INNSCOR
Africa Limited

2019
ANNUAL REPORT
our passion for **value creation**

ABOUT OUR REPORT

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

Innscor Africa Limited, a company listed on Zimbabwe Stock Exchange (ZSE), presents its annual report for the year ended 30 June 2019. 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 Act (Chapter 24:03). In reporting non-financial information, the Group is guided by:

- Global Reporting Initiatives (GRI) Standards – 'Core'
- Listing Requirements of the Zimbabwe Stock Exchange (ZSE)
- 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 93**. 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

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 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 2020. 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

CONTENTS

OUR PASSION FOR VALUE CREATION

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.**

History And
Evolution of the Group

1998

- 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.

1995

Acquired and commissioned a mechanised bread plant in Harare.

1993

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

1987

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

1998

- Secured Nando's Franchise and opened the first Nando's store in Avondale, Harare.

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.

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.

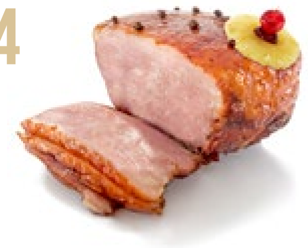
2006

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

2005

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

2004



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

2003

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

2007

- 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

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

2010

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.

2016

- Acquired automotive retail business Transerv.
- Commenced the re-organisation 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).**

2015

Acquired a non-controlling interest in a leading stockfeeds business, Profeeds (Private) Limited **(www.profeeds.co.zw).**

2015

Unbundled QSR operations through a dividend in-specie and listed it separately on the ZSE as Simbisa Brands Limited (SIM.zw), **(www.simbisabrands.com).**

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).

2016

- 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.

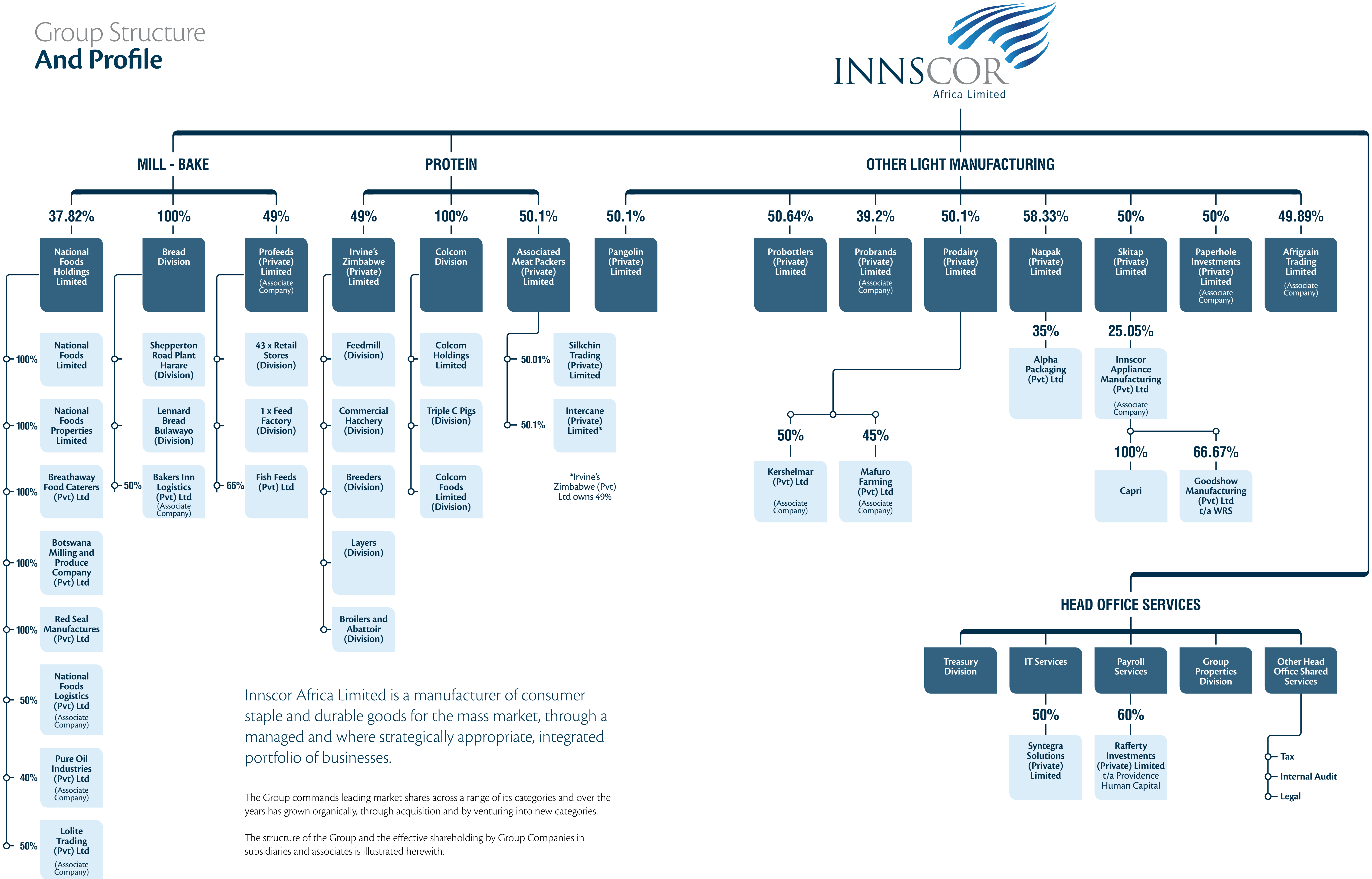
2018

- Acquired remaining non-controlling interest in Colcom Holdings Limited and de-listed the company.
- 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.

Group Structure
And Profile



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.

Our Products
And Brands

Maize	National Foods Ltd; Pearlenta Active Instant Porridge; Red Seal; Better Buy
Flour	National Foods Ltd; Gloria; Snow White; Red Seal
Stockfeed and Petfood	National Foods Stockfeeds; PROfeeds; Red Seal; Irvine's; BowWow; Kenergy; Colcom
Chicken	Irvine's; Texas Meats; Texas Chicken
Table Eggs	Irvine's
Day Old Chicks	Cobb Africa; H&N International
Bread and Pies	Baker's Inn; Colcom; Simon's Pies
Pork and Beef	Colcom; Colcom Tastee; Danmeats; Oscars; amp Meats; Prime Brand; Texas Meats; Texas Pork; Texas Beef
FMCG	Red Seal; Ma-Hat-Ma Rice; Zimgold; Oleo; Pure-ola; Zimbrite; Better Buy; Royal; ideal; PRObrands
Biscuits and Snacks	National Foods Ltd; Allegros Popticorn; Iris; ZapNax; King Kurls; Momo Naks; Shooters; Wingz
Dairy and Dairy Blends	PROdairy; masi; Super Sawa; Life; Revive; KSM Beverages; Kershelmar Dairies
Packaging	NatPak; Alpha Packaging
Beverages	fizzi; Bally House; St. Clairs

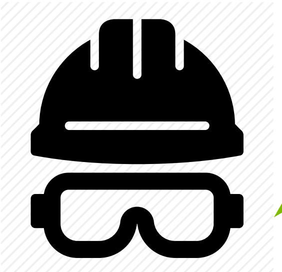
Five Year **Performance Highlights**

Revenue

The Group posted revenue of **ZWL1.286b** during the year under review, representing a 104% increase on the comparative year.

104%

Sustainability Performance



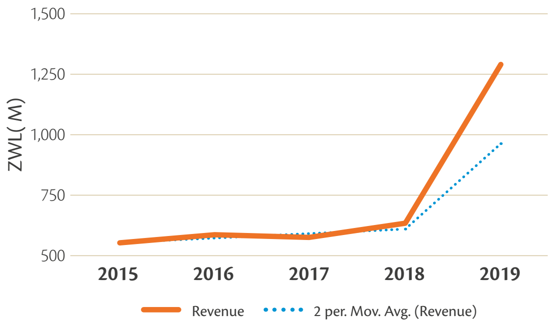
Social Performance

Safety training hours

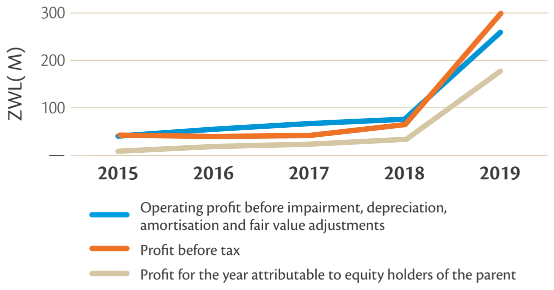
95%

Financial Performance

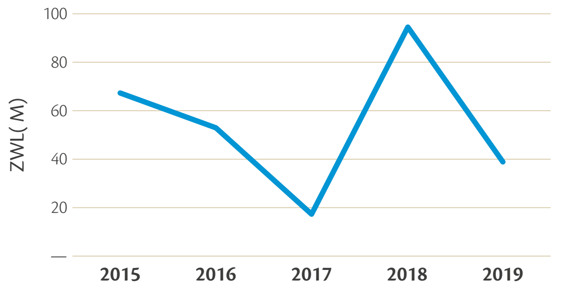
Revenue



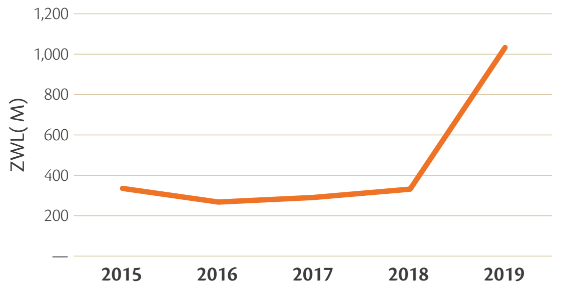
Profit Performance



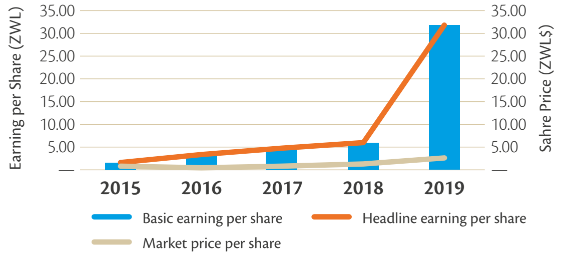
Cash generated from operating activities



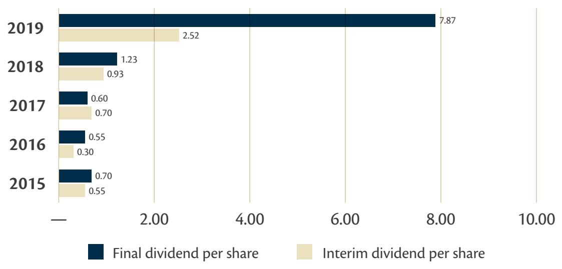
Net Assets



Earnings/Share Performance



Ordinary Dividend per share



	2019	2018	2017	2016	2015
Class "A" ordinary share dividend recognised and paid since reporting period	2 200 000	344 000	220 000	148 000	351 500
Number of shares in issue at 30 June	559 726 470	559 726 470	541 593 440	541 593 440	541 593 440
Market capitalisation at 30 June	1 455 288 822	660 477 235	389 947 277	93 695 665	400 779 146

Sustainability Performance

	2019	2018	2017	2016	2015
Environmental Performance					
Water Usage (m3)	▲ 8%	▲ 44%	▼ 4%	▼ 22%	▼ 21%
Solid waste (tons)	▼ 9%	▲ 167%	▼ 46%	▼ 36%	▲ 24%
Energy – Fuel for ovens (litres)	▼ 1%	▲ 31%	▲ 29%	▼ 3%	▼ 25%
Social Performance					
Employees	▲ 2%	▲ 6%	▼ 19%	▼ 7%	▲ 1%
Number of injuries	▲ 22%	▼ 2%	▼ 23%	▼ 3%	▼ 100%
Safety training	▲ 95%	▼ 4%	▲ 73%	▲ 4%	▲ 100%

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. These Group annual financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for annual financial statements. The principal accounting policies applied in the preparation of these abridged annual financial statements are, except where stated, consistent with those applied in the previous annual financial statements.

Profit Before Tax and HEPS

Profit before tax at ZWL296.141m was 371% ahead of the comparative year whilst overall headline earnings per share of **31.19 ZWL** cents for the year showed a 412% increase over the same period.

412%

CAUTIONARY STATEMENT - RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR 2018/2019

Following the reintroduction of the Zimbabwe Dollar on 22 February 2019 through the promulgation of Statutory Instrument 33 of 2019 (SI 33), the Directors would like to advise users to exercise caution in their use of these annual financial statements 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.

Users are also advised that the Zimbabwe Stock Exchange (ZSE) has previously issued a statement on the modified opinions for all listed entities reporting in Zimbabwe in respect of 2018/2019 financial year-ends. The statement notes that: "...it was not the Listed Companies' volition not to comply with financial reporting Standards but rather a matter of complying with the obtaining laws of the Country as prescribed by Statutory Instrument 33 of 2019 (SI 33)." The audit report on these results has been modified by the independent auditors, Ernst & Young Chartered Accountants (Zimbabwe), as indicated in the audit statement below.

BASIS OF ACCOUNTING FOR THE CHANGE IN FUNCTIONAL CURRENCY

As noted above, Government promulgated 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 this effective date would be deemed to be Zimbabwe Dollars at a 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 International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates). The Directors have always ensured compliance with International Financial Reporting Standards (IFRS), but were unable to do so in the current year due to the conflict between these Standards and local statutory requirements.

In line with SI 33, the Group therefore changed its functional and presentation currency with effect from 22 February 2019. However, in an attempt to more fairly present its Statement of Financial Position as at this date in Zimbabwe Dollars, the Group re-based the net book value of its property plant and equipment, long-term biological assets, investments and foreign monetary assets at an exchange rate of USD 1= ZWL 4. This exchange rate reflected the implied fair market rate of exchange based on procurement arrangements that the Group had with local suppliers of raw materials. After accounting for the effects of deferred taxation, the net effect of this re-basing exercise resulted in an increase in total equity, through the Change in Functional Currency Reserve of ZWL 399.417m.

Comparative financial information and that from the period from 1 July 2018 to 22 February 2019, has been prepared on the assumption that the United States Dollar and the Zimbabwe Dollar were at par.

As required by IAS 21, foreign monetary assets and liabilities in existence at 30 June 2019 have been translated to Zimbabwe Dollars at appropriate closing market rates of exchange, with any exchange differences between 22 February 2019 and 30 June 2019 having been adjusted for through the Group's Statement of Profit or Loss.

Since the Group undertook its asset re-basing exercise in February 2019, the Zimbabwe Dollar has experienced significant devaluation against major currencies. The Board awaits guidance from the PAAB in accounting for this devaluation. If sustained, the devaluation could result in a material understatement of the Group's asset base and consequently shareholders' equity.

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

AUDIT STATEMENT

The Group annual financial statements have been audited by Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion for non-compliance with IAS 21. The auditor's report on the Group annual financial statements, is shown on pages **93 to 97.**

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 we operate. The Group continues to strengthen sustainability practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

OPERATING ENVIRONMENT AND OVERVIEW

The year under review presented a number of highly complex challenges within the operating environment and necessitated considerable ongoing adjustments to the Group's strategy.

During the early part of the 2019 financial year, market sentiment was generally positive and this drove spending and volume growth across all the Group's operations. In early October, a number of fiscal and economic reforms were instituted by Government with the separation of local bank accounts into domestic-use and foreign-use, or "nostro" accounts. The Intermediated Money Transfer Tax (IMTT) was also introduced, and whilst this had the desired effect of eliminating the budget deficit, it added considerable cost to the general value-chain and resulted in the increase in the cost of goods and services for both businesses and consumers. During the course of the 2019 financial year, the Group remitted approximately ZWL16m in IMTT.

Availability of foreign currency continued to be highly constrained throughout the year under review, and this together with the effect of the various necessary, but painful reforms that were introduced, resulted in a period of extreme economic turbulence. Inflation remained rampant for most of the year, and this combined with declining disposable incomes and reduced formal employment placed consumers under tremendous pressure. Shortages of fuel, key consumables and then, toward the end of the financial year, electricity, necessitated precision planning and management in order to sustain the Group's operations.

A sub-normal 2018/19 rainy season has added to the challenges being experienced in Zimbabwe; this has vastly reduced agricultural output, and means that increased imports of key grains will be required by the country in the forthcoming period.

Chairman's Statement
And Review of Operations (continued)

Chairman's Statement
And Review of Operations (continued)

In the midst of the country's existing challenges and transformation to a new operating environment, it then faced a humanitarian crisis of epic proportions in the form of Cyclone Idai. Idai devastated a large portion of Eastern Zimbabwe, not to mention a number of neighbouring territories. The Group was pleased to play a substantial role in donating and distributing a considerable amount of food aid to affected areas.

Our businesses continue to make appropriate changes to their operating models as the transformation to a local currency economy continues. We remain hopeful that the economic and fiscal initiatives that have been undertaken, in conjunction with the Transitional Stabilisation Programme, the International Monetary Fund ("IMF") Staff Monitored Program, and Government's ongoing global re-engagement efforts, will yield the necessary external support that is so vital in the country's journey to economic recovery.

Operating Profit Growth

Operating profit of **ZWL258.022m** for the year under review, this was a growth of 234% over the 2018 financial year.

234%

FINANCIAL PERFORMANCE

As noted earlier in this Statement, the Group's financial results should be read in the context of the transition to a local currency economy.

The Group posted revenue of ZWL1.286b during the year under review, representing a 104% increase on the comparative year. This revenue was driven by pleasing volume growth in all businesses other than the bread and flour categories which experienced wheat and flour shortages throughout most of the year. Revenue was also affected by the necessary adjustments to average selling prices necessitated by the need to be able to replace raw materials in a highly inflationary environment.

An improved product mix, good strategic raw material positions, and well-controlled overheads combined with volume growth and replacement pricing policies, where possible, gave rise to an operating profit of ZWL258.022m for the year under review, this was a growth of 234% over the 2018 financial year.

