 007)	(5 205 234)	(19 958 241)
—	—	—	20 498 039	20 498 039	—	20 498 039	—	20 498 039
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**
—	—	—	(21 759 529)	(21 759 529)	—	(14 956 433)	—	(14 956 433)
—	—	—	—	—	2 523 254 544	2 523 254 544	1 113 178 909	3 636 433 453
1 353 244 143	—	—	—	1 353 244 143	—	1 353 244 143	133 069 219	1 486 313 362
—	—	—	—	—	(257 672 990)	(257 672 990)	(171 667 956)	(429 340 946)
—	—	—	—	—	—	—	(96 527)	(96 527)
—	—	—	4 288 861	4 288 861	—	4 288 861	—	4 288 861
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**
140 568	**—**	**(687 790)**	**854 922**	**(12 826 920)**	**204 288 168**	**214 870 054**	**105 044 735**	**319 914 789**
—	—	—	—	—	176 786 870	176 786 870	62 051 802	238 838 672
111 460 831	—	—	—	111 460 831	—	111 460 831	4 661 837	116 122 668
—	—	—	—	—	(22 025 824)	(22 025 824)	(12 215 008)	(34 240 832)
—	282 177 143	—	—	282 177 143	—	282 177 143	117 239 940	399 417 083
—	(7 482 514)	—	—	(7 482 514)	7 482 514	—	—	—
—	—	—	—	—	(1 761 937)	(1 761 937)	(621 656)	(2 383 593)
—	—	—	1 408 030	1 408 030	—	1 408 030	—	1 408 030
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**
—	—	—	(1 084 740)	(1 084 740)	—	1 511 970	—	1 511 970
—	—	—	—	—	3 064 586 316	3 064 586 316	1 351 997 111	4 416 583 427
1 955 680 420	—	—	—	1 955 680 420	—	1 955 680 420	133 069 219	2 088 749 639
—	—	—	—	—	(127 272 399)	(127 272 399)	(97 032 092)	(224 304 491)
—	(274 694 629)	—	—	(274 694 629)	273 688 976	(1 005 653)	—	(1 005 653)
—	—	—	—	—	—	—	(96 527)	(96 527)
—	—	—	1 900 404	1 900 404	—	1 900 404	—	1 900 404
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**

Group Statement of Cash Flows

for the year ended 30 June 2020

		INFLATION-ADJUSTED		HISTORICAL	
	Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
Cash generated from operating activities	**22.1**	465 599 015	131 875 332	949 422 580	39 476 843
interest income	**11.1**	35 377 093	49 139 058	12 583 705	3 236 032
interest expense	**11.2**	(493 746 900)	(205 690 819)	(237 452 504)	(13 401 501)
taxes paid	**31**	(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	**22.2**	**(726 170 470)**	**(1 011 416 606)**	**(291 447 119)**	**(61 815 198)**
Net cash outflow before financing		**(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**
issue of shares	**24.2**	132 305	—	50 500	—
share premium		6 670 791	—	1 461 470	—
dividends paid by holding company	**7.1**	(257 672 990)	(322 311 019)	(127 272 399)	(22 025 824)
dividends paid by subsidiaries to non-controlling interests	**7.2**	(171 667 956)	(176 678 759)	(97 032 092)	(12 215 008)
drawdowns on borrowings	**28.2**	3 340 367 958	2 123 709 451	1 480 124 625	140 237 524
repayment of borrowings	**28.2**	(1 668 108 671)	(934 729 541)	(428 971 151)	(25 405 320)
lease payments		(32 795 393)	—	(14 531 7093)	—
cash received from non-controlling interests	**26.1**	229 123	6 552 265	101 525	453 378
Net (decrease)/increase in cash and cash equivalents before effects of foreign currency translation on cash and cash equivalents	**22.5**	**(91 558 482)**	**(662 042 596)**	**985 707 947**	**27 245 417**
Effects of currency translation to cash and cash equivalents - foreign operations	**22.5**	**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	**22.5**	**2 125 956 196**	**1 223 372 609**	**2 125 956 196**	**146 106 180**

Notes to the Financial Statements

for the year ended 30 June 2020

1 Corporate information

Innscor Africa Limited, ("Innscor"/"the Group") is a public limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The principal activities of the Group include that of the light manufacturing of fast moving and durable consumer goods.

2 Statement of compliance

The Group's consolidated annual inflation-adjusted financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) with the exception to 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). The IFRS Interpretations Committee Meeting Staff Paper, issued in May 2018, ("the Paper"), defines exchangeability as the ability to exchange currency for another currency through a legal exchange mechanism. The Paper states that there are two broad categories of legal exchange mechanisms available, either a free financial market or an administered process created and directed by jurisdictional authorities. The Paper analyses that under the administered exchangeability, a lack of exchangeability arises where the following factors exist:

(i) foreign currency restrictions;
(ii) limitations on the quantity of foreign currency that an entity might obtain;
(iii) delays in obtaining the desired quantity of foreign currency; and
(iv) limitations on the purpose for which the desired quantity of foreign currency can be used.

The conditions for an exchangeable exchange rate as contemplated by IAS 21 did not exist during the current and comparative periods as a result of the factors detailed above.

As noted in the consolidated financial statements for 2019, Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (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 Zimbabwe Dollars 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 contemplated by IAS 21, the Group continues to be unable to meet the full requirements of IAS 21. 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. As a result of the inability to comply with the requirements of IAS 21, the Group was unable to satisfy the requirements of the Companies and Other Business Entities Act ("COBE") which states that financial statements should be prepared in accordance with International Financial Accounting Standards adopted by the Public Accountants and Auditors Board constituted under the Public Accountants and Auditors Act (Chapter 27:12).

2.1 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.

2.2 Basis of preparation

The Public Accountants and Auditors Board (PAAB) pronounced on 11 October 2019 that the Zimbabwean economy was now trading under hyperinflationary conditions from 1 July 2019. The Directors have applied the requirements of IAS 29 in preparing these financial statements.The Group consolidated inflation-adjusted financial statements have been prepared under the historic cost basis except for equity investments, some biological assets and derivative financial instruments that have been measured at fair value. For the purposes of fair presentation in accordance with IAS 29 the historic cost financial information has been restated for changes in the general purchasing power of the functional currency of the Group (ZWL).

2.3 IAS 21 Effects of Changes in Exchange Rates

As required by IAS 21, foreign monetary assets and liabilities in existence at 30 June 2020, have been translated to ZWL at appropriate closing market rates of exchange, with exchange differences being adjusted through the Group's Statement of Profit or Loss.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

2 Statement of compliance (continued)

2.4 IAS 29 Financial Reporting in Hyperinflationary Economies

IAS 29 requires restatement of the financial statements of an entity whose reporting and presentation currency is the currency of a hyperinflationary environment. Under this standard, financial statements prepared in a currency of a hyperinflationary economy should be stated in terms of a measuring unit current at the reporting date and the corresponding figures for the prior periods should also be stated in terms of the same measuring unit. The standard lists the characteristics of hyperinflationary economic environment as: when the population prefers to keep its wealth in non-monetary assets regards monetary amounts in terms of a relative stable foreign currency, sales are at prices that compensate for expected loss of purchasing power; and cumulative inflation rate over three years is approaching or exceeding 100%.

These consolidated inflation-adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index "CPI" prepared by the Zimbabwe Central Statistical Office. The CPI used for the periods prior to 22 February 2019, before the government announced the change in functional currency are those of the USD which was the functional currency at the time. For the sake of expediency, the Group restated comparative figures with effect from 1 July 2018 this assumed the economy was subject to IAS 29 with effect from that date. The inflation adjusted financial statements which form the primary financial statements of the Group and on which the audit opinion has been based, have been presented together with the historical numbers. The historical numbers are presented as supplementary information only and should only be used by the users of financial information for supplementary comparison only.

In accordance with IAS 29 monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated and 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 conversion factors used to restate the financial statements are as follows:

	Index	Conversion Factor
30 June 2020	1 445.21	1.00
30 June 2019	172.60	8.37
Average for the year - June 2020	640.38	2.26
Average for the year - June 2019	95.43	15.14

2.5 Comparative financial information

The Group's comparative financial information has also been restated in accordance with IAS 29 as stated in **2.4** above. The comparative figures should be used with caution due to the material and pervasive impact of the technicalities brought about by the change in functional and presentation currency, and the consequent impact on the usefulness of financial statements of companies reporting in Zimbabwe as noted in **note 2** above.

2.6 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. These 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 equivalent value in USD and has therefore been treated as a financial derivative in accordance with IFRS 9.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

2 Statement of compliance (continued)

2.6 Legacy liabilities (continued)

The cash deposits at the RBZ to cover these foreign liabilities have been disclosed in the Group's inflation-adjusted financial statements as a financial asset. 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 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	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	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.

3 Basis of consolidation

The consolidated inflation-adjusted financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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 statement of comprehensive income 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.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

3 Basis of consolidation (continued)

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

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

It is the Group's policy to carry investments in associates and subsidiaries at cost in Innscor Africa Limited's separate financial statements.

4 Changes in accounting policy and disclosures

4a New and Amended IFRSs adopted

The Group applied IFRS 16 and IAS 29 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group chose not to early adopt the Standards, interpretations or amendments that have been issued but are not yet effective.

i) IFRS 16 (Leases)

The Group adopted IFRS 16 (Leases) on 1 July 2019 which replaced 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.

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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

4 Changes in accounting policy and disclosures (continued)

4a New and Amended IFRSs adopted (continued)

i) IFRS 16 (Leases) (continued)

The effect of the adoption of IFRS 16 as at 1 July 2019 is as follows:

	INFLATION-ADJUSTED - AUDITED		HISTORICAL - AUDITED	
	30 JUNE 2020 ZWL	30 JUNE 2019 ZWL	30 JUNE 2020 ZWL	30 JUNE 2019 ZWL
Right-of-use assets	283 806 240	—	51 889 182	—
Lease liability	433 562 632	—	51 779 956	—
Operating lease commitments disclosed as at 30 June 2019	191 336 853	—	22 851 171	—
Discounted using the Group's incremental borrowing rate of 34.05% at the date of initial application	91 166 275	—	10 887 898	—
Adjustments as a result of a different treatment of extension and termination options	342 396 357	—	40 892 058	—
Lease liability recognised as at 1 July 2019	433 562 632	—	51 779 956	—

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 extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group 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

All leases in which the Group is a lessor are classified as operating leases from a lessor perspective and there were no changes in the Group's financial statements as a result of the adoption of IFRS 16.

ii) 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. The Group applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Group first applies those amendments. The Group did not have any such borrowing costs in the current period but has however, adopted the amendment.

iii) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

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

1. Whether the Group considers uncertain tax treatments separately;
2. The assumptions the Group makes about the examination of tax treatments by taxation authorities;
3. How the Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
4. How the Group considers changes in facts and circumstances.

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

The Group has applied this interpretation on the current period's results (refer to **Note 31.1**)

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

4 Changes in accounting policy and disclosures (continued)

4b. Standards and interpretations in issue not yet effective and early adopted by the Group

i) IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an Associate or Joint Venture The amendments clarify that a full gain or loss is recognised when a transfer to an Associate or Joint Venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not consitute a business, however, is recognised only to the extent of unrelated investors' interests in the Associate or Joint Venture.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Effective date of this amendment was postponed indefinitely, however, the Group has adopted the amendment and will apply same should the Group has such a transaction in future.

ii) Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies Changes in Accounting Estimates and Errors) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

Effective date of this amendment is 1 January 2020 and this amendment has been adopted by the Group.

iii) Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of determine whether an acquired set of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Effective date of this amendment is 1 January 2020 and the Group has adopted the amendment for the current period.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies

Revenue

IFRS 15 **"Revenue from Contracts with Customers"** is a principle-based model of recognizing revenue from customer contracts. It has a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer at an amount that the Group expects to be entitled for the exchange for these goods allocated to each specific perfomance obligation.

The following paragraphs describe the types of contracts when performance obligations are satisfied and the timing of revenue recognition. They also describe the normal payment terms associated with such contracts and the resulting impact on the statement of financial position over the duration of the contracts. The majority of the Group's business is for the sale of food products.

Sale of goods

Revenue from the sale of goods, or turnover comprises sales to customers through the Group's sales staff, direct customers at the stores and the Group's supply arrangements. All turnover is stated exclusive of Value Added Tax (VAT).

Revenue is recognised at a point in time when the Group transfers control of goods to its customer at the point of sale and is measured at the fair value of received or receivable, net of returns, trade discounts, and volume rebates. Discounts, rebates to customers are deducted from revenue. Payment of the transaction price in respect of sale of goods depends on the nature of customer. For cash customer it is due immediately when the customer purchases goods and takes delivery. For credit customers the terms differ from a range of 0-90 days from the invoice date.

Revenue recognised through deferred revenue transactions is not recognised at the time of the initial transaction, but is deferred and recognised as a contract liability (deferred revenue) when the consideration is received, and recognised as turnover over time when the Group's obligations are fulfilled.

Commission income

Commission income received or receivable under agent contracts for sale of third party goods in the Group's shops and is recognised when the products have been sold.

Finance Income

Finance income is recognised over time as it accrues in the statement of comprehensive income, using the Effective Interest Rate method ("EIR"), by reference to the principal amounts outstanding and at the interest rate applicable.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

Customer contract related balances

Trade receivables include amounts that have been billed in accordance with customer contract terms and amounts that the Group has an unconditional right to, with only passage of time before the amounts can be billed in accordance with the customer contract terms. In accordance with IFRS 15, where significant financing is provided to the customer, revenue is adjusted to reflect the impact of the financing transaction. These transactions could arise from the customer finance credits if the contracted interest rate is below the market rate or through implied financing transactions due to payment terms of more than one year from the date of transfer of control. The Group has elected to use the practical expedient not to adjust revenue for transactions with payment terms, measured from the date of transfer of control, of one year or less.

Contract asset is unbilled sales amount relating to performance obligation that has been satisfied under customer contract but is conditional on terms other than only the passage of time before payment of the consideration is due. Under previous standards these unbilled sales balances have been included within trade receivables. Contract liability relates to amounts that are paid by customers for which performance obligations are unsatisfied or partially satisfied. Under previous standards these balances have been disclosed as deferred revenue within other current liabilities, and the Group concluded that the balances meet the definition of contract liability under IFRS 15. Advances from customers are also included in the contract liability balance.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Rental income

The Group is the lessor on lease transactions. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in other trading income in the statement of profit or loss due to its operating nature.

Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the statement of profit or loss when the right to receive them arises.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Capitalisation should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation should be suspended during periods in which active development is interrupted. Capitalisation should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. If only minor modifications are outstanding this indicates that substantially all of the activities are complete. All other borrowing costs are expensed as incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

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

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

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 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. The Group recognises expected cost of bonus only when the Group has a present legal and constructive obligation to make such payments and reliable estimate can be made.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Innscor Africa Limited Pension Fund, the Catering Industry Pension Fund, National Foods Pension Fund and Colcom Pension Fund subsidiaries. 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, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Royalties

Royalties are calculated using terms and conditions on the franchise agreement.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Foreign currency translation

The Group inflation-adjusted financial statements are presented in Zimbabwe Dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All exchange rate differences are taken to profit or loss, and are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. The tax charges and credits attributable to exchange differences are also recognised in other comprehensive income. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Foreign operations

Assets and liabilities of subsidiaries and associated companies denominated in foreign currencies are translated into Zimbabwe Dollars at the closing rate of exchange ruling at the reporting date and their statements of comprehensive income results are translated at the average rate of exchange for the period. The average exchange rate for the year is determined by adding the monthly exchange rates during the year and dividing these by twelve. Where there are drastic movements between the opening and closing rates of exchange, the other comprehensive income results are translated on a month-on-month basis using the average rate of exchange for each month and then adding these up monthly to determine full year profit or loss. Differences on exchange arising from the translation of the opening net investment in subsidiaries and associated companies and from the translation of the results of those entities at average rates, are recognised in other comprehensive income.

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, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, that is a financial instrument, is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed and the amount recognised for non-controlling interest. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Property, plant and equipment ("PPE")

Property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the PPE. When significant parts of PPE are requiring replacement in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the PPE as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is carried at cost and is not depreciated whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets. Depreciation is charged to the statement of profit or loss as a period cost under operating expenses in th year that it is incurred.

The various rates of depreciation are listed below:

Freehold property	—	2%
Buildings and improvements	—	2.5%
Leasehold improvements	—	the lesser of period of lease or 10 years
Plant, Fittings and Equipment	—	3% - 25%
Vehicles	—	10% - 30%

The carrying values of PPE are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised/disposed.

The residual values and depreciation methods of PPE are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of PPE becomes equal or less than the residual value.

The Group does not review or reassess the useful lives of fully depreciated PPE however fully depreciated items of Property, Plant and Equipment may be continue to be utilised in the Group's operations and will be kept on the Group's asset register at the fully depreciated amount until disposed.

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 their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur.

Computer software is amortised over a period of 4 years.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Intangible assets (continued)

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

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

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use. Where the asset's carrying amount exceeds its recoverable amount the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor jointly controlled operations. Under the equity method, investments in associates are initially carried in the statement of financial position at cost. Subsequently, the investments in associates are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associates less dividends received from the associates. Goodwill relating to an associate is included in the carrying amount of the investment. The statement of profit or loss reflects the share of the results of operations of the associates attributable to the Group.

Equity loans to associates are also included as part of net investment in associates.

Where there have been changes recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Financial instruments

Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on the settlement date. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Separate assets or liabilities are recognized if any rights and obligations are created or retained in the transfer. The Group has three classes for its financial assets, that is amortized cost, fair value through profit/loss and fair value through other comprehensive income. The classification depends on the cashflow characteristics of the financial asset and the business model in which it is held.

Classification

The Group's financial assets are classified as either amortized cost or fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

Amortised cost

Financial assets are classified at amortized cost if the contractual terms give rise to payments that are solely payments of principal and interest ("SPPI") on the principal amount outstanding and the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows. These assets are subsequently measured at amortized cost using the effective interest method, minus impairment allowances. Interest income and gains and losses from financial assets at amortized cost are recognized in statement of profit or loss as financial income.

The Group's financial assets measured at amortised cost include trade and other receivables, cash and cash equivalents and loans receivable. Trade and other receivables mainly comprise sale of goods receivables. Certain trade and other receivables are considered to be long term in nature and are recorded as non-current in the statement of financial position.

Fair value through profit or loss (FVTPL)

Financial instruments are classified at fair value through profit or loss if it fails the SPPI test or if it is designated at FVTPL. Financial instruments at 'fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss.

The Group classifies the following financial assets at fair value through profit or loss (FVTPL):
- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.
- unit trust held at fair value through profit or loss.

Fair value through other comprehensive income (FVOCI)

A financial asset is measured at fair value through other comprehensive income (FVOCI) if the asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. There were no financial instruments that were offset during the year nor in 2019.

Measurement

At initial recognition, the Group measures a financial asset classified at amortised cost at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

If the transaction price differs from fair value at initial recognition the difference is accounted for as follows;

- if fair value is evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that will market participants would consider when pricing the asset or liability.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ('ECL") on financial assets that are measured at amortized cost. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk of financial asset has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to twelve month expected credit losses.

The Group assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The Group monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection was expected in one year or less, they were presented as current assets. If not, they were presented as non-current assets. Trade receivables were measured at initial recognition at fair value, and were subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments were considered indicators that the trade receivable was impaired. The allowance recognised was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial liabilities

Financial liabilities are recognized when the Group becomes bound to the contractual obligations of an instrument. Financial liabilities are derecognized when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires.

Financial liabilities at amortised cost

Financial liabilities at amortised cost mainly comprise of borrowings, trade and other payables and amounts due to related parties.

Interest-bearing borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables were presented as current liabilities if payment was due within on year or less, If not, they were presented as non current liabilities. Trade payables were initially measured at fair value, and were subsequently measured at amortised cost, using the effective interest rate method.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Amounts due from / (to) related parties

Amounts due from and to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These were initially and subsequently recorded at fair value.

Biological assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, pigs, birds and hatching eggs. At initial recognition, biological assets are valued at fair value.

Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs or cost less accumulated depreciation. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Refer to **Note 19.6**on determination of fair value of biological assets.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Fair value movements on biological assets are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. In general cost is established on the first in, first out basis. Cost represents the cost of materials and where appropriate, direct labour and manufacturing overheads related to stage of manufacture excluding depreciation charge. 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.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any certain reimbursements.

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

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated multiplied by the current pay rate per day. The timings of the cash out-flows are by their nature uncertain.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

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.

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 or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is provided for 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 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 and associates 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 and associates, 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 directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The initial recognition exemption is applied separately to the lease asset and the lease liability with respect to deferred tax on IFRS 16. On initial recognition, the lease transaction affects neither accounting nor taxable profit, there is no deferred tax accounting throughout the entire lease term. The temporary differences related to the lease asset and the lease liability affect the effective tax rate and are disclosed as reconciling items between tax expense and accounting profit.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Taxes (continued)

Value Added Tax

Revenues expenses and assets are recognised net of the amount of Value Added Tax (VAT) except where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. Costs to sale are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

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

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in **Note 23**. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, and further details of which are given in **Note 24.3**.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. 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 statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. 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 24.3**.

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 Board of Directors.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements

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

i) 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 on **page 110** and no changes to those useful lives have been considered necessary during the year. Residual values are reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

ii) Fair valuation of biological assets

Pigs

The Group estimates the slaughter weights of the pig grower head based on a 21 week profile, a process which requires significant judgement based on the age and estimated average slaughter weight. Pigs aged between 0 - 5 weeks are not stated at fair value but are stated at cost at the reporting date. The Group also estimates average slaughter weights for the breeding head, as reflected in **note 19**.

Cattle

The Group estimates the average live weight and the market value per kg of cattle in determining the fair value of cattle at the reporting date.

Birds

Breeder livestock and Broilers

Breeder livestock is valued based on the actual costs incurred in rearing the birds and is amortised in relation to the expected hatching eggs to end of lay. The valuation of broilers livestock is based on the actual costs incurred.

Layers

Layers are valued at fair market price less selling costs. Fair market price is determined from the price the company can sell point of lay and end of lay birds to the market.

Refer to **Note 19** for the carrying amount of biological assets, the estimates and assumptions used to determine fair value.

iii) Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future 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. Refer to **Note 27** or the carrying amount of deferred tax assets and the evidence supporting recognition.

iv) 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 asset's performance of the 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. Refer to **Note 15** for the assumptions applied in testing cash generating units with goodwill for impairment.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

v) Impairment of financial assets

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying expected credit losses model of impairing trade receivables:

- Significant increase of credit risk - In assessing whether the credit risk of an asset has significantly increased the directors consider qualitative and quantitative reasonable and supportable forward-looking information.
- Model and assumptions used - the Group used model and assumptions in measuring fair value of financial assets as well as in estimating ECL. Directors have applied judgement in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.
- Business model assessment - the Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured.

vi) Share Based Payments

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Share options awarded to employees in terms of the rules of the 2016 Innscor Africa Limited Share Option Scheme are measured by reference to the fair value at the date on which they are granted. Estimating the fair value for share-based payments transactions requires determining the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield and making assumptions about them. The fair value is determined by an independent external valuer using the Binomial Tree model, further details of which are provided in **Note 24.3**.

The cost of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the services conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised reflects the extent to which the vesting period has expired and the group's best estimates of the number of equity instruments that will ultimately vest. The income statement charge for the period represents the movement in the cumulative expense at the beginning and end of that period.

vii) Treasury Shares

Shares in Innscor Africa Limited held by and within the Group are classified within total equity as treasury shares. Treasury shares are treated as a deduction from the issued share capital and weighted average number of shares for earnings per share and headline earnings per share purposes, and the cost price of the shares is reflected as a separate component of capital and reserves in the statement of financial position and statement of changes in equity.

