



# AFRICAN DISTILLERS LIMITED

(Incorporated in Zimbabwe)

## AUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 31 MARCH 2021

### FINANCIAL HIGHLIGHTS

	9 Months March 2021	12 Months June 2020
<b>Inflation adjusted</b>	ZWL	ZWL
Revenue - millions	2 760.59	2 484.39
Operating income - millions	393.58	837.51
Net cash on hand - millions	74.81	62.51
(Loss)/profit per share - cents	(344)	604
<b>Historical cost</b>		
Revenue - millions	2 408.72	596.41
Operating income - millions	662.23	272.64
Net cash funds on hand - millions	74.81	32.73
Earnings per share - cents	431	165
Government taxes remitted - millions	767.84	177.00
Dividend - millions	59.20	11.70

### CHAIRMAN'S STATEMENT

#### Change in Financial year end

Delta acquired additional shares during the year, effectively resulting in Afdis being a subsidiary. The Company has therefore changed its financial year from June 30 to March 31, to align with the Group. Accordingly, the current financial statements have been prepared for the nine-month period from July 2020 to March 2021 and care should be exercised when making a comparison to the prior 12-month period.

#### Overview

Macro-economic conditions were challenging due to the COVID-19 pandemic, but consumer spend remained resilient. There was relative stability on the foreign exchange market resulting in improved availability of foreign currency generated from trading and obtained from the auction system.

The Company managed to continue operating despite the difficulties experienced due to COVID-19 restrictions. A business continuity plan is in place and management continues to observe and implement protocols in accordance with published Government and World Health Organisation guidelines.

#### Trading summary

Volume grew by 34% on the comparative nine-month period mainly driven by spirits and ready to drink (RTDs) which grew by 50% and 22% respectively. A new product, Gold Blend Number 9, was launched in the spirit category and was well received by the market thereby impacting positively on the performance of brown spirits. Wines grew by only 2% as a result of reduced activity in the restaurant and hotel channel due to COVID-19 restrictions.

#### Financial performance

Revenue stood at ZWL2 760.59 million whilst operating income was ZWL393.58 million. In historical cost terms, revenue was ZWL2 408.72 million whilst operating income was ZWL662.23 million. Revenue growth was due to firm demand of Company products which resulted in high volumes.

Net cash on hand was ZWL75 million, this is largely made up of foreign currency at the banks awaiting remittance to foreign suppliers.

#### Future prospects

The good agricultural season is set to benefit the economy by increasing national food supplies resulting in net savings on the import bill, increased foreign currency earnings and improved disposable incomes.

Further impact of COVID-19 remains uncertain. The health and safety of our employees and stakeholders remains of paramount importance during the COVID-19 pandemic.

The Company will continue to focus on strategies that will enhance revenue growth opportunities, cost containment and improved production efficiencies. Plans are underway to invest in capital projects to localise production of some imported products. This will ensure improved business profitability and reduced foreign currency requirements.

#### Directorate

On 31 March 2021, Mr. Cecil Gombera retired as Managing Director. The Board is grateful to him for his contribution over the past 8 years. Mr. Stanley Muchenje was appointed Managing Director with effect from 1 April 2021.

#### Dividend

The Board has recommended not to declare a final dividend as the Company requires funds to undertake capital expansion projects. The total dividend for the nine months period remained at the interim figure of ZWL50 cents per share.