Exchange losses dominated the financial loss account, but this was countered by positive fair value adjustments on the Group's livestock and listed investments. The depreciation charge of ZWL32.538m was almost double that of the comparative year and arose from the re-basing of fixed assets in February 2019 following the functional currency change.

Interest costs grew over the comparative year as a result of the utilisation of increased borrowings; although this was largely inflationary.

The Group's associates delivered a 319% increase in the Group's share of equity accounted profits, with positive performances across the board.

Profit before tax at ZWL296.141m was 371% ahead of the comparative year whilst overall headline earnings per share of 31.19 ZWL cents for the year showed a 412% increase over the same period. Given the prevailing trading conditions, this was a most satisfactory result.

The Group's Statement of Financial Position remained solid, with net gearing at 5.69% compared to 8.35% in the 2018 financial year. As noted above, significant re-basing adjustments affected the property, plant and equipment, long-term biological assets, deferred tax and equity accounts. These adjustments are captured in the Group's Statement of Changes in Equity.

In the face of extreme inflation, cash generated from operating activities was low at ZWL39.477m for the year under review, with much of the profit being deployed to maintain strategic raw material positions, in order to preserve balance sheet value. Capital expenditure, at ZWL70.265m included critical maintenance projects, as well as a number of capability and capacity enhancement projects across the Group.

Shareholders will recall that the High Court ordered the Competitions and Tariff's Commission (CTC) to return the sum of ZWL 2.550m, held in trust by the CTC with respect to the competition notification dispute arising from the Group's investment into National Foods Holdings Limited in 2003. The CTC appealed against this order, and the Supreme Court recently allowed this appeal on a technicality, without the merits of the case being heard. The Board took the decision to fully provide for this charge in the Group's Income Statement.

OPERATIONS REVIEW

MILL–BAKE

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

The **Bakery Division** experienced an extremely challenging year with overall volumes declining 8% over the comparative year. This reduction was largely a result of constrained flour supply which severely limited the operation's ability to service the market adequately.

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

The business continues to operate within the confines of a regulated pricing framework and consequently operating margins have been heavily compressed by severe cost inflation not only on flour, but on a number of other key expense lines that have a high portion of foreign content such as pre-mixes, repairs and maintenance and fuel. We continue to work with the authorities in determining a long-term solution for the industry as a whole in order to achieve the dual requirements of a sustainable business model and a stable bread market for the consumer.

The operation completed the first phase of its automation project during the course of the year, and we are extremely pleased with the initial results. This initiative has seen a volume capacity increase of 25% on two lines being achieved, whilst loaf quality and consistency is outstanding. An additional 45 bread delivery vehicles were added to our fleet during the second half of the financial year, although the majority of these are currently being stored due to the production constraints noted above. The second phase of the automation project is currently suspended until there is a sustainable improvement in bread market conditions.

Volume Growth in National Foods

National Foods recorded a solid performance for the period on the back of a **12.5%** increase in total volumes to **611,000mt.**

611,000mt

National Foods recorded a solid performance for the period on the back of a 12.5% increase in total volumes to 611,000mt. This volume growth was driven by an excellent performance by the Maize Division, where volumes grew by 60% over the comparative year to 196,000mt. The Stockfeeds Division benefited from the country's recovery from Avian Influenza (AI) and delivered a 42% volume growth over the previous financial year. Smaller volume gains were also recorded in the FMCG and Snacks and Treats Divisions. These volume gains were somewhat offset, however, by the performance of the Flour Division, where volumes reduced by 18% to 249,000mt due to constrained wheat availability and a restricted bread price that did not permit the Company to take positions in imported wheat to close the local supply gap.

The Company's working capital model continued to evolve appreciably during the period, as the inflationary environment demanded an extended raw material pipeline, whist creditor funding, especially for key imported raw materials, progressively reduced.

As previously advised, an agreement was reached in late 2018 between the Reserve Bank of Zimbabwe (RBZ) and the Group's major grain supplier wherein the RBZ assumed the operation's legacy debt to its supplier amounting to USD54.9m as part of a funding agreement, which would see this debt being settled over an agreed period. Subsequent to December 2018, the RBZ assumed a further USD8.1m of grain debt under the same arrangement, bringing the total amount to USD63m. National Foods has settled the full amount locally to the RBZ, who in turn has subsequently made a number of payments against this facility to the supplier, and the cumulative balance owing by the RBZ at the end of the 2019 financial year was USD43.3m. This progress is very pleasing under the difficult circumstances.

Going forward, the business will be entering the cereals category early in the new financial year, with a new state of the art plant having been recently commissioned; supplies to the market are expected to commence in September 2019. The initial product to be launched will be an instant maize-based breakfast porridge under the "Pearlenta Nutri-Active" brand. We are excited by the prospects of additional products that are in the pipeline from the plant and this category presents operational leverage and logical integration opportunities for the company.

Profeeds, an associate company of the Group, recorded a 35% increase in feed volumes and a 23% increase in day-old chick volumes over the comparative year, a result arising from the combination of the continuous improvement in the retail platform offering, general recovery of the chicken industry from the AI epidemic, and a well-executed strategic raw material strategy position.

The rebranding of the retail stores and enhancement of product offering within the store network continued during the period, resulting in double digit increases being reported in volumes from rebranded stores.

PROTEIN

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

Chairman's Statement
And Review of Operations (continued)

The **Colcom Division**, comprising, Triple C Pigs, Colcom Foods and the newly-created "Simon's Pies", increased overall volumes by 12% over the comparative year. Fresh pork and processed meats volumes increased by 14%; a result of investments in upstream pig production facilities; whilst pie volume growth of 8% was aided by the restructuring of the Simon's Pies manufacturing line in January 2018.

Increase in Pig Production

The additional piggery operating under Triple C Pigs, came into full production during the year under review delivering an additional 26% in pig numbers to the business.

26%

The additional piggery operating under Triple C Pigs, came into full production during the year under review delivering an additional 26% in pig numbers to the business, while at Simon's Pies, operational capabilities were improved, product flow re-designed and product re-developed, re-branded and re-launched.

The business will continue with initiatives to further increase its pig herd and in line with the Group's commitment to support agricultural growth in Zimbabwe, will also initiate an investment to commence internal production of maize and soya's.

Irvine's completed its biological asset re-stocking programme during the year under review following the AI outbreak in 2017. Over the comparative year, table egg volumes increased by 81%, with volume growth also being recorded in the day-old chick (14%) and frozen chicken (7%) categories. All units are now operating at, or above, pre-AI capacity.

Biosecurity remains a high priority focus and continues to be enhanced to world-class standards, with preventative and detective tests being carried out regularly. A formal AI response plan using global best practices has been developed in liaison with the Department of Veterinary Services; this will help to minimise the financial effects to the industry in the event of future AI outbreaks.

In the **AMP Group**, cattle volumes at the Zimnyama slaughter facility continued to increase and by the end of the financial year, this operation was providing the core AMP down-packing operation with over 75% of its raw material requirements.

AMP wholesale and retail annual volumes were similar to the comparative year. The retail platform continues to be expanded under the "Texas" brand and will launch the exciting new "Texas Meat Market" concept in Bulawayo in September 2019.

AMP's **Texas Chicken** retail operation, continued to show excellent growth with volumes increasing by 63% over the comparative year. New sites were opened in Kwekwe and Bulawayo during the year under review, with Rusape and Zvishavane added in the first quarter of the 2020 financial year.

OTHER LIGHT MANUFACTURING AND GROUP SERVICES

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

Prodairy continues to perform well, and by the end of the financial year under review was receiving approximately 20% of current national raw milk supply. Actual volume growth in the business was strong at 75% compared to the comparative year, with both the milk category, operating under the "Life" brand, and dairy blend category operating under the popular "Revive" brand, performing ahead of expectation. Maheu, also operating under the "Revive" brand was added to the basket of products produced from this operation toward the latter part of the financial year under review and is expected to make a significant contribution to the business. The business has also just commenced production of butter, and this too, has had a positive start.

The Company's backward integration initiative into milk production at Grasslands Research Station in Marondera, through its Mafuro Farming operation, continues to perform well, and is now producing around 12% of the company's overall raw milk intake.

At **Probottlers**, volumes grew by 52% over the comparative year with strong growth coming across both the cordial and carbonated categories following the commissioning of additional bottling and filling capacity. Further plant upgrades are planned for commissioning during the second half of the 2020 financial year and should result in additional cost optimisation going forward.

At **Natpak**, volume growth of 36% over the comparative year was driven largely by the increased utilisation of the newly commissioned corrugated packaging plant and volumes created from the newly-established rigids packaging plant. The recently expanded sacks production capacity also contributed to volume growth whilst the flexibles division continued to make a strong contribution to the overall volumes mix.

Initiatives to add additional packaging capabilities are currently being investigated and should see this business continue with its steep growth trajectory.

Chairman's Statement
And Review of Operations (continued)

Probrands volumes were 34% above those achieved in the comparative year. Growth in volumes was supported by strong performances in both rice and sugar down-packing.

PROSPECTS

The overall performance of the Group over the past year has been extremely positive, and has been achieved in a challenging and ever-changing economic environment. The economy, however, is currently adapting to the introduction of the local currency, and is experiencing significant reactions in this regard with inflation, foreign currency and liquidity shortages, severe erosion of disposable incomes, and energy shortages being some of the issues faced by our businesses on a daily basis.

The immediate post year-end period saw a material volume reduction as consumers adjusted to the local currency market conditions, and whilst volumes have steadily improved it does appear that the coming half will see substantially reduced volumes compared to the prior period.

Our management teams will be highly focused on adapting their business models to this new environment to take account of prevailing conditions. In this regard, attainment of volume targets and, most importantly, control of the overhead base which is experiencing extreme cost-push, will be key focus areas. Re-establishing the working capital base, following a sustained period of inflation will also be a high-priority area. The Group has an extremely strong asset base and will leverage off this platform to attain the necessary funding required to support the significantly increased values of working capital now required, and to deploy to expansion projects. Financial institution funding support has been limited due to liquidity constraints, and in this regard the business is currently marketing a corporate bond in its own name to assist it in raising funding, which ordinarily should have been easily met by its financial institution partners, to meet its growth objectives.

The Group is the largest commercial user of grains in Zimbabwe and previously our businesses have acquired their key grain inputs at harvest or through imports. Given the changing local environment and the need to ensure adequate levels of raw material being available, the Group has commenced with an initial investment into maize and soya production for this coming agricultural season. Our intention will be to rapidly grow this part of the business, in order to make a meaningful contribution to our raw material requirements and also to agricultural development generally in Zimbabwe.

Agricultural development will be the back-bone in the country's recovery and future success, and our Group is ready to play its part. Our strategy will be executed through both corporate and contract farming smart partnerships and we will ensure that we utilise the best skills available to ensure success of this initiative. We encourage the authorities to initiate clear and simple policy to encourage further investment to take place.

Our individual business models remain strong and we will continue to invest in organic growth projects such as automation and expanded capability in the production of synergistic products. We will also continue to look at growth opportunities in new, adjacent categories.

Dividend

The Board is pleased to declare a final dividend of 7.87 ZWL cents per share payable in respect of all ordinary shares of the Company, bringing the total dividend for the year to 10.39 ZWL cents.

381%

The Board is pleased to declare a final dividend of 7.87 ZWL cents per share payable in respect of all ordinary shares of the Company, bringing the total dividend for the year to 10.39 ZWL cents. The dividend is in respect of the financial year ended 30 June 2019 and will be payable in full to all the shareholders of the Company registered at the close of business on Friday 18 October 2019.

The payment of this final dividend will take place on or about 4 November 2019. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of Tuesday 15 October 2019 and ex-dividend as from Wednesday 16 October 2019.

The Board has also declared a final dividend totalling ZWL 2 200 000 to Innscor Africa Employee Share Trust (Private) Limited.

APPRECIATION

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

A.B.C. CHINAKE
Chairman
20 September 2019

INNSCOR

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 businesses, 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, old people's homes, orphanages, prisons, the arts and animal welfare organisations.

Investments into vulnerable Groups

IAL provides material and ad hoc capital support to Emerald Hill Children's Home and Runyararo Children's Home. During the last year, IAL refurbished the kitchen at Emerald Hill Children's Home, whilst Kidzcan Zimbabwe continues to receive financial support from the Group.

Cultural and Arts Support

IAL has been associated with The National Institute of Allied Arts since 2012 through the annual sponsorship of the National Institute of Allied Arts Visual Arts Festival. The National Institute of Allied Arts was formed over a century ago in Bulawayo with its first one-day festival held in May 1913, which started off as The Society for the Advancement of Music and Art, but was later changed to The National Institute of Allied Arts. The National Institute of Allied Arts seeks to promote artistic creations by young people in Zimbabwe, ranging from Grade 0 to Form 6 and the transfer of creativity and talent from one generation to the other.

Natural Disaster Relief

Cyclone Idai brought devastation to the Eastern parts of Zimbabwe, as well as affecting two of our neighbouring countries; Mozambique and Malawi. The Group and its businesses rallied together with assistance in the form of food and other materials support worth over **ZWL400 000** which was officially handed over by the Innscor Bakeries Chief Executive Officer Mr Ngoni Mazango to the Minister of Local Government, Public Works and National Housing, the Honourable Mr July. G. Moyo. The Group's management, staff and vehicles provided much needed logistics to ensure that donations from other well-wishers during the disaster reached the intended beneficiaries.

Cyclone Idai Donations

ZWL 400 000

The Group and its businesses rallied together with assistance in the form of food and other materials support worth over **ZWL400 000** which was officially handed over by the Innscor Bakeries Chief Executive Officer Mr Ngoni Mazango to the Minister of Local Government, Public Works and National Housing, the Honourable Mr July. G. Moyo.

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 500million new trees in 10 years, and do this through providing funds and expertise at selected primary and secondary schools to grow Tree Seedling Nurseries across the country. 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 Sporting Activities

During the year, IAL sponsored the Under 14, Under 15 and Under 17 Zimbabwe Junior Cricket Teams' participation in tours to South Africa. The Group is proud to be associated with this initiative which is key to the development of Cricket in Zimbabwe

IAL also sponsored the Zimbabwe Men's Hockey Team comprising several players from disadvantaged backgrounds; this sponsorship allowed the team to play at the Africa Olympic Games Qualifiers held in Cape Town in August 2019.

Innscor **Group's Corporate Social Responsibility to Communities** (continued)

Investment in Animal Welfare

In support of animal welfare, IAL supported The BLUE CROSS event towards fundraising for the Society for the Prevention of Cruelty to Animals (SPCA). The event involved a relay, walk, run, cycle and horse ride covering 500 kilometres from the lowest part of the country in the Save Riverbed to the highest point in the country at Mount Inyangani. The funds raised from this successful event were disbursed to the Harare, Bulawayo, Gweru, Kwekwe, Marondera, Kadoma, Chegutu and Zvishavane's SPCA offices to help them in their animal welfare activities.

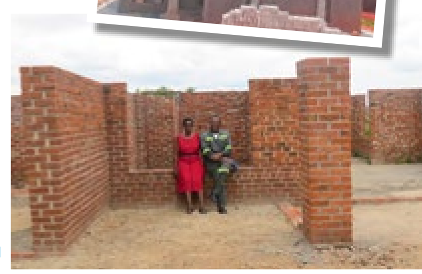
Investment in Employees

The Innscor Africa Employee Share Trust (Private) Limited (EST) was established in December 2013. The Trust was established with the aim and objective to make provision for the welfare, advancement, general improvement and empowerment of the beneficiaries of the Trust by enabling them to participate in the shareholding of IAL and by using the capital and income of the assets of the Trust for the benefit of the beneficiaries in accordance of the Trust for the following manner:-

- Acquiring and or developing low-cost housing for the accommodation of Innscor employees
- Funding and improving health and medical aid schemes
- Funding and improving employee funeral assurance and assistance schemes
- Funding educational assistance for employees and their dependants;
- Distributing money to employees

To date, the Trust has distributed over ZWL 1,9million by way of a dividend to all qualifying employees. Over 70 % of qualifying employees have been able to access funding from the EST Revolving Loan Fund and these funds have assisted them in developing their own houses, purchasing residential stands, paying school fees and providing funeral assistance among other things.

The EST has also embarked on arrangements with housing institutions resulting in a number of employees securing own houses.



NATIONAL FOODS

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

Our Strategic Approach

NFL supports the disadvantaged and various needs within our stakeholders and communities through the CSR Programme.

Our CSR strategy focuses on responding to vulnerable groups, community support needs and strategic initiatives under the thematic areas of socio-economic and environmental impacts.

Corporate Social Responsibility Activities

National Foods objective is to plough back to the communities within which the company operates by enhancing lives, improving well-being and building lasting emotional capital. The initiatives are mainly targeted at children and the elderly.

The Group engages in proactive initiatives which deliver an impact to the socio-economic well-being of communities and also participates in initiatives that are geared towards the preservation and long-term sustainability of the environment.

National Foods has taken initiatives to support over forty groups of vulnerable communities across Zimbabwe's ten provinces. These centres include orphanages, special needs groups, vulnerable women and children, schools, hospitals, churches, wildlife and other national social support.

Improving well-being

The company adopted two charities in each of the ten provinces in the country to which a monthly provision of food-stuffs is delivered. The Group also donates a day in the year for staff to participate in an organised charitable cause.

NFL Supporting Vulnerable Communities

40 GROUPS IN 10 COMMUNITIES

NFL supports over 40 groups of vulnerable communities in 10 Provinces across the country

Enhancing lives

The company implements projects in communities geared at supporting and enhancing livelihoods. To this end the company identifies schools, hospitals, church-run institutions in disadvantaged communities and supports self-initiated projects to contribute towards social causes.

Target groups are disadvantaged communities, schools, hospitals, church run institutions and wildlife protection initiatives, including donations to Healing with Horses and the SPCA.