No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares. Consideration received or paid in respect of treasury shares is recognised in equity.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

6 Earnings per share

6.1 Basic earnings basis

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

6.2 Diluted earnings basis (Basic and Headline)

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

The share options arising from the Group's indigenisation transaction with Benvenue Investments (Private) Limited had a dilutive effect at the end of the prior financial year, in that, the Benvenue Investments (Private) Limited could exercise its options at the exercise price which was lower than the volume weighted average price of Innscor Africa Limited shares over the 60 days preceding the prior year end. Refer to **Note 6.4**. In the current year, the share options no longer have a dilutive effect.

The share options arising from the 2016 Innscor Africa Limited Employee Share Option Scheme had a dilutive effect at the end of the financial year as shown in **Note 6.4**.

6.3 Headline earnings basis

Headline earnings are a measurement of a company's earnings based solely on operational activities and specifically excludes any income or expenses that are of a capital nature such as, sales of assets, and/or accounting write-downs or write ups.

The Group's 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 the respective 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, for the period.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
6 Earnings per share (continued)					
6.4 Earnings per share					
a Net 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**
b Reconciliation of basic earnings to headline earnings					
Adjustment for capital items, gross of tax:					
Loss/(profit) on disposal of property, plant and equipment	9.2	6 137 827	38 350 044	(1 693 784)	41 940
Profit on restructure & disposal of associates	9.2	—	(51 446 128)	—	(2 228 415)
Loss/(profit) on disposal of asset held for sale	9.2	—	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)
Net reconciling items		**3 301 537**	**4 270 780**	**(898 621)**	**(2 785 400)**
Headline earnings attributable to equity holders of the parent		**2 526 556 081**	**1 367 213 700**	**3 063 687 695**	**174 001 470**
c Reconciliation of weighted average number of ordinary shares					
Number of ordinary shares in issue at the beginning of the year	24.2	**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 ordinary shares		**560 763 686**	**557 907 538**	**560 763 686**	**557 907 538**
d Reconciliation of weighted average number of ordinary shares after effects of dilution					
Weighted average number of ordinary shares for basic and headline earnings per share		**560 763 686**	**557 907 538**	**560 763 686**	**557 907 538**
Effects of dilution:					
Share option schemes	24.3.1	8 360 505	14 144 688	8 360 505	14 144 688
Weighted average number of ordinary shares adjusted for the effects 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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

7 Dividends

7.1 Dividends Paid

Dividends are paid to ordinary shares and Class "A" shares in issue on the effective date of dividend payment and dividend entitlement to each class of shares. The final dividend declared with respect to FY2019 of ZWL24.03 cents per share (FY2018: ZWL28.35 per share) was paid during the current year. In the current year an interim dividend of ZWL20.81 cents per share (FY2019: ZWL33.08 per share) was declared and paid to ordinary shareholders whilst ZWL4 454 073 (FY2019: ZWL5 033 863) was declared and paid to Class "A" ordinary shareholders with respect to the prior year and ZWL7 850 778 (FY2019: ZWL10 316 493) in respect of the current year interim dividend.

No dividend was paid with respect to treasury shares.

		INFLATION-ADJUSTED		HISTORICAL	
	Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
Ordinary Shareholders					
Prior year final dividend		89 148 084	100 739 929	44 032 906	6 884 282
Current year interim dividend		157 015 553	207 221 492	77 554 679	14 160 931
Less paid in respect of prior year treasury shares - final		(289 815)	(327 362)	(143 148)	(22 371)
Less paid in respect of current year treasury shares - interim		(505 682)	(673 396)	(249 772)	(46 018)
Net Paid to IAL Shareholders		**245 368 140**	**306 960 663**	**121 194 665**	**20 976 824**
Class "A" Shareholders					
Innscor Africa Limited Employee Share Trust - prior year final dividend		4 454 072	5 033 863	2 200 000	344 000
Innscor Africa Limited Employee Share Trust - current year interim		7 850 778	10 316 493	3 877 734	705 000
Total Dividend Paid	25	**257 672 990**	**322 311 019**	**127 272 399**	**22 025 824**

On 11 September 2020, the Board declared a final dividend of ZWL100 cents per share in respect of the year 2020 (FY2019: ZWL24.03 cents per share) to shareholders registered in the books of the Company by close of business on 17 October 2020. This brings the total dividend in respect of the 2020 financial year to ZWL120.81 cents per share (FY2019: ZWL57.11cents per share).

The Board, on the 11th of September 2020, also declared a final dividend totalling ZWL28 200 000 (FY2019: ZWL4 454 072) to the Innscor Africa Employee Share Trust (Private) Limited (Class "A" Shareholders) which brings the total dividend in respect of the 2020 financial year to ZWL36 050 778 (FY2019: ZWL14 770 565).

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
7.2 Dividends paid by subsidiaries to non-controlling interests				
Callcape Investments (Private) Limited	1 569 269	2 502 285	887 000	173 000
Associated Meat Packers (Private) Limited	22 218 618	7 217 572	12 558 657	499 000
Natpak Mauritius (Private) Limited	15 592 079	12 581 732	8 813 130	869 861
Irvine's Zimbabwe (Private) Limited	24 799 378	18 441 692	14 017 383	1 275 000
National Foods Holdings Limited	76 659 998	105 478 206	43 330 625	7 292 428
Rafferty Investments (Private) Limited t/a Providence Human Capital	1 012 658	2 603 533	572 386	180 000
Probottlers (Private) Limited	1 976 860	713 947	1 117 383	49 360
Natpak (Private) Limited	26 830 660	25 957 354	15 165 528	1 794 609
Syntegra Solutions (Private) Limited	1 008 436	1 182 438	570 000	81 750
Total	**171 667 956**	**176 678 759**	**97 032 092**	**12 215 008**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
8 Revenue				
8.1 Revenue from contracts with customers				
The Group has recognised the following amounts relating to revenue in the statement of profit or loss:				
Revenue from contracts with customers	**23 938 405 204**	**19 343 666 557**	**11 159 426 972**	**1 285 539 382**

8.2 Disaggregation of revenue from contracts with customers

The Group's revenue was derived from the sale of consumer goods, provision of payroll and information technology services to customers and from rentals of properties owned by the Group.

INFLATION-ADJUSTED - AUDITED

Segments	Note	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing and Services ZWL	Services ZWL	Inter-segment elimination ZWL	Total ZWL
June 2020							
Information Technology Services	33	—	—	—	72 464 529	—	72 464 529
Other Light Manufacturing	33	—	—	3 788 536 790	—	—	3 788 536 790
Mill-Bake	33	15 943 549 898	—	—	—	—	15 943 549 898
Protein	33	—	6 718 696 919	—	—	—	6 718 696 919
Payroll Services	33	—	—	—	52 088 543	—	52 088 543
Other	33	—	—	—	21 898 500	—	21 898 500
Inter-segment revenue elimination		—	—	—	—	(2 658 829 975)	(2 658 829 975)
		15 943 549 898	**6 718 696 919**	**3 788 536 790**	**146 451 572**	**(2 658 829 975)**	**23 938 405 204**
Timing of revenue recognition							
At a point in time		**15 943 549 898**	**6 718 696 919**	**3 788 536 790**	**146 451 572**	**(2 658 829 975)**	**23 938 405 204**
June 2019							
Information Technology Services	33	—	—	—	46 582 155	—	46 582 155
Other Light Manufacturing	33	—	—	3 209 737 827	—	—	3 209 737 827
Mill-Bake	33	10 986 700 167	—	—	—	—	10 986 700 167
Protein	33	—	5 884 498 292	—	—	—	5 884 498 292
Payroll Services	33	—	—	—	48 305 561	—	48 305 561
Other	33	—	—	—	25 516 050	—	25 516 050
Inter-segment revenue elimination		—	—	—	—	(857 673 495)	(857 673 495)
		10 986 700 167	**5 884 498 292**	**3 209 737 827**	**120 403 766**	**(857 673 495)**	**19 343 666 557**
Timing of revenue recognition							
At a point in time		**10 986 700 167**	**5 884 498 292**	**3 209 737 827**	**120 403 766**	**(857 673 495)**	**19 343 666 557**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

8 Revenue (continued)

8.2 Disaggregation of revenue from contracts with customers (continued)

HISTORICAL

Segments	Note	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing and Services ZWL	Services ZWL	Inter-segment elimination ZWL	Total ZWL
June 2020 - unaudited							
Information Technology Services	33	—	—	—	33 780 973	—	33 780 973
Other Light Manufacturing	33	—	—	1 766 111 789	—	—	1 766 111 789
Mill-Bake	33	7 432 445 029	—	—	—	—	7 432 445 029
Protein	33	—	3 132 071 956	—	—	—	3 132 071 956
Payroll Services	33	—	—	—	24 282 248	—	24 282 248
Other	33	—	—	—	10 208 479	—	10 208 479
Inter-segment revenue elimination		—	—	—	—	(1 239 473 502)	(1 239 473 502)
		7 432 445 029	**3 132 071 956**	**1 766 111 789**	**68 271 700**	**(1 239 473 502)**	**11 159 426 972**
Timing of revenue recognition							
At a point in time		**7 432 445 029**	**3 132 071 956**	**1 766 111 789**	**68 271 700**	**(1239 473 502)**	**11 159 426 972**
June 2019 - audited							
Information Technology Services	33	—	—	—	3 095 752	—	3 095 752
Other Light Manufacturing	33	—	—	213 312 423	—	—	213 312 423
Mill-Bake	33	730 152 978	—	—	—	—	730 152 978
Protein	33	—	391 071 376	—	—	—	391 071 376
Payroll Services	33	—	—	—	3 210 286	—	3 210 286
Other	33	—	—	—	1 695 743	—	1 695 743
Inter-segment revenue elimination		—	—	—	—	(56 999 176)	(56 999 176)
		730 152 978	**391 071 376**	**213 312 423**	**8 001 781**	**(56 999 176)**	**1 285 539 382**
Timing of revenue recognition							
At a point in time		**730 152 978**	**391 071 376**	**213 312 423**	**8 001 781**	**(56 999 176)**	**1 285 539 382**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
9 Other Income					
9.1 Other trading income					
Sundry income and sales		71 067 146	21 590 359	32 866 141	1 330 147
Rebates		13 624 531	4 574 394	6 300 883	281 821
Rent received		135 794	3 185 281	62 800	196 240
Management fees		21 918 473	15 253 234	10 136 549	939 727
Export incentives		—	782 540	—	48 211
Insurance claim		8 592 486	8 600 730	3 973 733	529 877
Other *		40 114 414	61 568 949	18 551 554	3 793 163
		155 452 844	**115 555 487**	**71 891 660**	**7 119 186**
* Includes sale of empty bags, bad debts recovered and directors' fees received from associates and commissions.					
9.2 Financial income/(loss)					
Exchange (losses)/gains - realised		(39 368 139)	25 706 333	(17 442 112)	1 697 498
Exchange gains/(losses) - unrealised	**22.1**	53 788 776	(103 684 758)	53 788 776	(12 382 968)
Dividend income from foreign investments		46 962 271	7 941 623	20 809 089	524 419
Profit on restructure subsidiary & disposal of associate	**22.3**	—	51 446 128	—	2 228 415
(Loss)/profit on disposal of PPE	**22.1**	(6 137 827)	(38 350 044)	1 693 784	(41 940)
(Loss)/profit on disposal of asset held for sale	**23.3**	—	(22 527 837)	—	409 865
Gain on revaluation of financial asset	**18.1**	338 567 837	—	338 567 837	—
Profit on disposal of listed and other equities	**18.1**	—	371 818	—	85 472
Other		(290 598)	(37 985 025)	(130 765)	(2 508 312)
		393 522 320	**(117 081 762)**	**397 286 609**	**(9 987 551)**
10 Operating costs					
10.1 Analysis					
Conversion costs		2 269 814 947	1 766 514 792	1 066 011 992	118 930 452
Selling costs		635 803 655	602 122 111	298 929 453	38 977 678
Distribution costs		1 131 597 670	1 020 806 049	518 002 166	63 752 365
Marketing & Advertising costs		178 389 305	148 568 782	65 127 332	9 632 057
Human Capital costs		145 609 757	111 493 811	63 720 041	8 346 101
Finance & Administration costs		1 508 449 190	759 651 703	800 613 524	54 338 795
Information Technology costs		75 753 399	55 915 786	34 012 233	3 721 625
Head Office costs		467 356 066	325 245 266	219 055 625	22 684 359
		6 412 773 989	**4 790 318 300**	**3 065 472 366**	**320 383 432**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
10 Operating costs (continued)					
Included in operating costs in 10.1 above are:					
10.2 Key management's emoluments comprising:					
Independent, non-executive directors - fees		6 648 971	1 926 819	2 946 174	127 236
Non-independent, non-executive directors - fees		4 714 485	1 216 566	2 088 999	80 335
Executive and other management remuneration**		810 646 019	349 770 628	359 199 092	23 096 835
Total	**35.2**	**822 009 475**	**352 914 013**	**364 234 265**	**23 304 406**
10.3 Audit fees and expenses					
Current year charge		88 758 342	6 627 324	39 329 023	2 937 123
Prior year underprovision		410 345	13 434	181 825	5 960
		89 168 687	**6 640 758**	**39 510 848**	**2 943 083**
10.4 Depreciation and amortisation charge					
Depreciation on property, plant and equipment	**13**	558 583 168	443 500 434	73 794 009	32 537 088
Depreciation on right-of-use assets	**14**	47 121 275	—	8 615 330	—
Amortisation on intangible assets	**15**	—	20 247	—	877
		605 704 443	**443 520 681**	**82 409 339**	**32 537 965**
11 Interest Income and Expense					
11.1 Interest income		35 377 093	49 139 058	12 583 705	3 236 032
11.2 Interest expense		(493 746 900)	(205 690 819)	(237 452 504)	(13 401 501)

** This constitutes the total remuneration and all other benefits to Group, Subsidiaries, Divisional executives and management shown on **pages 44 and 45**.

Interest income was earned from positive bank balances and advances to associate companies as well as interest charged on over due customer balances using the effective interest rate.

Interest expense arose from lease finance charges and bank borrowings, which are in the form of overdrafts, short and long-term loans as well as letters of credit based on the effective interest rate.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
12 Tax Expense					
12.1 Tax expense					
Current income tax	**31**	832 576 394	428 101 203	832 576 392	51 127 703
Deferred tax	**27.1**	63 290 575	415 116 403	82 316 326	5 581 180
Withholding tax	**31**	11 670 780	8 989 958	5 171 349	593 645
		907 537 749	**852 207 564**	**920 064 067**	**57 302 528**
12.2 Tax rate reconciliation		**%**	**%**	**%**	**%**
Statutory rate of taxation, inclusive of AIDS levy		24.72	25.75	24.72	25.75
Adjusted for:					
Excess pension		0.03	0.26	0.01	0.02
Donations, fines and legal expenses		0.27	0.94	0.12	0.06
Loss/(profit) on sale of investments		—	0.22	—	(0.66)
Depreciation on excess cost of passenger motor vehicles		0.02	0.97	0.01	0.06
Tax on income from associates		(6.49)	(4.20)	(4.06)	(3.26)
Effect of assets transferred and/or disposed		—	(1.21)	—	(0.08)
Fair value adjustments on listed equities		(0.91)	(2.98)	(3.23)	(3.13)
Income from foreign investments taxable at different rates		—	(1.55)	—	(1.55)
Depository receipt acquisition fees not deductible		—	2.57	—	0.17
Dividend receivable		(0.34)	1.82	(0.15)	0.12
Effects of change in tax rate		(0.25)	—	(0.02)	—
Monetary gain		(1.43)	(1.61)	—	—
Depreciation on right-of-use		0.26	—	0.04	—
Other		4.09	10.66	(0.20)	1.85
Effective tax rate		**19.97**	**31.64**	**17.24**	**19.35**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Freehold property ZWL	Leasehold improvements ZWL	Plant Fittings & Equipment ZWL	Motor vehicles ZWL	Total ZWL
13 Property, Plant and Equipment						
INFLATION-ADJUSTED - AUDITED						
Gross carrying amount						
At 1 July 2018		**1 431 011 574**	**134 859 933**	**4 424 953 443**	**405 441 176**	**6 396 266 126**
Additions	**13.1**	162 225 647	30 823 984	903 510 402	82 465 450	1 179 025 483
Disposals	**13.1**	(3 366 762)	(145 975)	(148 804 465)	(75 786 352)	(228 103 554)
Acquisition of subsidiaries	**13.1**	17 462 844	—	70 428 803	1 166 397	89 058 044
Restructure of subsidiary	**13.1**	—	(8 465 075)	(203 114 500)	(16 282 230)	(227 861 805)
Reclassified from held for sale	**13.1**	2 801 168	—	—	—	2 801 168
Exchange movements	**13.1**	(3 400)	—	—	60 567 387	60 563 987
At 30 June 2019		**1 610 131 071**	**157 072 867**	**5 046 973 683**	**457 571 828**	**7 271 749 449**
Additions	**13.1**	157 997 565	11 269 283	468 215 091	66 941 296	704 423 235
Disposals	**13.1**	(359 248)	—	(25 491 920)	(27 195 270)	(53 046 438)
Exchange movements	**13.1**	1 199 351	—	80 733 467	—	81 932 818
At 30 June 2020		**1 768 968 739**	**168 342 150**	**5 570 430 321**	**497 317 854**	**8 005 059 064**
Depreciation						
At 1 July 2018		**210 523 856**	**14 093 360**	**1 706 873 189**	**283 073 883**	**2 214 564 288**
Charge for the year	**13.1**	31 595 440	4 733 890	360 438 535	46 732 569	443 500 434
Disposals	**13.1**	(731 724)	(21 909)	(33 008 440)	(72 861 724)	(106 623 797)
Acquisition of subsidiaries	**13.1**	1 086 290	—	9 263 234	630 061	10 979 585
Restructure of subsidiary	**13.1**	—	(3 367 155)	(79 187 604)	(7 712 481)	(90 267 240)
Reclassified from held for sale	**13.1**	117 400	—	—	—	117 400
At 30 June 2019		**242 591 262**	**15 438 186**	**1 964 378 914**	**249 862 308**	**2 472 270 670**
Charge for the year	**13.1**	38 717 935	15 840 426	445 867 775	58 157 032	558 583 168
Disposals	**13.1**	(26 688)	—	(21 649 916)	(19 162 871)	(40 839 475)
At 30 June 2020		**281 282 509**	**31 278 612**	**2 388 596 773**	**288 856 469**	**2 990 014 363**
Carrying amount						
At 30 June 2020		**1 487 686 230**	**137 063 538**	**3 181 833 548**	**208 461 385**	**5 015 044 701**
At 30 June 2019		**1 367 539 809**	**141 634 681**	**3 082 594 769**	**207 709 520**	**4 799 478 779**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Freehold property ZWL	Leasehold improvements ZWL	Plant Fittings & Equipment ZWL	Motor vehicles ZWL	Total ZWL
13 Property, Plant and Equipment (continued)						
HISTORICAL						
Gross carrying amount						
At 1 July 2018 - audited		**61 984 988**	**5 841 526**	**191 669 090**	**17 561 889**	**277 057 493**
Additions	**13.1**	11 961 486	1 507 862	54 772 780	5 171 754	73 413 882
Disposals	**13.1**	(145 833)	(6 323)	(6 445 539)	(3 282 724)	(9 880 419)
Acquisition of subsidiaries	**13.1**	901 410	—	3 635 450	60 208	4 597 068
Restructure of subsidiary	**13.1**	—	(366 669)	(8 798 007)	(705 273)	(9 869 949)
Effect of change in functional currency	**13.1**	103 005 453	5 061 739	295 426 334	16 976 973	420 470 499
Reclassified from held for sale	**13.1**	121 334	—	—	—	121 334
Exchange movements	**13.1**	(406)	—	7 233 503	—	7 233 097
At 30 June 2019 - audited		**177 828 432**	**12 038 135**	**537 493 611**	**35 782 827**	**763 143 005**
Additions	**13.1**	57 680 715	4 161 587	200 662 622	31 287 581	293 792 505
Disposals	**13.1**	(15 561)	—	(1 470 153)	(1 183 803)	(2 669 517)
Exchange movements	**13.1**	1 199 351	—	80 733 468	—	81 932 819
At 30 June 2020 - unaudited		**236 692 937**	**16 199 722**	**817 419 548**	**65 886 605**	**1 136 198 812**
Depreciation						
At 1 July 2018 - audited		**9 118 947**	**610 461**	**73 934 073**	**12 261 488**	**95 924 969**
Charge for the year	**13.1**	3 273 512	653 011	24 951 668	3 658 897	32 537 088
Disposals	**13.1**	(31 695)	(949)	(1 429 777)	(3 156 042)	(4 618 463)
Acquisition of subsidiaries	**13.1**	56 073	—	478 157	32 523	566 753
Restructure of subsidiary	**13.1**	—	(145 850)	(3 430 051)	(334 070)	(3 909 971)
Reclassified from held for sale	**13.1**	14 021	—	—	—	14 021
At 30 June 2019 - audited		**12 430 858**	**1 116 673**	**94 504 070**	**12 462 796**	**120 514 397**
Charge for the year	**13.1**	5 157 814	1 524 339	59 675 215	7 436 641	73 794 009
Disposals	**13.1**	(1 156)	—	(942 271)	(835 876)	(1 779 303)
At 30 June 2020 - unaudited		**17 587 516**	**2 641 012**	**153 237 014**	**19 063 561**	**192 529 103**
Carrying amount						
At 30 June 2020 - unaudited		**219 105 421**	**13 558 710**	**664 182 534**	**46 823 044**	**943 669 709**
At 30 June 2019 - audited		**165 397 574**	**10 921 462**	**442 989 541**	**23 320 031**	**642 628 608**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
13 Property, Plant and Equipment (continued)					
13.1 Reconciliation of opening and closing carrying amounts					
Opening carrying amount		**4 799 478 779**	**4 181 701 838**	**642 628 608**	**181 132 524**
Gross carrying amount	13	7 271 749 449	6 396 266 126	763 143 005	277 057 493
Accumulated depreciation	13	(2 472 270 670)	(2 214 564 288)	(120 514 397)	(95 924 969)
Movements in carrying amount for the year		**215 565 922**	**617 776 941**	**301 041 101**	**461 496 084**
Additions		704 423 235	1 179 025 483	293 792 505	73 413 882
Additions acquired for cash	22.2	704 423 235	1 128 450 535	293 792 505	70 264 753
Additions acquired through working capital	22.2	—	50 574 948	—	3 149 129
Disposals at NBV	13	(12 206 963)	(121 479 757)	(890 214)	(5 261 956)
Depreciation charge for the year	10.4	(558 583 168)	(443 500 434)	(73 794 009)	(32 537 088)
Effect of change in functional currency	13	—	—	—	420 470 499
Reclassified from held for sale at NBV	23.1	—	2 683 768	—	107 313
Acquisition of subsidiaries at NBV	22.4	—	78 078 459	—	4 030 315
Restructure of Innscor Appliances at NBV	22.3	—	(137 594 565)	—	(5 959 978)
Exchange movements	13	81 932 818	60 563 987	81 932 819	7 233 097
Closing carrying amount		**5 015 044 701**	**4 799 478 779**	**943 669 709**	**642 628 608**
Gross carrying amount	13	8 005 059 064	7 271 749 449	1 136 198 812	763 143 005
Accumulated depreciation	13	(2 990 014 363)	(2 472 270 670)	(192 529 103)	(120 514 397)

13.2 Property plant and equipment pledged as security

As at 30 June 2020, no items of property, plant and equipment were pledged as security for borrowings.