**P Gowero**  
Chairman

### CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

Notes	INFLATION ADJUSTED		HISTORIC COST	
	March 2021 Audited	June 2020 Audited	March 2021 Supplementary Information ZWL 000	June 2020 Supplementary Information ZWL 000
	ZWL 000	ZWL 000		
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7 366 425	362 210	61 667	34 210
Long term loans	9 846	724	9 846	379
	376 271	362 934	71 513	34 589
<b>Current assets</b>				
Inventories	8 846 710	725 744	588 547	157 027
Trade and other receivables	9 559 258	1 267 203	478 792	219 243
Short term investments	10 68	128	68	67
Cash and cash equivalents	74 814	62 510	74 814	32 734
	1 480 850	2 055 585	1 142 221	409 071
<b>Total assets</b>	<b>1 857 121</b>	<b>2 418 519</b>	<b>1 213 734</b>	<b>443 660</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	42 395	42 405	1 150	1 159
Share premium	181 124	181 173	5 715	5 758
Share option reserve	47 413	43 526	6 072	2 555
Non-distributable reserve	-	-	5 361	5 361
Accumulated profit	896 379	1 384 369	660 838	228 756
Total capital and reserves	1 167 311	1 651 473	679 136	243 589
<b>Non-current liabilities</b>				
Deferred taxation	155 320	405 665	108	10 830
<b>Current liabilities</b>				
Trade and other payables	11 460 985	326 301	460 985	170 871
Current income tax liability	73 505	35 080	73 505	18 370
	534 490	361 381	534 490	189 241
<b>Total liabilities</b>	<b>689 810</b>	<b>767 046</b>	<b>534 598</b>	<b>200 071</b>
<b>Total equity and liabilities</b>	<b>1 857 121</b>	<b>2 418 519</b>	<b>1 213 734</b>	<b>443 660</b>
Ordinary shares in issue (Actual) (millions)	118	118	118	118
Ordinary shares in issue (Weighted average) (millions)	118	117	117	117
Current ratio ( : 1)	3	6	2	2
Shareholders' equity per share (Cents)	989	1 400	576	206
Middle market price (Cents)	4 275	1 850	4 275	1 850

### CONDENSED STATEMENT OF CASH FLOWS

For the period ended 31 March 2021

Notes	INFLATION ADJUSTED		HISTORIC COST	
	9 Months Period Ended March 2021 Audited	12 Months Period Ended June 2020 Audited	9 Months Period Ended March 2021 Supplementary Information ZWL 000	12 Months Period Ended June 2020 Supplementary Information ZWL 000
	ZWL 000	ZWL 000		
<b>Cash flow from operating activities</b>				
Cash (utilised in)/generated from trading after non-cash items	6 (409 094)	1 162 427	686 705	269 992
Changes in working capital	662 468	(966 961)	(460 150)	(178 789)
Cash generated from operations	253 374	195 466	226 555	91 203
Net interest income/(expenses)	318	481	297	(1)
Income tax paid	(173 542)	(279 397)	(124 185)	(45 976)
Net cash generated from/(utilised in) operating activities	80 150	(83 450)	102 667	45 226
<b>Cash flow from investing activities</b>				
Property, plant and equipment additions	(37 398)	(63 925)	(32 399)	(15 662)
(Increase)/decrease in long term loans	(9 122)	4 480	(9 467)	(54)
Decrease/(increase) in short term investments	60	60 919	(1)	3 751
Net cash (utilised in)/generated from investing activities	(46 460)	1 474	(41 867)	(11 965)
<b>Net cash generated from/(utilised in) investing and operating activities</b>	<b>33 690</b>	<b>(81 976)</b>	<b>60 800</b>	<b>33 261</b>
<b>Cash flow from financing activities</b>				
Dividends paid to owners of the Company	-	(47 223)	-	(13 197)
Increase in short term borrowings	-	2 028	-	807
Payment for shares bought back	(21 386)	-	(18 720)	-
Net cash utilised in financing activities	(21 386)	(45 195)	(18 720)	(12 390)
<b>Net movement in cash and cash equivalents</b>	<b>12 304</b>	<b>(127 171)</b>	<b>42 080</b>	<b>20 871</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>62 510</b>	<b>189 681</b>	<b>32 734</b>	<b>11 863</b>
<b>Cash and cash equivalents at end of the period</b>	<b>74 814</b>	<b>62 510</b>	<b>74 814</b>	<b>32 734</b>
<b>Comprising:-</b>				
Bank balances and cash	74 814	62 510	74 814	32 734

### CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 31 March 2021

Notes	INFLATION ADJUSTED		HISTORIC COST	
	9 Months Period Ended March 2021 Audited	12 Months Period Ended June 2020 Audited	9 Months Period Ended March 2021 Supplementary Information ZWL 000	12 Months Period Ended June 2020 Supplementary Information ZWL 000
	ZWL 000	ZWL 000		
<b>Shareholders' equity at beginning of the period</b>	<b>1 651 473</b>	<b>978 776</b>	<b>243 589</b>	<b>61 038</b>
<b>Changes in issued share capital</b>				
Exercise of share options	-	27	-	11
Share buy back	(10)	-	(9)	-
<b>Changes in share premium</b>				
Exercise of share options	-	2 001	-	796
Share buy back	(49)	-	(43)	-
<b>Changes in share option reserve</b>				
Recognition of share based payments expense	3 887	8 412	3 517	2 068
Transfer from share option reserve due to exercise of share options	-	(1 480)	-	(640)
<b>Changes in functional currency reserve</b>				
Adjustment of foreign currency translation reserve	-	-	-	(626)
Transfer to distributable reserve	-	(282 054)	-	(22 578)
<b>Changes in distributable reserves</b>				
Transfer from share option reserve due to exercise of share options	-	1 480	-	640
Foreign currency translation reserve	-	282 054	-	22 578
Share buy back	(21 327)	-	(18 668)	-
Total comprehensive income for the period	(407 468)	709 480	509 945	193 499
Dividend declared	(59 195)	(47 223)	(59 195)	(13 197)
<b>Shareholders' equity at end of the period</b>	<b>1 167 311</b>	<b>1 651 473</b>	<b>679 136</b>	<b>243 589</b>

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 March 2021

Notes	INFLATION ADJUSTED		HISTORIC COST	
	9 Months Period Ended March 2021 Audited	12 Months Period Ended June 2020 Audited	9 Months Period Ended March 2021 Supplementary Information ZWL 000	12 Months Period Ended June 2020 Supplementary Information ZWL 000
	ZWL 000	ZWL 000		
<b>Revenue</b>	<b>2 760 589</b>	<b>2 484 386</b>	<b>2 408 716</b>	<b>596 408</b>
Cost of sales	(1 799 243)	(1 174 016)	(1 264 758)	(223 928)
<b>Gross profit</b>	<b>961 346</b>	<b>1 310 370</b>	<b>1 143 958</b>	<b>372 480</b>
Other income	5 544	6 869	4 185	1 851
Distribution costs	(38 025)	(34 165)	(33 194)	(8 323)
Administrative expenses	(71 493)	(104 049)	(63 794)	(27 492)
Other operating expenses	(463 797)	(341 516)	(388 926)	(65 875)
<b>Operating income</b>	<b>393 575</b>	<b>837 509</b>	<b>662 229</b>	<b>272 641</b>
Interest income/(expenses)	318	481	297	(1)
Net exchange gains/(losses)	21 265	(29 657)	16 017	(7 338)
Net monetary (loss)/gain	(861 004)	322 234	-	-
<b>(Loss)/profit before taxation</b>	<b>(445 846)</b>	<b>1 130 567</b>	<b>678 543</b>	<b>265 302</b>
Taxation	38 378	(421 087)	(168 598)	(71 803)
<b>(Loss)/profit for the period</b>	<b>(407 468)</b>	<b>709 480</b>	<b>509 945</b>	<b>193 499</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/income</b>	<b>(407 468)</b>	<b>709 480</b>	<b>509 945</b>	<b>193 499</b>
<b>(Loss)/earnings per share (Cents) :</b>				
Attributable	(344.17)	604.34	430.73	164.83
Headline	(343.30)	609.46	430.77	165.69
Diluted	(328.75)	583.36	411.43	159.10

### NOTES TO THE CONDENSED FINANCIAL RESULTS

For the period ended 31 March 2021

#### 1 Basis of preparation

The condensed financial statements of African Distillers Limited ("the Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board ("IASB"), the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

#### 1.1 Change of financial year end

The financial year end of the Company was changed from 30 June to 31 March so as to align with the Holding Company. Accordingly, the current financial statements are prepared for 9 months from 1 July 2020 to 31 March 2021. The comparative figures stated in the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows and the related notes are for a 12 month period.