National Foods **Corporate Social Responsibility and Sustainability Report** (continued)

National Foods **Corporate Social Responsibility and Sustainability Report** (continued)

Building Lasting Emotional Capital

The Company responds to relevant adhoc or once off interventions and customer/consumer focused initiatives through cash and branded food donations, at exhibitions, graduations, prize giving days and uniformed forces events.

National Foods supported the Zimbabwe Netball National Team. "The Gems" with ZWL 200 000 upon their qualification to the Vitality Netball World Cup in Liverpool.

Specific Projects

In 2017 and 2018 National Foods provided funding to renovate 8 schools in the Sanyati and Ngezi districts in partnership with the Kapnek Trust. The Company donated stationery to four of the rehabilitated schools in the 2 districts.

The Company donated 60 metric tonnes of various products including roller meal, self-raising flour, salt and jam towards the communities impacted by Cyclone Idai in Chimanimani. NFL Staff collected 32 full bags of clothes and shoes that helped to sustain the immediate and basic needs of the affected families.

Cyclone Idai Donations

60 000kgs

National Foods Limited

National Foods Limited donated 60mt of various products including roller meal, self raising flour, salt and jam towards Cyclone Idai.

BAKER'S INN

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our Strategic Approach

Bakers Inn are delighted to report on the brand's Corporate Social Responsibility and Sustainability matters, with the aim to highlight the details of the business's strategy, commitments and progress towards creating an ever more sustainable and successful business. Bakers Inn are committed to strengthening the communities at large.

Better taste, more value

As Zimbabwe's largest bread producer operating across communities throughout the country, the brand is extremely passionate about upskilling, recruiting and retaining great people and empowering them to grow long-term careers within our organisation. The business also recognises the significant impact our corporate social responsibility strategy can play within local communities. The business is extremely proud of the significant impact its teams have had by working closely with these communities to raise standards of living and to support the basic needs.

The business encourages its staff to volunteer and work with charities which the business and the Group collectively support. Thanks to the continued commitment of their teams, their community involvement is delivering well ahead of targets.

Baker's Inn through the **I AM Baker's INN** initiative is striving to create capable, dedicated employees to sustain the growth and success of the business. For many years, through the membership of key business organisations, such as the Confederation of Zimbabwe Industries, National Baker's Association of Zimbabwe and the Zimbabwe National Chamber of Commerce, the business has worked closely with Government and industry leaders to help influence continued investment in nurturing skills and developing careers within the Bread sector.

I AM Baker's INN

This is an internal cohesion plan which is important to the implementation of Baker's Inn's strategic objectives. I AM Baker's Inn Project is a mission-critical vehicle to work towards building a strong internal culture to drive performance.

The work that we do places us at the heart of many different communities. The business is committed to supporting the areas in which it operates in, leaving a positive and lasting legacy. The valued team members work incredibly hard to support their communities, near and far, through bread donations and direct involvement in community and social services.

Volunteer Programme

Through the Volunteer Programme Baker's Inn strives to use its resources to support a range of non-profit endeavours within local communities to create sustainable and long-term value.

The long-term goals are to:

- Contribute to a healthier and more sustainable community for all
- Enhance our reputation and standing in the community
- Provide opportunities to support and develop our employees, and lead by example

Cyclone Idai

At the beginning of the year, Baker's Inn joined other Innscor Africa Limited Companies and contributed food donations and goods worth ZWL400 000 to families affected by Cyclone Idai, which claimed hundreds of lives and left a trail of destruction in Manicaland, particularly in Chimanimani and Chipinge.

Cyclone Idai Donations

10 000

Loaves of Bread Donated

In addition to other products donated by Group Companies.

Baker's Inn **Corporate Social Responsibility and Sustainability Report** (continued)

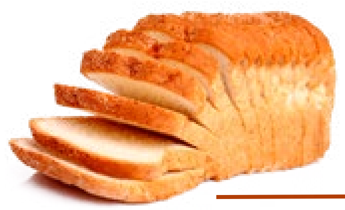
Materials Support

Over **ZWL400 000**

in Road Rehabilitation Project

Over ZWL400 000 in materials support was donated to City of Harare to repair the dilapidated road in the Sheppeton factory in Graniteside.

Bread Deliveries



1.5 Million Km's

Bread deliveries cover over 1.5 million Km's in a month

Community investment

Baker's Inn Community investment initiatives seek to improve access to quality education. To this end, Baker's Inn refurbished a classroom at Huyo Primary School, Karoi, Mashonaland West Province in 2016. This project benefited over 600 school children. We partnered with the Zimbabwe National Army to construct a full school block at Mbalabala Secondary School, Matabeleland South. This school project is pivotal for the community which had no secondary school in a 15 km radius.

Baker's Inn as part of its investment in the community contributes towards the Zimbabwe National Army Charities sponsorship and participation.

When the cholera epidemic struck Harare in 2018, Baker's Inn donated and installed a number of water tanks in Glen View and Budiriro to provide portable water to affected residents.

A further investment in the water and sanitation sector augmented water supplies to Mauya Adventist Primary School in Karoi 2018 through a donation of two-5 000 litre water tanks.

To enhance service delivery in local authorities, the business donated Fire Engines to Hwange Municipality, Victoria Falls Municipality, Gwanda Municipality and Chipinge Municipality between 2016 and 2018.

The pinnacle of this support to local authorities was the partnership with the Harare City Council in September 2019 to repair the road network in Graniteside, where over ZWL400 000 in materials support was donated to the City of Harare to carry out this work.

Our Daily Bread

Our key product is staple in this country and all families strive to consume bread daily to sustain their livelihood. However, the current economic environment has narrowed incomes considerably resulting in many not being able to afford to buy bread regularly. Baker's Inn has over the years devolved a deliberate plan to ensure vulnerable groups have access to our bread. Despite reduced volumes and ever-rising production costs, Baker's Inn donates and delivers over 25 000 loaves daily to children's homes, old people's homes and prisons.

Apart from bread donations, Baker's Inn provided food hampers to cover three months of supply to 300 households in Jambezi (Chief Shava, Matabeleland North) and Kezi (Chief Malaba, Matabeleland South) in 2017.

Baker's Inn **Corporate Social Responsibility and Sustainability Report** (continued)

Baker's Inn Staff Investment

At Baker's Inn we believe that our 2 000 workers are our greatest assets. Their welfare is therefore vital to the well-being of the business. In this hyper-inflationary period where disposable incomes are declining and failing to keep pace with the costs of goods and services, the business has continued to review its remuneration regime to cushion staff and retain skills. In addition, the Group's Employee Share Scheme has benefited employees through direct dividend payments.

Where possible staff loans and housing schemes have provided important incentives to foster a sense of belonging through the Group's Employee Share Trust scheme, as well as through the business.

Staff Wellness programmes which includes sports days and health checks help greatly in supporting team-building and keeping staff revitalised.

Building Young People

The business provides internship opportunities and trains over 20 students from tertiary institutions each year. Some of the students are then offered employment at the completion of their studies.

On an annual basis Baker's Inn supports grassroots sports through sponsorship of events, as well as soccer and netball kits to schools. There are also schemes to provide fees to school children, as well as initiatives to sponsor prize-giving days.

Customers

Our bread deliveries cover over 1.5million kilometres a month throughout the country, directly supporting over 12 000 small traders daily with over 400 000 loaves of bread trading, from which they realise over ZWL140 000 in daily profits.

Supporting Daily Traders

12 000

Baker's Inn brand supports over 12 000 traders daily

PROFEEDS

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our Strategic Approach

Profeeds believes in giving back to the community and empowering these communities with skills to allow them to become independent and earn a steady income. 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. One of the biggest community empowerment offerings is to provide Broiler Management Trainings which commenced in 2010. Profeeds provide these training programmes at no charge to over 8 000 small-scale farmers on an annual basis.

PROfeeds
The Performance Feed

Trainings and customers – uplifting lives

Mrs Dube has been a customer from the very beginning of her layer project and Profeeds have walked with her through her 'layer journey' when she started off with 20 birds and now currently has 600 birds.

Feed and broiler house community set-ups

Profeeds has been involved in a number of chicken poultry projects in partnership with other stakeholders in line with their objective of continual upliftment of communities e.g. collaborations with Irvine's Zimbabwe and Innscor Africa Limited notably for the Dotito and Chivi Projects. Profeeds provided feed for their first batch of 2 000 birds. Management were very excited with these projects.

The idea of the school project set up at Dotito Primary School in Mount Darwin was for the school to consistently grow broilers in the correct manner so as to :

- Enable the school to raise money required for their core school projects
- Practically teach school children and other community members as to how to correctly grow chickens and be able to apply the training they receive in their home-based projects

A Korean Church Mission has been taking care of a community out in Westgate, Harare with the primary aim of encouraging poultry production as a way of generating income for the families based in that community. Profeeeds provided feed at a 20% discount to 12 families which greatly assists the families to cover their cost of their first project of 12 000 birds. Profeeds Technical Specialists routinely visit this area to help keep up with training requirements at no charge.

In addition, the business provides Dairy Feed to the Rusitu Community in Chipinge.

Free Training

8 000 Trained

Profeeds provides free training to over 8 000 small scale farmers

Mothers Are Geniuses (MAGS network support)

Profeeds sponsored this very integral part of society in assisting them uplift their living standards in mainly rural areas with income generating projects, through support of both feed and expertise. The company is very proud to be associated with MAGS who work very hard with over 3 000 rural women countrywide.

Old aged pensioners, orphanages and other charitable organisations

Ulysses Eastern Highlands Rally received sponsorship as well as St Michellines Orphanage and Mason old aged pensioners who received food hampers during the year.

Healing with Horses

A therapeutic centre in Bulawayo receives ongoing commitment of support from Profeeds which fits in line with the company's mission of healing children and communities in Zimbabwe through equine assisted activities and therapies. The company has been proudly associated with this organisation for over 5 years. A recent centre of similar nature has been opened in Harare. Assistance goes in the form of horse feed and monthly contributions to help sustain these animals.

Corporate Social Responsability

ZWL1 Million Spent

of which ZWL 780 000 was allocated to out-growers support through farmer training.

Profeeds Corporate Social Responsibility and Sustainability Report (continued)

Animal welfare support

Since the inception of Profeeds Prodog chunks in 2012, Profeeds have committed to contribute 50 cents for every pack of Prodog chunks sold to the Zimbabwe National Society for the Prevention of Cruelty to Animals (ZNSPCA), a very worthwhile charity cause. Profeeds also assist ZNSPCA with additional requirements to help with the upkeep and welfare of animals.

During the catastrophic Cyclone Idai period, Profeeds donated aproximatley 20 000kgs in animal feed towards the Cyclone Idai Relief Fund which was distributed through ZNSPCA.

The company donated approximately ZWL 15 000 towards a series of projects under the Veterinarians For Animal Welfare Zimbabwe (VAWZ). VAWZ vaccinated over 1 800 animals, performed spaying and neutering operations to dogs and cats and provided general check-ups and assistance in various areas around the country. Vaccinations and sterilisation campaigns were covered in areas such as Mazowe, Caledonia, Chimamanimani, Beit Bridge, Nyika and Bikita Districts. Rabies has become a huge risk in our country and Profeeds are committed to continue working with VAWZ. Two workshops were funded by the company, directed towards donkey welfare and elephants in captivity. The company is committed to the support of ongoing campaigns into the future.

Approximately, 5 metric tons of beef feed was donated to the Kariba Animal Welfare Foundation Trust (KAWFT) over the last two years which assisted in feeding starving buffalo and other animals stranded on Antelope Island.

Cyclone Idai Donations

ZIMBABWE NATIONAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
ZNSPCA

20 000kgs

In animal feed

Towards the Cyclone Idai Relief Fund which was distributed through ZNSPCA.

Profeeds Corporate Social Responsibility and Sustainability Report (continued)

IRVINE'S

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our Strategic Approach

Irvine's Zimbabwe have been operating in Zimbabwe for over 62 years and have been heavily involved in developing rural poultry production in line with Government's policy of developing agriculture in the rural areas.

IRVINE'S
Trust earned.

Day Old Chicks

Irvine's Zimbabwe sells in excess of 400 000 day old chicks per week to small scale producers through approximately 125 one-stop shops covering the whole country. With these chicks, small-scale producers are producing 380 000 broilers (after mortality) per week with a total value of ZWL9 500 000 per week or ZWL494 000 000 per annum. This is a major contribution to the rural economy. As a group, these small-scale producers are by far the largest chicken producers in Zimbabwe, producing 75% of chicken consumed in the country.

We estimate that with an average purchase of 125 chicks and a placement interval of 8 weeks, the average producer will produce 6.5 flocks per year each of the 113 broilers valued at ZWL18 500 per family per year.

A total of over 45 000 families are earning a living from chicks that Irvine's supplies enabling them to enjoy a better standard of living, better nutrition and to be able to fund their daily sustainability needs.

Irvine's has an extensive training programme for small-scale producers and trains approximately 20 000 people per year in modern poultry production. The effect of this is that small-scale producers use techniques taught by the Irvine's technical teams and are achieving excellent results comparable with results being achieved elsewhere in the world.

Command Livestock Production

Irvine's have been at the forefront of the Command Livestock Agricultural Programme through the provision of 12 poultry houses complete with equipment in each Province of the country. Each house has a capacity of 2 500 broilers. Irvine's provided the first batch of chicks and necessary feed free of charge and the beneficiaries then sold these and used the proceeds to purchase the next flock. These facilities are also used to train producers in poultry production.

Annual income from this scheme is estimated at ZWL60 000 per flock or ZWL390 000 per annum, per site.

Irvine's also introduced free broiler management trainings throughout the country to equip farmers with knowledge on total chicken management. As a support mechanism to the training and development, Irvine's commenced setting up demonstration chicken sites, the objective is to have one site in each province at central locations such as schools and Agricultural Colleges to facilitate this initiative. The pilot demonstration house was built at Glen View 1 High School in Harare and was handed over at a ceremony held on the 30th of April 2019 in Harare.

Training on Modern Poultry production

20 000 People

Irvine's provide training to over 20 000 people per year on modern poultry production

Irvine's Corporate Social Responsibility and Sustainability Report (continued)

Command Livestock Agricultural Programme

ZWL390 000

Annual Income

This scheme is estimated at ZWL60 000 per flock or ZWL390 000 per annum, per site.

Poultry Diseases Monitoring

Irvine's Zimbabwe supports the Department of Veterinary Services in the prevention and monitoring of poultry disease in Zimbabwe. The company has built for own use and the Department's use a modern molecular biology unit, which is able to rapidly detect the presence of Avian Influenza. This is the only unit of its kind in the country and will assist the Department of Veterinary Services in monitoring Avian Influenza throughout the country.

Irvine's are also supplying the Veterinary Department with fertile hatching eggs free of charge to enable them to manufacture Newcastle vaccine for use in the rural areas.

Irvine's Corporate Social Responsibility and Sustainability Report (continued)

Irvine's Accommodation

Irvine's have provided accommodation to staff members and their families for the past 27 years. Lanark and Derbyshire villages have houses with 2 bedrooms each, a lounge, kitchen and shower. All houses have running water and electricity. The houses cater for approximately 2 500 people and have great amenities. These residential villages were built to assist staff members with affordable accommodation as well as convenience to get to work.

Lanark Village was officially opened in 1992 by the late Honourable S.V. Muzenda and the late Mr Clive Irvine. Today, the village has developed and boasts a recreational centre that was built to improve staff members' social lives as well as facilitate other recreational activities, a school and a clinic which is manned by qualified medical staff and adequately supplied with medical drugs.

75 YEARS COLCOM QUALITY

COLCOM

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our Strategic Approach

For the last 75 years, Colcom Foods has contributed to the community in which it operates in a number of ways. Colcom values its customers and its continuous aim is to improve the lives of ordinary Zimbabweans in meaningful and valuable ways. 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. Colcom's contributions add to the lives of 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 Staff Investment

Colcom employs close to 1 200 people, all of whom are benaficeries of a Staff Wellness Programme. Colcom is an active member of the Business Council for Sustainable Development Zimbabwe.

Colcom Community Sustainability Programmes

Rose of Sharon

Rose of Sharon Welfare for Children is a registered private voluntary organisation that provides shelter, food, education and health care, social amenities and recreation to needy orphans. Through this institution, Colcom has been reaching out to children from all walks of life. These are children who have been abandoned and dumped on the streets or orphaned, with no extended family to provide care. Often, some of these children end up forming child-headed families who require assistance in order to make ends meet.

Colcom strives to provide the organisation with delicious meats to nourish the children of this organisation through weekly donations facilitated through our Colcom Shop at Coventry Road.

Shearly Cripps

Shearly Cripps Children's Home is an orphanage run by the Anglican Church of the Province of Central Africa. Colcom facilitates the delivery of delicious meats to nourish the children from this organisation through weekly donations that add to their regular meals.

Assisting Old Aged Homes

Our relationships with old aged homes include; Athol Evans Hospital Home, Flower Foundation Blue Kerry Retirement Home, BS Leon Trust, Fairways Home For the Aged, Flame Lily Trust, Malvern House Trust (Mvurwi), Memorable Order of Tin Hats (MOTHS), Nazareth House, Pleasant Ways, RESCU Sheltered Employment and Waterfalls Old People's Home. Colcom has consistently supplied these charitable organisations with cooked and glazed hams for their Christmas dinners.

Animal rescue charities

Vets for Animal Welfare Zimbabwe (VAWZ) focus on rural and underprivileged areas of Zimbabwe. They provide free medical care for animals, of which rabies vaccinations and sterilization is of particular importance. Colcom consistently contributes to VAWZ fundraising efforts with our frozen and canned petfood in order for them to keep this free vaccination program going.

The Society of the Prevention of Cruelty to Animals (SPCA) is the oldest animal welfare organization in Zimbabwe. Their main role is to provide a safe sanctuary and care for animals whilst endeavoring to educate the populace about animal care to prevent ill-treatment and cruelty to animals and promote sterilisation. Colcom has supported the organisation's bid to prevent ill-treatment and cruelty to animals by donating pet food and supporting the charitable organisations fund raising events.

