INNSCOR AFRICA LIMITED

Unaudited Abridged Group Financial Results

FOR THE 6 MONTHS ENDED 31 DECEMBER 2018

Our passion for **value creation**

SALIENT FEATURES

		$
Revenue	61% ▲	489 892 790
Operating profit	100% ▲	80 494 853
Profit before tax	165% ▲	82 428 538
Basic earnings per share (cents)	189% ▲	8.06
Headline earnings per share (cents)	161% ▲	7.58
Cash utilised in operating activities		10 224 366
Cash dividend declared per share (cents)	172% ▲	2.53

DIRECTORS' RESPONSIBILITY

The Holding Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These abridged Group interim financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for provisional interim financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03). The principal accounting policies applied in the preparation of these interim financial statements are consistent with those applied in the previous annual financial statements. There is no significant impact arising from new and revised IFRS which became effective for reporting periods commencing on or after 1 January 2018.

REPORTING CURRENCY

The separation of cash balances into Nostro Foreign Currency Accounts (FCA) and electronic Real Time Gross Settlement (RTGS) balances, as mandated by the monetary and fiscal authorities, have resulted in numerous deliberations and considerations in respect of the functional currency for companies operating in Zimbabwe.

These interim financial statements are presented in a currency consistent with the previous annual financial statements.

Following the Monetary Policy Statement on 20 February 2019, we await detailed guidance from our various regulators as to a standard methodology to be adopted in the presentation of future financial statements.

OPERATING ENVIRONMENT AND OVERVIEW

The period under review witnessed continued difficulties in accessing sufficient foreign currency supply to support both working capital and capital expenditure requirements; this led to production constraints and delays in a number of capital projects.

Significant changes in fiscal and monetary policies were introduced mid-way through the period under review, including the separation of Nostro FCA and RTGS balances and the introduction of an increased rate of Intermediated Money Transfer Tax (IMTT). A period of steep inflation then took place as the market adjusted to these changes resulting in extreme pricing and margin distortions, cost-push and the need to replace stock with considerably higher-valued raw material.

These policy changes also sparked a wave of increased consumer demand, and volumes were generally very firm across the Group's entire portfolio during the period. The flour and bread value chain remained under effective price control, however the foreign currency support required to deliver product in a controlled framework, was inconsistent and well short of the required levels; this meant that credit limits were quickly breached with foreign wheat creditors, giving rise to a stop-supply situation resulting in shortages of flour, and consequently bread, towards the latter part of the period and into the new calendar year. Given the high level of inflation in other competing and alternative products, the volume demand in these two categories remained extreme, exacerbated by artificial pricing.

FINANCIAL PERFORMANCE

The Group recorded revenue of $489.893m for the period under review, a 61% growth on the comparative period, and driven largely by double-digit volume growth across all categories. The consolidation of both Prodairy and Probottlers, following re-structures, also added to the growth in revenue, as did the improvement in the Irvine's business as it continued its recovery from the Avian Influenza (AI) epidemic encountered in 2017.

The Group's well-priced raw materials pipeline, distortions in margins arising from stock replacement policies, an improved sales mix, continually improving factory efficiencies, volume-driven conversion and distribution efficiencies, and the lag in inflation on operating expenditure, translated to improved margins and a satisfactory growth in operating profit over the comparative period.

Current period financial income relates mainly to the profit arising from the disposal of non-core assets and the Group's dilution in its interests in Capri, whilst the comparative period financial loss includes the final impairment charge arising from AI. The increase in fair value charges relates mostly to the decrease in the market value of listed investments, while the growth in interest charges is accounted for through increased borrowings to fund raw material positions and the settlement of foreign creditors.

The increase in the Group's equity accounted income arose from strong performances by the Group's associate operations, with Profeeds and Probrands both recording particularly good growth.

The Group's overall headline earnings per share grew by 161% on the comparative period to 7.58 cents.

The Group's statement of financial position remained solid, and net gearing increased to 18.51%; this was in support of the strategy to invest into funding well-priced raw material positions and extinguishing foreign creditors, resulting in the Group utilising most of its opening cash holding. Capital expenditure at $27.801 million, was largely driven by significant increases in costs of imported items and deployed towards improving efficiencies, innovations and new capacity at National Foods, Natpak and Irvine's. Availability of foreign currency will continue to dictate the pace at which the Group executes its capital expenditure projects.