#### 1.2 Hyperinflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency ("ZWL"). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyper Inflationary Economies) compliant. The conversion factors have been computed from the consumer price index ("CPI") data prepared by the Zimbabwe Central Statistical Office as reported on the Reserve Bank of Zimbabwe website.

The conversion factors used to restate the financial results are as follows:

	Index	Conversion Factor
31-Mar-21	2759.83	1.00
30-Jun-20	1445.21	1.91
30-Jun-19	172.61	15.99

#### 1.3 Accounting policies

Accounting policies and critical judgements are consistent with those applied in prior year. The financial results should be read in conjunction with the latest annual report of the Company.

#### 1.4 Historical information

The historical financial disclosure is shown as complementary information. The information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 (Financial Reporting in Hyper inflationary Economies). As a result, the independent auditor has not issued a review conclusion on the historic financial information.

#### 2 Share buy back

The Company is holding 3 434 842 (2020: 2 549 919) of its own shares as treasury stock. During the period under review, the Company bought 884 923 shares at a total cost of ZWL21 385 984 and this amount is included in shareholders equity.

	INFLATION ADJUSTED		HISTORIC COST	
	9 Months Period Ended March 2021 Audited	12 Months Period Ended June 2020 Audited	9 Months Period Ended March 2021 Supplementary Information ZWL 000	12 Months Period Ended June 2020 Supplementary Information ZWL 000
	ZWL 000	ZWL 000		
<b>3 Revenue</b>				
Gross sales	2 876 074	2 536 765	2 502 542	612 129
Discounts	(115 485)	(52 379)	(93 826)	(15 721)
	2 760 589	2 484 386	2 408 716	596 408
<b>4 Profit before tax</b>				
This is stated after charging/(crediting) the following items of significance:				
Depreciation	32 146	17 920	4 904	2 259
Staff costs	305 787	240 867	263 710	61 135
Retirement benefit costs	17 223	33 789	14 958	8 075
Loss on disposal of property, plant and equipment	1 037	6 010	38	362
Compensation of directors and key management: for services as directors for management services	5 990	9 392	4 999	2 483
	74 164	50 395	64 521	10 221
<b>5 Taxation</b>				
Current income tax expense	211 967	282 915	179 320	62 373
Deferred tax - Arising on current year temporary differences	(250 345)	155 038	(10 722)	9 879
Arising on tax rate adjustment	-	(16 866)	-	(449)
	(38 378)	421 087	168 598	71 803
<b>6 Cash (utilised in)/generated from trading</b>				
Operating income	393 575	837 509	662 229	272 641
Net exchange gains/(losses)	21 265	(29 657)	16 017	(7 338)
Depreciation	32 146	17 920	4 904	2 259
Loss on disposal of property, plant and equipment	1 037	6 010	38	362
Share option expense	3 887	8 411	3 517	2 068
Net monetary (loss)/gain	(8			

## **INDEPENDENT AUDITOR'S REPORT To the Shareholders of African Distillers Limited**

### **Report on the Audit of the Inflation Adjusted Financial Statements**

#### **Opinion**

We have audited the inflation adjusted financial statements of African Distillers Limited set out on pages 18 to 53, which comprise the inflation adjusted statement of financial position as at 31 March 2021, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the 9 month period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position as at 31 March 2021, and its inflation adjusted financial performance and inflation adjusted cash flows for the 9 month period then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Businesses Entities Act (Chapter 24:31) and the relevant Statutory Instruments ("SI") 33/99 and 62/96.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the inflation adjusted financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) Code, together with the ethical requirements that are relevant to our audit of inflation adjusted financial statements in Zimbabwe. We have fulfilled our 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 opinion.