Colcom Corporate Social Responsibility and Sustainability Report (continued)

With Love Foundation and St Catherine's School

Established in July 2017, the Colcom Social Golf Day is a platform for networking between industry captains in a social and relaxed environment. The Colcom Social Golf Day seeks to create and maximise Business to Business synergies with the objective of enjoying long-term, mutually beneficial business relationships. Proceeds from fees raised from this initiative are channelled to a charity organisation and to date With Love Foundation and St Catherine's School have received support.

With Love Foundation (WLF) is a non-profit community engagement organisation that works with urban communities that are not ordinarily targeted by humanitarian organisations. WLF runs a Soup Kitchen Project which is currently the flagship project of the organisation.

Cyclone Idai Donations

3 Tons

Canned Meat

Assisted the people of Chimanimani that were severely affected by Cyclone Idai.

To date, WLF has sustained itself through fundraising activities, ad-hoc support from corporate entities, local philanthropists and volunteers donating their time to the organisation. WLF has at its core two main pillars being; provision of food to targeted disadvantaged groups and life skills training for selected individuals.

Colcom also sponsored St. Catherine's School with cooked and glazed hams. St Catherine's School in Eastlea, Harare, Zimbabwe is for girls and boys aged five to eighteen with learning difficulties. The aim of the school is to provide the highest possible standards of comfort, care, education and training for special children, some of whom are orphaned, and some coming from poor socio-economic backgrounds.

St John's College Pipe Band

Colcom has been sponsoring the St John's College Pipe Band for two years. The St John's School Pipe Band was formed in the 1990s and is today an important part of the life of the school, playing at sporting and cultural events as well as at other wide range of events within the school and across Harare. We are proud, that we have been able to contribute to the St John's College Pipe Band's success at winning the World Championships in Piping and Drumming Competition in Glasgow, Scotland in August 2018.

Donation to Cyclone Idai Relief Fund

Colcom rose to the call to assist when the people of Chimanimani were severely affected by Cyclone Idai. To alleviate the plight of those affected by the cyclone, Colcom donated 3 tonnes of canned meats.

Ballantyne Park Conservancy

Ballantyne Park Conservancy is an important contributor as a wetland area to Harare's water supply. It is community-owned and run. Colcom contributes on a regular basis to the Park's committee fundraising efforts to ensure that park facilities are kept in order and are available absolutely free to all residents to enjoy. As a result of these efforts, the natural beauty of the Park is for the enjoyment for all, and a new children's playground area was built.

Colcom Corporate Social Responsibility and Sustainability Report (continued)

Nomad's

Colcom's relationship with the Zimbabwe Nomad's started in 2010 when Colcom became a silver sponsor for this prestigious golf organisation. Zimbabwe Nomad's golf was first established in 1960. As its members were drawn from various clubs and played their regular competitions on a variety of different courses. Colcom's sponsorship provides a platform for Nomad's to extend their social responsibility programs to a wide range of beneficiaries.

Colcom Pie Line developed for mass market

In August 2015 Colcom commissioned a new, largely automated plant to replace its previous aged and inefficient plant. This was done to increase production capacity, to enable Colcom to meet the increase in the market demand for an easy to consume source of protein, as well as to ensure product affordability. Since then, the production of Colcom Pies, has trebled.

Colcom Pie Line

Colcom Pies Production Trebled

ASSOCIATED MEAT PACKERS (AMP)

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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.

AMP Community Sustainability Programmes

Chinyaradzo Children's Home

Chinyaradzo Children's Home is an orphanage that was established in 1962, in Highfield, Harare. It provides full-time residential care to approximately 60 orphans, who include abandoned orphans, terminally ill orphans, children who have been physically or sexually abused or whose mothers are mentally ill and/or are in prison.

Currently there are 6 house units and a resident mother who takes care of each house, successfully creating a family structure for the orphans.

AMP provides 25kg of chicken as a protein offering on a weekly basis to ensure that the children receive a balanced diet.

God Miracle Missions

God Miracle Mission is a foster home based in Hatcliffe, Harare and is run by Pastor Matowa. The home accommodates and supports about 30 orphans at any given time.

AMP contributes to the livelihoods of the children by supplying beef on a monthly basis to cater for the home's protein needs.

Old Legs Tour 2019

During the St Johns Spring Fair 2018, AMP Meats adopted the Old Legs Tour Charity to be part of their display stand to help raise funds and awareness for the charity. The charity is on a mission to cycle from Harare, Zimbabwe to Mt. Kilimanjaro, Tanzania.

The Old Legs 2019 Tour is targeting to raise over US$120,000 for Zimbabwe A National Emergency (ZANE), Pensioner's Aid Harare and the Bulawayo Help Network. Between them, the chosen charities look after over 1,800 pensioners across Zimbabwe, providing them with food, medicines and somewhere to call home, in addition to emotional support. They also facilitate cataract operations and hearing aids amongst their projects.

In addition to their work with the eldery, the charities also funds a clubfoot correction program, successfully treating over 2 600 children to date, a prosthetic limb program for landmine victims and providing treatment for children with hearing impairments.

THE FRIEND ANIMAL FOUNDATION
A safe haven for animals

Friend Animal Foundation

The Friend Animal Foundation is the only private, open admission, no kill companion animal shelter in Zimbabwe. It provides care, shelter, rehabilitation and re-homing facilities for a variety of companion animals.

AMP has a zero wastage policy, with the by-products of slicing and processing being donated to the foundation to ensure that the animals are well fed, fit and healthy until they find their next home and companion.

AMP Meats Corporate Social Responsibility and Sustainability Report (continued)

Harare SPCA

Established in 1911, the Harare SPCA is the oldest Animal Welfare Organisation in Zimbabwe. The Harare SPCA is a registered, non-profit organisation. The SPCA plays a vital role in the community which ensures the safety of all animals.

SPCA acts as the Official Municipal Pound but does not receive any government or municipal funding. Funding to keep the Society going is reliant on the goodwill and support of concerned corporate entities, individuals and continuous fund raising efforts.

AMP partnered with the organization to help keep the animals in the various shelters fed.

St John's College Pipe Band

Like Colcom, AMP has been sponsoring the St John's College Pipe Band for over two years and continues to do so. The St John's College Pipe Band was formed in the 1990s and is today an important part of the life and culture of the college, playing at sporting and cultural events as well as at other wide range of events within the college and across Harare.

We are proud that we have been able to contribute to the St Johns College Pipe Band's success at winning the World Championships in Piping and Drumming Competition in Glasgow, Scotland in August 2018.

Donation to Cyclone Idai Relief Fund

As part of our culture to assist where help is needed the most, AMP donated 50kg of chicken and 120kg of beef to the victims of the devastating Cyclone Idai, that occurred in March 2019.

The organisation also created a drop-off point for donors in the area to bring in clothes, blankets, diapers and other much needed essentials; after collection we provided transportation for the goods to be ferried to the Presbyterian Church in Highlands, to ensure that those that needed them received the goods in their time of need.

Cyclone Idai Donations

170kg

Meat Donations

AMP donated 50kg of chicken and 120kg of beef to the victims of the devastating Cyclone Idai

PROBRANDS, PRODAIRY & PROBOTTLERS (Ruwa Companies)

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

PRObrands

PROdairy

PRObottlers

Our Strategic Approach

The Ruwa Group of companies are delighted to report on the brand's Corporate Social Responsibility and Sustainability matters, highlighting the business's strategy, commitments and progress towards creating an ever more sustainable and successful business.

Ruwa Football Club

In the early 2019, the Ruwa Companies started sponsoring the Ruwa Football Club. The team comprised of a group of talented young men, ranging in age between 18 to 30 years old, all of whom were unemployed. This sponsorship saw the promotion of Ruwa Footbal Club to the First Division of the Eastern Region.

The Ruwa Football sponsorship covered by The Ruwa Companies encapsulates their Zimbabwe Football Association (ZIFA) affiliation fees for the year, referee fees, technical and professional fees, players allowances, camping fees, transport to all 'away' games, branded kits, tracksuits and training balls. Weekly refreshments are supplied for the team

Ruwa Football Club Sponsorship

ZWL86 000

Ruwa Companies sponsorship to Ruwa Football Club collectively amounted to ZWL86 000

Cyclone Idai donations by the Ruwa Companies

The Ruwa Companies together contributed almost 20 000kgs worth of goods towards Cyclone Idai:

- Probrands donated over 2 000 units of Premium rice equating to 4 000 kgs
- Prodairy donated over 3 000 units of Life Lactose Free UHT milk in 1L cartons
- Probottlers donated 9 600L of Fizzi carbonated drinks and BallyHouse cordial drinks

Cyclone Idai Hamper

Probrands business came to the aid of various organisations wanting to get aid into the devastated areas of Chipinge and Chimanimani by putting together a 'Care Hamper' for the victims affected by Cyclone Idai. A 'Care Hamper' included the following basic essential items:

- 10 kg Red Seal mealie meal
- 2 kg Gloria Self-raising flour
- 2L Zimgold Oil
- 1 kg Zimbrite green bar soap
- 2 kg Hullets brown sugar
- 2L BallyHouse Crush
- 2 kg Probrands Premium rice
- 2 kg Probrands salt
- 1 packet Probrands candles

Cyclone Idai Donations

20 000kgs

Ruwa Companies contributed collectively 20 000kgs worth of product towards Cyclone Idai

3 360 Care Hampers

3 360 Probrands special 'Care Hampers' reached the Cyclone Idai affected areas in the country

Probrands, Prodairy & Probottlers Corporate Social Responsibility and Sustainability Report (continued)

Save Valley Anti-Poaching Unit

Since February 2019, BallyHouse cordials are donated monthly to Rhino Rangers based in the Save Valley, who work long hours from sunrise to sunset to protect our nation's Rhino population. The cordials offer a welcome relief during long working hours and even during the winter months where temperatures are high in the Lowveld area.

The Glen View Initiative saw Probrands, Prodairy and Probottlers partnering with SPAR Zimbabwe in a community programme during the cholera outbreak in September 2018 and contributed towards the delivery of bowsers of fresh water to the residents of Glen View.

Probottlers participated in sponsoring the recent Rainbow Run hosted by SPAR Zimbabwe in aid of Childline Zimbabwe. In addition to the sponsorship, a donation of 20 cases of BallyHouse crushes was made towards prizes from Probottlers.

Probrands had 3 blood camps and collected 142 units of blood during the National Blood Transfusion campaign. In addition, Prodairy also donated 3 000L of Maheu and Probottlers donated 15 cases of BallyHouse cordials during the Schools Blood Drive.

Probrands, Prodairy & Probottlers Corporate Social Responsibility and Sustainability Report (continued)

Other Initiatives

- Probrands and Prodairy employees participated in the Ruwa Clean Up exercise assisting in picking up litter around the area
- Probrands and Prodariy also donated approximately 180L of various products such as Steri Milk, Revive Dairy Blend and Revive Maheu to the Alastair Campbell Cricket Academy
- Prodairy donated almost 1 100L of product consisting of Life UHT Milk, Revive Dairy blend and Revive Maheu towards the funeral of the late Dr Oliver Mtukudzi
- Probottlers also donated up to 140 cases of BallyHouse Crush to 10 children's homes in and around the Harare area
- Probrands and Prodairy fed the homeless community as part of the Eatout Movement in September 2019.

National Blood Transfusion campaign

142 Units

Probrands had 3 blood camps during the National Blood Transfusion Campaign

NATPAK

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

NatPak
THE FUTURE'S IN THE BAG

Our Strategic Approach

CYCLONE IDAI DONATIONS AMOUNTED TO 250 FOOD HAMPERS

Natpak participated in provision of food baskets and monetary support for cyclone Idai victims directly and through Miracle Missions.

SPORTS SPONSORSHIP DONATIONS

The business continued its sponsorship of Tag Rugby Trust that focuses on the grassroots development of the sport in marginalised communities and in partnership with Innscor Africa Limited sponsored the Under 14, Under 15 and Under 17 Zimbabwe Junior Cricket Team's tour of South Africa.

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 the sustainability and transformation of our Group. 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 code such as National Code of Corporate Governance in Zimbabwe (ZIMCODE) and King IV Code of Corporate Governance in South Africa. We continue to explore aligning with the OECD Principles of Corporate Governance.

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. Declaration 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 23.4**.

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.

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

The Group continues to align the Board composition in line with governance policy and international best practices of corporate governance. During FY2019 our Board of Directors consisted of 2 executive Directors, 2 Independent Non-executive Directors and 2 non-independent non-executive Directors. 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 58 and 59**.

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 and Nominations 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 incentive 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 23**.

As at 30th June 2019, there were no loans from the Group to any Director.

Summarized on **page 56** is the Board Structure and the members of the various board Committees and the responsibilities of each Committee.

Corporate **Governance** (continued)

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. 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. Lashbrook 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 and the Group Treasurer.
Finance & Investment	G. Gwainda (Chairman) J.P. Schonken R. Nyamuziwa	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 2019 Financial Year

DIRECTOR	YEAR OF APPOINTMENT	MAIN BOARD (5 MEETINGS)	EXECUTIVE (7 MEETINGS)	AUDIT & RISK (3 MEETINGS)	REMUNERATION (2 MEETINGS)	NOMINATION (2 MEETINGS)	FINANCE & INVESTMENT (7 MEETINGS)
Mr. A B C Chinake	2015	5	N/A	3	2	2	N/A
Mr. T N Sibanda	2005	5	N/A	3	2	2	N/A
Mr. M J Fowler	1994	4	N/A	3	2	2	N/A
Mr. Z Koudounaris	1996	4	N/A	N/A	N/A	N/A	N/A
Mr. J P Schonken	2007	5	7	N/A	N/A	N/A	7
Mr. G Gwainda	2015	5	7	N/A	N/A	N/A	7
Mr. C Tumazos	N/A	N/A	7	N/A	N/A	N/A	N/A
Mr. M J R Lashbrook	N/A	N/A	7	N/A	N/A	N/A	N/A
Mr. R Nyamuziwa	N/A	N/A	7	N/A	N/A	N/A	7
Mr. N Mazango	N/A	N/A	4	N/A	N/A	N/A	N/A

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 as a Non-Executive Director of Zimbabwe Stock Exchange listed companies. Addington is currently the Chairman of Astra Industries Limited and Simbisa Brands Limited. He is a member of the Group's Audit, 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 Delta Corporation Limited, 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
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

Divisional Management

CORPORATE SERVICES

Corporate & Treasury

Priti Da Silva	Group Services 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
Rosseweater Usayi	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
Willium Kapfupi	Technical Executive - Maize Milling and Cereals
Nqgabutho Moyo	Managing Executive - Flour

National Foods Logistics (Private) Limited

John Heath	Managing Director
Mark Hall	Finance Director
Tirivashe Mandava	Managing Executive
Kessy Dumba	Human Resources Director

Pure Oils Industries (Private) Limited

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

Innscor Africa Bread Company Division

Ngoni Mazango	Chief Executive Officer
Mandla Nkosi	Financial Director
Constantine Cyprianos	Procurement Executive
Caleb Musodza	Sales and Marketing Executive

Profeeds (Private) Limited

Sean Reid	Managing Director
Tidings Chimphondah	Executive Director
Herbert Ratisai	Finance Executive
John Mtelela	HR Executive

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

Associated Meats Packers Group

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

PROTEIN SEGMENT

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
Zita Matonda	Finance Director
David Hasluck	Administration Executive
Anele Zunga	Commercial Executive
Wilfred Mapfuise	Human Resources Executive
Rutendo Dzangai	Finance Manager

OTHER LIGHT MANUFACTURING AND SERVICES

Innscor Appliance Manufacturing (Private) Limited

Gary Watson	Chief Executive Officer
Lloyd Govindan	Financial Director
Jan Van Der Westhuizen	Research & Development Director

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

Prodairy (Private) Limited

Calum Philip	Managing Director
Nqobani Mthethwa	Finance Director
Stacey Jackson	Procurement Executive
Dave Kirtkumar	Operations Executive
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

As part of continuous improvement to our reporting, this new section to provides our readers with information on how we manage risk in some of the Group companies.

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 Executive and Finance & Investment Committees as well as independent divisional or subsidiary boards. The responsibility of each of the committees are provided on **page 56**. 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 and Audit and Risk 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 managment

- 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.
- ISO Standards are maintained in some of the Group companies The Group continues to work with its companies to attain ISO 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 56** 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 is being firmly embedded into the Group's corporate strategy and organisation. 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 which includes ISO9001, ISO 14001, ISO22000 and OSHAS18000 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 is achieving sustainable business success driven by sustainable relations with all our stakeholders as business partners.

Maintaining sustainable stakeholder relationships based on shared values of honest, 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 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 trainings and support are provided to ensure quality and 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 consolidated financial statements reported from **pages 98 to 186** 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 these capitals 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 business unit level to Group Level. At business unit level, operation's material issues and topics are identified and their relevant impacts assessed at business level as well as shared with our stakeholders.

Report Boundary

In defining the reporting boundaries, we focused on Group specific material impacts and on those whose impacts is 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 materiality management. 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.

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 at company level. Material issues at company level are consolidated for evaluation by the Executive Board Committee during their meetings.