As previously reported, the Group still has an amount outstanding of $2.550m relating to the payment it has made into a trust as a result of its case with the Competitions and Tariff's Commission (CTC). This amount is included in working capital. The High Court has ruled in favour of the Group, and the Group awaits repayment of this amount, although the CTC has taken the matter on appeal to the Supreme Court where judgement has been pending since May 2016.

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.

The **Bakery** division reported an 11% growth in loaves over the comparative period. As noted earlier in the report, the business remains under effective price control, and in this regard two small price increases were awarded during the period.

The business took delivery of an additional 45 bread delivery vehicles and this will enhance future service delivery and lower cost to serve. The operation's efficiency and capacity improvement strategy continued with work on the automation of the Harare plant underway.

Given current flour supply constraints, the operation is currently operating at 50% of its capacity; adjustments to the business model have been made to ensure that viability is maintained. Ongoing discussions are continuing to be held with all relevant authorities, this will hopefully lead to an increase in flour supply and a move to a more economic pricing mechanism or a practical level of foreign currency support.

National Foods reported a solid 18% growth in overall volumes over the same period last year. A well-priced raw material position, efficiency improvements in factories and controlled operating expenditure delivered reasonable profit growth.

The maize business witnessed a 60% volume growth, whilst the recovery of the chicken industry from AI boosted volume growth in stockfeeds to 39%; good volume growth was also recorded in the Snacks and Treats division. Wheat supply challenges restricted the growth of the flour business to major plant bakeries at the expense of pre-packed flour.

During the period under review, an agreement was reached between the Reserve Bank of Zimbabwe (RBZ) and the operation's major wheat supplier wherein the RBZ assumed National Foods' legacy foreign currency debt for wheat amounting to US$54.900m. As part of this agreement, National Foods settled the full amount owing to the supplier with the RBZ and the RBZ retained the obligation to service the foreign amount owing to the wheat supplier. This settlement by National Foods is reflected in the period's working capital movement. The timely settlement of the legacy wheat position by RBZ in accordance with the agreement is critical to enable the continued and consistent supply of imported wheat into the country and to National Foods. The RBZ is currently two months behind its repayment obligations to the supplier, which in turn has resulted in a disruption of imported wheat supply into the market. Management continue to work closely with the RBZ to resolve the matter and the business remains fully capacitated to produce adequate volumes of flour provided the necessary foreign currency to import wheat is availed timeously. In the interim, limited supplies of local wheat have been released by the Grain Marketing Board (GMB), and this product is currently being milled for use by plant bakers.

Profeeds, an associate company of the Group, recorded a 42% increase in feed volumes over the prior period, largely driven by an increase in day old chick supplies following the recovery of the chicken industry from the outbreak of AI experienced in 2017.

The business invested in additional fish feed and extruded feed manufacturing capacity, which should offer growth and export potential for the business in the second half of the financial year.

In the front-end of the business, the Profeeds City concept, which offers customers a wider base of agricultural and ancillary products, has been well received by our customers, and further innovations and focus will be placed on this important route to market.

PROTEIN

This reporting segment comprises the results of the Colcom Division, Associated Meat Packers (AMP), Texas Chicken and Irvine's.

The **Colcom division**, comprising, Triple C Pigs and Colcom Foods delivered a 27% growth in volumes over the comparative period. The development of the additional piggery was completed and deliveries to the abattoir commenced in September as planned, resulting in a 25% growth in raw material available. Pie volumes increased by 63% on the back of the inclusion of the pie manufacturing line previously managed under the Bakery division.

At **AMP**, despite the outbreak of foot and mouth disease in some Mashonaland Provinces and drought-induced supply challenges, beef volumes increased by 7% on the comparative period as Zimnyama made significant progress in the Division's backward integration strategy into cattle procurement and slaughter.

AMP's **Texas Chicken** retail operation delivered a 16% volume growth, and opened new outlets in Kwekwe and Bulawayo during the period, with additional country-wide sites under review.