#### **Emphasis of matter**

We draw attention to Note 1.3 to the inflation adjusted financial statements, which describes that the financial year end of the Company was changed from 30 June to 31 March to align with Delta Group Limited, their parent Company. Accordingly, the current financial statements are prepared for 9 months from 1 July 2020 to 31 March 2021 and as such, the comparative figures stated in the statement of profit or loss and other comprehensive income, statement of cashflows, statement of changes in equity and the related notes are not comparable. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted financial statements of the current year. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of African Distillers Limited**

**Report on the Audit of the Inflation Adjusted Financial Statements**

Key Audit Matter	How the matter was addressed in the audit
<b>Valuation and disclosure of prepayments</b>	
<p>In 2018, through a facility provided by the Reserve Bank of Zimbabwe (RBZ), the Company made a payment of US\$22,5 million to Distell Limited (a related party) towards payables to Distell Limited related to technical fees, machinery, royalties, inventory items received and reimbursement for guarantee payments made by Distell Limited on behalf of the Company. The balance paid was in excess of the total amounts payable thereby resulting in a prepayment of US\$ 1,5 million. As at year end, the Company had not utilized this prepayment.</p> <p>The Company continues to trade with Distell on a predominantly prepayment basis for current stocks whilst there are payables balances for machinery as well as royalties.</p> <p>The valuation of the Distell prepayment has been identified as a key audit matter due to the high volume of transactions between the Company and Distell Limited, the significant fluctuations in the exchange rate of the ZWL to the South African Rand (ZAR) throughout the year as well as the volume of reconciling items on the reconciliations. The related prepayment and trade payables balances are disclosed in note 20.</p>	<p>In addressing this matter, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Tested the design and implementation of controls around this area;</li> <li>• Circulated a confirmation of balances at the year-end balance with Distell Limited;</li> <li>• Inspected the reconciliations of the prepayment balance recorded to the balance confirmed by Distell Limited and assessed reconciling items for reasonableness; and</li> <li>• Re-performed the calculations of the valuation of a sample of the outstanding foreign liabilities as well as the final Distell prepayment as at year end.</li> </ul> <p>We found that the translations were done appropriately.</p>
<b>Determination of uncertain tax matters</b>	
<p>As disclosed in Note 4, the interpretation of fiscal legislation in Zimbabwe is complex and has, in instances, resulted in differences of interpretation of the relevant legislation, specifically regarding the currency of settlement of certain tax obligations. These differences in interpretation ultimately result in the need to comply with International Financial Reporting Interpretation Committee (IFRIC) 23, "Uncertainty over Income Tax Treatments".</p> <p>In assessing this area as a key audit matter, we have considered the following:</p> <ul style="list-style-type: none"> <li>• The high degree of judgement and subjectivity in applying procedures to these areas;</li> <li>• High level of judgement applied by management in interpreting certain legislation;</li> <li>• The level of uncertainty involved given multiple policy changes in the country as well as currency movements; and</li> <li>• The input of legal counsel in assessing these uncertain tax treatments.</li> </ul>	<p>In addressing the key audit matter, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company's tax risk environment;</li> <li>• Held discussions with management to understand the approach taken with regards to the settlement of the Company's tax obligations;</li> <li>• Involved our tax specialists who performed the following on our behalf; <ul style="list-style-type: none"> <li>- Reviewed management's tax assessments to evaluate the Group's judgements and estimates in determining uncertain tax positions;</li> <li>- Performed re-calculations of the Company's tax obligations to assess accuracy thereof;</li> <li>- Assessed how management has interpreted new developments in the tax legislation in the current financial year and how this interpretation affected the Company's tax positions.</li> </ul> </li> <li>• Inspected correspondence in the current financial year between the Group and the relevant tax authorities</li> <li>• Reviewed the legal opinions sought by management and evaluated these against the positions taken by management; and</li> <li>• Reviewed disclosures made by management against the requirements of IFRIC 23.</li> </ul> <p>We concluded that the disclosures made by management was appropriate and in accordance with IFRIC 23.</p>