During the year, material issues considered included:

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

Managing Material Issues **And Reporting Practice** (continued)

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:

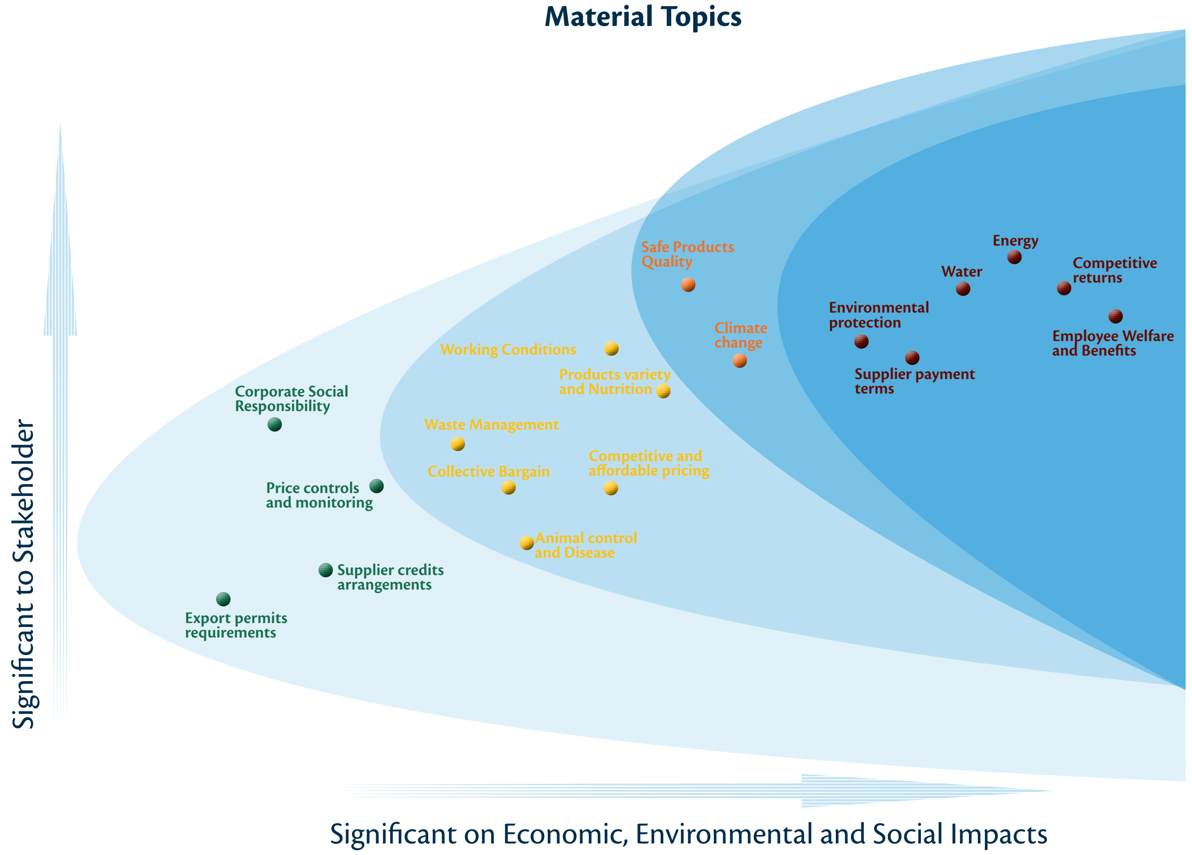
Materiality Matrix

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 2019.

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. We consider the 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.

Reporting Enhancement

The following enhancements were made to enable our readers to identify our key stakeholders, how we engage them, their categories and an explanation of the stakeholder engagement process in line with GRI Standards requirements.

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 hence we 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 2019, the Group engaged with stakeholders and identified material issues as presented below:

Stakeholder Capital **And Engagement** (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Employees/Staff	• Engagement and inclusion • Employee benefits and awards • Professional and continuing education and development • Staff accommodation and facilities • Safety, health and hygiene • Competitive company performance and remuneration • Death and post-retirement benefits • 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 • Continuous engagement	• Performance Review feedback • Internal communications • Tip offs 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 • Quarterly newsletter
Suppliers	• Timely payment • Taxation compliance • Ethical business practices • Conflicts of interests • Sustainable business practices	• Supplier audits • Supplier screening • Product returns • Weekly distribution of withholding tax certificates • Supplier contracts • Supplier training	• Top management supplier's visits • Telephone calls • Emails • Supplier Code of Conduct • Company profiles • Conflict of interest declarations
Industry	• Safety, health and the environment • Labour, collective bargaining issues • Animal disease control • Training & 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 Zimbabwe • Financial institution engagement 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 • Engagement with all line government ministries

Stakeholder Capital
And Engagement (continued)

Stakeholder	Material issues raised or stakeholder concerns	Mitigation Measures	Communications Channel
Government & Regulators	• Regulatory compliance • Price control and monitoring • Import/export permits • Foreign currency funding • Import substitution	• Full compliance with regulations • Lobbying government	• Integrated annual report • Annual general meeting • Statutory returns • Face to face meetings • Engagement with Line Ministries • Engaging the National Bakers Association of Zimbabwe (NBAZ) • Monthly financial reviews • Internal audit reviews
Shareholders and Potential Investors	• Competitive returns • Regulatory compliances • Free cash generation	• Improve Profitability and returns year on year • Enhance governance oversight by the Board	• Integrated annual report • Annual General Meeting • Regular investor engagement • Investor conferences
Customers and Consumers	• Safe, quality products • Competitive and affordable pricing • Nutritious option • Product uniformity • Promotions and branded products • Timely deliveries through distributors • Recyclability of product packaging • Innovative product options	• 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 monitoring of distributors	• 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
Local Communities	• Economic opportunities • Environmental protection and waste management • Visible corporate social responsibility activities • Community training and development	• Compliance with legislation • Engaging certified waste disposal companies • Development of strategic corporate social investments portfolios • Training and support to women and children • Recreational activities	• 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)

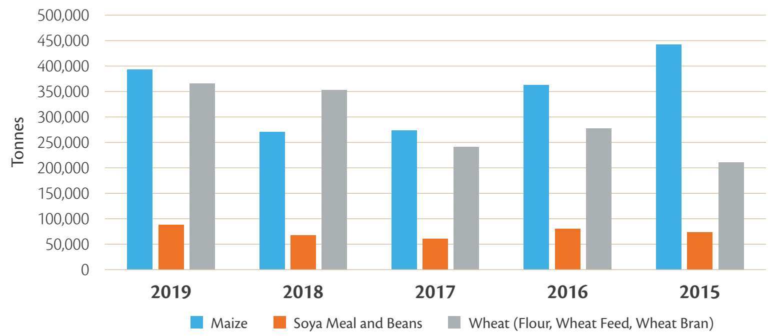
RAW MATERIALS

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	2019	2018	2017	2016	2015
Maize	Tons	393 849	271 581	272 711	363 629	443 118
Soya meal and beans	Tons	88 341	66 454	60 461	78 925	72 144
Wheat	Tons	366 204	352 298	242 196	277 610	211 902
		848 394	**700 333**	**575 368**	**720 164**	**727 164**

Raw Materials



Sustainability
In Our Value Chain (continued)

RAW MATERIALS (continued)

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	2019	2018	2017	2016	2015
Overall Material recycled	%	10	14	17	6	12

ENVIRONMENTAL STEWARDSHIP

As a Group, environment 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.

Waste Type	Disposal Method	Unit	2019	2018	2017	2016	2015
Solid Wastes	Landfill and Compost	Tons	2 506	2 746	1 030	1 897	2 966
Chicken manure	Grass pasture spread	Tons	5 547	5 248	6 075	6 543	7 560
Maturation (rich with Phosphate)	Pond Irrigation	Cubic ml	19 108	56 135	52 156	48 987	46 800
Sweepings mixed with sand	Containerway disposal	Tons	1 849	665	561	925	118
Polyethylene Plastics	Sold for recycling	Tons	837	616	629	699	449

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)

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:

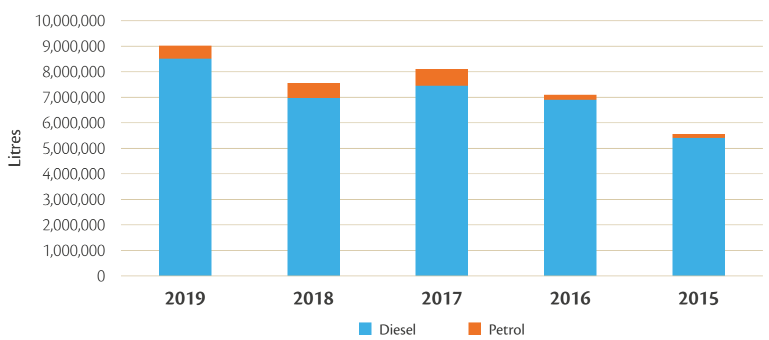
Energy Consumption - Within the Organisation

Energy Type	Unit	2019	2018	2017	2016	2015
Electricity	MWH	100 272	93 569	87 115	64 888	66 145
Heating (Coal)	Tons	5 704	2 039	2 637	3 997	2 303
Fuel for Ovens (Diesel)	Litres	4 561 277	4 615 374	3 533 330	2 746 268	2 818 076

Energy Consumption - Outside the Organisation

Energy Type	Unit	2019	2018	2017	2016	2015
Diesel	Litres	8 509 234	6 970 940	7 459 780	6 890 361	5 423 142
Petrol	Litres	524 646	596 011	655 784	503 623	135 509
Total		**9 033 880**	**7 566 951**	**8 115 564**	**7 393984**	**5 558 651**

Energy Consumed Outside the Organisation



Sustainability
In Our Value Chain (continued)

WATER RESOURCE

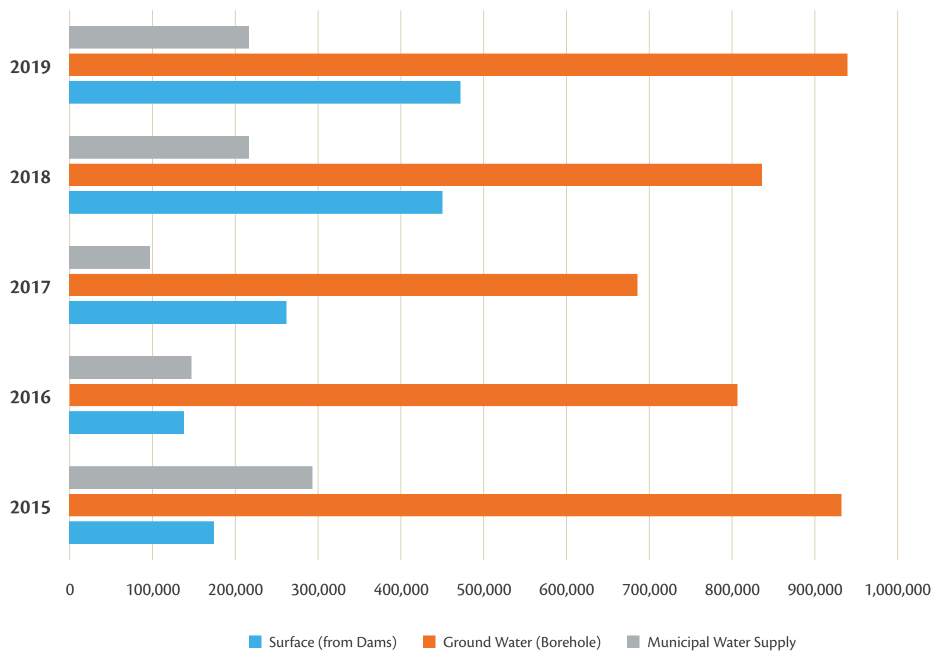
The Group ensures that manufacturing operations are energy efficient and achieve low energy intensity. All new equipment is evaluated for energy efficiency on procurement. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all 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 quantifies withdrawn from each of the sources:

Source	Unit	2019	2018	2017	2016	2015
Surface (from dams)	m^3	473 358	451 162	262 833	138 671	174 784
Ground Water (Borehole)	m^3	938 282	837 064	683 531	807 544	934 438
Municipal Water Supply	m^3	215 321	215 567	97 665	146 514	293 797
Total		**1 626 961**	**1 503 793**	**1 044 029**	**1 092 729**	**1 403 019**

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 we respond to climate change protection and mitigation calls. We 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. We convert our 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 the 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 (CO2)	Unit	2019	2018	2017	2016	2015
Bio Fuels (Petrol, Diesel and Coal)*	Kg CO2e/Litre	49 479 142	36 749 824	36 525 410	35 936 329	27 388 102

* We used new emission factors issued by DEFRA for 2018

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 (CO2)	Unit	2019	2018	2017	2016	2015
Electricity	Kg CO2e/kWh	49 352 274	37 506 452	57 851 364	43 090 849	43 925 598

BIODIVERSITY

We recognise that biodiversity is critical in sustainability of the ecological system. Two of our businesses operate farms which interact with biodiversity. Therefore, we 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. We 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	2019	2018	2017	2016	2015
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. We 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. We 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.

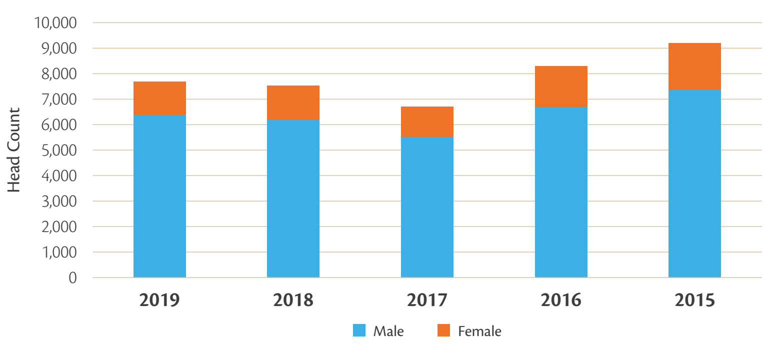
Our Management Approach

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, excluding associate companies)

Total Employees	Unit	2019	2018	2017	2016	2015
Male	Count	6 410	6 207	5 534	6 707	7 393
Female	Count	1 320	1 359	1 205	1 641	1 848
Total Employees		**7 730**	**7 566**	**6 739**	**8 348**	**9 241**

Employee Base



Sustainability In Our Value Chain (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 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)

Work Related Accidents/Injuries

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.

Total Employees	Unit	2019	2018	2017	2016	2015
Total Number of Injuries	Incidence	317	260	266	344	354
Number of work related fatalities	Incidence	—	—	1	—	—
Safety Training (days)	Days	452	232	242	140	135

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, 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)

Enhancing Employees Wellness

The Group continues to support and prioritise safety, health and well-being of employees and their families through the Group's Wellness Program. Our wellness interventions which include counselling and coaching have continued to help manage and mitigate some adverse effects on our employees. All our centres are manned by experienced and trained personnel to provide the best support to our employees. Our strategy of integrating wellness in the workplace will continue to enhance women participation and to drive in wellness activities in workplaces and homes.

Our Management Approach

The Group's Wellness Programme is managed through Providence Human Capital and 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 during the year:

Programmes	Activities & Outcomes
Annual Wellness Day	8 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 2000 patients monthly. We contacted around 15000 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. We have partnered with ZBCW (Zimbabwe Business Council for Wellness).
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.

Sustainability
In Our Value Chain (continued)

Future Wellness Activities

- Raising more and more awareness on None Communicable Diseases (NCD)'s in all staff members , their spouses and extended families
- Continuing on smoke cessation programmes.
- Managing intimately key 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.

Wellness Programs Attendance

Our Wellness and Health Workplace programs are proving to have a significant positive impact on the health and wellbeing of our employees, their families and in turn their communities. Therefore, the Group will continue to increase employee positive health seeking behaviour and enhance its Wellness Programmes. The Group continues to witness growth in wellness attendance and participation as presented below:

Activity	Unit	2019	2018	2017	2016	2015
BMI/BP/BL SUGAR	Counts	495	357	298	264	212
Massage & Wellness	Counts	200	102	82	68	23
Men's Health	Counts	249	205	192	180	54
HIV Testing	Counts	594	483	423	370	291
Counselling	Counts	1 817	903	182	170	82
Blood Typing	Counts	—	33	114	98	46
Cancer Awareness talks	Counts	196	153	472	397	312
Dental Checks	Counts	215	205	289	235	251
Visual Screening	Counts	123	99	189	154	97
Total		**3 889**	**2 540**	**2 241**	**1 936**	**1 368**

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	2019	2018	2017	2016	2015
Male	Hours	71	85	43	35	38
Female	Hours	96	71	69	29	32

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, some of our business units managed to conduct human rights assessment for the first time and the results were encouraging. As such, the Group will continue to extend the assessments across the Group. During the year, no material human rights issues were brought to the attention of management.

Sustainability
In Our Value Chain (continued)

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

We 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. We 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 process. 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.

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:

Sustainability
In Our Value Chain (continued)

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 (total of 3,889 people attended wellness activities which represents an increase of 53%).
4 QUALITY EDUCATION	'Quality Education'	• Provided employees with training and education. Our averages training hours were 71 hours for male and 96 hours for female. • The Group supported a number of schools across the country with learning materials, food stuff and schools sporting. The Group contributed ZWL 105 200 towards children education support which represent an increase of 131%.
6 CLEAN WATER AND SANITATION	'Ensure availability and sustainable management of water and sanitation'	• The Group enhanced the utilization of water resources in its operation by effectively managing the resource in way that meets regulatory requirements and avoiding harming the water sources.
7 AFFORDABLE AND CLEAN ENERGY	'Sustainable and modern energy'	• The Group monitors energy utilization and continue to work towards clean energy in business operations.
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 (see above sections)
	'Employment and decent work for all'.	• Created and sustained employment and decent working conditions through health and safety, and wellness programmes.
	'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)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	'Promote peaceful and inclusive societies for sustainable development.	• Financial investment and materials of ZWL 1 945 994 into various social, community development and charities including the Cyclone Idai. This investment represents an increase of 36%.

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, 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 pensions 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:

	Unit	2019	2018	2017	2016	2015
Amount Paid	ZWL	4 722 232	4 286 639	4 446 408	3 230 269	3 363 290

Economic Value 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.