14 Leases

	Note	Freehold Property ZWL	Plant Fittings & Equipment ZWL	Motor Vehicles ZWL	Total ZWL
INFLATION-ADJUSTED - AUDITED					
14.1 Right-of-use assets					
Gross carrying amount					
Opening carrying amount		—	—	—	—
Adoption of IFRS1 6 - Additions	4(a)(i)	264 139 632	17 868 473	1 798 135	283 806 240
Depreciation charge for the year	10.4	(42 232 126)	(4 036 194)	(852 955)	(47 121 275)
Closing carrying amount		**221 907 506**	**13 832 279**	**945 180**	**236 684 965**
HISTORICAL - UNAUDITED					
Gross carrying amount					
Opening carrying amount		—	—	—	—
Adoption of IFRS1 6 - Additions	4(a)(i)	49 046 443	2 582 825	259 914	51 889 182
Depreciation charge for the year	10.4	(7 721 432)	(737 950)	(155 948)	(8 615 330)
Closing carrying amount		**41 325 011**	**1 844 875**	**103 966**	**43 273 852**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 unaudited ZWL
14 Leases (continued)					
14.2 Analysis					
Adoption of IFRS 16 - Additions		283 806 240	—	51 889 182	—
Depreciation charge for the year	10.4	(47 121 275)	—	(8 615 330)	—
Carrying amount		**236 684 965**	**—**	**43 273 852**	**—**
14.3 Lease liabilities included in the statement of financial position					
Non-current		49 039 880	—	49 039 880	—
Current		16 013 651	—	16 013 651	—
Balance at 30 June		**65 053 531**	**—**	**65 053 531**	**—**
Lease Liabilities					
Maturity analysis - contractual undiscounted cashflows					
Less than one year		33 726 160	—	33 726 160	—
One to five years		78 207 679	—	78 207 679	—
More than five years		27 381 910	—	27 381 910	—
Total undiscounted contractual cashflows at 30 June	36.4	**139 315 749**	**—**	**139 315 749**	**—**
Less total future finance costs		(74 262 218)	—	(74 262 218)	—
		65 053 531	**—**	**65 053 531**	**—**
14.4 Amounts recognised in the statement of profit or loss					
Depreciation charge for the year	10.4	47 121 275	—	8 615 330	—
Finance charge		35 026 981	—	15 520 535	—
Exchange loss		13 632 380	—	13 632 380	—
Total recognised in the statement of profit or loss		**95 780 636**	**—**	**37 768 245**	**—**

14.5 The Group has entered into commercial leases on certain properties, plant and equipment, and motor vehicles. These leases have varying terms with renewable options included in some of the contracts. There are no restrictions placed upon the Group by entering into these lease contracts.

14.6 The Group used an incremental borrowing rate of 34.05% to discount the future lease payments in respect of **IFRS 16 (Leases)**.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Goodwill on acquisition ZWL	Other intangible assets ZWL	Total ZWL
		INFLATION-ADJUSTED - AUDITED		
15 Intangible Assets				
Carrying amount at 30 June 2018		**898 927 800**	**366 543**	**899 294 343**
Gross carrying amount		898 927 800	11 372 810	910 300 610
Accumulated amortisation and impairment losses		—	(11 006 267)	(11 006 267)
Goodwill on acquisition of a subsidiary	**22.4**	54 765 679	—	54 765 679
Amortisation of intangibles	**10.4**	—	(20 247)	(20 247)
Carrying amount 30 June 2019	**15.3**	**953 693 479**	**346 296**	**954 039 775**
Gross carrying amount		953 693 479	11 372 810	965 066 289
Accumulated amortisation and impairment losses		—	(11 026 514)	(11 026 514)
Amortisation of intangibles	**10.4**	—	—	—
Carrying amount at 30 June 2020		**953 693 479**	**346 296**	**954 039 775**
Gross carrying amount		953 693 479	11 372 810	965 066 289
Accumulated amortisation and impairment losses		—	(11 026 514)	(11 026 514)

		HISTORICAL		
		Goodwill on acquisition ZWL	**Other intangible assets ZWL**	**Total ZWL**
Carrying amount at 30 June 2018		**38 937 511**	**15 877**	**38 953 388**
Gross carrying amount		38 937 511	492 619	39 430 130
Accumulated amortisation and impairment losses		—	(476 742)	(476 742)
Goodwill on acquisition of a subsidiary	**22.4**	2 372 203	—	2 372 203
Amortisation of intangibles	**10.4**	—	(877)	(877)
Effect of change in functional currency		—	45 000	45 000
Carrying amount 30 June 2019	**15.3**	**41 309 714**	**60 000**	**41 369 714**
Gross carrying amount		41 309 714	537 619	41 847 333
Accumulated amortisation and impairment losses		—	(477 619)	(477 619)
Amortisation of intangibles	**10.4**	—	—	—
Carrying amount at 30 June 2020		**41 309 714**	**60 000**	**41 369 714**
Gross carrying amount		41 309 714	537 619	41 847 333
Accumulated amortisation and impairment losses		—	(477 619)	(477 619)

15.1 Other intangible assets consist of Computer Software and Trade Marks. Computer Software is deemed to have a finite useful life and is amortised over a period of up to 4 years. Included in other intangible assets is a Trademark valued at ZWL346 296 (Historical: ZWL 60 000) which is not amortised but tested for impairment annually.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

15 Intangible Assets (continued)

15.3 Impairment testing of Goodwill

Goodwill impairment assessment is performed every year.

The Group performed an annual impairment test as at 30 June 2020. Goodwill acquired through business combinations has been allocated to cash generating units, i.e. business units from which Goodwill arose. The recoverable amount of the cash generating units has been determined using value in use that takes into account the present value of future cash flows from the cash generating units using a pre-tax discount rate. Future cash-flows used in Goodwill assessment comprise the budgets and forecast profitability of the business units from which the Goodwill arose.

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 unaudited ZWL
Goodwill has been allocated to the following businesses:				
National Foods Holdings Limited	827 592 696	827 592 696	35 847 595	35 847 595
Irvine's Zimbabwe (Private) Limited	61 327 440	61 327 440	2 656 429	2 656 429
Probottlers (Private) Limited	54 765 679	54 765 679	2 372 203	2 372 203
Ajax Finance (Private) Limited	6 695 062	6 695 062	290 000	290 000
Bedra Enterprises (Private) Limited	3 312 602	3 312 602	143 487	143 487
	953 693 479	**953 693 479**	**41 309 714**	**41 309 714**

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rates.

Discount rates

The pre-tax discount rate applied to the future cash flow projections is 21.33% (2019: 16.88%). This assessment showed that there was no impairment required on the goodwill for the period.

Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 26.83% (i.e. +5.5%) would not result in an impairment.

Period of projected cash flows

The annual impairment assessment was performed by considering budget and forecast cash flows for a period of 5 years beyond the reporting date (FY2021 to FY2025).

A perpetual growth rate of 5% was assumed at the end of the 5 year period and the results indicate that the goodwill is not impaired.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Opening balance 30 June 2019 ZWL	Loans advanced/ (repaid) ZWL
16 Investments in Associates			
16.1 Year Ended 30 June 2020			
INFLATION-ADJUSTED - AUDITED			
Afrigrain Trading Limited	**16.3**	684 142 771	—
Bakers Inn Logistics (Private) Limited	**16.4**	48 688 470	—
IL Integrated Agriculture (Private) Limited	**16.6**	—	—
Innscor Appliances Manufacturing (Private) Limited	**16.7**	79 482 575	—
Kershelmar Dairies (Private) Limited	**16.8**	16 528 765	4 787 635
Lolite Trading (Private) Limited	**16.9**	29 102 021	1 044 921
Mafuro Farming(Private) Limited*	**16.10**	—	26 261 750
MyCash Financial Services (Private) Limited	**16.11**	—	—
NFL Logistics (Private) Limited	**16.12**	72 617 509	5 564 810
Paperhole Investments (Private) Limited	**16.13**	92 683 578	—
Probrands (Private) Limited	**16.14**	86 593 458	—
Profeeds (Private) Limited	**16.15**	290 013 274	—
Pure Oil Industries (Private) Limited	**16.16**	283 983 185	—
Total		**1 683 835 606**	**37 659 116**
HISTORICAL - UNAUDITED			
Afrigrain Trading Limited	**16.3**	81 706 494	—
Bakers Inn Logistics (Private) Limited	**16.4**	9 376 190	—
IL Integrated Agriculture (Private) Limited	**16.6**	—	—
Innscor Appliances Manufacturing (Private) Limited	**16.7**	6 536 562	—
Kershelmar Dairies (Private) Limited	**16.8**	1 022 740	2 121 412
Lolite Trading (Private) Limited	**16.9**	6 004 808	463 007
Mafuro Farming(Private) Limited*	**16.10**	299 040	11 636 641
MyCash Financial Services (Private) Limited	**16.11**	—	—
NFL Logistics (Private) Limited	**16.12**	5 669 011	2 465 780
Paperhole Investments (Private) Limited	**16.13**	26 998 263	—
Probrands (Private) Limited	**16.14**	5 720 450	—
Profeeds (Private) Limited	**16.15**	33 866 918	—
Pure Oil Industries (Private) Limited	**16.16**	16 566 620	—
Total		**193 767 096**	**16 686 840**

* In 2019, the Group limited the recognition of its share of losses in Mafuro Farming (Private) Limited, ('the Associate') to the carrying amount of its investment in the Associate as at 30 June 2019. The previously unrecognised losses were subsequently recognised in the current year when the Company returned to profitability.

Purchase of investment/Additional investment in Associate ZWL	Reclassification of investment to assets held for sale ZWL	Dividend received ZWL	Foreign Currency Translation Reserve ZWL	Equity accounted earnings ZWL	Closing balance 30 June 2020 ZWL
—	—	—	480 407 467	157 213 924	1 321 764 162
—	—	(8 778 742)	—	66 385 573	106 295 301
59 570 228	—	—	—	6 702 098	66 272 326
—	—	(158 381)	—	40 308 332	119 632 526
1 969 058	—	—	—	1 950 346	25 235 804
—	(31 814 831)	—	—	1 667 889	—
—	—	—	—	19 218 208	45 479 958
4 396 000	—	—	—	(73 995)	4 322 005
—	—	—	—	18 308 673	96 490 992
—	—	(47 579 090)	—	393 145 311	438 249 799
—	—	(3 433 189)	—	113 759 877	196 920 146
—	—	(31 632 337)	—	223 232 464	481 613 401
—	—	—	—	150 829 822	434 813 007
65 935 286	**(31 814 831)**	**(91 581 739)**	**480 407 467**	**1 192 648 522**	**3 337 089 427**
—	—	—	1 082 843 744	157 213 924	1 321 764 162
—	—	(2 875 000)	—	29 415 598	35 916 788
12 243 094	—	—	—	4 259 256	16 502 350
—	—	(92 289)	—	17 860 714	24 304 987
644 858	—	—	—	116 935	3 905 945
—	(7 647 840)	—	—	1 180 025	—
—	—	—	—	9 262 899	21 198 580
4 396 000	—	—	—	(47 024)	4 348 976
—	—	—	—	5 095 622	13 230 413
—	—	(23 100 000)	—	376 257 346	380 155 609
—	—	(3 433 189)	—	50 407 260	52 694 521
—	—	(11 495 400)	—	168 050 021	190 421 539
—	—	—	—	39 341 523	55 908 143
17 283 952	**(7 647 840)**	**(40 995 878)**	**1 082 843 744**	**858 414 099**	**2 120 352 013**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	Opening balance 30 June 2018 ZWL	Loans advanced/ (repaid) ZWL	Purchase of investment/ Additional investment in Associate ZWL	Restructure of Associate ZWL
16	**Investments in Associates** (continued)					
16.1.1	**Year Ended 30 June 2019**					
	INFLATION-ADJUSTED - AUDITED					
	Afrigrain Trading Limited	**16.3**	183 807 464	—	—	—
	Bakers Inn Logistics (Private) Limited	**16.4**	32 446 119	(2 294 443)	—	—
	Freddy Hirsch Group (Private) Limited	**16.5**	55 893 982	—	—	—
	Innscor Appliances Manufacturing (Private) Limited	**16.7**	—	—	—	46 867 976
	Kershelmar Dairies (Private) Limited	**16.8**	—	—	12 492 678	—
	Lolite Trading (Private) Limited	**16.9**	—	—	29 239 300	—
	Mafuro Farming (Private) Limited*	**16.10**	6 806 801	—	—	—
	NFL Logistics (Private) Limited	**16.12**	64 020 379	6 353 850	—	—
	Paperhole Investments (Private) Limited	**16.13**	65 881 560	—	—	—
	Probrands (Private) Limited	**16.14**	28 148 119	—	5 656 173	(796 330)
	Profeeds (Private) Limited	**16.15**	269 007 003	—	—	—
	Pure Oil Industries (Private) Limited	**16.16**	227 269 869	—	—	—
	Total		**933 281 296**	**4 059 407**	**47 388 151**	**46 071 646**
	HISTORICAL - AUDITED					
	Afrigrain Trading Limited	**16.3**	7 961 713	—	—	—
	Bakers Inn Logistics (Private) Limited	**16.4**	1 405 420	(274 023)	—	—
	Freddy Hirsch Group (Private) Limited	**16.5**	2 421 076	—	—	—
	Innscor Appliances Manufacturing (Private) Limited	**16.7**	—	—	—	2 030 110
	Kershelmar Dairies (Private) Limited	**16.8**	—	—	644 857	—
	Lolite Trading (Private) Limited	**16.9**	—	—	1 796 590	—
	Mafuro Farming (Private) Limited*	**16.10**	294 840	—	—	—
	NFL Logistics (Private) Limited	**16.12**	2 773 075	758 834	—	—
	Paperhole Investments (Private) Limited	**16.13**	2 853 693	—	—	—
	Probrands (Private) Limited	**16.14**	1 219 250	—	245 000	(48 930)
	Profeeds (Private) Limited	**16.15**	11 652 174	—	—	—
	Pure Oil Industries (Private) Limited	**16.16**	9 844 309	—	—	—
	Total		**40 425 550**	**484 811**	**2 686 447**	**1 981 180**

* In 2019, the Group limited the recognition of its share of losses in Mafuro Farming (Private) Limited, ("the Associate") to the carrying amount of its investment in the Associate as at 30 June 2019. The previously unrecognised losses were subsequently recognised in the current year when the Company returned to profitability.

Effect of change in functional currency ZWL	Effect of IFRS 9 Adjustment ZWL	Dividend received ZWL	Proceeds on sale of investment ZWL	Foreign Currency Translation Reserve ZWL	Equity accounted earnings ZWL	Closing balance 30 June 2019 ZWL
—	—	—	—	378 937 968	121 397 339	684 142 771
—	—	—	—	—	18 536 794	48 688 470
—	—	—	(55 893 982)	—	—	—
—	—	—	—	—	32 614 599	79 482 575
—	—	—	—	—	4 036 087	16 528 765
—	—	—	—	—	(137 279)	29 102 021
—	—	—	—	—	(6 806 801)	—
—	—	—	—	—	2 243 280	72 617 509
—	—	(13 064 014)	—	—	39 866 032	92 683 578
—	(134 473)	(20 531 503)	—	—	74 251 472	86 593 458
—	(1 401 702)	(53 673 032)	—	—	76 081 005	290 013 274
—	—	(20 095 620)	—	—	76 808 936	283 983 185
—	**(1 536 175)**	**(107 364 169)**	**(55 893 982)**	**378 937 968**	**438 891 464**	**1 683 835 606**
—	—	—	—	59 246 417	14 498 364	81 706 494
7 020 730	—	—	—	—	1 224 063	9 376 190
—	—	—	(2 421 076)	—	—	—
2 352 772	—	—	—	—	2 153 680	6 536 562
—	—	—	—	—	377 883	1 022 740
4 126 444	—	—	—	—	81 774	6 004 808
565 045	—	—	—	—	(560 845)	299 040
1 725 857	—	—	—	—	411 245	5 669 011
17 129 626	—	(740 000)	—	—	7 754 944	26 998 263
679 592	(16 060)	(1 261 541)	—	—	4 903 139	5 720 450
10 901 266	(167 404)	(4 077 000)	—	—	15 557 882	33 866 918
6 106 107	—	(2 400 000)	—	—	3 016 204	16 566 620
50 607 439	**(183 464)**	**(8 478 541)**	**(2 421 076)**	**59 246 417**	**49 418 333**	**193 767 096**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16	**Investments in Associates** (continued)					
16.2	**Reconciliation of movements in associates**					
	Balance at the beginning of the year	**16.1**	1 683 835 606	933 281 296	193 767 096	40 425 550
	Purchases cost	**22.2**	65 935 286	47 388 151	17 283 952	2 686 447
	Equity accounted earnings	**16.1**	1 192 648 522	438 891 464	858 414 099	49 418 333
	Dividends received	**16.1**	(91 581 739)	(107 364 169)	(40 995 878)	(8 478 541)
	Cash dividends received	**22.2**	(91 581 739)	(86 832 666)	(40 995 878)	(7 217 000)
	Dividends in specie	**16.14**	—	(20 531 503)	—	(1 261 541)
	Loans advanced	**16.1**	37 659 116	4 059 407	16 686 840	484 811
	Effects of change in functional currency	**16.1.1**	—	—	—	50 607 439
	Reclassification of investment to asset held for sale	**23.1**	(31 814 831)	—	(7 647 840)	—
	Disposal of Associate (Freddy Hirsch)	**22.3**	—	(55 893 982)	—	(2 421 076)
	Effects of retrospective application of IFRS 9	**16.1**	—	(1 536 175)	—	(183 464)
	Exchange rate differences arising from translation of foreign associate	**16.1**	480 407 467	378 937 968	1 082 843 744	59 246 417
	Restructure of Associate	**16.2.1**	—	46 071 646	—	1 981 180
	Balance at the end of the year		**3 337 089 427**	**1 683 835 606**	**2 120 352 013**	**193 767 096**
16.2.1	**Restructure of subsidiaries**					
	Innscor Appliance Manufacturing (Private) Limited	**22.3**	—	46 867 976	—	2 030 110
	Probrands (Private) Limited	**16.1**	—	(796 330)	—	(48 930)
		16.2	**—**	**46 071 646**	**—**	**1 981 180**
16.3	**Afrigrain Trading Limited**					
	Afrigrain Trading Limited is a foreign entity involved in the procurement of grain. The Group holds the 49.89% directly.					
	Reconciliation of the investment in associate:					
	Balance at the beginning of the year	**16.1.1**	**684 142 771**	**183 807 464**	**81 706 494**	**7 961 713**
	Equity accounted earnings	**16.1 & 16.1.1**	157 213 924	121 397 339	157 213 924	14 498 364
	Exchange differences arising from translation of foreign operation	**16.1 & 16.1.1**	480 407 467	378 937 968	1 082 843 744	59 246 417
	Balance at the end of the year	**16.1 & 16.2**	**1 321 764 162**	**684 142 771**	**1 321 764 162**	**81 706 494**
	Reconciliation of share of net assets to carrying amount of the investment					
	Net Assets	**16.17**	2 649 356 911	1 371 302 406	2 649 356 911	163 773 290
	49.89% Share of net assets		**1 321 764 162**	**684 142 771**	**1 321 764 162**	**81 706 494**
	Carrying amount of investment		**1 321 764 162**	**684 142 771**	**1 321 764 162**	**81 706 494**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.4 Bakers Inn Logistics (Private) Limited					
Bakers Inn Logistics (Private) Limited is a logistics company which handles distribution for the Group's Bakery Operations and other third parties. The Group has an effective 50% in Bakers Inn Logistics (Private) Limited.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1 & 16.1.1**	**48 688 470**	**32 446 119**	**9 376 190**	**1 405 420**
Equity accounted earnings	**16.1 & 16.1.1**	66 385 573	18 536 794	29 415 598	1 224 063
Dividend received	**16.1 & 16.1.1**	(8 778 742)	—	(2 875 000)	—
Loan repaid	**16.1.1**	—	(2 294 443)	—	(274 023)
Effect of change in functional currency	**16.1.1**	—	—	—	7 020 730
Balance at the end of the year	**16.1 & 16.2**	**106 295 301**	**48 688 470**	**35 916 788**	**9 376 190**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	212 590 602	97 376 940	71 833 576	18 752 380
50% Share of net assets		**106 295 301**	**48 688 470**	**35 916 788**	**9 376 190**
Carrying amount of investment		**106 295 301**	**48 688 470**	**35 916 788**	**9 376 190**
16.5 Freddy Hirsch Group (Private) Limited					
Freddy Hirsch Group (Private) Limited, ("Freddy Hirsch") is an entity involved in the manufacture and selling of spices and packaging. The Group held an effective 49% shareholding in Freddy Hirsch which was disposed off on 1 July 2018 as indicated on **Note 22.3**					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	—	55 893 982	—	2 421 076
Fair value of net assets disposed	**22.3**	—	(55 893 982)	—	(2 421 076)
Balance at the end of the year	**16.2**	**—**	**—**	**—**	**—**
16.6 IL Integrated Agriculture (Private) Limited					
IL Integrated Agriculture (Private) Limited, ("IL") is an entity involved in farming. The Group equity accounts for a 50% of its shareholding in IL.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year		**—**	**—**	**— —**	
50% equity injection	**16.1**	59 570 228	—	12 243 094	—
Equity accounted earnings	**16.1**	6 702 098	—	4 259 256	—
Balance at the end of the year	**16.1 & 16.2**	**66 272 326**	**—**	**16 502 350**	**—**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	132 544 652	—	33 004 700	—
50% Share of net assets		**66 272 326**	**—**	**16 502 350**	**—**
Carrying amount of investment		**66 272 326**	**—**	**16 502 350**	**—**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.7 Innscor Appliances Manufacturing (Private) Limited					
Innscor Appliances Manufacturing (Private) Limited t/a Capri is involved in the manufacturing and retail of home refridgerators and freezers. The Company also retails home appliances, under licence.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	16.1.1	79 482 575	—	6 536 562	—
Restructure	22.3	—	46 867 976	—	2 030 110
Equity accounted earnings	16.1 & 16.1.1	40 308 332	32 614 599	17 860 714	2 153 680
Dividend received	16.1	(158 381)	—	(92 289)	—
Effect of change in functional currency	16.1.1	—	—	—	2 352 772
Balance at the end of the year		**119 632 526**	**79 482 575**	**24 304 987**	**6 536 562**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets		477 574 953	317 295 706	97 025 896	26 094 060
25.05% Share of net assets		**119 632 526**	**79 482 574**	**24 304 987**	**6 536 562**
Carrying amount of investment		**119 632 526**	**79 482 574**	**24 304 987**	**6 536 562**
16.8 Kershelmar Dairies (Private) Limited					
Kershelmar Dairies (Private) Limited, ("Kershelmar") is an entity involved in dairy farming. The Group equity accounts for a 50% shareholding in Kershelmar through Prodairy (Private) Limited. Effectively the Group holds 25.05% shareholding in Kershelmar as a result of its 50.1% shareholding in Prodairy.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	16.1.1	**16 528 765**	**—**	**1 022 740**	**—**
Acquisition of 50% equity	16.1 & 16.1.1	1 969 058	12 492 678	644 858	644 857
Equity accounted earnings	16.1	1 950 346	4 036 087	116 935	377 883
Loans advanced	16.1	4 787 635	—	2 121 412	—
Balance at the end of the year	16.1 & 16.2	**25 235 804**	**16 528 765**	**3 905 945**	**1 022 740**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	16.17	40 896 338	36 430 420	3 569 064	2 045 480
50% Share of net assets		**20 448 169**	**18 215 210**	**1 784 533**	**1 022 740**
Loan advanced		4 787 635	—	2 121 412	—
Carrying amount of investment		**25 235 804**	**18 215 210**	**3 905 945**	**1 022 740**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.9 Lolite Trading (Private) Limited					
Lolite Trading (Private) Limited is a property company. The Group reclassified its investment of 18.91% held through National Foods Holdings Limited to non-current assets held for sale as the investment no longer aligns with the Group's investment strategy.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**29 102 021**	**—**	**6 004 808**	**—**
Capital injected into Associate	**16.1.1**	—	29 239 300	—	1 796 590
Equity accounted earnings	**16.1 & 16.1.1**	1 667 889	(137 279)	1 180 025	81 774
Loan advanced	**16.1**	1 044 921	—	463 007	—
Reclassification of investment to assets held for sale	**23.1**	(31 814 831)	—	(7 647 840)	—
Effect of change in functional currency	**16.1.1**	—	—	—	4 126 444
Balance at the end of the year	**16.1&16.2**	**—**	**29 102 021**	**—**	**6 004 808**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	—	58 204 042	—	12 009 616
50% Share of net assets		—	29 102 021	—	6 004 808
Carrying amount of investment		**—**	**29 102 021**	**—**	**6 004 808**
16.10 Mafuro Farming (Private) Limited					
Mafuro Farming (Private) Limited, ("Mafuro") is an entity involved in dairy farming. The Group acquired an effective 22.55% in Mafuro on 1 January 2018 through its subsidiary Prodairy (Private) Limited which holds 45% in the company.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**—**	**6 806 801**	**299 040**	**294 840**
Equity accounted earnings	**16.1 & 16.1.1**	19 218 208	(6 806 801)	9 262 899	(560 845)
Effect of change in functional currency	**16.1.1**	—	—	—	565 045
Loans advanced	**16.1**	26 261 750	—	11 636 641	—
Balance at the end of the year	**16.1 & 16.2**	**45 479 958**	**—**	**21 198 580**	**299 040**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	42 707 129	(3 687 425)	21 248 754	664 533
45% Share of net assets		**19 218 208**	**—**	**9 561 939**	**299 040**
Loans advanced		26 261 750	—	11 636 641	—
Carrying amount of investment		**45 479 958**	**—**	**21 198 580**	**299 040**