Irvine's Zimbabwe recorded high double-digit growth in volumes as the recovery from the AI outbreak continued. The restocking of the layer and broiler breeder flocks is now complete, with imports now restricted to routine breeding stock replenishments.

Table egg production is now fully restored whilst full local production of day old chicks should be fully re-established by the end of March 2019.

The business has further enhanced its biosecurity safeguards to reduce the risk of future outbreaks of AI and other biological diseases. A modern molecular biology unit, which is the only one of its kind in the country and which is able to rapidly detect the presence of AI, has now been installed. In addition, an AI response plan has been developed in conjunction with the Department of Veterinary Services, and awaits formal approval.

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 grew by 27% over the comparative period, driven largely by increased utilisation of the newly commissioned corrugated plant and strong volume contribution from the sacks division which completed the commissioning of a new tapeline and additional looms following its migration to a new dedicated operating site.

The commissioning of a rigids packaging platform was also completed, and this, along with continued growth of the corrugated capabilities, is expected to contribute additional volumes in the second half of the financial year.

Prodairy increased its volumes by 70% over the comparative period and this was driven largely by improved raw milk intake resulting from the company's successful backward integration strategy into milk production, through Mafuro Farming.

The introduction of new products and innovations such as UHT dairy blend, and the launch of the "Revive" UHT maheu offering, resulted in good market share penetration during the period, and continued volume growth is expected in the second half of the financial year.

Probottlers grew volumes by 66%, with strong growth in both the carbonated and cordial categories. The achievement of critical mass in the operation translated to good margin growth and lower operating cost per litre of output. Additional capacity and capability improvements are currently being investigated.

At **Probrands**, an associate company of the Group, volumes were 38% ahead of the comparative period with strong performances in both the down-packing and light manufacturing sections. The company's balance sheet has now been restructured providing the business a much more solid platform to grow.

The Group reduced its shareholding in **Capri** to 25.05% with effect from 1 July 2018, and accordingly the business is now equity accounted.

PROSPECTS

The Group has posted a solid performance in extremely turbulent market conditions.

Going forward, the wheat-flour-bread value chain remains a key part of our business and therefore a critical focus area. Zimbabwe does not produce enough local wheat for its increasing consumption and hence it is vital that a long-term, sustainable solution that attends to the extinguishing of the foreign wheat legacy debt, and which allows for the importation of new wheat, is achieved urgently.

The recent period of high-inflation has resulted in higher historic-costed margins and a slight lag in overhead growth; this has resulted in further improvements in the operating cost to margin ratios across all units. As margins normalise, however, it will be imperative for management to control overhead costs and to ensure that our business models built over the past 10 years remain efficient and operate to lowest cost.

By its very nature, the Group is a large user of foreign currency, and we therefore welcome the recent Monetary Policy Statement which has sought to provide a transparent mechanism for importers to access currency from the market, whilst providing exporters value for their foreign currency earnings. We are hopeful that the system articulated will allow our businesses to adequately plan working capital cycles and to execute on the numerous capital projects we have in terms of our long-term strategic targets. The new policy announced will also allow our businesses to quickly evaluate export competiveness, and we fully expect to commence exports in a number of our business units.

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INNSCOR Africa Limited

Our passion for **value creation**

PROSPECTS (continued)

In addition to the above, and following Government's mantra of being "open for business", we call on other relevant authorities to ensure that amongst other things, processes to implement business combinations are simplified hence enabling our business units to better compete in the region, that export facilitation is made more efficient in order to encourage export flows and that policies and procedures to encourage increased production of key crops locally are quickly implemented in order to reduce the country's reliance on imported raw materials. Policy consistency in this, and other economic areas, and less reliance on subsidies, will rapidly accelerate the recovery of our economy on a more sustainable basis.

As always, the Group stands ready to play its part in supporting the authorities in achieving a sustainable economic recovery for the Country.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 2.53 RTGS cents per share payable in respect of all ordinary shares of the Company. This interim dividend is in respect of the financial year ending 30th June 2019 and will be payable in full to all the shareholders of the Company registered at the close of business on the 29th of March 2019. The payment of this dividend will take place on or about the 12th of April 2019. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 26th of March 2019 and ex-dividend as from the 27th of March 2019.