**INDEPENDENT AUDITOR’S REPORT**  
**To the Shareholders of African Distillers Limited**

**Report on the Audit of the Inflation Adjusted Financial Statements**

Key Audit Matter	How the matter was addressed in the audit
<b>Compliance with International Accounting Standard (“IAS”) 21 “The Effects of Changes in Foreign Currency Rates” requirements</b>	
<p>IAS 21 requires that foreign currency transactions be recorded, on initial recognition in the entity's functional currency at the spot exchange rate between the functional currency and the foreign currency.</p> <p>During the current financial year, the Reserve Bank of Zimbabwe introduced an interbank foreign currency auction .</p> <p>As disclosed in Note 4, the Company determined that there was a lack of exchangeability and estimated a spot rate for use in their financial statements.</p> <p>This estimation process involved a significant level of both subjective and objective judgements and inputs on management’s part which included the price and exchange rate parity in respect of the Company’s sales and purchases.</p> <p>As the Company has a significant number of foreign currency transactions, and considering that the Company uses the same exchange rate that is used and determined at Group level, the appropriateness of the exchange rates used in the financial year was a significant area of focus.</p>	<p>We focused our testing on the areas of judgement applied by management in determining the internal exchange rates and how management have assessed the reasonability of rates determined at Group level. Procedures performed included the following:</p> <ul style="list-style-type: none"> <li>• Tested management’s application of the exchange rate estimation process for compliance with IAS 21 and technical guidance issued in this regard by recognised accounting bodies;</li> <li>• Obtained and reviewed the detailed technical write-up from management explaining their process of estimation in determining the exchange rates;</li> <li>• Obtained an understanding of the assumptions used and assessed the reasonableness of the assumptions used and whether they apply to the Company;</li> <li>• Performed an evaluation to assess the sources of foreign currency requirements during the financial;</li> <li>• Assessed the reasonableness of the Group determined rates on African Distillers Limited Company through detailed testing of transactions;</li> <li>• Evaluated the appropriateness of assumptions applied in the estimation process;</li> <li>• Tested foreign currency transactions and balances to determine that the exchange rates used were in line with the estimated rate for that period as well as the closing rate; and</li> <li>• Assessed the disclosures made by management against the requirements of IAS 21.</li> </ul> <p>Overall, we have concluded that the accounting treatment and disclosures made are appropriate and in accordance with the requirements of IAS 21.</p>

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors’ Report, Corporate Governance Statement and Directors’ Responsibility Statement as required by the Companies and Other Business Entities Act (Chapter 24:31) and the historical cost financial information which we obtained prior to the date of this auditor’s report. The other information does not include the inflation adjusted financial statements and our auditor’s report thereon.

Our opinion on the 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.

In connection with our audit of the 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 inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of African Distillers Limited**

**Report on the Audit of the Inflation Adjusted Financial Statements (continued)**

**Responsibilities of the Directors for the Inflation Adjusted Financial Statements**

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

In preparing the inflation adjusted financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the inflation financial statements as a whole are free from material misstatements, 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of 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.

**INDEPENDENT AUDITOR'S REPORT  
To the Shareholders of African Distillers Limited**

**Report on the Audit of the Inflation Adjusted Financial Statements (continued)**

**Report on Other Legal and Regulatory Requirements**

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193 (1) (a)

The financial statements of the Company are properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Company's affairs at the date of the financial statements for the financial year ended 31 March 2021.

Section 193 (2)

We have no matters to report in respect of section 193 (2) requirements of the Act.

The engagement partner on the audit resulting in this independent auditor's opinion is Charity Mtwazi.

*Deloitte & Touche*

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**Deloitte & Touche  
Chartered Accountants (Zimbabwe)  
Per: Charity Mtwazi  
Partner  
PAAB Practice Certificate Number: 0585**

**Harare  
Zimbabwe**

**Date : 22 June 2021**