Economic Value Generation	Unit	2019	2018	2017	2016	2015
Value Generated*	ZWL	571 286 047	235 386 509	210 019 919	207 930 097	196 645 360
Other income and interest	ZWL	51 747 269	5 278 646	4 527 464	5 905 253	6 341 000
Equity Accounted Earnings	ZWL	49 418 333	11 785 408	6 223 551	4 760 760	2 872 970
	ZWL	**672 451 649**	**252 450 563**	**220 770 934**	**218 596 110**	**205 859 330**
Economic Value Distribution						
Other operating costs	ZWL	(179 002 619)	(85 793 959)	(81 622 545)	(83 600 705)	(84 122 337)
Staff Costs and benefits	ZWL	(141 380 811)	(75 327 739)	(66 088 198)	(72 183 166)	(71 045 397)
Impairment and related charges	ZWL	(9 987 551)	(3 611 024)	(9 908 385)	(1 708 921)	(415 868)
Depreciation and Amortisation	ZWL	(32 537 965)	(16 619 630)	(15 289 432)	(15 974 415)	(14 291 179)
Providers of Capital	ZWL	(13 401 501)	(8 226 676)	(6 233 574)	(6 127 835)	(4 806 204)
Provision for Taxes	ZWL	(57 302 528)	(14 155 566)	(7 940 188)	(8 523 652)	(8 038 306)
Value Added	**ZWL**	**238 838 672**	**48 715 969**	**33 688 612**	**30 477 416**	**23 140 039**

***** Measured by gross profit during the period.

Sustainability
In Our Value Chain (continued)

Payments to Government

Our payments to Government are through taxes, licences and fees paid by our operations. Below is a summary of taxes paid by continuing operations.

	Unit	2019	2018	2017	2016	2015
Corporate Tax – Associates	ZWL	11 195 261	5 224 084	1 084 357	1 148 496	1 007 136
Corporate Tax Subsidiaries	ZWL	15 115 502	8 226 676	6 562 720	11 548 556	9 186 042
Intermediate Money Transfer Tax (IMTT)	ZWL	15 941 097	—	—	—	—
Value Added Tax (VAT)	ZWL	(9 670 657)	5 249 569	6 624 349	5 855 393	3 950 770
Import Duty	ZWL	6 956 294	5 419 164	4 359 389	5 124 560	5 045 309
Other Taxes	ZWL	21 702 454	9 683 949	5 259 775	5 718 613	5 012 956
Grand Total	**ZWL**	**61 243 951**	**33 803 447**	**23 890 950**	**29 395 618**	**24 202 212**

Sustainability
In Our Value Chain (continued)

INVESTING IN OUR COMMUNITY

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 20 to 52.**.

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. We support children, disabled, orphans and senior citizens in improving their living conditions. The Group 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.

Community Development Support

	Beneficiaries	Support
Natural Disasters	Chimanimani – Cyclone Idai	Rice, Hampers, drinks, bedding, food hampers, tents, clothing
Education	Chiredzi Government High School, Ardno Primary, Derbyshire Primary, Mirazvo, Mbare Just Joy, Nortcot, Redemption, Vision, Hellenic School Zimstock Festival, St Johns Fair, Institute of Chartered Accountants Zimbabwe (ICAZ), Vimbiso Scholarships, Chemhanza School, Boost Fellowship, Montana, Mamvuramachena. Sunnybank, Platinum, Windview Primary, University of Zimbabwe, Midlands State University.	School Fees, Teachers Incentives and revolving loans, Bread, Groceries, Cash donations, Exercise Books, Pens, Revive Fruit Juice, Education and Research support
Community Infrastructure and empowerment support	Glen View Residents, Ruwa Police, Red Frogs, Destiny Conference, Friends of the Earth, Lanark & Derbyshire Women's Clubs, Mbalabala School Project, Development Aid People to People Zimbabwe (DAPP), Tose Care, Mpilo, Inzi Foundation, Spar Boza Walk, Confederation of Zimbabwe Industries, Zimbabwe Agricultural Show (ZAS), Poultry Management Training, ProFarmer Programme, Guruve Community, Kidscan, Korea Missionary Westage Community, Ekuphumeleni Nursing Home, Shingirai Trust, Ruwa Rehabilitation, Catholic Church, National Blood Transfusion and various communities.	Water Bowsers, Popcorn, Bulk Tree planting, Eggs, Day Old Chicks, Poultry Equipment, Skills training, Cash Donations, Beef, Training, Cash Donations, Fruit Juice, wellness and health support.
Sport	TM Golf Days, Zimbabwe Junior Cricket, Lanark Farm Soccer & Netball Team, Derbshire Farm Soccer & Netball Team, Bulawayo Football Club, Highlanders Football Club, Tariro Youth Project, Zimbabwe National Army (ZNA) Golf Day, NatPak Footbal Club, Innscor Wellness day, Racing Bikers, Gold Tournament, NatPak Golf, Zimbabwe National Baseball Federation (ZNBF), Hockey Tournament, Tag Rugby, God Ministries, St John College Golf, St George Golf Day, Eve's Fitness, Hellenic School Rugby, Junior Golfer, St George's T20 Cricket, Mashonaland Swimming Board, Falcon College Rugby, Friend Foundation, Ruzawi Polocross, Bulwayo Horse of the year event, Ulysses Eastern Highland Rally, High Performance Equestrian Centre (HiPEC), Arlington International Evening Trials, various companies and communities.	Various Groceries, participation fees, Air tickets to South Africa, Financial support, Bread, Sport Kits, Beef, Cash Donation, T-Shirt, Bags, Branding Sponsorship and wellness support

Sustainability
In Our Value Chain (continued)

Charity Support

	Beneficiaries	Support
Disability support	Dominican Sisters of the Emerald Hill, Blue Cross, Spar- Rainbow Run, Jairosi Jiri, Danhiko Project, Emerald Hills Children's home, Ingutsheni Hospital, National Parents of the Disabled Children, Destiny, Zimcare Trust, School of Signal, Sibantubanye, Sir Humpfrey, Rugare Care, St Joseph & St Marceline, Harare Children's Home, Deaf Trust Zimbabwe, Homefield.	Support of deaf and dumb, Disability support, cancer support, Eggs, Chicken mixed portions
Orphanages	Runyararo Children's Home, Yambiro Aids Awareness, Harare Children's Home, St Joseph Home for Boys, Chiedza, Chinyaradzo, Emerald Hill, Matthew Rusike, Missionary of Faith, Rose of Sharon, Rose of Trust, Just Children's Foundation, Assemblies of God, Entembeni, Emthunzini, Christ the King, Little Flock, John Smale, Nartley Block, Khayelihle, Queen Elizabeth, Thembiso, Thuthuka, Good Hope, Salvation, St Catherine, Gateway School Orphans, Helpline Childline, Miracle Missions, INZI Foundation, Korean Missionary, Kidzcan, Kambuzuma, Mother of Peace, Good Samaritans.	Popcorn, Mealie meal, General support, Eggs, Bread, Beef, Groceries, cash donation, Roller Meal, Sugar Beans, Salt, Fruit Juices.
Old People's Home	Athols Evans, Harare Senior Citizens, Waterfalls Trust, Beezer organisations, Ekhupumuleni, Baptist Church, Bumhuko, Idawekwako, Hupenyu, Mushayawedu, Simudzirai, Wings of Love, With Love, Zambuko, Rugare Old People, Shearly Cripps, Malvern House Trust, Senior Citizen Club, Mucheke Old People's, Place of Safety.	Eggs, Chicken Portions, Groceries, Cash Donation,
Arts, Social and Region	Good Samaritan, National Employment Council, National Blood Services, National Allied Arts, War Veterans, Zimbabwe National Army (ZNA), Eagle Life, Zimbabwe International Trade Fair (ZITF), ZRP, Amazing Grace, Just Joy, New Start, Starbright, Little Entrepreneurs, Purple Zoom Trust, St John's College Pipe Band Support, Vocational Training Centre and various communities.	Sugar beans, Rice, Lemon crush, Cream, Candles, Fruit Juice and Maheu, Operational support, wellness and health support
Animal Welfare	Friends for Animal Foundation and Hellensville Foundation, Twala Trust, Society for the Prevention to Cruelty to Animal (SPCA), Bird Life, Victoria Falls Anti-poaching, Kariba Animal Walk Fund Trust, Rhiding for Rhino-Imire Rhino Sanctuary, Healing with Horse, Zambezi Society.	Rice, Fruit Juices, Lactose, Life low fat, Candle, Popcorn, Baking Powder, Lentils, Animal Feed, Groceries, Chicken Animal Feeds, Dog Food and Horse Food.
Prisoners	Khami Prison, Bulawayo Prison, Anjo Prison.	Cholera Awareness, Water Tanks installation and Bread
General	Adhoc Various organisations and family bereavement.	Roller meal, Sugar beans, Salt, Funeral Support

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, the membership is to the following bodies:

General

- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- CFU - Commercial Farmers Union
- 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)
- Stock feeds 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)

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**

National Foods

- Company of the year 2018
- Roller Meal - Maize Meal sector Super brand award winner – Markers Association of Zimbabwe (MAZ)
- Pearlenta - Maize Meal sector Super brand award 2nd runner up – Markers Association of Zimbabwe (MAZ)
- Gloria - 19th in the top 100 business to consumer (B2C) brands in Zimbabwe (only flour brand in top 20)- Markers Association of Zimbabwe (MAZ)
- 14th in the top 100 – Business –to Business (B2B) brands in Zimbabwe - Markers Association of Zimbabwe (MAZ)

Probottlers

Top 100 local Brands- Buy Zimbabwe

Prodairy

Top 100 local Brands- Buy Zimbabwe

- Confederations of Retailers Award

Prodairy

Top 100 local Brands- Buy Zimbabwe

Annual Financial Statements

Directors' Responsibility and Approval of Financial Statements

The Directors of the Company are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the previous year and conform to International Financial Reporting Standards (IFRS).

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

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. 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 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 Committee and the Board.

The financial statements for the year ended 31 June 2019, which appear on **pages 98** to **186,** have been approved by the Board of Directors and are signed on its behalf by:

A B C CHINAKE
Chairman
Harare
27 September 2019

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 Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such return are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
27 September 2019

Report of Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2019.

Share Capital

At 30 June 2019 the authorised share capital of the Company comprised of 800 000 000 ordinary shares of ZWL 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of ZWL 0.01 (one cent) each. The issued share capital was at ZWL 5 597 264 divided into 559 726 450 ordinary shares of ZWL 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of ZWL 0.01 (one cent) each.

Group Results	ZWL
Profit before tax	296 141 200
Tax	57 302 528
Profit for the year	**238 838 672**
Non-controlling interests	62 051 802
Profit for the year attributable to equity holders of the parent	**176 786 870**

Dividends

Ordinary shares

The Board declared an interim dividend of ZWL 2.52 cents per share and a final dividend of ZWL 7.87 cents per share. This brings the total dividend in respect of the 2019 financial year to ZWL 10.39 cents per share.

Non-voting class "A" ordinary shares

The Board declared an interim dividend of ZWL 705 000 and a final dividend of ZWL 2 200 000 to the Innscor Africa Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2018 financial year to ZWL 2 905 000.

Directors and their Interests

In terms of the Company's Articles of Association, Messrs Z. Koudounaris and T.N. Sibanda retire from office by rotation at the Company's Annual General Meeting of Shareholders on 5th December 2018 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 23.4** 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 2019.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2019 and to reappoint Ernst & Young Chartered Accountants (Zimbabwe) 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
27 September 2019

A D LORIMER
Company Secretary

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNSCOR AFRICA LIMITED

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Innscor Africa Limited and its subsidiaries (the Group), as set out on pages 98 to 186 , which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 financial statements do not present fairly the consolidated financial position of the Group as at 30 June 2019, 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

Date of change in functional currency (Non-compliance with IAS 21)

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

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 rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS$ and US$. In February 2019 there was a Monetary Policy statement which introduced RTGS$ and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, ZWL (which comprises RTGS$, Bond Notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to ZWL) and whether the 1:1 ZWL: US$ exchange rate was appropriate.

Based on IFRS, International Accounting Standard 21 (IAS 21)-The Effects of Changes in Foreign Exchange Rates- the functional currency of an entity is the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it.

In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it "must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports a change in functional currency from US$ to ZWL prior to 22 February 2019 and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. The Group has chosen to comply with the law by adopting the date of change in functional currency of 22 February 2019. This therefore impacts the basis for measuring transactions that occurred between 1 October 2018 and 22 February 2019, the valuation of assets and liabilities as well as the accounting for exchange differences.

Accordingly, the consolidated financial statements of the Group include balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 to the consolidated financial statements.

Exchange rates (Non-compliance with IAS 21)

The Directors applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and of the 20th of February 2019 for transactions from 1 October 2018 to 22 February 2019. On the 22nd of February 2019, the Group translated most of the applicable foreign denominated non-monetary and monetary assets and liabilities at that date to ZWL at an exchange rate of 1:4 between US$ and ZWL.

The Group's non-current assets included Goodwill amounting to US$38, 9 million which was translated at a rate of ZWL1: US$1 on the date of change in functional currency and this is not in line with the requirements of IAS 21. Had the balance been translated using an exchange rate applied on other items, the resultant translation gain to be accounted for through the income statement would have been ZWL116.7 million. Foreign currency denominated transactions and balances between the 23rd of February 2019 and the 30th of June 2019 were translated to ZWL based on Group exchange rates obtained or implied in the market. As at 30 June 2019, all monetary balances were translated at a closing rate of US$1: ZWL 6,75, which was based on the official interbank rate. The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below;

According to IAS 21, at the end of each reporting period; (a) foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

According to paragraph 8 of IAS 21, the closing rate is defined as a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery. In light of the definitions above, the IFRS Interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the Group (1:1 for the period 1 October 2018 to 22 February 2019, 1:4 for the translation to functional currency on 22 February 2019 except for property, plant and equipment where the effective exchange rate factor was 3,2 and goodwill where the exchange rate applied was 1:1, Group rates obtained or implied for transactions between 23 February 2019 and 30 June 2019 and 1:6.75 closing rate based on the official interbank rates at 30 June 2019) did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Treatment of gains or losses arising from translation on 23 February 2019

The Group's net translation gain on conversion of non-monetary and monetary assets and liabilities to ZWL on change in functional currency from the US$ and amounting to ZWL$399,42 million was recognised directly in equity as a non-distributable reserve which represents a departure from the requirements of IFRS. IFRS requires that all line items at the date of change in functional currency should be translated at the same rate to the new currency and therefore there would be no translation adjustments and that should there be such translation differences these would be recognised in the statement of profit or loss.

The effects of the above departures from IFRS are material and pervasive to the consolidated 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 (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 matter 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 obtained at the date of this report comprises the Chairman's Statement and the Company Statement of Financial Position but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Review of Operations, the Directors' Responsibility and Approval of Financial Statements and Report of Directors are expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates.

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 standard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated 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 Act (Chapter 24:03).

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
27 September 2019

Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Note	2019 ZWL	2018 ZWL
Revenue	8	1 285 539 382	631 282 790
Cost of sales	19.1	(714 253 335)	(395 896 281)
Gross profit		571 286 047	235 386 509
other income	9.1	7 119 186	2 897 171
operating expenses	10	(320 383 432)	(161 121 698)
Operating profit before depreciation, amortisation and fair value adjustments		258 021 801	77 161 982
financial loss	9.2	(9 987 551)	(3 611 024)
depreciation and amortisation	13 & 14	(32 537 965)	(16 619 630)
fair value adjustments on listed equities	17.2	36 034 878	(860 467)
fair value adjustments on biological assets	18.4	5 357 173	1 815 522
Profit before interest, equity accounted earnings and tax		**256 888 336**	**57 886 383**
Interest income	11	3 236 032	1 426 420
Interest expenses	11	(13 401 501)	(8 226 676)
equity accounted earnings	15.1	49 418 333	11 785 408
Profit before tax		**296 141 200**	**62 871 535**
tax expense	12.1	(57 302 528)	(14 155 566)
Profit for the year		**238 838 672**	**48 715 969**
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations attributable to:			
equity holders of the parent		111 460 831	(17 049)
non-controlling interests		4 661 837	(429)
Other comprehensive income for the year, net of tax		**116 122 668**	**(17 478)**
Total comprehensive income for the year		**354 961 340**	**48 698 491**
Profit for the year attributable to:			
equity holders of the parent	25	176 786 870	32 882 666
non-controlling interests	26	62 051 802	15 833 303
		238 838 672	**48 715 969**
Total comprehensive income for the year attributable to:			
equity holders of the parent		288 247 701	32 865 617
non-controlling interests		66 713 639	15 832 874
		354 961 340	**48 698 491**
Earnings per share (cents)			
Basic earnings per share	6.4	31.69	5.99
Headline earnings per share	6.4	31.19	6.09
Diluted basic earnings per share	6.4	30.90	5.99
Diluted headline earnings per share	6.4	30.42	6.09

Group Statement of Financial Position

as at 30 June 2019

	Note	2019 ZWL	2018 ZWL
ASSETS			
Non-current assets			
property, plant and equipment	13	642 628 608	181 132 524
intangible assets	14	41 369 714	38 953 388
investments in associates	15	193 767 096	40 425 550
other financial assets	17	74 515 475	14 417 752
biological assets	18.1	9 321 747	2 643 232
deferred tax assets	27.1	—	4 920 894
		961 602 640	**282 493 340**
Current assets			
biological assets	18.2	42 679 332	12 508 176
inventories	19	231 596 747	90 444 976
trade and other receivables	20	306 701 973	115 793 108
cash and cash equivalents	21.2	146 106 180	60 501 483
		727 084 232	**279 247 743**
Assets of disposal Group classified as held for sale	22	**—**	**3 402 447**
		727 084 232	**282 650 190**
Total assets		**1 688 686 872**	**565 143 530**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23.2	5 597 264	5 597 264
class "A" ordinary share capital	23.2	10	10
share premium	23.2	17 811 532	17 811 532
other reserves	24	374 736 570	(12 826 920)
distributable reserves	25	364 769 791	205 333 414
attributable to equity holders of the parent		**762 915 167**	**215 915 300**
non-controlling interests	26	276 161 650	105 641 812
Total equity		**1 039 076 817**	**321 557 112**
Non-current liabilities			
deferred tax liabilities	27.1	133 738 056	29 935 155
interest-bearing borrowings	28.1	8 000 380	4 627 166
		141 738 436	**34 562 321**
Current liabilities			
interest-bearing borrowings	28.1	200 790 773	85 169 851
trade and other payables	29	273 252 311	120 381 353
provisions and other liabilities	30	3 037 295	2 522 215
current tax liabilities	31	30 791 240	780 527
		507 871 619	**208 853 946**
Liabilities directly associated with the assets classified as held for sale	22	—	170 151
		507 871 619	**209 024 097**
Total liabilities		**649 610 055**	**243 586 418**
Total equity and liabilities		**1 688 686 872**	**565 143 530**