In 2019, the Group limited the recognition of its share of losses in Mafuro Farming (Private) Limited, ('the Associate") to the carrying amount of its investment in the Associate as at 30 June 2019. The previously unrecognised losses were subsequently recognised in the current year when the Company returned to profitability.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.11 MyCash Financial Services (Private) Limited					
MyCash Financial Services (Private) Limited, ("MyCash") is an entity involved in mobile money transfer services. The Group equity accounts for a 30% shareholding in MyCash through Syntegra Solutions (Private) Limited, ("Syntegra"). Effectively the Group holds 15% shareholding in MyCash as a result of its 50% shareholding in Syntegra.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	16.1	—	—	—	—
Acquisition of 30% equity	16.1	4 396 000	—	4 396 000	—
Equity accounted earnings	16.1	(73 995)	—	(47 024)	—
Balance at the end of the year	16.1	**4 322 005**	—	**4 348 976**	—
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	16.17	9 551 809	—	9 641 710	—
30% Share of net assets		**2 865 542**	—	**2 892 513**	—
Goodwill		1 456 463	—	1 456 463	—
Carrying amount of investment		**4 322 005**	—	**4 348 976**	—
16.12 National Foods Logistics (Private) Limited					
National Foods Logistics (Private) Limited, ("NFL") is a logistics company which handles distribution for National Foods Holdings Limited, ("NFHL") and other third parties. The Group acquired an effective 18.91% in NFL on 1 April 2018 through NFHL which holds 50% in the company.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	16.1 & 16.1.1	**72 617 509**	**64 020 379**	**5 669 011**	**2 773 075**
Equity accounted earnings	16.1 & 16.1.1	18 308 673	2 243 280	5 095 622	411 245
Loan advanced	16.1 & 16.1.1	5 564 810	6 353 850	2 465 780	758 834
Effect of change in functional currency	16.1.1	—	—	—	1 725 857
Balance at the end of the year	16.1 & 16.2	**96 490 992**	**72 617 509**	**13 230 413**	**5 669 011**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	16.17	148 460 309	111 842 964	17 541 286	7 350 041
50% Share of net assets		**74 230 155**	**55 921 482**	**8 770 643**	**3 675 021**
Loan advanced		11 918 660	6 353 850	3 224 614	758 834
Goodwill		10 342 177	10 342 177	1 235 156	1 235 156
Carrying amount of investment		**96 490 992**	**72 617 509**	**13 230 413**	**5 669 011**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.13 Paperhole Investments (Private) Limited					
Paperhole Investments (Private) Limited is an entity involved in the procurement of grain. The Group holds an effective 50% shareholding in Paperhole Investments (Private) Limited.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**92 683 578**	**65 881 560**	**26 998 263**	**2 853 693**
Equity accounted earnings	**16.1 & 16.1.1**	393 145 311	39 866 032	376 257 346	7 754 944
Dividends received	**22.3**	(47 579 090)	(13 064 014)	(23 100 000)	(740 000)
Effect of change in functional currency	**16.1.1**	—	—	—	17 129 626
Balance at the end of the year	**16.1 & 16.2**	**438 249 799**	**92 683 578**	**380 155 609**	**26 998 263**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	876 499 598	185 367 156	760 311 218	53 996 526
50% Share of net assets		**438 249 799**	**92 683 578**	**380 155 609**	**26 998 263**
Carrying amount of investment		**438 249 799**	**92 683 578**	**380 155 609**	**26 998 263**
16.14 Probrands (Private) Limited					
Probrands (Private) Limited is an entity involved in down-packing manufacture and retail of a number of grocery products such as rice, candles and beverages. The Group holds an effective 39.2% in Probrands (Private) Limited.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**86 593 458**	**28 148 119**	**5 720 450**	**1 219 250**
Restructure	**16.1.1**	—	(796 330)	—	(48 930)
Additional investment	**16.1.1**	—	5 656 173	—	245 000
Equity accounted earnings	**16.1 & 16.1.1**	113 759 877	74 251 472	50 407 260	4 903 139
Dividend received	**16.1**	(3 433 189)	—	(3 433 189)	—
Dividend received in specie	**22.3**	—	(20 531 503)	—	(1 261 541)
Effect of change in functional currency	**16.1.1**	—	—	—	679 592
IFRS9 Adjustment on prior year retained earnings	**16.1.1**	—	(134 473)	—	(16 060)
Balance at the end of the year	**16.1 & 16.2**	**196 920 146**	**86 593 458**	**52 694 521**	**5 720 450**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	370 215 279	88 769 644	128 701 434	8 869 620
39.2% Share of net assets		**145 124 389**	**34 797 701**	**50 450 962**	**3 476 891**
Goodwill		51 795 757	51 795 757	2 243 559	2 243 559
Carrying amount of investment		**196 920 146**	**86 593 458**	**52 694 521**	**5 720 450**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
16 Investments in Associates (continued)					
16.15 Profeeds (Private) Limited					
Profeeds (Private) Limited is an entity involved in the manufacture and retail of stock feeds and the retail of day-old chicks. The Group has an effective 49% shareholding in Profeeds (Private) Limited.					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**290 013 274**	**269 007 003**	**33 866 918**	**11 652 174**
Equity accounted earnings	**16.1 & 16.1.1**	223 232 464	76 081 005	168 050 021	15 557 882
Dividend received	**22.2**	(31 632 337)	(53 673 032)	(11 495 400)	(4 077 000)
Effect of change in functional currency	**16.1.1**	—	—	—	10 901 266
IFRS9 Adjustment on prior year retained earnings	**16.1.1**	—	(1 401 702)	—	(167 404)
Balance at the end of the year	**16.1 & 16.2**	**481 613 401**	**290 013 274**	**190 421 539**	**33 866 918**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	835 411 327	444 390 659	382 227 512	62 728 285
49% Share of net assets		**409 351 550**	**217 751 423**	**187 291 480**	**30 736 859**
Goodwill		72 261 851	72 261 851	3 130 059	3 130 059
Carrying amount of investment		**481 613 401**	**290 013 274**	**190 421 539**	**33 866 918**
16.16 Pure Oil Industries (Private) Limited					
Pure Oil Industries (Private) Limited is an entity involved in manufacture of cooking oil as well as protein oil cakes which are used in the production of animal feed. The Group has an effective 15.13% in Pure Oil Industries (Private) Limited (National Foods Limited holds 40% in the company which is the portion that the Group equity accounts).					
Reconciliation of the investment in associate:					
Balance at the beginning of the year	**16.1.1**	**283 983 185**	**227 269 869**	**16 566 620**	**9 844 309**
Equity accounted earnings	**16.1 & 16.1.1**	150 829 822	76 808 936	39 341 523	3 016 204
Dividend received	**16.1.1**	—	(20 095 620)	—	(2 400 000)
Effect of change in functional currency	**16.1.1**	—	—	—	6 106 107
Balance at the end of the year	**16.1 & 16.2**	**434 813 007**	**283 983 185**	**55 908 143**	**16 566 620**
Reconciliation of share of net assets to carrying amount of the investment					
Net Assets	**16.17**	1 087 032 518	709 957 963	139 770 358	41 416 550
40% Share of net assets		**434 813 007**	**283 983 185**	**55 908 143**	**16 566 620**
Carrying amount of investment		**434 813 007**	**283 983 185**	**55 908 143**	**16 566 620**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

16 Investments in Associates (continued)

16.17 Summarised financial information of associates

	Note	Revenue ZWL	Profit after tax ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL	Equity ZWL
INFLATION-ADJUSTED								
Afrigrain Trading Limited	**16.3**							
30 June 2020		6 630 343 261	315 121 114	1 445 310	5 893 128 990	—	3 245 217 389	2 649 356 911
30 June 2019		758 978 516	243 330 003	179 698 668	3 286 143 102	—	2 094 539 364	1 371 302 406
Bakers Inn Logistics (Private) Limited	**16.4**							
30 June 2020		440 260 905	132 771 146	56 108 071	257 767 014	22 177 921	79 106 562	212 590 602
30 June 2019		339 098 936	37 073 588	129 239 734	42 522 257	50 528 284	23 856 767	97 376 940
IL Integrated Agriculture (Private) Limited	**16.6**							
30 June 2020		53 233 898	13 404 196	218 690 366	242 706 844	—	328 852 558	132 544 652
30 June 2019		—	—	—	—	—	—	—
Kershelmar Dairies (Private) Limited	**16.8**							
30 June 2020		140 742 401	3 900 692	42 190 915	163 783 195	8 228 232	156 849 540	40 896 338
30 June 2019		159 962 352	8 072 174	41 274 138	36 218 663	9 405 892	31 656 489	36 430 420
Lolite Trading (Private) Limited	**16.9**							
30 June 2020		18 236 168	3 335 778	—	—	—	—	—
30 June 2019		4 494 426	(274 557)	78 742 186	1 154 643	19 769 613	1 923 174	58 204 042
Mafuro Farming (Private) Limited	**16.10**							
30 June 2020		28 799 043	42 707 128	348 138 770	120 720 256	188 476 687	237 675 210	42 707 129
30 June 2019		18 912 302	(15 126 224)	21 451 406	7 577 846	5 168 953	27 547 724	(3 687 425)

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

16 Investments in Associates (continued)

16.17 Summarised financial information of associates

	Note	Revenue ZWL	Profit after tax ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL	Equity ZWL
INFLATION-ADJUSTED								
My Cash Financial Services (Private) Limited	**16.11**							
30 June 2020		2 561 775	(246 648)	3 628 054	29 769 583	—	23 845 828	9 551 809
30 June 2019		—	—	—	—	—	—	—
National Foods Logistics (Private) Limited	**16.12**							
30 June 2020		474 056 923	36 617 346	155 619 177	255 097 635	21 115 373	241 141 130	148 460 309
30 June 2019		434 644 389	4 486 560	115 655 205	138 897 626	36 221 275	106 488 592	111 842 964
Paperhole Investments (Private) Limited	**16.13**							
30 June 2020		5 655 333 577	786 290 621	397 813 894	1 546 107 058	301 524 846	763 792 995	876 499 598
30 June 2019		4 448 307 794	79 732 063	189 625 998	610 805 261	45 791 273	569 272 830	185 367 156
Probrands (Private) Limited	**16.14**							
30 June 2020		1 093 886 625	290 203 768	60 085 924	994 339 204	91 727 485	592 482 364	370 215 279
30 June 2019		731 021 481	189 417 020	34 249 988	217 811 062	51 054 290	112 237 116	88 769 644
Profeeds (Private) Limited	**16.15**							
30 June 2020		3 427 693 738	455 576 457	164 501 916	2 267 415 650	7 851 320	1 586 270 820	835 411 327
30 June 2019		3 093 927 541	155 267 357	297 606 632	633 677 260	58 031 470	422 706 797	444 390 659
Pure Oil Industries (Private) Limited	**16.16**							
30 June 2020		2 940 009 513	377 074 555	7 661 175 174	5 318 971 923	4 705 308 722	7 187 805 857	1 087 032 518
30 June 2019		2 344 101 281	192 022 340	1 411 172 863	1 458 837 730	341 268 963	1 818 783 667	709 957 963

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

16 Investments in Associates (continued)

16.17 Summarised financial information of associates (continued)

	Note	Revenue ZWL	Profit after tax ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL	Equity ZWL
HISTORICAL								
Afrigrain Trading Limited	**16.3**							
30 June 2020		6 630 343 261	315 121 114	1 445 310	5 893 128 990	—	3 245 217 389	2 649 356 911
30 June 2019		90 644 053	6 353 701	21 461 234	392 460 818	—	250 148 763	163 773 289
Bakers Inn Logistics (Private) Limited	**16.4**							
30 June 2020		195 080 607	58 831 196	18 958 709	87 098 518	7 493 837	26 729 814	71 833 576
30 June 2019		22 392 138	2 448 126	24 888 364	8 188 732	9 730 493	4 594 221	18 752 380
IL Integrated Agriculture (Private) Limited	**16.6**							
30 June 2020		53 233 898	8 518 512	46 688 971	51 816 333	—	65 500 604	33 004 700
30 June 2019		—	—	—	—	—	—	—
Kershelmar Dairies (Private) Limited	**16.8**							
30 June 2020		62 363 278	233 870	3 682 043	14 293 522	718 086	13 688 415	3 569 064
30 June 2019		10 562 991	755 766	2 317 443	2 033 590	528 118	1 777 435	2 045 480
Lolite Trading (Private) Limited	**16.9**							
30 June 2020		8 080 488	2 360 049	—	—	—	—	—
30 June 2019		296 786	163 548	16 247 384	238 244	4 079 192	396 820	12 009 616
Mafuro Farming (Private) Limited	**16.10**							
30 June 2020		12 760 921	20 584 220	73 194 478	25 380 845	39 626 304	37 700 265	21 248 754
30 June 2019		1 248 859	(1 246 322)	4 884 753	916 558	1 343 701	3 803 756	664 534

* 30 June 2020 historical numbers have not been audited.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

16 Investments in Associates (continued)

16.17 Summarised financial information of associates (continued)

	Note	Revenue ZWL	Profit after tax ZWL	Non-current assets ZWL	Current assets ZWL	Non-current liabilities ZWL	Current liabilities ZWL	Equity ZWL
HISTORICAL								
My Cash Financial Services (Private) Limited	**16.11**							
30 June 2020		2 561 775	(156 748)	3 662 200	30 049 771	—	24 070 261	9 641 710
30 June 2019		—	—	—	—	—	—	—
National Foods Logistics (Private) Limited	**16.12**							
30 June 2020		210 055 699	10 191 244	18 387 140	30 140 990	2 494 881	28 491 963	17 541 286
30 June 2019		28 701 409	822 490	7 600 572	9 128 006	2 380 372	6 998 165	7 350 041
Paperhole Investments (Private) Limited	**16.13**							
30 June 2020		2 505 891 152	752 514 692	345 079 869	1 341 155 825	261 554 853	662 544 951	760 311 218
30 June 2019		293 740 592	15 509 888	55 237 105	177 924 519	13 338 769	165 826 329	53 996 526
Probrands (Private) Limited	**16.14**							
30 June 2020		484 703 648	128 589 949	20 888 237	345 671 529	31 888 092	205 970 240	128 701 434
30 June 2019		48 272 443	12 508 008	3 422 166	21 763 082	2 589 973	13 725 655	8 869 620
Profeeds (Private) Limited	**16.15**							
30 June 2020		1 518 818 880	342 959 227	75 264 910	1 037 415 481	3 592 231	725 769 845	382 227 512
30 June 2019		204 305 131	31 750 780	42 008 879	89 447 171	8 191 474	59 667 483	62 728 284
Pure Oil Industries (Private) Limited	**16.16**							
30 June 2020		1 302 724 893	98 353 808	985 071 922	683 912 034	605 007 380	924 206 218	139 770 358
30 June 2019		154 790 929	7 540 510	82 323 060	85 103 668	19 908 479	106 101 699	41 416 550

30 June 2020 historical numbers have not been audited.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

17 Group investments

Listed below are the Group's effective ordinary shareholding in each of the companies excluding dormant companies.

	2020	2019
Mill-Bake Segment		
National Foods Holdings Limited	37.82%	37.82%
Bakery Division:		
Lennard Manufacturing (Private) Limited t/a Innscor Bread Bulawayo	100.00%	100.00%
Innscor Africa Bread Company Zimbabwe (Private) Limited t/a Innscor Bread Harare	100.00%	100.00%
LSS Investments (Private) Limited	100.00%	100.00%
Pure Oil Industries (Private) Limited **	15.13%	15.13%
Breathaway Food Caterers (Private) Limited t/a Innscor Snacks Manufacturing #	37.82%	37.82%
Bakers Inn Logistics (Private) Limited	50.00%	50.00%
National Foods Logistics (Private) Limited **	18.91%	18.91%
Profeeds (Private) Limited *	49.00%	49.00%
Produtrade (Private) Limited	49.00%	49.00%
Lolite Trading (Private) Limited	50.00%	50.00%
Protein Segment		
Colcom Holdings Limited	100.00%	100.00%
Associated Meat Packers (Private) Limited	51.00%	51.00%
Great Rift Delight (Private) Limited	100.00%	100.00%
Intercane (Private) Limited	50.02%	50.02%
Silkchin Trading (Private) Limited #	25.55%	25.55%
Irvine's Zimbabwe (Private) Limited	49.00%	49.00%
IL Integrated Agriculture (Private) Limited *	50.00%	0.00%
Other Light Manufacturing and Services		
Innscor Appliance Manufacturing (Private) Limited t/a Capri	25.05%	25.05%
Skitap (Private) Limited	50.00%	50.00%
Natpak (Private) Limited	58.33%	58.33%
Alpha Packaging (Private) Limited #	20.42%	20.42%
Natpak Mauritius (Private) Limited #	58.33%	58.33%
Bedra Enterprises (Private) Limited	50.10%	50.10%
Probrands (Private) Limited *	39.20%	39.20%
Prodairy (Private) Limited	50.10%	50.10%
Pangolin (Private) Limited	50.10%	50.10%
Mafuro Farming (Private) Limited **	22.55%	22.55%
Paperhole Investments (Private) Limited *	50.00%	50.00%
Afrigrain Trading Limited *	49.89%	49.89%
Probottlers (Private) Limited	50.64%	50.64%
Kershelmar Dairies (Private) Limited **	25.05%	25.05%

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

17 Group investments (continued)

Listed below are the Group's effective ordinary shareholding in each of the companies excluding dormant companies.

	2020	2019
Head Office Services		
Innscor (Private) Limited	100.00%	100.00%
Innscor International Limited	100.00%	100.00%
Innscor South Africa (Proprietary) Limited	100.00%	100.00%
Callcape Investments (Private) Limited	50.00%	50.00%
Yeldam Investments (Private) Limited #	35.00%	35.00%
Botanegra (Private) Limited #	35.00%	35.00%
Investline (Private) Limited	70.00%	70.00%
Rafferty Investments (Private) Limited t/a Providence Human Capital	60.00%	60.00%
Syntegra Solutions (Private) Limited	50.00%	50.00%
Innscor Zambia Holdings Limited	100.00%	100.00%
Innscor Africa (Zambia) Limited	100.00%	100.00%
MyCash Financial Services (Private) Limited **	15.00%	0.00%

* Associates
** Associates of a subsidiary
# Subsidiaries of subsidiaries

17.2 Country of incorporation

All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Innscor International Limited	Mauritius
Innscor South Africa (Proprietary) Limited	South Africa
Innscor Africa (Zambia) Limited	Zambia
Innscor Zambia Holdings Limited	Zambia
Afrigrain Trading Limited	Mauritius
Natpak Mauritius Limited	Mauritius

17.3 Non-controlling interests in significant subsidiaries

The Group has the following subsidiaries that have significant non-controlling interests:

		INFLATION-ADJUSTED		HISTORICAL	
		National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Principal place of business		Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe
Proportion of ownership interests held by non-controlling interests before intragroup and consolidation adjustments		62.18%	51.00%	62.18%	51.00%
Profit allocated to non-controlling interests for the year ended:	30-Jun-20	986 991 562	423 308 631	898 411 194	153 528 981
	30-Jun-19	563 377 815	27 271 170	35 206 423	12 083 918

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED		HISTORICAL	
		National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
17 Group investments (continued)					
17.3 Non-controlling interests in significant subsidiaries (continued)					
Reconciliation of non controlling interest					
Accumulated non-controlling interests of the subsidiary as at 30 June 2019		**1 608 484 715**	**518 634 718**	**160 904 936**	**52 538 064**
Profit allocated to non-controlling interest		986 991 562	423 308 631	898 411 194	153 528 981
Other comprehensive income allocated to non-controlling interest		87 935 692	—	87 935 692	—
Dividend paid to non-controlling interest	7.2	(76 659 998)	(24 799 378)	(43 330 625)	(14 017 383)
Accumulated non-controlling interests of the subsidiary as at 30 June 2020		**2 606 751 971**	**917 143 971**	**1 103 921 197**	**192 049 662**

The summarised financial information of these subsidiaries is based on amounts before inter-company eliminations provided below:

17.3 Non-controlling interests in significant subsidiaries

	INFLATION-ADJUSTED - AUDITED		HISTORICAL - UNAUDITED	
	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Year ended 30 June 2020:				
Revenue	12 790 813 470	4 744 393 912	6 340 085 140	2 102 251 718
Profit after tax	1 587 313 544	830 016 924	1 444 855 570	301 037 218
Current assets	4 527 172 894	897 406 338	3 517 775 529	897 406 338
Non-current assets	2 220 950 200	265 516 308	388 074 301	117 650 879
Current liabilities	2 200 665 574	551 343 058	2 064 245 260	551 343 058
Non-current liabilities	316 734 525	20 525 461	65 848 339	20 525 461
Cash flows from operating activities	820 843 539	(177 409 880)	90 380 357	(78 610 720)
Cash flows from investing activities	(137 086 625)	(54 445 788)	(57 105 849)	(24 125 052)
Cash flows from financing activities	(603 040 654)	395 800 819	168 171 504	175 380 242
Dividends paid to non controlling interests	(76 659 998)	(24 799 378)	(43 330 625)	(14 017 383)
Year ended 30 June 2019:				
Revenue	8 387 615 774	566 185 602	566 172 807	250 878 126
Profit after tax	906 043 445	53 472 883	56 620 172	23 693 956
Current assets	2 335 822 572	106 437 180	264 525 448	106 437 180
Non-current assets	2 222 831 508	188 138 300	205 836 690	83 364 508
Current liabilities	(1 463 447 292)	(73 464 851)	(174 779 273)	(73 464 851)
Non-current liabilities	(310 309 560)	(14 608 057)	(36 801 835)	(14 608 057)
Cash flows from operating activities	(1 045 705 071)	1 229 536	(36 585 043)	544 810
Cash flows from investing activities	(147 331 653)	(12 471 349)	(9 729 730)	(5 526 083)
Cash flows from financing activities	718 233 164	20 399 683	47 429 848	9 039 146
Dividends paid to non-controlling interests	105 478 206	(18 441 692)	(7 292 428)	(1 275 000)