The Board has also declared an interim dividend totalling RTGS$705,000 to Innscor Africa Employee Share Trust (Private) Limited.

APPRECIATION

I wish to record my appreciation to the Executive Directors, Management and Staff for their sterling performance during the period 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.

A.B.C. CHINAKE
Chairman
28 February 2019

Abridged Group Statement of Profit Or Loss and Other Comprehensive Income

	Note	6 Months Ended 31 Dec 2018 unaudited $	6 Months Ended 31 Dec 2017 unaudited $
REVENUE		**489 892 790**	**304 806 744**
Operating profit before depreciation, amortisation and fair value adjustments		**80 494 853**	**40 204 775**
financial income / (loss)	4	4 097 441	(2 858 850)
depreciation and amortisation		(8 439 229)	(7 953 500)
Operating profit before interest, equity accounted earnings and fair value adjustments		**76 153 065**	**29 392 425**
fair value adjustments on livestock and listed equities		(1 937 628)	532 977
Profit before interest and tax		**74 215 437**	**29 925 402**
interest income		1 027 982	658 484
interest expense		(5 211 727)	(3 507 610)
equity accounted earnings		12 396 846	4 016 398
Profit before tax		**82 428 538**	**31 092 674**
tax expense		(18 416 850)	(7 129 424)
Profit for the period		**64 011 688**	**23 963 250**
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		(216)	324
Other comprehensive income for the period, net of tax		**(216)**	**324**
Total comprehensive income for the period		**64 011 472**	**23 963 574**
Profit for the period attributable to:			
equity holders of the parent		44 948 714	15 072 015
non-controlling interests		19 062 974	8 891 235
		64 011 688	**23 963 250**
Total comprehensive income for the period s attributable to:			
equity holders of the parent		44 948 632	15 072 138
non-controlling interests		19 062 840	8 891 436
		64 011 472	**23 963 574**
EARNINGS PER SHARE (CENTS)			
Basic earnings per share		8.06	2.79
Headline earnings per share		7.58	2.90
Diluted basic earnings per share		7.99	2.79
Diluted headline earnings per share		7.52	2.90

Abridged Group Statement of Financial Position

	Note	At 31 Dec 2018 unaudited $	At 30 June 2018 audited $
ASSETS			
Non-current assets			
property, plant and equipment		197 991 805	181 132 524
intangible assets		41 324 723	38 953 388
investments in associates		51 685 857	40 425 550
financial assets		12 963 963	14 417 752
biological assets		3 628 675	2 643 232
deferred tax assets		835 024	4 920 894
		308 430 047	**282 493 340**
Current assets			
biological assets		15 608 396	12 508 176
inventories	8	137 502 906	90 444 976
trade and other receivables	9	194 970 322	115 793 108
cash and cash equivalents		56 017 402	60 501 483
		404 099 026	**279 247 743**
Assets of disposal group classified as held for sale	11	107 313	3 402 447
		404 206 339	**282 650 190**
Total assets		**712 636 386**	**565 143 530**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital		5 597 264	5 597 264
class "A" ordinary share capital		10	10
share premium		17 811 532	17 811 532
other reserves		(12 436 054)	(12 826 920)
distributable reserves		243 246 651	205 333 414
Attributable to equity holders of the parent		**254 219 403**	**215 915 300**
non-controlling interests		118 331 154	105 641 812
Total shareholders' equity		**372 550 557**	**321 557 112**
Non-current liabilities			
deferred tax liabilities		30 281 636	29 935 155
interest-bearing borrowings		5 481 711	4 627 166
		35 763 347	**34 562 321**
Current liabilities			
interest-bearing borrowings		135 164 653	85 169 851
trade and other payables	10	158 792 861	120 381 353
provisions and other liabilities		2 481 797	2 522 215
current tax liabilities		7 877 805	780 527
		304 317 116	**208 853 946**
Liabilities directly associated with the assets classified as held for sale	11	5 366	170 151
		304 322 482	**209 024 097**
Total liabilities		**340 085 829**	**243 586 418**
Total equity and liabilities		**712 636 386**	**565 143 530**