A B C CHINAKE
Chairman
Harare
27 September 2019

G GWAINDA
Executive Director
Harare
27 September 2019

Group Statement of Changes in Equity

for the year ended 30 June 2019

		Attributable to equity holders of the parent												
					Other Reserves									
	Note	Ordinary Share Capital ZWL	Class "A" Ordinary Share Capital ZWL	Share premium Reserve ZWL	Restructure Reserve ZWL	Foreign Currency Translation Reserve ZWL	Change in Functional Currency Reserve ZWL	Treasury Shares Reserve ZWL	Share-based Payment Reserve ZWL	Total Other Reserves ZWL	Distributable Reserves ZWL	Total Attributable to Equity Holders of the Parent ZWL	Non-controlling Interests ZWL	Total Shareholders' Equity ZWL
Balance at 1 July 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	**7.1 & 7.2**	—	—	—	—	—	—	—	—	—	(10 530 535)	(10 530 535)	(6 977 060)	(17 507 595)
Issue of shares - acquisition of Colcom Holdings Limited non-controlling interests	**24**	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)
Share-based payment charge for the year, net of tax	**24**	—	—	—	—	—	—	—	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**
Effect of adoption of IFRS 9 (Financial Instruments)	**4**	—	—	—	—	—	—	—	—	—	(1 045 246)	(1 045 246)	(597 077)	(1 642 323)
Restated Balance at 30 June 2018		**5 597 264**	**10**	**17 811 532**	**(13 134 620)**	**140 568**	**—**	**(687 790)**	**854 922**	**(12 826 920)**	**204 288 168**	**214 870 054**	**105 044 735**	**319 914 789**
Profit for the year		—	—	—	—	—	—	—	—	—	176 786 870	176 786 870	62 051 802	238 838 672
Other comprehensive income		—	—	—	—	111 460 831	—	—	—	111 460 831	—	111 460 831	4 661 837	116 122 668
Dividends paid	**7.1 & 7.2**	—	—	—	—	—	—	—	—	—	(22 025 824)	(22 025 824)	(12 215 008)	(34 240 832)
Effect of change in functional currency		—	—	—	—	—	282 177 143	—	—	282 177 143	—	282 177 143	117 239 940	399 417 083
Unwinding of the change in functional currency reserve		—	—	—	—	—	(7 482 514)	—	—	(7 482 514)	7 482 514	—	—	—
Transactions with owners in their capacity as owners		—	—	—	—	—	—	—	—	—	(1 761 937)	(1 761 937)	(621 656)	(2 383 593)
Share-based payment charge for the year, net of tax	**24**	—	—	—	—	—	—	—	1 408 030	1 408 030	—	1 408 030	—	1 408 030
Balance at 30 June 2019		**5 597 264**	**10**	**17 811 532**	**(13 134 620)**	**111 601 399**	**274 694 629**	**(687 790)**	**2 262 952**	**374 736 570**	**364 769 791**	**762 915 167**	**276 161 650**	**1 039 076 817**

Group Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 ZWL	2018 ZWL
Cash generated from operating activities	21.1	**39 476 844**	**95 308 153**
interest income	11	3 236 032	1 426 420
interest expense	11	(13 401 501)	(8 226 676)
taxes paid	31	(21 295 509)	(8 171 060)
Total cash available from operations		**8 015 866**	**80 336 837**
Investing activities	21.4	**(61 815 198)**	**(46 660 439)**
Net cash (outflow)/inflow before financing		**(53 799 332)**	**33 676 398**
Financing activities		**81 044 750**	**(3 429 318)**
dividends paid by holding company	7.1	(22 025 824)	(10 530 535)
dividends paid by subsidiaries to non-controlling interests	7.2	(12 215 008)	(6 977 060)
drawdowns on borrowings	28.2	140 237 524	57 963 216
repayment of borrowings	28.2	(25 405 320)	(50 053 184)
purchase of treasury shares	24	—	(335 935)
cash received from non-controlling interests	26.1	453 378	6 504 180
Net increase in cash and cash equivalents before changes in functional currency	21.2	**27 245 418**	**30 247 080**
Effects of currency translation on cash and cash equivalents - foreign operations		58 359 279	—
Net increase in cash and cash equivalents		**85 604 697**	**30 247 080**
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 year	21.2	**146 106 180**	**60 501 483**

Notes to the Financial Statements

1 Corporate Information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 19 September 2019. Innscor Africa Limited is a 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 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 Effects of Changes in Exchange Rates on accounting for change in functional currency, due to inability of the Group to comply with both IAS 21 requirements and the laws and regulations stemming from Statutory Instrument ("SI") 33. The consolidated financial statements also comply with the Zimbabwe Companies Act (24:03) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements. The principal accounting policies applied in the preparation of these consolidated annual financial statements are except, where stated consistent with those applied in the previous annual financial statements.

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 and currency of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity investments and biological assets that have been measured at fair value. The government promulgated Statutory Instrument ("SI") 33 of 2019 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 this effective date would be deemed to be Zimbabwe Dollars which was at par with the United States Dollar Guidance issued by the Public Accountants and Auditors Board (PAAB) noted that the requirements of SI33 were contrary to the provisions of International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rate. The Directors have always ensured compliance with International Financial Reporting Standards (IFRS) but were unable to do so in the current year due to the conflict between these Standards and the local statutory requirements.

In line with SI 33, the Group therefore changes its functional and presentation currency with effect from 22 February 2019. However, in an attempt to more fairly present its Statement of Financial Position as at this date in ZWL, the Group re-based the net book value of its property, plant and equipment, long-term biological assets, investments and foreign monetary assets at an exchange rate of USD 1=ZWL 4. This exchange rate reflected the implied fair market rate of exchange based on procurement arrangements that the Group had with local suppliers of raw materials. After accounting for the effects of deferred taxation, the net effect of this re-basing exercise resulted in an increase in total equity,through the Change in Functional Currency Reserve of ZWL 399 417 083.

Comparative financial information and that from the period from 1 July 2018 to 22 February 2019, has been prepared on the assumption that the USD and the ZWL were at par.

Notes to the Financial Statements (continued)

2 Statement of compliance (continued)

2.2 Basis and currency of preparation (continued)

As required by IAS21, foreign monetary assets and liabilities in existence at 30 June 2019, have been translated to ZWL at appropriate closing market rates of exchange, with exchange differences between 22 February 2019 and 30 June 2019 having been adjusted through the Group's Statement of Profit or Loss. Below is a reconciliation of the Change in Functional Currency Reserve.

The total impact on the Group's shareholders' equity as at 22 February 2019 is as follows:

	Note	2019 ZWL
Effect of change in Functional Currency		
Property, Plant and Equipment	**13.1**	420 470 499
Intangible assets	**14**	45 000
Biological assets	**18.1**	1 685 244
Financial assets	**17.2**	24 388 079
Investments		7 324 103
Trade receivables		1 493 038
Cash and cash equivalents		369 524
Foreign loans		(3 124 960)
Total Change in Functional Currency		**452 650 527**
Deferred tax thereon	**27.2**	(103 840 883)
Effect of change in functional currency for Associates	**15.1**	50 607 439
Total Effect on Equity		**399 417 083**
Attributable to non-controlling interest	**26**	(117 239 940)
Attributable to equity holders of the parent		**282 177 143**

2.3 Comparative financial information

The Group's comparative financial information have been shown in ZWL converted from USD at 1:1. These comparative 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.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its associates and its subsidiaries as at 30 June 2019. 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

Notes to the Financial Statements (continued)

3 Basis of consolidation (continued)

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
- 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.

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 Group's policy to carry investments in associates and subsidiaries at cost in Innscor's separate financial statements

4 Changes in accounting policy and disclosures

New and Amended IFRSs adopted

The Group applied IFRS 15 and IFRS 9 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 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption as provided in the transitional provisions. There has not been any significant change in the timing and measurement of revenue from the different revenue lines in the Group as a result of the adoption of the new standard. Refer to **Note 8**.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

IFRS 9 Financial Instruments

The Group adopted IFRS 9, "Financial instruments" from 1 July 2018 which resulted in changes in accounting policies. IFRS 9 replaced the provisions of IAS 39, Financial Instruments; Recognition and measurement, that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has three types of financial assets that are subject to IFRS 9's classification and measurement requirements

- financial assets held at amortised cost
- financial assets held at fair value through profit or loss (FVTPL) and
- financial assets held at fair value through other comprehensive income

The Group revised its impairment methodology which was based previously on IA39 Incurred credit loss model to expected loss model (ECL) under IFRS 9. The expected credit loss allowances for financial assets are based on assumptions about exposure at default, probability of default and loss given default. The Group uses judgement in making these assumptions and in selecting the inputs to the ECL calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The reclassifications and adjustments arising from the new standard are not reflected in the statement of financial position as at 30 June 2018 but are recognised in the opening statement of changes of equity on 1 July 2018.

Adjustments recognised for each individual line item of the statement of financial position are shown below. Line items that were not affected by the changes have not been included.

	Note	30 June 2018 As originally presented	IFRS 9 Adjustment	1 July 2018 As Restated
Balance sheet extract				
Non-current assets				
Investments in associates	**15.2**	40 425 550	(183 464)	40 242 086
Other financial asset amortised cost		3 964 335	—	3 964 335
Financial assets at FVTPL		10 453 417	—	10 453 417
		54 843 302	**(183 464)**	**54 659 838**
Current assets				
Trade and other receivables	**20**	115 793 108	(1 964 793)	113 828 315
Total assets		**170 636 410**	**(2 148 257)**	**168 488 153**
Non-current liabilities				
interest-bearing borrowings	**28.1**	(4 627 166)	—	(4 627 166)
Deferred taxation	**27.1**	(25 014 261)	505 934	(24 508 327)
		(29 641 427)	**505 934**	**(29 135 493)**
Current liabilities				
interest-bearing borrowings	**28.1**	(85 169 851)	—	(85 169 851)
trade and other payables	**29**	(120 381 353)	—	(120 381 353)
provisions and other liabilities	**30**	(2 522 215)	—	(2 522 215)
		(208 073 419)	**—**	**(208 073 419)**
Total liabilities		**(237 714 846)**	**505 934**	**(237 208 912)**
Net liabilities		**(67 078 436)**	**(1 642 323)**	**(68 720 759)**
Total shareholders' equity		**321 557 112**	**(1 642 323)**	**319 914 789**
Attributable to:				
Equity holders of the parent	**25**	215 915 300	(1 162 010)	214 753 290
Non-controlling interests	**26**	105 641 812	(597 077)	105 044 735

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

The impact on classification and measurement of the classes of financial liabilities of the Group, as at I July 2018 on adoption of IFRS 9 is outlined below;

	Measurement Category		Carrying Amount		
	Original (IAS 39)	**New (IFRS 9)**	**Original**	**New**	**Difference**
Non current Liabilities					
interest-bearing borrowings	Amortised cost	Amortised cost	4 627 166	4 627 166	—
Current Liabilities					
interest-bearing borrowings	Amortised cost	Amortised cost	85 169 851	85 169 851	—
trade and other payables	Amortised cost	Amortised cost	273 252 311	273 252 311	—
provisions and other liabilities	Amortised cost	Amortised cost	2 522 215	2 522 215	—

There were no changes to the classification and measurement of financial liabilities as above.

Standards and interpretations in issue not yet effective and applicable to the Group's current operations

Standards issued but not yet effective are listed below and the Group intends to adopt applicable standards when they become effective.

a. IFRS 16 – Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17 ,that is, Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. These changes are likely to have a significant impact on the Group, given the Group's leasing arrangements.

The Group will adopt the requirements of IFRS16 for the reporting period starting 1 July 2019.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

Standards and interpretations in issue not yet effective (continued)

b. 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 constitute 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 and the Group is currently assessing the impact of the proposed amended.

c. IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019 whilst earlier application is permitted.

The Group will adopt the requirements of IAS23 for the reporting period starting 1 July 2019.

d. 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 an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity 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**)

e. 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 will be adopted from 1 January 2020.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

Standards and interpretations in issue not yet effective (continued)

f. 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 determine whether an acquired set of 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 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 will be adopted at the time.

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, as opposed to the application of risk and rewards established under the previous standard IAS 18, "Revenue."

The following paragraphs describes 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 vast 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.

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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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 or due from 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.

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 revenue 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 completeAll 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Employee benefits (continued)

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, is determined by the systematic recognition of legislated contributions.

Leases

The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

Leases where all the risks and benefits of ownership of the asset are not transferred to the Group are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease period.

Royalties

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

Foreign currency translation

The Group's 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 statement of 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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.

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 the 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%

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Property, plant and equipment ("PPE") (continued)

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, useful lives 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.

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.

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 comprehensive income reflects the share of the results of operations of the associates attributable to the Group.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Investments in associates (continued)

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 retaining investment and proceeds from disposal is recognised in profit or loss.

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 two classes for its financial assets, that is amortized cost and fair value through profit/loss. The classification depends on the cashflow characteristics of the financial asset and the business model in which it is held.

As from 1 July 2018 the Group has applied IFRS 9 "Financial instruments" and applied the following from that date.

Classification

The Group's financial assets are classified as either amortized cost or fair value through other comprehensive income (FVOCI) 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 comprehensive income 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

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 comprehensive income.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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 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.

On 1 July 2018 (the date of initial application of IFRS 9), the Group's management assessed which business models apply to the financial assets held by the group and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Measurement Category		Carrying Amount		
	Original (IAS 39)	**New (IFRS 9)**	**Original**	**New**	**Difference**
Non current assets					
Property unit trust	FVTPL	FVTPL	687 500	687 500	—
Quoted equity investments	FVTPL	FVTPL	9 140 451	9 140 451	—
Unquoted equity investments	FVTPL	FVTPL	113 192	113 192	—
Other financial assets at amortised cost	Amortised	Amortised cost	4 476 609	4 476 609	—
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	115 793 108	113 828 315	1 964 793
Cash and cash equivalents	Amortised cost	Amortised cost	60 501 483	60 501 483	—

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.

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 2018.

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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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.

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.

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. To the extent there is no evidence that it is probable over the period of the facility to which it relates.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Borrowings are removed 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 recognized initially at fair value and subsequently measured at amortized cost.

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.

Accounting policies applied until 30 June 2018: IAS 39 comparatives

Prior to 1 July 2018, IAS 39 was applied instead of IFRS 9. Comparative information has not been fully restated. Instead the Group applied cumulative catch up method whereby the opening reserve balances including retained earnings was retrospectively adjusted for accounting policies that apply to periods prior to 1 July 2018

Classification

The Group classified financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial asset at fair value through P/L
- Financial liabilities measured at amortised cost

Classification depended on the purpose for which the financial instruments were obtained / incurred and took place at initial recognition. Classification was re-assessed on an annual basis.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They were included in current assets, except for maturities greater than 12 months after the end of the reporting period. These were classified as non-current assets. The Group's loans and receivables comprised of "trade and other receivables , cash and cash equivalents" and "amounts due from related parties" in the statement of financial position.

(b) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost were included in current liabilities, except if payment was due more than 12 months after the end of the reporting period, these were classified as non-current liabilities. The Group's financial liabilities measured at amortised cost comprised "trade and other payables" and "amounts due to related parties" in the statement of financial position.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near-term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or (ii) the assets are part of a Group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Initial recognition and measurement

Financial instruments were recognised initially when the Group became a party to the contractual provisions of the instruments. The Group classified financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments were measured initially at fair value. For financial instruments which were not at fair value through profit or loss, transaction costs were included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables were subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses. Translation differences on monetary items were recognised in profit or loss, while translation differences on non-monetary items were recognised in other comprehensive income and accumulated in equity. Financial liabilities at amortised cost were subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets were derecognised when the rights to receive cash flows from the instruments had expired or had been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities (or portion thereof) were derecognised when the Group's obligation specified in the contract was discharged or cancelled or has expired.

Offsetting financial instruments

Financial assets and liabilities were offset and the net amount reported in the statement of financial position when there was a legally enforceable right to offset the recognised amounts and there was an intention to settle on a net basis or realise an asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Reversals of impairment losses were recognised in profit or loss

Impairment losses were reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment was reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets were impaired through use of an allowance account, the amount of the loss was recognised in profit or loss within operating expenses. When such assets were written off, the write off was made against the relevant allowance account. Subsequent recoveries of amounts previously written off were credited against operating expenses.

Amounts due from / (to) related parties

Amounts due from and to related parties were recognised initially at fair value and were subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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.

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.

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 **Note 18.3** 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 estimated 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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.

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 wauthorities. 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 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Deferred tax (continued)
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.

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

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

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

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal Group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution 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 distribution.

Assets and liabilities classified as held for distribution 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 22**. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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, further details of which are given in **Note 23**.

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 comprehensive income 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 6**.

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.

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

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 require significant judgement based on age and average slaughter weight. Pigs ages between 0 - 5 weeks are not stated at fair value and are stated at cost at the reporting date. The Group also estimates average slaughter weights for the breeding head. Refer **Note 18.3** on fair value determination.

Cattle

The average live weight multilpied by market value per kg of cattle is used in determining fair value.

Birds and hatching eggs

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 in rearing the birds. 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 18** for the carrying amount of biological assets and the estimates and assumptions used to determine fair value.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

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** for 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 14** for the assumptions applied in testing cash generating units with goodwill for impairment.

v) Cash and cash equivalents

Prior to the October fiscal statement foreign USD and RTGS balances where all mixed into one account and the two could not be differentiated. Banks were instructed to create distinct bank accounts for depositors, namely RTGS FCA and Nostro FCA accounts. Subsequent to this directive, it was then possible to separate RTGS balances from USD balances. Government promulgated SI 33 on 22 February 2019, giving legal effect to the reintroduction of the ZWL as legal tender as explained in the basis of accounting for the change in funtional paragraph.

vi) 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 considers 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, the risks that

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

vii) 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 estimates 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 external valuer using the Binomial Tree model, further details of which are provided in **Note 23.3**.