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
18	**Other Financial Assets**					
	Financial assets consist of investments in equity, unit trusts, term deposits and long-term interest bearing receivables:					
	Non-current other financial assets					
	Property unit trust		39 743 275	39 743 275	2 750 000	2 750 000
	Quoted equity investments		763 954 278	529 897 613	763 954 278	68 323 665
	Non-current trade and other receivables		413 658 952	71 007 266	413 658 952	3 441 810
	Total non-current other assets	**36.4**	**1 217 356 505**	**640 648 154**	**1 180 363 230**	**74 515 475**
18.1	**Reconciled as follows**					
	Balance at the beginning of the year		**640 648 154**	**332 854 303**	**74 515 475**	**14 417 752**
	Purchases at cost - quoted investments	**22.2**	—	6 889 088	—	822 757
	Profit on disposal of listed and other equities	**9.2**	—	371 818	—	85 472
	Proceeds on disposal of quoted and unquoted investments	**22.2**	—	(2 680 460)	—	(185 472)
	Settlement of non-current receivables	**18.2**	(473 293)	(4 289 360)	(473 293)	(512 274)
	Fair value adjustments through profit or loss	**22.1**	167 313 965	311 988 417	696 453 370	36 034 878
	Current portion of other receivables	**18.2**	—	(3 699 227)	—	(441 795)
	Effect of change in functional currency	**18.2**	—	—	—	24 388 079
	Loan and debenture repayments	**22.2**	(310 597)	(786 425)	(310 597)	(93 922)
	Exchange gain	**18.2**	66 476 628	—	66 476 627	—
	Transfer from trade and other receivables		343 701 648	—	343 701 648	—
	Cash cover deposits	**2.6**	5 133 811	—	5 133 811	—
	Gain on revaluation of financial asset	**9.2**	338 567 837	—	338 567 837	—
	Balance at the end of the year	**36.4**	**1 217 356 505**	**640 648 154**	**1 180 363 230**	**74 515 475**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

			INFLATION-ADJUSTED - AUDITED		
		Note	Fair value through profit or loss ZWL	Other financial assets at amortised cost ZWL	Total ZWL
18.2	**Other financial assets are analysed as follows:**				
	Opening balance - 30 June 2018		**211 020 108**	**121 834 195**	**332 854 303**
	Purchases at cost	22.2	6 889 088	—	6 889 088
	Settlement of non-current receivables	18.1	—	(4 289 360)	(4 289 360)
	Profit on disposal of listed and other equities	9.2	—	371 818	371 818
	Proceeds on disposal of listed and other investments	22.2	—	(2 680 460)	(2 680 460)
	Fair value adjustments through profit or loss	22.1	311 988 417	—	311 988 417
	Transfer from trade and other receivables	18.1	—	(3 699 227)	(3 699 227)
	Debenture settlement	22.2	—	(786 425)	(786 425)
	Closing balance - 30 June 2019		**529 897 613**	**110 750 541**	**640 648 154**
	Settlement of non-current receivables	18.1	—	(473 293)	(473 293)
	Exchange gain	18.1	66 742 700	(266 072)	66 476 628
	Fair value adjustments through profit or loss	22.1	167 313 965	—	167 313 965
	Debenture settlement	22.2	—	(310 597)	(310 597)
	Transfer from / to trade and other receivables	18.1	—	343 701 648	343 701 648
	Closing balance - 30 June 2020		**763 954 278**	**453 402 227**	**1 217 356 505**

			HISTORICAL		
		Note	Fair value through profit or loss ZWL	Other financial assets at amortised cost ZWL	Total ZWL
18.2	**Other financial assets are analysed as follows:**				
	Opening balance - 30 June 2018 - audited		**9 140 451**	**5 277 301**	**14 417 752**
	Effect of change in functional currency	18.1	22 325 579	2 062 500	24 388 079
	Purchases at cost	22.2	822 757	—	822 757
	Settlement of non-current receivables	18.1	—	(512 274)	(512 274)
	Profit on disposal of listed and other investments	22.1	—	85 472	85 472
	Proceeds on disposal of listed and other equities	22.2	—	(185 472)	(185 472)
	Fair value adjustments through profit or loss	22.1	36 034 878	—	36 034 878
	Transfer from trade and other receivables	18.1	—	(441 795)	(441 795)
	Debenture settlement	18.1	—	(93 922)	(93 922)
	Closing balance - 30 June 2019 - audited		**68 323 665**	**6 191 810**	**74 515 475**
	Settlement of non-current receivables	18.1	—	(473 293)	(473 293)
	Exchange gain	18.1	(822 757)	67 299 384	66 476 627
	Fair value adjustments through profit or loss	22.1	696 453 370	—	696 453 370
	Transfers (from) / to trade and other receivables	18.1	—	343 701 648	343 701 648
	Debenture settlement	22.2	—	(310 597)	(310 597)
	Closing balance - 30 June 2020 - unaudited		**763 954 278**	**416 408 952**	**1 180 363 230**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

18 Other Financial Assets (continued)

18.3 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets:

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

	INFLATION-ADJUSTED Level 1 ZWL	HISTORICAL Level 1 ZWL
Fair value through profit or loss:		
30 June 2020		
Long-term other financial assets	763 954 278	763 954 278
30 June 2019		
Long-term other financial assets	529 897 613	68 323 665

The Group did not have any financial assets under Level 1 and Level 2 in the current and prior financial years, in addition, the Group did not have any transfers betweeen levels.

The carrying amount of the Group's trade and other receivables and loans and debentures under other financial assets as at 30 June 2020 approximate their fair values as at the same date.

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
19 Biological Assets					
19.1 Non-current					
Opening balance		**78 052 619**	**61 022 769**	**9 321 747**	**2 643 232**
Purchases	22.2	16 114 307	43 568 608	7 574 297	4 425 972
Reclassified from current biological assets	19.2	4 503 892	3 837 111	1 711 570	275 910
Effect of change in functional currency		—	—	—	1 685 244
Fair value gain/(loss)	19.4	5 707 141	(30 375 869)	85 770 345	291 389
Closing balance		**104 377 959**	**78 052 619**	**104 377 959**	**9 321 747**
19.2 Current					
Opening balance		**615 755 399**	**288 769 026**	**42 679 332**	**12 508 176**
Purchases		873 601 151	231 784 306	420 406 080	46 468 090
Feed costs		1 356 755 526	1 315 921 317	612 887 880	62 543 099
Sales		(475 956 703)	(324 403 139)	(219 946 420)	(23 775 492)
Slaughter	20	(1 048 974 462)	(906 404 731)	(489 504 778)	(59 854 415)
Reclassified to non-current biological assets	19.1	(4 503 892)	(3 837 111)	(1 711 570)	(275 910)
Fair value (loss)/gain	19.4	(273 481 273)	13 925 731	196 830 106	5 065 784
Closing balance		**1 043 195 746**	**615 755 399**	**561 640 630**	**42 679 332**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Birds ZWL	Hatching Eggs ZWL	Cattle ZWL	Pigs ZWL	Total ZWL
19 Biological Assets (continued)						
19.3 Current biological assets movements						
INFLATION-ADJUSTED - AUDITED						
At 1 July 2018		**203 835 812**	**—**	**8 009 395**	**76 923 819**	**288 769 026**
Purchases		22 844 139	15 233 545	50 502 416	143 204 206	231 784 306
Feed costs		1 304 744 030	—	11 177 287	—	1 315 921 317
Sales		(193 368 536)	(13 860 194)	—	(117 174 409)	(324 403 139)
Slaughter	20	(851 582 960)	—	(54 821 771)	—	(906 404 731)
Transfer to non-current biological assets	19.1	—	—	—	(3 837 111)	(3 837 111)
Fair value adjustments	19.4	10 189 982	—	3 151 896	583 853	13 925 731
At 30 June 2019		**496 662 467**	**1 373 351**	**18 019 223**	**99 700 358**	**615 755 399**
Purchases		73 218 789	13 010 520	168 310 792	619 061 050	873 601 151
Feed costs		1 356 755 526	—	—	—	1 356 755 526
Sales		(121 524 743)	—	—	(354 431 960)	(475 956 703)
Slaughter	20	(876 398 339)	(3 720 825)	(168 855 298)	—	(1 048 974 462)
Transfer to non-current biological assets	19.1	—	—	—	(4 503 892)	(4 503 892)
Fair value adjustments	19.4	(217 340 558)	—	(4 366 074)	(51 774 641)	(273 481 273)
At 30 June 2020		**711 373 142**	**10 663 046**	**13 108 643**	**308 050 915**	**1 043 195 746**
HISTORICAL						
At 1 July 2018		**8 829 251**	**—**	**346 931**	**3 331 994**	**12 508 176**
Purchases		5 460 752	1 179 831	11 117 945	28 709 562	46 468 090
Feed costs		62 011 865	—	531 234	—	62 543 099
Sales		(2 688 759)	(1 015 813)	—	(20 070 920)	(23 775 492)
Slaughter	20	(48 863 753)	—	(10 990 662)	—	(59 854 415)
Transfer to non-current biological assets	19.1	—	—	—	(275 910)	(275 910)
Fair value adjustments	19.4	3 706 825	—	1 146 570	212 389	5 065 784
At 30 June 2019 - audited		**28 456 181**	**164 018**	**2 152 018**	**11 907 115**	**42 679 332**
Purchases		35 235 329	6 261 097	80 996 780	297 912 874	420 406 080
Feed costs		612 887 880	—	—	—	612 887 880
Sales		(56 158 327)	—	—	(163 788 093)	(219 946 420)
Slaughter	20	(408 971 991)	(1 736 326)	(78 796 461)	—	(489 504 778)
Transfer to non-current biological assets	19.1	—	—	—	(1 711 570)	(1 711 570)
Fair value adjustments	19.4	24 343 211	—	8 756 306	163 730 589	196 830 106
At 30 June 2020 - unaudited		**235 792 283**	**4 688 789**	**13 108 643**	**308 050 915**	**561 640 630**

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
19.4 Fair Value Gain/(loss) of Biological assets					
Fair value gain/(loss) on non current biological assets	19.1	5 707 141	(30 375 869)	85 770 345	291 389
Fair value gain/(loss) on current biological assets	19.2	(273 481 273)	13 925 731	196 830 106	5 065 784
Total Fair value (loss)/gain	19.7	(267 774 132)	(16 450 138)	282 600 451	5 357 173

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

19 Biological Assets (continued)

19.5 Non-current and Current Biological Assets Volumes

As at 30 June 2020 the Group had the following number of living animals within current biological assets:

	Non-current	Current			
30 June 2020	**Pigs**	**Birds**	**Hatching Eggs (each)**	**Cattle (each)**	**Pigs (each)**
Number of living animals	6 351	1 286 703	206 047	439	42 451
Live weight estimates (kg)	593 054	n/a	n/a	541 051	5 379 681
30 June 2019	**Pigs**	**Birds**	**Hatching Eggs (each)**	**Cattle (each)**	**Pigs (each)**
Number of living animals	6 133	1 413 158	218 686	592	49 986
Live weight estimates (kg)	945 274	n/a	n/a	222 603	2 689 840

No biological assets have been pledged as collateral for borrowings.

19.6 Valuation Process

1. The Group engages independent consultants to determine the estimated cold dressed mass (CDM) of live pigs at each age. The fair value of pigs is calculated by applying the market price per kg to the CDM.
2. The value of cattle is determined by the fair market prices of cattle at the nearest active market.
3. The valuation of bird breeder livestock is based on the actual costs incurred in rearing the birds and is amortised in relation to the expected hatching eggs to end of lay. The valuation of broiler livestock is based on the actual costs incurred in rearing the birds.
4. Layers are valued at fair market price less selling costs. Fair market price is the price the Group sells point of lay and end of lay birds to the market.

Valuation Technique

				INFLATION-ADJUSTED		HISTORICAL	
				2020	2019	2020	2019
Type		**Valuation Technique**	**Significant Unobservable Inputs**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**
Birds -	Breeders - Grandparents	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days	10% 12% 65 weeks to slaughter 129 ZWL 2367.87 per pullet 280days	10% 12% 65 weeks to slaughter 129 ZWL 2367.87 per pullet 280days	10% 12% 65 weeks to slaughter 129 ZWL 282.90 per pullet 280days	10% 12% 65 weeks to slaughter 129 ZWL 28.29 per pullet 280days
	Breeders - Parents	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days	10% 12% 65 weeks to slaughter 170 ZWL 59.46 280days	10% 12% 65 weeks to slaughter 170 ZWL 58.76 280days	10% 12% 65 weeks to slaughter 170 ZWL 26.31 280days	10% 12% 65 weeks to slaughter 170 ZWL 7.02 280days

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

19 Biological Assets (continued)

19.6 Valuation Process (continued)

Valuation Technique

				INFLATION-ADJUSTED		HISTORICAL	
				2020	**2019**	**2020**	**2019**
Type		**Valuation Technique**	**Significant Unobservable Inputs**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**	**Significant Unobservable Inputs Range**
Birds -	Layer Breeders	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird Average egg laying days	10% 20% 70 weeks to slaughter 200 ZWL 378.82 336days	10% 20% 70 weeks to slaughter 200 ZWL 363.68 300days	10% 20% 70 weeks to slaughter 200 ZWL167.62 336days	10% 20% 70 weeks to slaughter 200 ZWL43.45 300days
	Layers	Fair Market Price	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird	6% 10% 80 weeks 340 ZWL 4.56	6% 10% 80 weeks 340 ZWL 16.49	6% 10% 80 weeks 340 ZWL4.56	6% 10% 80 weeks 340 ZWL1.97
	Broilers	Cost Approach	Mortality Kill Age	5% 35 days	5% 35 days	5% 35 days	5% 35 days
Cattle - Comprising of bulls, cows, weaner heifers, weaner steers, bulling heifers, steers and calves		Market Approach	—	—	—	—	—
Pigs - Comprising of piglets, weaners, growers, gilts, sows and boars		Income approach. The valuation model is based on the price per kg of pork multiplied by the Cold Dressed Mass (CDM).	Price per kg, CDM discounting factor Age of pigs 2 weeks Weight of pigs	ZWL 11.11 - ZWL 162.51 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	ZWL 23.94 - ZWL 71.31 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	ZWL 11.11 - ZWL 162.51 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	ZWL 2.86 - ZWL 8.52 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs
Pigs - Comprising imported breeders		Replacement cost of the G41	Cost of a breeder of similar type	ZWL 76 871.67 per breeder	ZWL 137 075 per breeder	ZWL 76 871.67 per breeder	ZWL 16 377 per breeder

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

19 Biological Assets (continued)

19.7 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets:

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

INFLATION-ADJUSTED 30 June 2020	Level 1	Level 2	Level 3	Total	Fair value gain/(loss)
Pigs (Non-Current and Current)	—	—	412 428 874	412 428 874	(46 067 500)
Cattle	—	13 108 643	—	13 108 643	(4 366 074)
Birds	—	—	711 373 142	711 373 142	(217 340 558)
Total	—	13 108 643	1 123 802 016	1 136 910 659	(267 774 132)
30 June 2019					
Pigs (Non-Current and Current)	—	—	177 752 977	177 752 977	(29 792 016)
Cattle	—	18 019 223	—	18 019 223	3 151 896
Birds	—	—	496 662 467	496 662 467	10 189 982
Total	—	18 019 223	674 415 444	692 434 667	(16 450 138)

HISTORICAL 30 June 2020	Level 1	Level 2	Level 3	Total	Fair value gain
Pigs (Non-Current and Current)	—	—	412 428 874	412 428 874	249 500 934
Cattle	—	13 108 643	—	13 108 643	8 756 306
Birds	—	—	235 792 283	235 792 283	24 343 211
Total	—	13 108 643	648 221 157	661 329 800	282 600 451
30 June 2019					
Pigs (Non-Current and Current)	—	—	21 228 862	21 228 862	503 778
Cattle	—	2 152 018	—	2 152 018	1 146 570
Birds	—	—	28 456 181	28 456 181	3 706 825
Total	—	2 152 018	49 685 043	51 837 061	5 357 173

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

19 Biological Assets (continued)

19.7 Fair Value Hierarchy (continued)

The table below presents the sensitivity of profit or loss before tax due to changes in weight (pigs and cattle) and market price (layer birds). The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable, the negative impact on profit would be of a similar magnitude.

		INFLATION-ADJUSTED	HISTORICAL
2020	**% Change**	**Effect on profit before tax ZWL**	**Effect on profit before tax ZWL**
Pigs			
Fair value less costs to sell - meat	3%	7 613 150	7 613 150
Cattle			
Fair value less costs to sell - meat	5%	513 135	513 135
Layers			
Fair value less costs to sell - birds	10%	8 822 480	88 222 480
2019			
Pigs			
Fair value less costs to sell - meat	3%	9 644 482	636 866
Cattle			
Fair value less costs to sell - meat	5%	1 629 473	107 601
Layers			
Fair value less costs to sell - birds	10%	43 093 073	2 845 618

Significant increases/(decreases) in price per kg in isolation would result in a significantly higher or lower fair value measurement.
Significant increases/(decreases) in weight of pigs in isolation would result in a significantly higher or lower fair value measurement.
Significant increases/(decreases) in replacement cost per breeder would result in a significantly higher or lower fair value measurement of breeder pigs.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

19 Biological Assets (continued)

19.7 Fair Value Hierarchy (continued)

Biological assets risk management policies

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, pigs, birds and hatching eggs.

These biological assets are exposed to various risks, which include disease/infection outbreaks, theft and price fluctuations. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things bio-security monitoring, vaccination to prevent infections, regular and routine disease tests and regular evaluation of market prices.

			INFLATION-ADJUSTED		HISTORICAL	
		Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
20	**Inventories**					
	Consumables		269 168 086	350 472 637	207 727 400	33 554 866
	Finished products, net of allowance for obsolesence		795 787 331	174 548 447	711 124 220	37 207 834
	Raw materials and packaging		3 040 741 584	1 697 295 732	2 362 773 513	156 714 995
	Goods in transit		—	1 431 901	—	305 233
	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**
	The amount of inventories written down in respect of obsolescence expense is ZWL28 404 057 (2019: ZWL33 942 930), Historical ZWL12 585 902 (2019: ZWL2 241 396).					
20.1	**Inventories consumed in cost of sales**		12 772 700 277	11 254 870 219	4 267 170 385	654 398 920
	Biological assets consumed	**19.2**	1 048 974 462	906 404 731	489 504 778	59 854 415
	Total cost of sales		13 821 674 739	12 161 274 950	4 756 675 163	714 253 335
21	**Trade and other receivables**					
	Trade receivables	**36.3**	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	369 137 870	385 422 772	44 085 770
			2 849 379 324	2 806 826 782	2 595 350 328	315 854 595
	Allowance for credit losses	**21.2**	(40 097 211)	(76 636 506)	(40 097 211)	(9 152 622)
			2 809 282 113	**2 730 190 276**	**2 555 253 117**	**306 701 973**

* Included in other receivables are amounts due from employees, and upfront payments to ZIMRA.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
21 Trade and other receivables (continued)					
21.1 Credit quality of trade receivables					
As at 30 June 2020, trade and other receivables of ZWL 1 014 413 580 (2019: ZWL 702 236 331) were fully performing and the ageing of these trade and other receivables is as follows:					
Current (ordinarily up to 30 days)		1 014 413 580	702 236 331	1 014 413 580	83 867 390
Expected credit losses		(25 685 077)	(9 196 381)	(25 685 077)	(1 098 315)
		988 728 503	**693 039 950**	**988 728 503**	**82 769 075**
As at 30 June 2020, trade and other receivables of ZWL 248 016 785 (2019: ZWL 174 407 708) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade and other receivables is as follows:					
30 to 90 days		199 887 366	140 246 110	199 887 366	16 749 454
Over 90 days		48 129 420	34 161 598	48 129 420	4 079 885
		248 016 786	174 407 708	248 016 786	20 829 339
Expected credit losses		(14 412 134)	(32 953 698)	(14 412 134)	(3 935 627)
		233 604 652	**141 454 010**	**233 604 652**	**16 893 712**
As at 30 June 2020, trade receivables of ZWL NIL (2019: ZWL 34 486 427) were impaired and fully provided for. The individually impaired receivables mainly relate to customers in difficult economic situations.					
The ageing analysis of these trade and other receivablesis as follows:					
Over 90 days		—	34 486 427	—	4 118 680
Expected credit losses		—	(34 486 427)	—	(4 118 680)
21.2 Expected credit loss - trade and other receivables					
Movements on the Group's allowance for expected credit losses are as follows:					
As at 1 July		**76 636 506**	**60 414 686**	**9 152 622**	**7 215 266**
Amounts restated through opening retained earnings		**—**	**13 751 458**	**—**	**1 458 859**
As at 1 July-calculated under IFRS 9		**76 636 506**	**74 166 144**	**9 152 622**	**8 674 125**
Current year movements		(36 539 295)	2 470 362	30 944 589	478 497
Allowance for expected credit losses	22.1	73 719 667	29 338 662	30 875 691	1 740 831
Receivables written off	22.1	155 488	(26 868 300)	68 898	(1 262 334)
Monetary gain		(110 414 450)	—	—	—
As at 30 June		**40 097 211**	**76 636 506**	**40 097 211**	**9 152 622**

Trade and other receivables amounting to ZWL852 714 105 (Historical: ZWL826 227 464) have been pledged to secure borrowing facilities of the Group.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
22 Cashflow information					
22.1 Cash generated from operating activities					
Profit before interest and tax		**3 546 767 030**	**2 242 564 630**	**4 703 102 194**	**256 888 336**
Adjustments for non-cash items:					
Depreciation & amortisation	**10.4**	605 704 443	443 520 681	82 409 339	32 537 965
Increase in allowance for credit losses	**21.2**	73 719 667	29 338 662	30 875 691	1 937 356
Inventory written off and provisions charged to profit or loss	**20**	28 404 057	33 942 930	12 585 902	2 241 396
Unrealised exchange (gains)/losses	**9.2**	(53 788 776)	103 684 758	(53 788 776)	12 382 968
Bad debts (recovered)/written off	**21.2**	(155 488)	26 868 300	(68 897)	1 262 334
Increase in provision for leave pay	**30.1**	142 742 423	11 370 871	63 249 492	1 358 015
Fair value gain on listed equities	**18.1**	(167 313 965)	(311 988 417)	(696 453 370)	(36 034 878)
Fair value loss/(gain) on biological assets	**19.4**	267 774 132	16 450 138	(282 600 451)	(5 357 173)
Share based payment charge	**24.3**	4 288 861	27 606 791	1 900 404	1 896 337
Loss/(profit) on disposal of asset held for sale	**9.2**	—	22 527 837	—	(409 865)
Gain on revaluation of financial asset	**9.2**	(338 567 837)	—	(338 567 837)	—
Loss/(profit) on disposal of fixed assets	**9.2**	6 137 827	38 350 044	(1 693 784)	41 940
Profit on disposal of quoted and unquoted investments	**18.1**	—	(371 818)	—	(85 472)
Profit on restructure of subsidiary & disposal of Associate	**22.3 & 9.2**	—	(51 446 128)	—	(2 228 415)
		4 115 712 374	**2 632 419 279**	**3 520 949 907**	**266 430 844**
Changes in working capital					
Increase in current biological assets		(730 853 306)	(384 365 533)	(323 842 760)	(25 381 283)
(Increase)/decrease in inventories		(5 557 627 542)	(1 887 591 378)	(3 106 046 900)	(150 418 520)
Increase in trade and other receivables		(4 069 318 754)	(2 108 954 811)	(2 113 295 972)	(175 070 147)
Increase in trade and other payables		6 710 496 965	1 885 100 334	2 973 436 446	124 481 154
Decrease in provisions and other liabilities		(2 810 722)	(4 732 559)	(1 777 141)	(565 205)
		(3 650 113 359)	**(2 500 543 947)**	**(2 571 527 327)**	**(226 954 001)**
		465 599 015	**131 875 332**	**949 422 580**	**39 476 843**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
22 Cashflow information (continued)					
22.2 Investing activities					
Expenditure of property, plant and equipment	**13**	**(704 423 235)**	**(1 128 450 535)**	**(293 792 505)**	**(70 264 753)**
Expenditure of property, plant and equipment to maintain operations		(208 370 392)	(326 246 065)	(86 904 659)	(20 314 226)
Expenditure of property, plant and equipment to expand operations		(496 052 843)	(802 204 470)	(206 887 846)	(49 950 527)
Property, plant and equipment acquired through transfer from working capital	**13.1**	—	(50 574 948)	—	(3 149 129)
Proceeds on disposal of fixed assets		6 069 138	47 987 954	2 584 000	5 220 016
Purchase of quoted investments	**18.1**	—	(6 889 088)	—	(822 757)
Purchase of non-current biological assets	**19.1**	(16 114 307)	(43 568 608)	(7 574 297)	(4 425 972)
Repayment of loans from third parties		—	3 691 348	—	440 854
Net cash flow on acquisition of subsidiary	**22.4**	—	(46 745 855)	—	(2 073 338)
Investment in Associates	**16.2**	(65 935 286)	(47 388 151)	(17 283 952)	(2 686 447)
Loans repaid by Associates	**16**	—	2 294 443	—	274 023
Loans advanced to Associates	**16**	(37 659 116)	(6 353 850)	(16 686 840)	(758 834)
Proceeds from disposal of unquoted investments	**18.1**	—	2 680 460	—	185 472
Proceeds on debentures	**18.1**	310 597	786 425	310 597	93 922
Proceeds from asset held for sale	**23.3**	—	53 545 016	—	3 704 999
Proceeds on restructure of subsidiary & disposal of Associate	**22.3**	—	115 369 124	—	4 997 272
Proceeds on partial disposal of interest in subsidiary	**22.3.1**	—	5 366 993	—	232 474
Dividends received from Associates	**16.1**	91 581 739	86 832 666	40 995 878	7 217 000
Total cash utilised in investing activities		**(726 170 470)**	**(1 011 416 606)**	**(291 447 119)**	**(61 815 198)**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

22 Cashflow information (continued)

22.3 Net cash flow from restructure of subsidiary and disposal of associate

The Group held 501.% equity in Innscor Appliances Manufacturing (Private) Limited t/a Capri and conducted a disposal of 50% of this investment in 1 July 2018. The disposal resulted in the Group retaining a 25.05% equity in Capri, and effectively Capri is now being accounted for as an Associate. On the same date the Group disposed of its effective 49% shareholding which was held in Freddy Hirsh Group (Private) Limited for ZWL61 862 417 (Historical: ZWL2 679 602).