Abridged Group Statement of Cash Flows

	6 Months Ended 31 Dec 2018 unaudited $	6 Months Ended 31 Dec 2017 unaudited $
Cash (utilised in) / generated from operating activities	(10 224 366)	19 459 891
interest income	1 027 982	658 484
interest expense	(5 211 727)	(3 507 610)
tax paid	(6 408 040)	(2 791 159)
Total cash (utilised in) / available from operations	(20 816 151)	13 819 606
Investing activities	(21 495 186)	(22 465 003)
Net cash outflow before financing activities	(42 311 337)	(8 645 397)
Financing activities	37 827 256	20 576 882
Net (decrease) / increase in cash and cash equivalents	(4 484 081)	11 931 485
Cash and cash equivalents at the beginning of the year	60 501 483	30 254 403
Cash and cash equivalents at the end of the period	56 017 402	42 185 888

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Abridged Group Statement of Changes in Equity

attributable to equity holders of the parent

	Ordinary Share Capital $	Class "A" Ordinary Share Capital $	Share premium Reserve $	Other Reserves: Restructure Reserve $	Other Reserves: Foreign Currency Translation Reserve $	Other Reserves: Treasury Shares $	Other Reserves: Share based Payment Reserve $	Total Other Reserves $	Distributable Reserves $	Total Attributable to Equity Holders of the Parent $	Non-Controlling Interests $	Total Shareholders' Equity $
Balance at 30 June 2017	5 415 934	10	—	(2 791 982)	157 617	(393 043)	161 353	(2 866 055)	183 872 413	186 422 302	99 036 477	285 458 779
Profit for the year	—	—	—	—	—	—	—	—	32 882 666	32 882 666	15 833 303	48 715 969
Other comprehensive income	—	—	—	—	(17 049)	—	—	(17 049)	—	(17 049)	(429)	(17 478)
Dividends paid	—	—	—	—	—	—	—	—	(10 530 535)	(10 530 535)	(6 977 060)	(17 507 595)
Issue of shares - Acquisition of Colcom Holdings Limited non-controlling Interests	181 330	—	17 951 700	—	—	—	—	—	—	18 133 030	—	18 133 030
Transactions with owners in their capacity as owners	—	—	(140 168)	(10 342 638)	—	(294 747)	—	(10 637 385)	(891 130)	(11 668 683)	(2 250 479)	(13 919 162)
Contributions from owners	—	—	—	—	—	—	—	—	—	—	6 181 689	6 181 689
Acquisition of treasury shares	—	—	—	—	—	(335 935)	—	(335 935)	—	(335 935)	—	(335 935)
Acquisition of non-controlling interest	—	—	—	(10 342 638)	—	—	—	(10 342 638)	—	(10 342 638)	(7 790 392)	(18 133 030)
Disposal of treasury shares	—	—	—	—	—	41 188	—	41 188	132 240	173 428	217 418	390 846
Other transactions with owners in their capacity as owners	—	—	(140 168)	—	—	—	—	—	(1 023 370)	(1 163 538)	(859 194)	(2 022 732)
Share based payment charge for the year, net of tax	—	—	—	—	—	—	693 569	693 569	—	693 569	—	693 569
Balance at 30 June 2018	5 597 264	10	17 811 532	(13 134 620)	140 568	(687 790)	854 922	(12 826 920)	205 333 414	215 915 300	105 641 812	321 557 112
Profit for the year	—	—	—	—	—	—	—	—	44 948 714	44 948 714	19 062 974	64 011 688
Other comprehensive income	—	—	—	—	(82)	—	—	(82)	—	(82)	(134)	(216)
Dividends paid	—	—	—	—	—	—	—	—	(7 205 910)	(7 205 910)	(3 574 407)	(10 780 317)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	170 433	170 433	(2 799 091)	(2 628 658)
Contributions from owners	—	—	—	—	—	—	—	—	—	—	453 378	453 378
Restructure of susbsidiaries and associates	—	—	—	—	—	—	—	—	175 557	175 557	(3 252 469)	(3 076 912)
Other transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	(5 124)	(5 124)	—	(5 124)
Share based payment charge for the year, net of tax	—	—	—	—	—	—	390 948	390 948	—	390 948	—	390 948
Balance at 31 December 2019	5 597 264	10	17 811 532	(13 134 620)	140 486	(687 790)	1 245 870	(12 436 054)	243 246 651	254 219 403	118 331 154	372 550 557

Supplementary Information

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Accounting policies

The accounting policies used by the Group are consistent with those of the previous financial year, except for changes arising from International Financial Reporting Standards (IFRSs) effective during the period; IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) which became effective on 1 January 2018 and were adopted by the Group for the reporting period.