The identifiable assets and liabilities as at the dates of restructure and disposal were as follows:

		2019		
		INFLATION-ADJUSTED - AUDITED		
	Note	Restructure of Innscor Appliances ZWL	Disposal of Freddy Hirsch ZWL	Total ZWL
Property, plant and equipment	13.1	137 594 565	4 935 923	142 530 488
Investments		414 771	692	415 463
Inventories		204 055 224	68 410 539	272 465 763
Cash and cash equivalents		38 838 980	33 605 750	72 444 730
Trade and other accounts receivable		82 232 149	33 451 671	115 683 820
Trade and other payables		(78 706 460)	(17 277 462)	(95 983 922)
Provisions and other liabilities	30.1	(7 268 574)	—	(7 268 574)
Current tax liabilities	31	(14 486 037)	(8 343 017)	(22 829 054)
Interest-bearing borrowings		(161 904 498)	(26 203)	(161 930 701)
Net deferred tax liabilities	27.1	(8 180 281)	(688 553)	(8 868 834)
Fair value of net assets at date of transaction		**192 589 839**	**114 069 340**	**306 659 179**
Less total non-controlling interest		(98 853 865)	(58 175 358)	(157 029 223)
Attributable fair value of net assets diluted		**93 735 974**	**55 893 982**	**149 629 956**
Equity investment arising from Restructure		(46 867 976)	—	(46 867 976)
Attributable fair value of net assets disposed		**46 867 998**	**55 893 982**	**102 761 980**
Gain on restructure of subsidiary and disposal of Associate	9.2 & 22.1	45 477 688	5 968 440	51 446 128
Proceeds from disposal		**92 345 686**	**61 862 422**	**154 208 108**
Less cash and cash equivalent disposed		(38 838 984)	—	(38 838 984)
Net cash inflow	22.2	**53 506 702**	**61 862 422**	**115 369 124**

The notes references only refer to Innscor Appliances Manufacturing (Private) Limited t/a Capri Appliances.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

22 Cashflow information (continued)

22.3 Net cash flow from restructure of subsidiaries (continued)

		2019		
		HISTORICAL - AUDITED		
	Note	Restructure of Innscor Appliances ZWL	Disposal of Freddy Hirsch ZWL	Total ZWL
Property, plant and equipment	13.1	5 959 978	213 802	6 173 780
Investments		17 966	30	17 996
Inventories		8 838 755	2 963 237	11 801 992
Cash and cash equivalents		1 682 330	1 455 650	3 137 980
Trade and other accounts receivable		3 561 927	1 448 976	5 010 903
Trade and other payables		(3 409 210)	(748 382)	(4 157 592)
Provisions and other liabilities	30.1	(314 842)	—	(314 842)
Current tax liabilities	31	(627 470)	(361 382)	(988 852)
Interest-bearing borrowings		(7 012 975)	(1 135)	(7 014 110)
Net deferred tax liabilities	27.1	(354 333)	(29 825)	(384 158)
Fair value of net assets at date of transaction		**8 342 126**	**4 940 971**	**13 283 097**
Less total non-controlling interest		(4 281 905)	(2 519 895)	(6 801 800)
Attributable fair value of net assets diluted		**4 060 221**	**2 421 076**	**6 481 297**
Equity investment arising from Restructure		(2 030 110)	—	(2 030 110)
Attributable fair value of net assets disposed		**2 030 111**	**2 421 076**	**4 451 187**
Gain on restructure of subsidiary and disposal of Associate	9.2	1 969 889	258 526	2 228 415
Proceeds from disposal		**4 000 000**	**2 679 602**	**6 679 602**
Less cash and cash equivalent disposed		(1 682 330)	—	(1 682 330)
Net cash inflow		**2 317 670**	**2 679 602**	**4 997 272**

The notes references refer only to Innscor Appliances Manufacturing (Private) Limited t/a Capri Appliances.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

22 Cashflow information (continued)

22.3.1 Net cash flow from disposal of partial interest in subsidiary - Rafferty Investments (Private) Limited

The Group disposed 10% of its interest in Rafferty Investments (Private) Limited t/a Providence Human Capital effective from 1 July 2018. The identifiable assets and liabilities as at the date of disposal were as follows:

		INFLATION-ADJUSTED	HISTORICAL
	Note	2019 ZWL	2019 ZWL
Property, plant and equipment		652 238	28 252
Inventories		12 153 708	526 444
Trade and other accounts receivable		5 872 425	254 367
Trade and other payables		(1 089 333)	(47 185)
Current tax liabilies		(1 772 368)	(76 771)
Interest-bearing borrowings		(70 206)	(3 041)
Net deferred tax liabilities		(2 606 365)	(112 896)
Fair value of net assets at date of transaction		**13 140 099**	**569 170**
Less total non-controlling interest		(3 942 030)	(170 751)
Attributable fair value of net assets diluted		**9 198 069**	**398 419**
Fair value of retained investment		(7 884 059)	(341 502)
Attributable fair value of net assets disposed		**1 314 010**	**56 917**
Gain on disposal of partial interest in subsidiary		4 052 983	175 557
Net cash inflow	**22.2**	**5 366 993**	**232 474**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

22 Cashflow information (continued)

22.4 Acquisition of Probottlers (Private) Limited

In 2019 the Board authorised the acquisition of 50.64% of Probottlers effective 1 October 2018. The fair values of identifiable assets and liabilities as at acquisition date were as follows:

		2019	
		INFLATION-ADJUSTED	HISTORICAL
	Note	Probottlers ZWL	Probottlers ZWL
Property, plant and equipment	13.1	78 078 459	4 030 315
Inventories		52 393 568	1 813 404
Trade and other receivables		83 813 410	3 717 414
Cash and cash equivalents		790 469	35 060
Trade and other payables		(105 207 771)	(4 666 324)
Provisions and other liabilities	30.1	(836 734)	(37 112)
Deferred tax liabilities	27.1	(3 652 458)	(161 999)
Current tax liability	31	(1 483 290)	(65 789)
Borrowings	28.2	(60 755 366)	(2 694 708)
Interest bearing borrowings		(35 293 201)	(1 565 374)
Bank overdraft		(25 462 165)	(1 129 334)
Fair value of net assets at date of acquisition		**43 140 287**	**1 970 261**
Less non controlling Interest @ 49.36%		(21 926 621)	(972 521)
Attributable fair value of net assets acquired		**21 213 666**	**997 740**
Goodwill on acquisition (Gross)		**90 883 055**	**3 974 132**
Goodwill adjusted for Rights Issue	15	54 765 679	2 372 203
Rights issue		36 117 376	1 601 929
Total consideration		**(112 096 721)**	**(4 971 872)**
Cash consideration - Purchase from Amiata		(47 536 324)	(2 108 398)
Cash consideration through rights issue		(44 028 894)	(1 601 929)
Previously held investment in shares - Dividend in Specie		(20 531 503)	(1 261 545)
Cash consideration paid to third parties		**(47 536 324)**	**(2 108 398)**
Add cash and cash equivalents		790 469	35 060
Net Cash outflow	22.2	**(46 745 855)**	**(2 073 338)**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	INFLATION-ADJUSTED 2020 ZWL	INFLATION-ADJUSTED 2019 ZWL	HISTORICAL 2020 ZWL	HISTORICAL 2019 ZWL
22	**Cashflow information** (continued)					
22.5	**Cash and cash equivalents at the end of the year**					
	Opening cash and bank balances		1 223 372 609	1 396 762 751	146 106 180	60 501 484
	Increase in cash ad cash equivalents		(91 558 482)	(662 042 596)	985 707 947	27 245 417
	Effects of currency translation on foreign operations		994 142 069	488 652 454	994 142 069	58 359 279
	Closing cash and cash equivalents	**36.4**	**2 125 956 196**	**1 223 372 609**	**2 125 956 196**	**146 106 180**
	Included in cash and cash equivalents are the following foreign denominated balances:					
	USD		1 568 263 088	34 504 439	1 568 263 088	4 120 831
	BWP		—	628	—	75
	ZAR		79 859 372	49 631 316	79 859 372	5 927 419
	EURO		—	113 875	—	13 600
			1 648 122 460	**84 250 258**	**1 648 122 460**	**10 061 925**

23 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 the properties have been categorised as assets for disposal Group classified as held for sale.

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
23.1	**Reconciliation of non-current assets held for sale**					
	At the beginning of the year		**—**	**78 756 621**	**—**	**3 402 447**
	Disposals	**23.3**	—	(76 072 853)	—	(3 295 134)
	Reclassified from property, plant and equipment	**13.1**	—	(2 683 768)	—	(107 313)
	Reclassified from investments in Associates	**16.1**	31 814 831	—	7 647 840	—
	At the end of the year		**31 814 831**	**—**	**7 647 840**	**—**
23.2	**Deferred tax relating to non-current assets held for sale**					
	At the beginning of the year		**—**	**(3 928 178)**	**—**	**(170 151)**
	Reclassified from property, plant and equipment		—	123 882	—	5 366
	Disposals		—	3 804 296	—	164 785
	At the end of the year		**—**	**—**	**—**	**—**
23.3	**Profit on disposal of non-current asset held for sale**					
	Carrying amount of non-current asset held for sale	**23.1**	—	76 072 853	—	3 295 134
	(Loss)/profit on disposal of non-current asset held for sale	**9.2**	—	(22 527 837)	—	409 865
	Proceeds on disposal of non-current assets held for sale	22.2	**—**	**53 545 016**	**—**	**3 704 999**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
24 Ordinary share capital				
24.1 Authorised				
800 000 000 ordinary shares of 1 cent each	8 000 000	8 000 000	8 000 000	8 000 000
1 000 Non-Voting Class "A" ordicary shares of 1 cent each	10	10	10	10
	8 000 010	**8 000 010**	**8 000 010**	**8 000 010**
24.2 Issued and fully paid				
Ordinary Share Capital				
Opening balance	129 220 797	129 220 797	5 597 264	5 597 264
Issued during the year	132 305	—	50 500	—
564 776 450 (2019: 559 726 450) ordinary shares	**129 353 102**	**129 220 797**	**5 647 764**	**5 597 264**
Share premium				
Opening balance	411 204 539	411 204 539	17 811 532	17 811 532
Issued during the year (5 050 000)	6 670 791	—	2 546 210	—
	417 875 330	**411 204 539**	**20 357 742**	**17 811 532**
Class "A" Ordinary Shares				
1 000 Non-Voting Class "A" ordinary shares	231	231	10	10

There were no changes in the Company's Authorised share capital during the year, and the unissued shares are under the control of the Directors.

24.3 Share options

As at 30 June 2020, Innscor Africa Limited had the following Share Option agreements:

a) Benvenue Investments (Private) Limited.

This is an option held by an indigenous partner in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33). The terms of the Indigenisation Share Option are as follows:

Commencement date:	January 2014
Number of shares:	Fifty Million (50 000 000)
Tenure:	10 years
Pricing:	The higher of 75% of the volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days or for the first five years ZWL 0.70 per share and for the second five years, ZWL 1.03 per share.

At the end of the year, the scheme had a remaining contractual life of three and half years.

The share options arising from the Benvenue Investments (Private) Limited share option scheme had no dilutive effect at the end of the financial year.

As at 30 June 2020, these options were exercisable.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

24 Ordinary share capital (continued)

24.3 Share options (continued)

As at 30 June 2020, Innscor Africa Limited had the following Share Option agreements:

b) Innscor Africa Limited Employee Share Trust (Private) Limited

This is an option held by Innscor Africa Limited Employee Share Trust (Private) Limited in terms of the Indigenisation and Economic Empowerment Act (Chapter 14:33). The terms of the Innscor Africa Limited Employee Share Trust Option are as follows:

Commencement date:	January 2014
Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years
Pricing:	The volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days.

At the end of the year, the scheme had a remaining contractual life of three and half years.

The share options arising from the Innscor Employee Share Trust (Private) Limited had no dilutive effect at the end of the financial year.

As at 30 June 2020, these options were exercisable.

c) 2016 Innscor Africa Limited Share Option Scheme

As part of the Group's staff retention and remuneration policy certain employees of the Group are offerred share options that are exercisable for a period of three years from the vesting date. The Directors are empowered to grant share options to qualifying employees of the Group. Each employee share option converts into one ordinary share of this company on the date it is exercised and paid for. The number of option approved by the Shareholders is 54 159 344 and other terms and conditions for these options are as follows:

Maximum Number of shares available under the scheme:	54 159 344
Vesting Period:	3 years from grant date
Exercise Price:	The Higher of: 45-day volume weighted average price of Innscor Africa Limited shares immediately preceding the grant date and the nominal value of the shares.
Other Conditions:	The employee must be in continuous employment by the Group from grant date throughout the vesting period. The options are exercisable starting three years after the grant date. The Group achieving a set growth in headline earnings per share over the three year period. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options are performance based and are awarded by the Remuneration Committee.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

24 Ordinary share capital (continued)

24.3 Share options (continued)

c) 2016 Innscor Africa Limited Share Option Scheme (continued)

The movements in the number of outstanding Share Options in respect of the 2016 Innscor Africa Limited Share Option Scheme are as follows:

	2020 ZWL	2019 ZWL
Opening balance	16 200 000	10 800 000
Granted during the period	—	5 400 000
Excercised during the year	(5 050 000)	—
Closing balance	**11 150 000**	**16 200 000**

Details of outstanding share options are as follows:

Grant Date:	Number of share options	Financial year of option grant	Financial year in which options vest	Exercise price in ZWL cents per share option	Option fair value at grant date in ZWL cents per share option
6-Dec-16	350 000	June 2017	June 2020	29.94	21.48
5-Sep-17	5 400 000	June 2018	June 2021	72.43	37.09
13-Sep-18	5 400 000	June 2019	June 2022	141.00	58.86

	Awarded 2019 Option	Awarded 2018 Option	Awarded 2017 Option
Fair value of the share options was determined as follows:			
Valuation model	Binomial Tree Model	Binomial Tree Model	Binomial Tree Model
Volatility	50%	50%	50%
Basis of volatility	Historical volatility of the Innscor Africa Limited share price	Historical volatility of the Innscor Africa Limited share price	Historical volatility of the Innscor Africa Limited share price
Dividend Yield	2%	2%	2%
Annual Risk Free Rate	1.68%	1.68%	1.71%

		INFLATION-ADJUSTED		HISTORICAL	
	Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
Gross share option charge	**22.1**	4 288 861	27 606 791	1 900 404	1 896 337
Tax charge		—	(7 108 752)	—	(488 307)
Net share-based payment reserve		**4 288 861**	**20 498 039**	**1 900 404**	**1 408 030**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

24 Ordinary share capital (continued)

24.3 Share options (continued)

24.3.1 Dilutive impact of share options

		Number of shares available under the option	Diluted Number of shares paid for under the option	Dilutive impact
2020				
Issued January 2014	Indigenisation scheme	50 000 000	115 880 137	—
Issued 5 September 2017	Management scheme	5 400 000	827 871	4 572 129
Issued 13 September 2018	Management scheme	5 400 000	1 611 624	3 788 376
				8 360 505
2019				
Issued January 2014	Indigenisation scheme	50 000 000	44 549 332	5 450 668
Issued 6 December 2016	Management scheme	5 400 000	923 405	4 476 595
Issued 5 September 2017	Management scheme	5 400 000	2 233 875	3 166 125
Issued 13 September 2018	Management scheme	5 400 000	4 348 700	1 051 300
				14 144 688

24.4 Directors' shareholdings

At 30 June 2020, the company Directors held directly and indirectly the following number of shares:

	At Report Date	2020	2019
Z Koudounaris	114 089 955	113 789 955	112 393 212
M J Fowler	108 566 827	108 566 827	109 566 827
J P Schonken	4 193 587	2 943 587	1 528 820
G Gwainda	1 658 659	858 659	6 102
A B C Chinake	957 545	507 545	—
T N Sibanda	650 000	350 000	—
	230 116 573	**227 016 573**	**223 494 961**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
25 Distributable reserves					
Opening balance		**5 742 161 694**	**4 716 282 800**	**364 769 791**	**204 288 168**
Profit for the year		2 523 254 544	1 362 942 920	3 064 586 316	176 786 870
Dividends paid	**7.1**	(257 672 990)	(322 311 019)	(127 272 399)	(22 025 824)
Other transactions with owners in their capacity as owners		—	(14 753 007)	—	(1 761 937)
Realisation of the functional currency translation reserve		—	—	273 688 976	7 482 514
Closing balance		**8 007 743 248**	**5 742 161 694**	**3 575 772 684**	**364 769 791**

25.1 Nature and purpose of other eserves

Restructure Reserve

The restructure reserve is used to record restructure transactions, the most significant of which was the buyout of non-controlling interests in previous years.

Foreign Currency Translation Reserve

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

Share Based Payment Reserve

The reserve is in respect of Share Based payments, of which the 2016 Innscor Africa Limited Share Scheme is one such scheme.
Refer to **Note 24.3**.

Treasury Shares Reserve

This reserve records Innscor Africa Limited ordinary shares held by the holding company and its subsidiaries. The shares are recorded at the cost at which they were acquired. As at 30 June 2020 the Group held 1 818 912 (2019: 1 818 912) of its own shares.

Change in Functional Currency Reserve

The reserve was used to record the effect of change in functional currency within the Group's balance sheet in February 2019, when the Government of Zimbabwe promulgated a change in functional currency from ZWL as explained under **Note 2**. In the current year the reserve was released into distributable reserves.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
26 Non-controlling interests					
Opening balance		**2 760 647 398**	**2 438 891 422**	**276 161 650**	**105 641 812**
Effect of adoption of IFRS 9 Financial Instruments		—	(13 784 371)	—	(597 077)
Restated Balance at 30 June 2018		**2 760 647 398**	**2 425 107 051**	**276 161 650**	**105 044 735**
Profit for the year		1 113 178 909	478 389 963	1 351 997 111	62 051 802
Dividends paid	**7.2**	(171 667 956)	(176 678 759)	(97 032 092)	(12 215 008)
Other comprehensive income for the year		133 069 219	39 034 377	133 069 219	4 661 837
Other transactions with non-controlling interests		(96 527)	(5 205 234)	(96 527)	(621 656)
Transactions with cash consideration	**26.1**	229 123	6 552 265	101 525	453 378
Transactions with non-cash consideration		(325 650)	(11 757 500)	(198 052)	(1 075 034)
Effect of change in functional currency		—	—	—	117 239 940
Closing balance		**3 835 131 043**	**2 760 647 398**	**1 664 099 361**	**276 161 650**
26.1 Cash received from non-controlling interests					
Contributions were received from non-controlling interests in the following businesses.					
Natpak Alpha Packaging (Private) Limited		229 123	(1 380 493)	101 525	(95 522)
Prodairy (Private) Limited		—	7 211 598	—	499 000
Pangolin (Private) Limited		—	721 160	—	49 900
Contributions from non-controlling interests		**229 123**	**6 552 265**	**101 525**	**453 378**
27 Deferred Taxation					
27.1 Reconciliation					
Opening balance		**1 130 912 712**	**577 489 779**	**133 738 056**	**25 014 261**
Total charge to profit or loss	**12**	63 290 575	415 116 403	82 316 326	5 581 180
Monetary loss		96 204 622	—	—	—
Restructure of Innscor Appliances	**22.3**	—	(8 180 281)	—	(354 333)
Acquisition of subsidiaries	**22.4**	—	3 652 458	—	161 999
Effect of change of functional currency		—	—	—	103 840 883
Effects of IFRS 9 adoption		—	(4 234 667)	—	(505 934)
Other		(90 397)	147 069 020	(90 397)	—
Closing balance		**1 290 317 512**	**1 130 912 712**	**215 963 985**	**133 738 056**
27.2 Analysis of net deferred tax liabilities					
Accelerated depreciation for tax purposes		1 212 599 737	1 162 973 112	98 359 224	35 069 981
Fair value adjustments on biological assets		113 220 377	13 927 403	113 220 377	1 663 336
Unrealised exchange rate (gains)/losses		13 296 585	(26 698 825)	13 296 585	(3 188 615)
Allowance for credit losses		(3 562 679)	(8 485 577)	(3 562 679)	(2 356 800)
Deferred tax on share based payments reserve		—	(6 568 734)	—	(784 795)
Effects of IFRS 9 adoption		—	(4 234 667)	—	(505 934)
Effects of change in functional currency: PPE		—	—	—	103 840 883
Effects of change in tax rate		(45 236 508)	—	(5 349 522)	—
		1 290 317 512	**1 130 912 712**	**215 963 985**	**133 738 056**

As at 30 June 2020 and 2019, the Group did not have any unrecognised tax losses.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

			Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
28 Interest-bearing borrowings							
28.1 Interest-bearing borrowings							
	Rate of interest	Years repayable					
Long-term financing							
Secured							
Zimbabwe Operations	4.5 - 50%	2020-2021		43 644 147	66 988 582	43 644 147	8 000 380
Total long-term financing				**43 644 147**	**66 988 582**	**43 644 147**	**8 000 380**
Short-term financing							
Zimbabwe Operations	4.5 - 50%	up to 365 days		953 394 523	1 595 277 667	953 394 523	190 522 433
Overdraft - Zimbabwe Operations	4.5 - 50%	On demand		261 090 484	85 978 608	261 090 484	10 268 340
Total short-term financing				**1 214 485 007**	**1 681 256 275**	**1 214 485 007**	**200 790 773**
Total interest-bearing borrowings			**36.4**	**1 258 129 154**	**1 748 244 857**	**1 258 129 154**	**208 791 153**

As at 30 June 2020, the Board of Directors had authorised aggregate borrowing limits of ZWL7 billion (2019: ZWL3 billion)

Short-term borrowings expire at different dates during the year and are reviewed on maturity with the relevant financial institutions.