2.1 IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 - (Financial Instruments: Recognition and Measurement) for reporting periods commencing on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment; and hedge accounting. The adoption of IFRS 9 has been applied retrospectively.

The Group applied the simplified approach to recognise lifetime expected credit losses for its trade receivables as required by IFRS 9.

2.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the previous revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it became effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group adopted IFRS 15 using the modified retrospective approach in the current period presented.

3 Operating Segments

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

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

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

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

Head Office Services - reports the Group's shared services functions of treasury, legal, tax, audit, payroll, information technology and the residual results of the Group's interests in SPAR.

	Mill-Bake $	Protein $	Other Light Manufacturing and Services $	Head Office Services $	Adjustments $	Total $	Total Discontinuing Operations $
Revenue							
31 December 2018	281 426 320	156 640 476	74 937 702	3 432 752	(26 544 460)	489 892 790	—
31 December 2017	195 722 702	86 288 264	33 523 341	1 707 285	(12 434 848)	304 806 744	—
Operating profit/(loss) before depreciation and amortisation							
31 December 2018	44 770 715	23 405 511	13 780 995	(1 462 368)	—	80 494 853	—
31 December 2017	20 023 236	10 497 050	8 530 620	1 147 400	6 469	40 204 775	—
Depreciation and amortisation							
31 December 2018	3 446 462	3 000 559	1 737 405	115 210	139 593	8 439 229	—
31 December 2017	3 649 995	2 760 657	1 314 067	47 667	181 114	7 953 500	—
Equity accounted earnings							
31 December 2018	6 343 275	—	6 053 571	—	—	12 396 846	—
31 December 2017	2 491 763	239 060	1 285 575	—	—	4 016 398	—
Profit before tax							
31 December 2018	46 090 339	20 279 724	17 399 863	(1 160 272)	(181 116)	82 428 538	—
31 December 2017	17 340 114	5 589 134	6 690 331	2 057 870	(584 775)	31 092 674	—
Segment assets							
31 December 2018	381 867 457	166 596 819	132 257 797	36 271 098	(4 464 098)	712 529 073	107 313
30 June 2018	316 181 725	125 162 922	78 000 728	37 810 484	4 585 224	561 741 083	3 402 447
Segment liabilities							
31 December 2018	161 724 681	60 583 439	58 425 508	58 462 040	884 795	340 080 463	5 366
30 June 2018	114 139 330	44 981 616	23 478 145	55 417 739	5 399 437	243 416 267	170 151
Capital expenditure							
31 December 2018	12 239 961	7 647 592	7 454 554	459 082	—	27 801 189	—
31 December 2017	3 809 343	2 928 371	6 737 183	5 693	—	13 480 590	—

	31 Dec 2018 unaudited $	31 Dec 2017 unaudited $
4 Financial Income/(loss)		
Exchange gains (losses) - realised	80 649	(235 135)
Exchange gains/(losses) - unrealised	379 779	(381 435)
Profit on restructure of associate and disposal of listed equities	2 228 416	236 981
Profit on disposal of property, plant and equipment and intangible assets	874 666	34 285
Investment Income	524 419	—
Other gains /(losses)	9 512	(2 513 546)
	4 097 441	**(2 858 850)**
5 Future lease commitments		
Payable within one year	2 980 037	3 531 461
Payable two to five years	11 371 120	15 263 394
Payable after five years	2 393 930	18 308 917
	16 745 087	**37 103 772**
6 Commitments for capital expenditure		
Contracts and orders placed	15 452 631	4 406 175
Authorised by Directors but not contracted	10 752 396	4 125 212
	26 205 027	**8 531 387**

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

7 Interest - Bearing Borrowings

Interest-bearing borrowings constitute bank loans from various local financial institutions which accrue interest at an average rate of 6.01% per annum.

The facilities expire at different dates and will be reviewed and renewed when they mature.

Net book value of inventories and accounts receivables pledged as security for interest-bearing borrowings.	**13 500 000**	**13 500 000**

Supplementary Information (continued)

		31 Dec 2018 unaudited $	30 June 2018 audited $
8	**Inventories**		
	Consumable stores	24 801 496	17 574 438
	Finished products, net of allowance for obsolescence	16 139 298	13 079 618
	Raw materials and packaging	93 932 437	58 970 923
	Goods in transit	—	39 808
	Work in progress	2 629 675	780 189
		137 502 906	**90 444 976**
9	**Trade and other receivables**		
	Trade receivables	79 111 519	58 828 543
	Prepayments	82 713 978	38 872 033
	Rental deposits	27 202	47 844
	VAT Receivable	13 661 876	11 496 108
	Other receivables	26 452 129	13 763 846
		201 966 704	123 008 374
	Allowance for credit losses	(6 996 382)	(7 215 266)
		194 970 322	**115 793 108**
10	**Trade and other payables**		
	Trade payables	65 860 331	67 975 714
	Accruals	41 275 551	13 551 311
	Other payables	51 656 979	38 854 328
		158 792 861	**120 381 353**

11 Assets of disposal group classified as held for sale

The Group continues to dispose of non-core or aging assets in order to apply the value of the statement of financial position more appropriately. Following the disposal of the National Foods Holdings Limited depot operations in October 2016, the Board identified the properties from which some of these depots operate to be non-core. The bulk of the assets with a carrying amount of $3,295,134 were disposed during the period. The remaining assets are held at a value that approximates fair value and were previously recorded under the Mill - Bake segment.

	31 Dec 2018 unaudited $	30 June 2018 audited $
Land and Buildings	107 313	3 402 447
Deferred tax relating to assets held for sale	(5 366)	(170 151)

12 Earnings per share

Basic earnings basis

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

Diluted earnings basis

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

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

The share options arising from the Group's Indigenisation transaction had a dilutive effect at the end of the period as shown on note 12c below.

Headline earnings basis

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

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

		31 Dec 2018 unaudited $	31 Dec 2017 unaudited $
a	**Net profit attributable to equity holders of the parent**	**44 948 714**	**15 072 015**
b	**Reconciliation of basic earnings to headline earnings**		
	Profit for the period attributable to equity holders of the parent	**44 948 714**	**15 072 015**
	Adjustment for non-headline items (gross of tax):		
	Livestock and stockfeed impaired	—	2 041 999
	Profit on disposal of property, plant and equipment and intangible assets	(966 844)	(30 674)
	Profit on restructure/disposal of associates/subsidiaries	(2 228 415)	(138 184)
	Tax effect on adjustments	248 962	(517 916)
	Non-controlling interests' share of adjustments	306 901	(771 908)
	Headline earnings attributable to ordinary shareholders	**42 309 318**	**15 655 332**
c	**Reconciliation of weighted average number of ordinary shares before effect of dilution**		
	Number of shares in issue at the beginning of the year	559 726 470	541 593 440
	Add: Weighted Average number of shares issued for acquisition of Colcom non-controlling interests	—	300 547
	Less: Weighted Average number of Treasury Shares	(1 818 912)	(1 657 295)
	Weighted Average Number of Shares	**557 907 558**	**540 236 692**
	Weighted average number of ordinary shares before effect of dilution	**557 907 558**	**540 236 692**
	Effect of dilution from Indigenisation transaction share options	4 950 495	—
	Weighted average number of ordinary shares adjusted for the effect of dilution	**562 858 053**	**540 236 692**
	Basic earnings per share (cents)	8.06	2.79
	Headline earnings per share (cents)	7.58	2.90
	Diluted basic earnings per share (cents)	7.99	2.79
	Diluted headline earnings per share (cents)	7.52	2.90

		31 Dec 2018 unaudited $	30 June 2018 audited $
13	**Contingent liabilities**		
	Guarantees		
	The contingent liabilities relate to bank guarantees provided in respect of associate companies borrowings as at 31 December 2018	165 300 000	169 900 000