Debtors with a balance of ZWL852 714 105 have been pledged as security against some interest-bearing borrowings.

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
28.2 Interest-bearing borrowings - reconciliation					
The movements in interest bearing borrowings which are included in financing activities are as follows:					
Opening balance		**1 748 244 857**	**751 886 136**	**208 791 153**	**89 797 017**
Drawdowns		3 340 367 958	2 123 709 451	1 480 124 625	140 237 524
Repayments		(1 668 108 671)	(934 729 541)	(428 971 151)	(25 405 320)
Arising from acquisition of a subsidiary	**22.4**	—	60 755 366	—	2 694 708
Exchange movements		(1 815 473)	12 281 613	(1 815 473)	1 467 224
Monetary loss		(2 160 559 517)	(265 658 168)	—	—
Closing balance	**36.4 & 38**	**1 258 129 154**	**1 748 244 857**	**1 258 129 154**	**208 791 153**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
29	**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
		36.4	**3 477 471 268**	**2 287 989 412**	**3 477 471 268**	**273 252 311**

Trade payables are non-interest bearing and are normally settled within 7 to 90 days.

Other payables iinclude nterest bearing loans from transactions with Directors as explained on **note 35.3** and have varying settlement terms.

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
30	**Provisions**					
	Leave pay provision		**64 509 645**	**25 431 802**	**64 509 645**	**3 037 295**

INFLATION-ADJUSTED

		Note	Provision for leave pay ZWL	Provision for warranties ZWL	Total ZWL
30.1	**Reconciliation of provisions**				
	At 1 July 2018		**23 685 821**	**1 539 509**	**25 225 330**
	Charge for the year	**22.1**	11 370 871	—	11 370 871
	Acquisition of Probottlers	**22.4**	836 734	—	836 734
	Restructure of Innscor Appliances	**22.3**	(5 729 065)	(1 539 509)	(7 268 574)
	Less paid	**22.1**	(4 732 559)	—	(4 732 559)
	At 30 June 2019		**25 431 802**	**—**	**25 431 802**
	Charge for the year	**22.1**	142 742 423	—	142 742 423
	Less paid	**22.1**	(2 810 722)	—	(2 810 722)
	Monetary gain		(100 853 858)	—	(100 853 858)
	At 30 June 2020		**64 509 645**	**—**	**64 509 645**

HISTORICAL

	Note	Provision for leave pay ZWL	Provision for warranties ZWL	Total ZWL
At 1 July 2018		**2 338 353**	**183 862**	**2 522 215**
Charge for the year - audited	**22.1**	1 358 015	—	1 358 015
Acquisition of Probottlers	**22.4**	37 112	—	37 112
Restructure of innscor Appliances	**22.3**	(130 980)	(183 862)	(314 842)
Less paid	**22.1**	(565 205)	—	(565 205)
At 30 June 2019 - audited		**3 037 295**	**—**	**3 037 295**
Charge for the year	**22.1**	63 249 492	—	63 249 492
Less paid	**22.1**	(1 777 142)	—	(1 777 142)
At 30 June 2020 - unaudited		**64 509 645**	**—**	**64 509 645**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		INFLATION-ADJUSTED		HISTORICAL	
	Note	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
31 Current tax liabilities					
Opening balance		**257 820 440**	**18 019 575**	**30 791 240**	**780 527**
Current tax charged to profit or loss	**12.1**	832 576 394	428 101 203	832 576 392	51 127 703
Withholding tax charged to profit or loss	**12.1**	11 670 780	8 989 958	5 171 349	593 645
Acquisition of subsidiaries	**22.4**	—	1 483 290	—	65 789
Restructure of subsidiary	**22.3**	—	(14 486 037)	—	(627 470)
Taxes paid		(589 772 387)	(322 491 958)	(261 329 484)	(21 295 509)
Other		1 199 957	1 227 131	1 199 959	146 555
Monetary loss		94 914 272	136 977 278	—	—
Closing balance		**608 409 456**	**257 820 440**	**608 409 456**	**30 791 240**

31.1 Pending tax matters

As reported in the prior year, the Zimbabwe Revenue Authority ("ZIMRA") has raised tax assessments of ZWL828 075 in respect of Innscor Bread Company (Private) Limited ("IB") based on disallowing expenditure on canteen meals provided to staff and management fees services provided by Innscor Africa Limited. The matter is still with the Courts to determine ZIMRA's claim which includes interest and penalties of ZWL803 260. The Board has sought legal advice and is of the view that the Group acted within the confines of the existing statutes. No provision has been made in the Group financial statements pending the resolution of the matter.

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
32 Capital expenditure commitments				
Authorised and contracted	1 047 971 489	408 776 016	1 047 971 489	48 819 715
Authorised but not yet 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 will be financed from the Group's own resources and from existing borrowing facilities if need be.

33 Segmental analysis

Management determined the Group's operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently and are in accordance with what has been reported in the consolidated inflation-adjusted financial statements in respect of the segments listed below.

Business Segments

The Group's operations comprise of Mill-Bake, Protein, Other Light Manufacturing and Services and the Head Office Services.

Significant Customers

The Group does not have any significant customers to which it sells more than 10% of its total revenue.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

33 Segmental analysis (continued)

Mill-Bake

This segment reports the Group's interests in National Foods Holdings Limited, the Bakeries Division and the non-controlling interest in Profeeds (Private) Limited.

National Foods Holdings Limited is involved in the milling of flour and maize, the manufacture of stockfeeds, soft snacks, and downpacking of grocery products, as well as ownership and rental of properties.

The Group's Bakery Division operates bread lines in Harare and Bulawayo. The bread is distributed across the country through Bakers Inn Logistics (Private) Limited, an associate company of the Group.

Profeeds (Private) Limited is involved in the manufacture of stock feeds and the retail of day-old chicks, stockfeeds and farming accessories. The manufacturing plant is housed on land and buildings owned by Produtrade (Private) Limited, an associate of the Group.

Protein

This segment reports the Group's interests in the Colcom Division, Irvine's Zimbabwe (Private) Limited, Associated Meat Packers (Private) Limited, ("AMP") and Intercane Investments (Private) Limited.

Irvine's Zimbabwe (Private) Limited is involved in the production of frozen chicken, chicken feeds,table eggs and day-old chicks.

Colcom is involved in the production, processing and marketing of pork and related food products.

AMP is involved in feed lotting and slaughter of cattle, retailing and wholesaling of beef and beef products whilst Intercane is involved in the retail of poultry products.

Other Light Manufacturing and Services

The main operations in this reporting segment are the Group's controlling interests in Natpak (Private) Limited, Probottlers (Private) Limited, Pangolin Investments (Private) Limited and Prodairy (Private) Limited and associated interests in Probrands (Private) Limited, Innscor Appliance Manufacturing (Private) Limited t/a Capri, Paperhole (Private) Limited and Afrigrain (Private) Limited.

Natpak (Private) Limited produces a variety of bags for packaging such as open mouth bags general purpose bags, carrier bags, corrugated packaging and BOPP bags.

Prodairy (Private) Limited is involved in manufacture and sale of dairy based products which include fresh milk and dairy juice products.

Probottlers (Private) Limited is involved in manufacture and sale of carbonated soft drinks and cordials.

Probrands (Private) Limited is involved in the down-packing and manufacture of a number of grocery products such as rice, sugar, small grains, candles.

Capri manufactures and retails household goods and appliances.

Head Office Services

This segment reports the Group's shared services functions namely treasury, legal, information technology, company secretarial services and human capital and wellness. The segment also includes the remaining SPAR Zimbabwe operations balances which are being collected and settled as part of ongoing Head Office Services activities.

Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe (**Note 17.1**).

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing ZWL	Head Office Services ZWL	Inter-segment Adjustments ZWL	Total Continuing Operations ZWL
33 Segmental analysis (continued)							
INFLATION-ADJUSTED - AUDITED							
Revenue							
30 June 2020	**8.2**	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	**8.2**	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
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
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)
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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

33 Segmental analysis (continued)

HISTORICAL*

	Note	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing ZWL	Head Office Services ZWL	Inter-segment Adjustments ZWL	Total Continuing Operations ZWL
Revenue							
30 June 2020	8.2	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	8.2	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	(4971 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
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
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)
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

*30 June 2020 historical figures have not been audited.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Revenue ZWL	Profit before tax ZWL	Total assets ZWL	Total liabilities ZWL
33 Segmental analysis (continued)				
33.1 Geographical segments				
INFLATION-ADJUSTED - AUDITED				
Zimbabwe Operations				
30 June 2020	23 938 405 204	4 355 142 298	16 793 900 990	6 488 483 989
30 June 2019	19 343 666 557	2 573 101 494	1 3567 758 067	52 77 288 516
Regional Operations				
30 June 2020	—	188 828 904	4 236 374 752	275 406 577
30 June 2019	—	120 438 953	1 466 384 562	173 110 707
HISTORICAL				
Zimbabwe Operations				
30 June 2020	11 159 426 972	5 114 878 197	10 390 802 610	5 457 875 112
30 June 2019	1 285 539 382	296 106 586	1 686 403 146	649 324 001
Regional Operations				
30 June 2020	—	221 769 297	2 621 150 015	231 661 927
30 June 2019	—	13 859 837	182 264 124	21 299 752

34 Pension funds

National Social Security Authority Scheme (NSSA)

The scheme was established, and is administered, in terms of Statutory Instrument 393 of 1993. The Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and limited to specific contributions legislated from time to time. With effect from 1 January 2020 the effective contribution rate was reviewed to 9% from 7% of pensionable emoluments and the maximum pensionable salary was revised to ZWL5 000 from ZWL700.

Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 2000. Membership is compulsory for employees of the Group who are not members of other occupational pension funds. Contributions are at the rate of 14% of pensionable emoluments after NSSA and members pay 7% and the employer 7%.

National Foods Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees of National Foods Limited and Natpak (Private) Limited. Contributions are at the rate of 17.5% of pensionable emoluments of which members pay 7% after NSSA.

Colcom Pension Fund

This is a self administered, defined contribution fund, where all permanent employees are eligible to become members. Contributions are at the rate of 22.5% of pensionable emoluments less NSSA contributions of which members contribute 7.5% for all those who joined the fund prior to 1 June 2012. Contributions for new entrants after 1 June 2012 are at the rate of 15% with members contributing 7.5%. As a result of Colcom Foods Limited divisionalisation, with effect from 1 January 2019, the Colcom Pension Fund was merged with Innscor Africa Limited Pension Fund, effective 1 July 2019, resulting in employees joining Colcom from this date assuming the benefit detailed under the Innscor Africa Limited Pension Fund whilst those employees on the Colcom Pension Fund at 30 June 2019, retaining the benefits and contributions under the Colcom Pension Fund.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
34 Pension funds (continued)				
Pension costs recognised as an expense for the year:				
Innscor Africa Limited Pension Fund	10 792 712	25 312 445	4 782 275	1 671 488
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	4 982 603	20 297 766	2 207 803	1 340 347
National Foods Pension Fund	4 818 854	14 181 512	2 135 245	936 465
Colcom Pension Fund	4 694 521	11 720 160	2 080 153	773 932
	25 288 690	**71 511 883**	**11 205 476**	**4 722 232**

35 Related party transactions

35.1 Trading transactions

Related party activities consist of transactions between Innscor Africa Limited's subsidiaries and its associates.

The table below shows transactions and balances from the perspective of the related party summarised as follows:

	Sales ZWL	Purchases ZWL	Rent received/ (paid) ZWL	Interest (received)/ paid ZWL	Trade & other accounts receivables ZWL	Trade & other accounts payables ZWL
INFLATION-ADJUSTED - AUDITED						
Name of related party						
Profeeds (Private) Limited						
30 June 2020	196 966 830	(72 252 449)	74 475	—	29 846 577	(140 848)
30 June 2019	297 164 836	(23 413 880)	545 172	—	7 176 450	(50 507)
Paperhole Investments (Private) Limited						
30 June 2020	—	(194 252 039)	—	47 508	3 537 306	(352 185 801)
30 June 2019	—	(398 647 055)	—	636 244	13 341 161	(98 063 477)
Probrands (Private) Limited						
30 June 2020	80 118 549	(143 055)	—	—	990	—
30 June 2019	—	(612 107)	—	—	3 723	—
Afrigrain Trading Limited						
30 June 2020	—	(4 195 737 801)	—	—	83 326	(318 014 504)
30 June 2019	—	(67 918 185)	—	—	—	(21 342 199)
National Foods Logistics (Private) Limited						
30 June 2020	—	(510 356 958)	—	—	—	(13 520 205)
30 June 2019	—	(358 504 507)	—	—	—	(7 348 097)
Bakers Inn Logistics (Private) Limited						
30 June 2020	—	(440 260 904)	(755 288)	—	—	(38 711 771)
30 June 2019	—	(339 098 936)	(1 153 402)	(272 374)	—	(54 557 381)
Pure Oil Industries (Private) Limited						
30 June 2020	—	(71 036 859)	—	—	29 734 761	—
30 June 2019	—	(204 107 180)	—	—	61 389 875	—

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

35 Related party transactions (continued)

35.1 Trading transactions (continued)

	Sales ZWL	Purchases ZWL	Rent received/ (paid) ZWL	Interest (received)/ paid ZWL	Trade & other accounts receivables ZWL	Trade & other accounts payables ZWL
HISTORICAL*						
Name of related party						
Profeeds (Private) Limited						
30 June 2020	87 276 450	(32 015 224)	33 000	—	29 846 577	(140 848)
30 June 2019	19 623 052	(1 546 118)	36 000	—	857 076	(6 032)
Paperhole Investments (Private) Limited						
30 June 2020	—	(86 073 520)	—	21 051	3 537 306	(352 185 801)
30 June 2019	—	(26 324 352)	—	42 014	1 593 322	(11 711 624)
Probrands (Private) Limited						
30 June 2020	35 500 711	(63 388)	—	—	990	—
30 June 2019	—	(40 420)	—	—	445	—
Afrigrain Trading Limited						
30 June 2020	—	(1 859 140 949)	—	—	83 326	(318 014 504)
30 June 2019	—	(4 484 925)	—	—	—	(2 548 878)
National Foods Logistics (Private) Limited						
30 June 2020	—	(226 140 327)	—	—	—	(13 520 205)
30 June 2019	—	(23 673 570)	—	—	—	(877 576)
Bakers Inn Logistics (Private) Limited						
30 June 2020	—	(195 080 607)	(334 670)	—	—	(38 711 771)
30 June 2019	—	(22 392 138)	(76 164)	(17 986)	—	(6 515 734)
Pure Oil Industries (Private) Limited						
30 June 2020	—	(31 476 594)	—	—	29 734 761	—
30 June 2019	—	(13 478 061)	—	—	7 331 732	—

*30 June 2020 historical figures have not been audited.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	INFLATION-ADJUSTED 2020 ZWL	INFLATION-ADJUSTED 2019 ZWL	HISTORICAL 2020 ZWL	HISTORICAL 2019 ZWL
35 Related party transactions (continued)					
35.2 Compensation of key personnel to the Group					
Short-term employee benefits	**10.2**	822 009 475	352 914 013	364 234 265	23 304 406
Fees for other services paid directly or indirectly to non-independent, non-executive directors		171 386 282	62 882 869	75 941 651	4 152 422
Total		**993 395 757**	**415 796 882**	**440 175 916**	**27 456 828**
35.3 Transactions with Directors					
From time to time the Group receives loans at arms length terms from Directors and/or entities where Directors have a direct or beneficial interest. The loans are short-term and bear interest at the Group's average borrowing rate of 34.05% as at 30 June 2020 (2019: 8.91%).					
Loans from Director related entities		21 301 063	64 838 686	21 301 063	7 743 620
35.4 Other Related Party Balances					
Other related party balances as at 30 June 2020 are as follows:					
Amount payable to:					
Innscor Africa Limited Employee Share Trust (Pvt) Ltd		2 481 080	17 541 241	2 481 080	2 094 933

The amounts shown above are long-term in nature and interest accrues above the Group's average borrowing rate of 34.05% as at 30 June 2020 (2019: 8.91%).

36 Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing borrowings, overdrafts, financial assets, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short-term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables which arise directly from its operations.

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

36.1 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to variable short-term overdraft rates. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

36 Financial risk management objectives and policies (continued)

36.1 Interest rate risk (continued)

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

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	30 JUNE 2019 audited ZWL	30 JUNE 2020 unaudited ZWL	30 JUNE 2019 audited ZWL
Effect on profit before tax				
Increase of 3%	(7 832 715)	(67 825 768)	(7 832 715)	(4 478 823)
Decrease of 3%	7 832 715	67 825 768	7 832 715	4 478 823

36.2 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 imports, 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 foreign currency exposure on assets is in relation to foreign debtors whereas liabilities exposure is on foreign loans and foreign denominated payables.

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

30 June 2020	Liabilities ZWL Equivalent	Assets ZWL Equivalent	Net position ZWL Equivalent
Currency			
South African Rand	(95 803 172)	194 760 941	98 957 769
Great Britain Pound	—	279 043	279 043
Botswana Pula	(2 289 199)	—	(2 289 199)
Euro	(19 638 935)	—	(19 638 935)
USD	(348 369 393)	1 323 784 911	975 415 518
30 June 2019			
Currency			
South African Rand	(621 933 780)	60 748 543	(561 185 237)
Great Britain Pound	—	25 931	25 931
Botswana Pula	(3 511 971)	4 258 098	746 127
Euro	(6 024 734)	6 095	(6 018 639)
USD	(63 822 916)	266 327 848	202 504 932

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

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

36 Financial risk management objectives and policies (continued)

36.2 Foreign currency risk (continued)

	INFLATION-ADJUSTED		
30 June 2020	**Change in rate**	**Effect on profit before tax ZWL**	**Effect on equity ZWL**
South African Rand	+10%	5 376 877	14 373 037
	-10%	(6 571 738)	(17 567 046)
Great Britain Pound	+10%	23 912	49 279
	-10%	(29 225)	(60 230)
Botswana Pula	+10%	(172 043)	(380 152)
	-10%	210 275	464 631
Euro	+10%	(1 973 678)	(3 759 036)
	-10%	2 412 273	4 594 378
USD	+10%	78 968 128	177 745 375
	-10%	(96 516 601)	(217 244 347)
30 June 2019			
South African Rand	+10%	(38 682 730)	(78 388 380)
	-10%	47 476 163	96 005 299
Great Britain Pound	+10%	11 703	47 782
	-10%	(19 061)	(63 164)
Botswana Pula	+10%	64 406	142 770
	-10%	(81 438)	(177 214)
Euro	+10%	(7 392 256)	(15 061 408)
	-10%	9 089 178	18 462 594
USD	+10%	216 568 631	441 262 628
	-10%	(266 288 209)	(540 914 199)

36.3 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 managed within acceptable levels. For transactions that are not denominated in the functional currency of the relevant operating unit, credit terms are specified contractually within the regulations laid down by the Reserve Bank of Zimbabwe.

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.

Where it sees fit, the Group can from time to time ask for collateral security from debtors. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be bank guarantees, holding company guarantee, properties, listed shares or other assets.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and held for trading financial assets, the Group's Finance and Investment Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

36 Financial risk management objectives and policies (continued)

36.3 Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are granted short term credit terms.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

30 June 2020	Note	<30 days ZWL	30-90 days ZWL	>91 days ZWL	Total ZWL
Estimated total gross carrying amount	21	1 014 413 580	199 887 365	48 129 421	1 262 430 366
Expected credit loss	21.2	25 685 077	2 028 510	12 383 624	40 097 211
Expected credit loss rate		2.53%	1.01%	5.73%	3.17%

The maximum exposure arising from default equals the carrying amount.

36.4 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings.

The table below summarises the maturity profile of the Group's financial assets and liabilities (the maturity profile for interest bearing borrowings is stated at face value).

30 June 2020	Note	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
INFLATION-ADJUSTED - AUDITED					
Liabilities					
Interest-bearing borrowings	28.1	(465 873 519)	(748 611 488)	(43 644 147)	(1 258 129 154)
Lease liabilities	14.3	(8 431 540)	(25 294 620)	(105 589 589)	(139 315 749)
Trade and other payables	29	(3 474 578 364)	(2 892 904)	—	(3 477 471 268)
Total		**(3 948 883 423)**	**(776 799 012)**	**(149 233 736)**	**(4 874 916 171)**
Assets					
Cash and cash equivalents	22.5	2 125 956 196	—	—	2 125 956 196
Trade and other receivables excluding prepayments	21	1 673 232 240	154 482	617 928	1 674 004 650
Financial assets	18	—	—	1 217 356 505	1 217 356 505
Total		**3 799 188 436**	**154 482**	**1 217 974 433**	**5 017 317 351**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

	Note	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
36 Financial risk management objectives and policies (continued)					
36.4 Liquidity risk (continued)					
30 June 2019					
INFLATION-ADJUSTED - AUDITED					
Liabilities					
Interest-bearing borrowings	28.1	(232 372 711)	(1 448 883 536)	(66 988 580)	(1 748 244 857)
Trade and other payables	29	(2 042 303 835)	(245 685 577)	—	(2 287 989 412)
Total		**(2 274 676 546)**	**(1 694 569 113)**	**(66 988 580)**	**(4 036 234 269)**
Assets					
Cash and cash equivalents	22.5	314 506 775	908 865 834	—	1 223 372 609
Trade and other receivables excluding prepayments	21	1 243 341 331	61 761 655	5 174 019	1 310 277 009
Financial assets	18	—	—	640 648 154	640 648 154
Total		**1 557 848 106**	**970 627 489**	**645 822 173**	**3 174 297 772**
HISTORICAL					
30 June 2020 - unaudited					
Liabilities					
Interest-bearing borrowings	28.1	(465 873 519)	(748 611 488)	(43 644 147)	(1 258 129 154)
Lease Liabilities	14.3	(8 431 540)	(25 294 620)	(105 589 589)	(139 315 749)
Trade and other payables	29	(3 474 578 364)	(2 892 904)	—	(3 477 471 268)
Total		**(3 948 883 423)**	**(776 799 012)**	**(149 233 736)**	**(4 874 916 171)**
Assets					
Cash and cash equivalents	22.5	2 125 956 196	—	—	2 125 956 196
Trade and other receivables excluding prepayments	21	1 673 232 240	154 482	617 928	1 674 004 650
Financial assets	18	—	—	1 217 356 505	1 217 356 505
Total		**3 799 188 436**	**154 482**	**1 217 974 433**	**5 017 317 351**
30 June 2019 - audited					
Liabilities					
Interest-bearing borrowings	28.1	(27 752 043)	(173 038 730)	(8 000 380)	(208 791 153)
Trade and other payables	29	(243 910 326)	(29 341 985)	—	(273 252 311)
Total		**(271 662 369)**	**(202 380 715)**	**(8 000 380)**	**(482 043 464)**
Assets					
Cash and cash equivalents	22.5	37 561 233	108 544 947	—	146 106 180
Trade and other receivables excluding prepayments	21	148 491 025	7 376 133	617 928	156 485 086
Financial assets	18	—	—	74 515 475	74 515 475
Total		**186 052 258**	**115 921 080**	**75 133 403**	**377 106 741**

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

36 Financial risk management objectives and policies (continued)

36.5 Commodity price risk

As with any other entity operating in Zimbabwe, the Group is continuously exposed to commodity price risks resulting from hyperinflation. The Board and management have put in place strategies and policies to address this risk on a day-to-day basis.

36.6 Equity price risk

The Group is exposed to movement in fair value of quoted equities. Investments in quoted equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk. The carrying value of such quoted equities at reporting date was not material.

The Group's Finance and Investment Committee is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This Committee monitors the performance of the current investment portfolio and reports to the Board of Directors.

The following table demonstrates the sensitivity to a reasonably possible change in the share price of quoted investments.

	INFLATION-ADJUSTED		HISTORICAL	
	30 JUNE 2020 audited ZWL	**30 JUNE 2019 audited ZWL**	**30 JUNE 2020 unaudited ZWL**	**30 JUNE 2019 audited ZWL**
Effect on period profit before tax				
Increase of 3%	22 918 569	15 896 925	22 918 569	2 049 710
Decrease of 3%	(22 918 569)	(15 896 925)	(22 918 569)	(2 049 710)
Effect on equity				
Increase of 3%	17 253 098	11 803 467	17 253 098	1 521 910
Decrease of 3%	(17 253 098)	(11 803 467)	15 896 925	(1 521 910)

37 Fair value of financial instruments

The estimated net fair values of all financial instruments, approximate the carrying amounts shown in the financial statements.

38 Capital management

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

The Group manages its capital (total equity) and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objective, policies or processes during the years ended 30 June 2020 and 30 June 2019. The Group manages capital using gross gearing and net gearing ratios. The gross gearing ratio is calculated as total borrowings divided by the total of borrowings and total shareholders equity. The net gearing ratio adjusts the borrowings in this formula for cash and cash equivalents.

Notes to the Financial Statements (continued)

for the year ended 30 June 2020

		Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
38	**Capital management** (continued)					
	Total Borrowings	**28.1**	1 258 129 154	1 748 244 857	1 258 129 154	208 791 153
	Total Equity		14 266 385 176	9 583 743 406	7 322 415 586	1 039 076 817
	Total Cash and Cash Equivalents	**22.5**	2 125 956 196	1 223 372 609	2 125 956 196	146 106 180
	Gross Debt - Equity ratio		9%	18%	17%	20%
	Net Debt - Equity ratio		(6%)	5%	(12%)	6%
39	**Contingent liabilities**					
	Guarantees		910 475 000	1 269 118 187	910 475 000	151 569 529

The contingent liabilities relate to bank guarantees provided in respect of Innscor related companies as at 30 June 2020. Of the total guarantees ZWL625 700 000 (2019: ZWL 141 000 000) relates to associate companies.

40 Events after reporting date

40.1 Final Dividend Declaration

The Board is pleased to declare a final dividend of ZWL100 cents per share payable in respect of all ordinary shares of the Company. The dividend is in respect of the financial year ended 30 June 2020 and will be payable in full to all the shareholders of the Company registered at the close of business on Friday 11 September 2020. The payment of this dividend will take place on or about 30 October 2020. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 13 October 2020 and ex-dividend as from the 14 October 2020.

On the same date, the Board also declared a final dividend totalling ZWL28 200 000 to Innscor Africa Employee Share Trust (Private) Limited.

Company Statement of Financial Position

as at 30 June 2020

	Note	INFLATION-ADJUSTED 30 JUNE 2020 audited ZWL	INFLATION-ADJUSTED 30 JUNE 2019 audited ZWL	HISTORICAL 30 JUNE 2020 unaudited ZWL	HISTORICAL 30 JUNE 2019 audited ZWL
ASSETS					
Non-current assets					
property, plant and equipment		1 973 407 895	1 511 179 137	238 420 507	205 161 732
right-of-use assets		62 613 877	—	7 477 896	—
investments in subsidiaries and associates		2 405 698 310	2 409 004 378	114 192 363	104 672 790
loans to related parties		84 174 192	263 511 495	84 174 191	31 470 823
other financial assets		850 728 387	623 986 499	813 485 112	72 875 380
biological assets		104 377 959	78 052 619	104 377 959	9 321 747
		5 481 000 620	**4 885 734 128**	**1 362 128 028**	**423 502 472**
Current assets					
biological assets		311 528 451	103 465 589	311 528 451	12 356 756
inventories		678 948 531	555 690 504	582 184 310	47 481 122
trade and other receivables		578 989 282	594 173 674	578 989 282	70 961 362
cash and cash equivalents		399 861 537	212 796 496	399 861 537	25 413 999
		1 969 327 801	**1 466 126 263**	**1 872 563 580**	**156 213 239**
Total assets		**7 450 328 421**	**6 351 860 391**	**3 234 691 608**	**579 715 711**
EQUITY AND LIABILITIES					
Capital and reserves					
ordinary share capital	**24.2**	129 353 102	129 220 797	5 647 764	5 597 264
class "A" ordinary share capital	**24.2**	231	231	10	10
share premium	**24.2**	417 875 330	411 204 539	20 357 742	17 811 532
other reserves		6 885 851	24 356 519	2 390 827	151 268 873
distributable reserves		5 025 378 160	4 239 500 470	1 680 089 689	228 778 399
Total equity		**5 579 492 674**	**4 804 282 556**	**1 708 486 032**	**403 456 078**
Non-current liabilities					
deferred taxation		428 950 682	292 627 060	84 320 511	26 236 794
lease liability		1 162 448	—	1 162 448	—
interest-bearing borrowings		43 525 519	149 950 922	43 525 519	18 054 195
		473 638 649	**442 577 982**	**129 008 478**	**44 290 989**
Current liabilities					
lease liability		7 091 170	—	7 091 170	—
interest-bearing borrowings		473 984 120	632 841 214	473 984 120	75 579 374
trade and other payables		747 300 461	426 207 484	747 300 461	50 901 386
provisions		29 364 423	12 282 890	29 364 423	1 466 929
current taxation		139 456 924	33 668 265	139 456 924	4 020 955
		1 397 197 098	**1 104 999 853**	**1 397 197 098**	**131 968 644**
Total liabilities		**1 870 835 747**	**1 547 577 835**	**1 526 205 576**	**176 259 633**
Total equity and liabilities		**7 450 328 421**	**6 351 860 391**	**3 234 691 608**	**579 715 711**

A B C CHINAKE
Chairman
Harare
11 September 2020

G GWAINDA
Executive Director

Glossary of Terms

- **Business Theme** – Subject of business action.
- **Core Option** – Represents the essential elements of a sustainability report prepared according to GRI Standards.
- **GRI Standards** – New formulated sustainability reporting standards effective 1 July 2018.
- **Global Reporting Initiatives** – The organisation responsible for developing standards for sustainability reporting.
- **Government** – Goverment of the Republic of Zimbabwe.
- **GRI** – Global Reporting Initiatives.
- **GRI Standards** – New set of reporting standards effective 1 July 2018.
- **IFRS** – International Financial Reporting Standards.
- **Inclusivity** – taking into account material concerns of stakeholders.
- **Operations** – strategic business units of Innscor Africa Limited.
- **Proxy** – person appointed to act on behalf of a shareholder or rights holder.
- **Responsiveness** – taking action or response to material issues raised by stakeholders.
- **SDGs** – United Nations supported Sustainable Development Goals.
- **Shareholder** – A holder of equity in the company or Group.
- **Stakeholders** – Persons whom we can impact or who can impact of us.
- **Sustainability Reporting** – The practices of measuring, disclosing and being accountable to internal and external stakeholders for organisation performance while working towards the goal of sustainable development.
- **Sustainability Report** – A report that provides a balanced and reasonable representation of the sustainability performance of the reporting organisation, including both positive and negative contributions.
- **Sustainable Business Practices** – Business practices that have taken into account environmental and social issues in all processes and decision making of the Company.
- **Sustainable Development** – Ability to meet current human need or benefits without compromising the ability of future generation to meet their own need or enjoy same benefits.
- **The Group** – Innscor Africa Limited divisions, subsidiaries and associates units.
- **ZIMCODE** – The National Code on Corporate Governance Zimbabwe.

GRI Content Index - 'CORE'

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	**ORGANISATIONAL PROFILE**			
	102-1	Name of the organisation	Front Cover	
	102-2	Activities, brands, products, and services	8-9	
	102-3	Location of headquarters	150; 201	
	102-4	Location of operations	4	
	102-5	Ownership and legal form	101; 149-150; 198	
	102-6	Markets served	178	
	102-7	Scale of the organisation	4; 178	
	102-8	Information on employees and other workers	63-75	
	102-9	Supply chain	58	
	102-10	Significant changes to the organisation and its supply chain	17; 20	
	102-11	Precautionary Principle or approach	13; 48	
	102-12	External initiatives	24-39; 76; 79-82	
	102-13	Membership of associations	83	
	STRATEGY			
	102-14	Statement from senior decision-maker	14	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behavior	Cover	
	GOVERNANCE			
	102-18	Governance structure	40-43	
	102-25	Conflicts of interest	41	
	102-29	Identifying and managing economic, environmental, and social impacts	53	
	102-31	Review of economic, environmental, and social topics	53	
	102-32	Highest governance body's role in sustainability reporting	53	
	102-33	Communicating critical concerns	41	
	102-35	Remuneration policies	41	
	102-36	Process for determining remuneration	41	

GRI Content Index - 'CORE' (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
GRI 101: Foundation 2016				
General Disclosures				
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	54-55	
	102-42	Identifying and selecting stakeholders	54-55	
	102-43	Approach to stakeholder engagement	54-55	
	102-44	Key topics and concerns raised	55-57	
	REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements	4; 149-150	
	102-46	Defining report content and topic Boundaries	52-53	
GRI 102: General Disclosures 2016	102-47	List of material topics	53	
	102-48	Restatements of information	Back of Front Cover	
	102-49	Changes in reporting	No Changes	
	102-50	Reporting period	53	
	102-51	Date of most recent report	2019	
	102-52	Reporting cycle	55	
	102-53	Contact point for questions regarding the report	Back of Front Cover	
	102-54	Claims of reporting in accordance with the GRI Standards	Back of Front Cover	
	102-55	GRI content index	193-197	
	102-56	External assurance	51	

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
Material Topics				
200 series (Economic topics)				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	77	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	78	
	201-3	Defined benefit plan obligations and other retirement plans	77	

GRI Content Index - 'CORE' (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
Material Topics				
200 series (Economic topics)				
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	79	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	80-82	
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	58	
300 series (Environmental topics)				
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	59	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	59	
	301-2	Recycled input materials used	59	
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	60	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	60	
	302-2	Energy consumption outside of the organisation	60	
Water				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	61	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	61	
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	62	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	62	

GRI Content Index - 'CORE' (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
Material Topics				
300 series (Environmental topics)				
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	62	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	62	
	305-2	Energy indirect (Scope 2) GHG emissions	62	
Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	59	
	306-2	Waste by type and disposal method	59	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
400 series (Social topics)				
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	63	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	63	
Labour/Management Relations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	64	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	64	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	64	

GRI Content Index - 'CORE' (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Omission Explanation
Material Topics				
400 series (Social topics)				
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	75	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	75	
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	75	
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	75	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	79	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	6; 21-22; 24-39; 80-82	
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	75	
Marketing and Labelling				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	
	103-2	The management approach and its components	75	
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labeling	75	
Socio-economic Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	52-53	

Shareholders' Analysis

INNSCOR AFRICA LIMITED: ANALYSIS BY VOLUME AS AT: 30-June-2

Size of Shareholding	Shares	Shares %	Shareholders	Shareholders %
1-5000	3 611 519	0.64	5 183	82.65
5001-10000	2 015 393	0.36	273	4.35
10001-25000	3 884 902	0.69	240	3.83
25001-50000	5 008 271	0.89	141	2.25
50001-100000	9 673 855	1.71	138	2.20
100001-200000	13 955 975	2.47	94	1.50
200001-500000	27 979 526	4.95	90	1.44
500001-1000000	28 702 641	5.08	42	0.67
1000001 and Above	469 944 368	83.21	70	1.12
Totals	**564 776 450**	**100.00**	**6 271**	**100.00**

INNSCOR AFRICA LIMITED: ANALYSIS BY INDUSTRY AS AT: 30-June-2020

Trade Classification	Shares	Shares%	Shareholders	Shareholders%
Local Companies	292 559 438	51.80	782	12.47
Pension Funds	98 356 258	17.42	353	5.63
Non-Residents	91 096 186	16.13	172	2.74
Insurance Companies	40 517 225	7.17	48	0.77
Private Individuals	22 098 032	3.91	4 282	68.28
Local Nominees	14 259 379	2.52	118	1.88
Trusts	3 157 215	0.56	288	4.59
Charitable	1 195 405	0.21	88	1.40
Other	1 537 312	0.27	140	2.23
Totals	**564 776 450**	**100.00**	**6 271**	**100.00**

INNSCOR AFRICA LIMITED TOP 20: SCHEDULE AS AT: 30-June-2020

Top Ten Shareholders	Shares	Percentage
Z.M.D Investments (Private) Limited	106 645 965	18.88
Stanbic Nominees (Private) Limited	100 768 249	17.84
H M Barbour (Private) Limite	100 024 000	17.71
Old Mutual Life Assurance Co Zim Limited	36 735 913	6.50
Sarcor Investments (Private) Limited	22 484 058	3.98
Standard Chartered Bank Nominees	13 908 761	2.46
Pharaoh Limited	13 897 368	2.46
Mining Industry Pension Fund	8 271 217	1.46
Music Ventures (Private) Limited	7 465 382	1.32
General Electronics (Private) Limited	7 059 042	1.25
Selected Shares	**417 259 955**	**73.88**
Non - Selected Shares	**147 516 495**	**26.12**
Issued Shares	**564 776 450**	**100.00**

Notice to Members

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Tuesday 1 December 2020 at 08h15, for the purpose of transacting the following business:-

Ordinary Business

1. To receive, consider and adopt the audited financial statements for the financial year ended 30 June 2020 together with the reports of the Directors and Auditors thereon.

2. To re-elect the following Director, Mr M. J. Fowler, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election:-

   Mr Fowler is a founder shareholder of Innscor and has held a number of managerial positions within the Group including a period during which he served as Group Chief Executive Officer.

3. To re-elect the following Director, Mr G. Gwainda, who retires by rotation in terms of the Articles of Association of the Company, and being eligible, offers himself for re-election: -

   Mr Gwainda is a Zimbabwean born chartered accountant with more than twenty years of accounting and financial experience in the accounting profession and the business sector in Zimbabwe. On 1 January 2015 Mr Gwainda was appointed as the Finance Director for the Innscor Group.

4. To approve the appointment of Mrs D. K. Shinya as a new independent Non-Executive Director with effect from 1 January 2021:-

   Mrs Shinya is a Chartered Accountant by profession and is the current President of the Institute of Chartered Accountants Zimbabwe (ICAZ) and has been a member of the Institute since 2006. Among her most recent qualifications, she holds a Masters in Business Leadership from the UNISA Graduate School of Business Leadership. Mrs Shinya has a wealth of leadership experience earned over 20 years in various sectors including FMCG, Financial Advisory, Financial services with companies such as Schweppes Holdings Africa Limited, PricewaterhouseCoopers, Imara Capital, Amalgamated Brands and Medical Investments Limited. She is currently the Chief Finance Officer of Zimbabwe Investment and Development Agency (ZIDA) and she has served on various boards including Schweppes Zimbabwe Limited, Old Mutual Zimbabwe Limited, Zimbabwe National Water Authority (ZINWA) and more recently Zimbabwe International Trade Fair (ZITF).

5. To approve Directors' fees for the financial year ended 30 June 2020.

6. To approve the remuneration of the outgoing Auditors, Messrs Ernst & Young, for the past audit.

7. To appoint Messrs Deloitte & Touche as the Auditors of the Company until the conclusion of the next Annual General Meeting.

   (Note: *As Messrs Ernst & Young have served as Auditors of the Company for more than 10 years, it is proposed that they be replaced by Messrs Deloitte & Touche in terms of Section 191 (11) of the Companies and Other Business Entities Act (Chapter 24:31) and by Section 69 (6) of the ZSE Listing Requirements (SI 134/2019).*

8. To confirm the final dividend of 100 ZWL cents per share declared on 11 September 2020 together with a dividend payment of ZWL28.2 million to Innscor Africa Employee Share Trust (Private) Limited, and to confirm the interim dividend of 13.73 ZWL cents per share declared on 27 February 2020 together with a dividend payment of ZWL3.878 million to Innscor Africa Employee Share Trust (Private) Limited.

Special Business

9. Share Buy-Back

To consider and, if deemed fit, to pass with or without modification, the following special resolution: "That the Company authorises in advance, in terms of Section 129 of the Companies and Other Business Entities Act (Chapter 24:31) 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 maximum and minimum prices, respectively, 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 at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and

iv) a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition; and

Notice to Members (continued)

Special Business (continued)

9. Share Buy-Back (continued)

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 special resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital).*

10. Loans to Executive Directors

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

11. Adoption and Substitution of a New Memorandum and Articles of Association for the Company

To resolve as a special resolution, the adoption and substitution of a new Memorandum and Articles of Association for the Company compliant with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the new ZSE Listing Requirements (SI 134/2019).

Any Other Business

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

Proxies

Members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the Company.

Proxy forms must reach the Company's registered office not less than 48 hours before the meeting.

The Innscor Africa Limited Annual Report for 2020 and the Proxy Form are available for download at http://www.innscorafrica.com/investor/financial-reporting/

Covid-19 Measures

Due to the public health measures adopted by Government to combat the spread of the Covid-19 virus, all requisite steps will be taken to protect the health and safety of shareholders and attendees at the Annual General meeting, including the following:-

i. Entry to the venue will be restricted to the number permissible by law, and seating will be arranged appropriately.
ii. Registration will commence 30 minutes before the meeting starts, and shareholders are encouraged to register early to avoid congestion at the registration desk.
iii. Temperature checks will be conducted at points of entry to the venue.
iv. No-one will be permitted entry without a face mask.
v. Alcohol-based hand sanitisers will be placed in strategic locations to ensure attendees properly sanitise their hands as they arrive and leave the venue.
vi. Contact details of attendees will be collected to assist in contact tracing in the unlikely event of infections.
vii. Attendees are encouraged to ask questions formally during the meeting and to ensure minimal interactions before and after the formal proceedings.
viii. In order to reduce social contact, it is regretted that no refreshments will be provided before and after the meeting.

By order of the Board
INNSCOR AFRICA LIMITED

A. D. Lorimer
Company Secretary
Harare
6 November 2020

Company Calendar

Shareholders' Calendar

Twenty-Fourth Annual General Meeting	1 December 2020
Financial Year End	30 June
Interim Reports	
3 months to 30 September 2020	November 2020
6 months to 31 December 2020	March 2021
9 months to 31 March 2021	May 2021
12 months to 30 June 2021	September 2021
Annual Report Published	November 2021
Twenty-Fifth Annual General Meeting	December 2021

Registered Office
Innscor Africa Limited
Edward Building, Corner 1st Street/Nelson Mandela Ave Harare, Zimbabwe

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre, 1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
email: corpserve@escrowgroup.org

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Light Manufacturer of Fast Moving Consumer Goods

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

Postal Address
1 Ranelagh Road
Highlands
P O Box A88 Avondale
Harare, Zimbabwe

Contact Details
Telephone: +263 242 496886 / 496790
Fax: +263 242 496845
email: admin@innscorafrica.com

Company Secretary
A D Lorimer

Auditors
Ernst & Young
Chartered Accountants (Zimbabwe)

Legal Advisors
Dube, Manikai and Hwacha;
Gill, Godlonton & Gerrans;
Kantor and Immerman

Principal Bankers
CABS
Banc ABC
CBZ Bank
Ecobank Zimbabwe
FBC Bank Zimbabwe
First Capital Bank Zimbabwe
Nedbank Zimbabwe
Stanbic Bank Zimbabwe
NMB Bank Limited
Standard Chartered Bank Zimbabwe

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
email: corpserve@escrowgroup.org

Sustainability Advisors
Institute for Sustainability Africa
22 Walter Hill Avenue
Eastlea
Harare, Zimbabwe
email: admin@insafrica.org.zw

Affix Stamp
Here

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

INNSCOR
Africa Limited

FORM OF PROXY
24th ANNUAL GENERAL MEETING

INNSCOR Africa Limited

I /We, ________________________________ (full names) ________________________________

of ________________________________ (full address) ________________________________

being the registered holder/s of ________________________________ ordinary shares in **INNSCOR AFRICA LIMITED**, do hereby appoint:

________________________________ (full names) ________________________________

of ________________________________ (full address) ________________________________

or failing him/her, do hereby appoint: ________________________________ (full names) ________________________________

of ________________________________ (full address) ________________________________

as my/our proxy to vote for me/us on my/our behalf at the **TWENTY-FOURTH ANNUAL GENERAL MEETING** of the Company to be held on **1 DECEMBER 2020** at 08.15 am and at any adjournment thereof.

I/We instruct my/our proxy or proxies to vote in the following way: ***(Please mark the appropriate box with an "X" next to each resolution)***

	ORDINARY BUSINESS	**For**	**Against**	**Abstain**
1	THAT the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 30 June 2020 be adopted.			
2	THAT Mr M. J. Fowler be re-elected as a Director of the Company in terms of the Articles of Association.			
3	THAT Mr G. Gwainda be re-elected as a Director of the Company in terms of the Articles of Association.			
4	THAT Mrs D. K. Shinya be appointed as a new independent Non-Executive Director of the Company with effect from 1 January 2021.			
5	THAT the remuneration of the Directors be confirmed.			
6	THAT the remuneration of the outgoing Auditors, Messrs Ernst & Young for the past audit be confirmed.			
7	THAT Messrs Deloitte and Touche Chartered Accountants Zimbabwe be appointed as Auditors of the Company until the conclusion of the next Annual General Meeting.			
8	THAT the final dividend of 100 ZWL cents per share declared on 11 September 2020 together with a dividend payment of ZWL 28.2 million to Innscor Africa Employee Share Trust (Private) Limited, and the interim dividend of 13.73 ZWL cents per share declared on 27 February 2020 together with a dividend payment of ZWL 3.878 million to Innscor Africa Employee Share Trust (Private) Limited be and are hereby confirmed.			
	SPECIAL BUSINESS			
9	As a Special Resolution THAT the Company be authorised in terms of Section 129 of the Companies and Other Business Entities Act (Chapter 24:31) to purchase its own shares, subject to certain conditions.			
10	THAT the Company be authorised to make loans to Executive Directors in terms of Section 208 of the Companies and Other Business Entities Act (Chapter 24:31), subject to certain conditions.			
11	As a Special Resolution THAT the Company adopts a new Memorandum and Articles of Association compliant with the requirements of the new Companies and Other Business Entities Act (Chapter 24:31) and the new ZSE Listing Requirements.			

Details of the above resolutions are set out in the Notice of the Annual General Meeting.

Signed this ______________ day of ____________________ 2020

____

SIGNATURE OF SHAREHOLDER

NOTES:

1. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member of the Company is entitled to appoint one or more persons to act in the alternative as his proxy, to attend and vote and speak in his stead. A proxy need not be a shareholder of the Company.
2. Unless otherwise instructed, the proxy will vote as he/she thinks fit.
3. This proxy form must be deposited at the Registered Office of the Company so as to be received by the Company Secretary not less than 48 hours before the meeting.
4. The proxy form must be signed and dated for it to be valid. Any alterations or corrections to this form must be initialled.
5. Anyone signing this proxy form in a representative capacity must be authorised to do so. Please stamp this form with your company or organisation's stamp and enclose proof of authorisation.
6. The return of this proxy form will not prevent you from attending the meeting and voting in person. However, should this happen, the proxy will be revoked.