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.

viii) Treasury Shares

Share 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.

Dividends received on treasury shares are eliminated on consolidation.

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)

6 Earnings per share

6.1 Basic earnings basis

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

6.2 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 indigenisation transaction with Benvenue Investments (Private) Limited had a dilutive effect at the end of the 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 year end. Refer to **Note 6.4**.

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

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 and capital investment activities. It specifically excludes any income that may relate to staff reductions, sales of assets, or accounting write-downs.

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 calculation of diluted headline earnings per share is based on the headline 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 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 year end. Refer to **Note 6.4**.

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

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 on **Note 6.4**.

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)

	Note	2019 ZWL	2018 ZWL
6 Earnings per share (continued)			
6.4 Earnings per share			
Net profit for the year attributable to equity holders of the parent		**176 786 870**	**32 882 666**
Reconciliation of basic earnings to headline earnings:			
Adjustment for capital items (gross of tax):			
Loss / (Profit) on disposal of property, plant and equipment and intangibles	**9.2**	41 940	(72 385)
Profit on restructure of associate	**9.2**	—	(138 184)
Profit on disposal of Non-current Asset Held for Sale	**22.1**	(409 865)	—
Profit on disposal of Associate	**9.2 & 15.3**	(258 526)	—
Profit on restructure of subsidiary	**15.3**	(1 969 889)	—
Livestock impaired due to Avian Infuenza	**9.2**	—	1 169 741
Stockfeeds impaired due to Avian Influenza	**19**	—	872 257
Tax effect on adjustments		(10 800)	(507 176)
Non-controlling interests' share of adjustments		(178 260)	(773 732)
Net reconciling items		**(2 785 400)**	**550 521**
Headline earnings attributable to equity holders of the parent		**174 001 470**	**33 433 187**
Reconciliation of weighted average number of ordinary shares			
Number of ordinary shares in issue at the beginning of the year		559 726 470	541 593 440
Add: Weighted average number of shares issued during the year		—	9 216 789
Less: Weighted average number of treasury shares		(1 818 912)	(1 738 103)
Weighted average number of ordinary shares		**557 907 558**	**549 072 126**
Weighted average number of ordinary shares in issue			
Weighted average number of ordinary shares for basic and headline earnings per share		557 907 558	549 072 126
Effects of dilution:			
Share option schemes	**23.3**	14 144 688	176 451
Weighted average number of ordinary shares adjusted for the effects of dilution		**572 052 246**	**549 248 577**
Basic earnings per share (cents)		31.69	5.99
Headline earnings per share (cents)		31.19	6.09
Diluted basic earnings per share (cents)		30.90	5.99
Diluted headline earnings per share (cents)		30.42	6.09

Notes to the Financial Statements (continued)

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 2018 of ZWL1.23 per share (FY2017: ZWL0.60 per share) was paid during the current year. In the current year an interim dividend of ZWL2.52 per share (FY2018: ZWL0.93 per share) was declared and paid to ordinary shareholders whilst ZWL344 000 (FY2018: USD 220 000) was declared and paid to Class "A" with respect to the prior year final dividend and USD 705 000 (FY2018: USD 261 000) in respect of the current year interim dividend.

No dividend was paid with respect to treasury shares.

	Note	2019 ZWL	2018 ZWL
Ordinary Shareholders			
Prior year final dividend		6 884 282	4 874 341
Current year interim dividend		14 160 931	5 205 456
Less: In respect of prior year treasury shares - final		(22 371)	(13 347)
Less: In respect of treasury shares current year - interim		(46 018)	(16 915)
Net Paid to IAL Shareholders		**20 976 824**	**10 049 535**
Class "A" Shareholders			
Innscor Africa Limited Employee Share Trust (Private) Limited (Prior year final)		344 000	220 000
Innscor Africa Limited Employee Share Trust (Private) Limited (Current year interim)		705 000	261 000
Total Dividend Paid		**22 025 824**	**10 530 535**

On 20 September 2019, the Board declared a final dividend of ZWL7.87 cents per share in respect of the year 2019 (FY2018: ZWL1.23 cents per share) to shareholders registered in the books of the Company by close of business on 17 October 2019. This brings the total dividend in respect of the 2019 financial year to ZWL10.39 cents per share (FY2018: ZWL2.16 cents per share).

The Board, on the 20th of September 2019, also declared a final dividend totalling ZWL2 200 000 (FY2018: USD344 000) to the Innscor Africa Employee Share Trust (Private) Limited (Class "A" Shareholders) which brings the total dividend in respect of the 2019 financial year to ZWL 2 905 000 (2018: USD 605 000).

7.2 Dividends paid by subsidiaries to non-controlling interests

	Note	2019 ZWL	2018 ZWL
Callcape Investments (Private) Limited		173 000	112 500
Associated Meat Packers (Private) Limited		499 000	99 800
Natpak Mauritius (Private) Limited		869 861	183 348
Irvine's Zimbabwe (Private) Limited		1 275 000	510 000
National Foods Holdings Limited		7 292 428	5 153 844
Rafferty Investments (Private) Limited t/a Providence Human Capital		180 000	135 000
Syntegra Solutions (Private) Limited		81 750	47 800
Probottlers (Private) Limited		49 360	—
Natpak (Private) Limited		1 794 609	—
Colcom Holdings Limited		—	141 768
Innscor Appliance Manufacturing (Private) Limited t/a Capri		—	593 000
Total dividends paid to non-controlling interests	26	**12 215 008**	**6 977 060**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
8 Revenue			
8.1 Revenue from contracts with customers			
The Group has recognised the following amounts relating to revenue in the statement of comprehensive income:			
Revenue from contracts with customers		**1 285 539 382**	**631 282 790**

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 infromation technology services to customers and rentals from properties owned by the Group.

Segments	Mill-Bake	Protein	Light Manufacturing	Services	Inter-segment Transactions	Total
June 2019						
Information technology services	—	—	—	3 095 752	—	3 095 752
Light manufacturing	—	—	120 233 227	—	—	120 233 227
Mill-bake	730 152 978	—	—	—	—	730 152 978
Fast Moving Consumer Goods	—	—	93 079 196	—	—	93 079 196
Protein	—	391 071 376	—	—	—	391 071 376
Payroll services	—	—	—	3 210 286	—	3 210 286
Other	—	—	—	1 695 743	—	1 695 743
Inter-segment 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**
June 2018						
Information technology services	—	—	—	1 479 362	—	1 479 362
Light manufacturing	—	—	67 318 866	—	—	67 318 866
Mill-bake	392 023 406	—	—	—	—	392 023 406
Fast Moving Consumer Goods	—	—	7 646 572	—	—	7 646 572
Protein	—	181 672 041	—	—	—	181 672 041
Payroll services	—	—	—	2 383 861	—	2 383 861
Other	—	—	—	1 301 289	—	1 301 289
Inter-segment elimination	—	—	—	—	(22 542 607)	(22 542 607)
	392 023 406	**181 672 041**	**74 965 438**	**5 164 512**	**(22 542 607)**	**631 282 790**
Timing of revenue recognition						
At a point in time	**392 023 406**	**181 672 041**	**74 965 438**	**5 164 512**	**(22 542 607)**	**631 282 790**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
9 Other Income			
9.1 Analysis			
Sundry income and sales		1 330 147	382 888
Rebates		281 821	625 648
Rent received		196 240	23 114
Management fees		939 727	540 720
Export incentives		48 211	277 170
Insurance claim		529 877	256 971
Other*		3 793 163	790 660
		7 119 186	**2 897 171**

* Includes sale of empty bags, bad debts recovered, Directors' fees received from associates, commissions and discounts.

	Note	2019 ZWL	2018 ZWL
9.2 Financial loss			
Exchange gains/(losses) - realised		1 697 498	(2 735 922)
Exchange losses - unrealised	**21.1**	(12 382 968)	(281 035)
Profit on restructure of associate	**15.3 & 15.9**	258 526	138 184
(Loss)/profit on disposal of plant and equipment and intangible assets	**21.1**	(41 940)	72 385
Profit on dilution of subsidiary	**15.13**	1 969 889	—
Profit on disposal of non-current asset held for sale	**22.1**	409 865	—
Livestock impaired due to Avian Influenza	**18**	—	(1 169 741)
Profit on disposal of listed and other equities equities	**21.1 & 17.1**	85 472	236 980
Other		(1 983 893)	128 125
		(9 987 551)	**(3 611 024)**

10 Operating Costs

Following the successful restructure of the Group into businesses that are predominantly manufacturing, the Group is now analysing its operating costs in accordance with the main drivers of these costs. The drivers are listed below and form part of the Group's key performance measurement criteria and historical balances have been amended to reflect the basis with which the performance of the Group's businesses in analysed.

	Note	2019 ZWL	2018 ZWL
10.1 Analysis			
Conversion costs		118 930 452	64 742 964
Distribution costs		63 752 365	33 463 880
Selling costs		38 977 678	25 591 230
Marketing & advertising costs		9 632 057	5 701 936
Human capital costs		8 346 101	3 601 146
Finance & administration costs		54 338 795	19 167 553
Information technology costs		3 721 625	1 755 076
Head office costs		22 684 359	7 097 913
		320 383 432	**161 121 698**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
10 Operating Costs (continued)			
10.2 Included in operating costs are:			
Key management's emoluments comprising:			
Independent, non-executive Directors - fees		127 236	108 689
Non-independent, non-executive Directors - fees		80 335	70 170
Executive and other management remuneration**		23 096 835	9 976 022
Total		**23 304 406**	**10 154 881**
** This constitutes the total remuneration and all other benefits to Group, Subsidiaries, Divisional executives and management shown on **pages 60 and 61.**			
Audit fees and expenses			
Current year		2 937 123	445 056
Prior year underprovision		5 960	17 541
		2 943 083	**462 597**
11 Interest Income and Expense			
11.1 Interest income		3 236 032	1 426 420
Interest income was earned from positive bank balances and advances to associate companies as well as over due customer balances.			
11.2 Interest expense		(13 401 501)	(8 226 676)
Interest expense arose from bank borrowings, which are in the form of overdrafts, short and long-term loans and in letters of credit.			
12 Tax Expense			
12.1 Tax expense			
Current income tax charge	**31**	51 127 703	8 754 547
Withholding tax	**31**	593 645	160 287
Deferred tax	**27.2**	5 581 180	5 240 732
		57 302 528	**14 155 566**

Notes to the Financial Statements (continued)

	Note	2019 %	2018 %
12 Tax Expense (continued)			
12.2 Tax rate reconciliation			
Statutory rate of taxation, inclusive of AIDS levy		25.75	25.75
Adjusted for:			
Excess pension		0.02	0.09
Donations, fines and legal expenses		0.06	0.15
Profit on sale of investments		(0.66)	(0.10)
Depreciation on excess cost of passenger motor vehicles		0.06	0.33
Tax on income from associates		(3.26)	(4.83)
Effect of assets transferred and/or disposed		(0.08)	0.33
Other		1.85	0.80
Fair value adjustments on listed equities		(3.13)	—
Income from foreign investments taxable at different rates		(1.55)	—
Listed equities acquisition fees		0.17	—
Dividend receivable		0.12	—
Effective tax rate		**19.35**	**22.52**

Notes to the Financial Statements (continued)

	Note	Freehold property ZWL	Leasehold improvements ZWL	Plant, Fittings & Equipment ZWL	Motor vehicles ZWL	Total ZWL
13 Property, Plant and Equipment						
Gross carrying amount						
At 1 July 2017	**13.1**	61 210 380	4 385 829	166 816 046	17 823 699	250 235 954
Additions	**13.1**	4 965 606	1 455 697	26 755 633	3 392 182	36 569 118
Disposals	**13.1**	(150 939)	—	(271 119)	(3 653 992)	(4 076 050)
Unrealised profit	**36.1**	—	—	(1 646 990)	—	(1 646 990)
Acquisition of subsidiaries	**21.7**	—	—	15 520	—	15 520
Reclassified to Held for Sale	**13.1**	(4 039 621)	—	—	—	(4 039 621)
Exchange movements	**13.1**	(438)	—	—	—	(438)
At 30 June 2018	**13.1**	**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	**13.2**	901 410	—	3 635 450	60 208	4 597 068
Disposal of investment in subsidiary	**13.3**	—	(366 669)	(8 798 007)	(705 273)	(9 869 949)
Effect of change in functional currency	**2.2**	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	**13.1**	**177 828 432**	**12 038 135**	**537 493 611**	**35 782 827**	**763 143 005**
Depreciation						
At 1 July 2017	**13.1**	8 481 001	443 558	61 119 682	13 460 699	83 504 940
Disposals	**13.1**	—	—	(279 569)	(3 231 306)	(3 510 875)
Charge for the year	**13.1**	1 312 334	166 903	13 093 960	2 032 095	16 605 292
Reclassified to Held for Sale	**22**	(637 174)	—	—	—	(637 174)
Exchange movements	**13.1**	(37 214)	—	—	—	(37 214)
At 30 June 2018	**13.1**	**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 subsidiary	**13.2**	56 073	—	478 157	32 523	566 753
Reclassified from Held for Sale	**13.1**	14 021	—	—	—	14 021
Disposal of investment in subsidiary	**13.3**	—	(145 850)	(3 430 051)	(334 070)	(3 909 971)
At 30 June 2019		**12 430 858**	**1 116 673**	**94 504 070**	**12 462 796**	**120 514 397**
Carrying amount						
At 30 June 2019		**165 397 574**	**10 921 462**	**442 989 541**	**23 320 031**	**642 628 608**
At 30 June 2018		**52 866 041**	**5 231 065**	**117 735 017**	**5 300 401**	**181 132 524**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
13 Property, Plant and Equipment (continued)			
13.1 Reconciliation of opening and closing carrying amounts			
Opening carrying amount		**181 132 524**	**166 731 014**
Cost	**13**	277 057 493	250 235 954
Accumulated depreciation and impairment losses	**13**	(95 924 969)	(83 504 940)
Movement in carrying amount for the year:			
Additions at cost	**21.4**	73 413 882	36 569 118
Additions acquired for cash	**21.4**	70 264 753	36 569 118
Additions acquired through working capital	**21.4**	3 149 129	—
Disposals	**13**	(5 261 956)	(565 175)
Depreciation charge for the year	**21.1**	(32 537 088)	(16 605 292)
Acquisition of subsidiaries	**13.2**	4 030 315	15 520
Reclassified from / (to) held for sale	**22**	107 313	(3 402 447)
Exchange movements		7 233 097	36 776
Unrealised profit	**36.1**	—	(1 646 990)
Dilution of Subsidiary	**13.3**	(5 959 978)	—
Effect of change in functional currency	**2.2**	420 470 499	—
Closing carrying amount		**642 628 608**	**181 132 524**
Cost	**13**	763 143 005	277 057 493
Accumulated depreciation and impairment losses	**13**	(120 514 397)	(95 924 969)

13.1 Property, plant and equipment pledged as security

As at 30 June 2019, no items of property, plant and equipment were pledged as security for borrowings.

	Note	Probottlers (Private) Limited	Syntegra Solutions (Private) Limited
13.2 Additions arising from acquisition of subsidiaries			
Cost: Property, plant and equipment		4 597 068	15 520
Accumulated depreciation: Property, plant and equipment		(566 753)	—
Net book value of property, plant and equipment acquired	**21.7**	**4 030 315**	**15 520**

	Note	Innscor Appliance Manufacturing (Private) Limited
13.3 Dilution of Subsidiary		
Cost: Property, plant and equipment	**13**	9 869 949
Accumulated depreciation: Property, plant and equipment	**13**	(3 909 971)
Net book value of property, plant and equipment disposed	**15.13**	**5 959 978**

Notes to the Financial Statements (continued)

	Note	Goodwill on acquisition ZWL	Other intangible assets ZWL	Total ZWL
14 Intangible Assets				
Carrying amount 1 July 2017		**38 937 511**	**14 998**	**38 952 509**
Gross carrying amount		38 937 511	477 402	39 414 913
Accumulated amortisation and impairment losses		—	(462 404)	(462 404)
Acquisition of intangible assets	**21.4**	—	15 217	15 217
Amortisation of intangibles	**21.1**	—	(14 338)	(14 338)
Carrying amount 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)
Effect of change in functional currency - Prodairy	**2.2**	—	45 000	45 000
Amortisation of intangibles	**21.1**	—	(877)	(877)
Goodwill on acquisition of Probottlers	**21.7**	2 372 203	—	2 372 203
Carrying amount 30 June 2019		**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)

14.1 Other intangible assets consist of computer software and brand rights. These are deemed to have a finite useful life and are amortised over a period of up to 4 years.

14.2 For impairment tests of computer software, the Group considers the usage and the remaining useful life. As at 30 June 2019, there were no indications that the computer software was impaired.

14.3 Impairment testing of Goodwill

Goodwill impairment assessment is performed every year.

The Group performed an annual impairment test as at 30 June 2019. Goodwill acquired through business combinations has been allocated to cash generating units, i.e. the business units from which the 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 cashflows used in the assessment comprise the budget and forecast profitabilities of the business from which Goodwill arose.

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
14 Intangible Assets (continued)			
14.3 Impairment testing of Goodwill (continued)			
Goodwill has been allocated to the following businesses:			
National Foods Holdings Limited		35 847 595	35 847 595
Irvine's Zimbabwe (Private) Limited		2 656 429	2 656 429
Ajax Finance (Private) Limited		290 000	290 000
Bedra Enterprises (Private) Limited		143 487	143 487
Probottlers (Private) Limited		2 372 203	—
		41 309 714	**38 937 511**

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 16.88% (2018: 8.5%). 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 22.38% (i.e. +5.5%) would not result in an impairment.

Period of Projected Cash Flows

The annual impairment assessment was performed by considering the budget and forecast cash flows for a period of 5 years beyond the reporting date (FY2020 to FY2024). 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)

15 Investments in Associates

15.1 Movements in investments in associates

	Note	Opening balance ZWL	Loan advanced to/ (repaid by) ZWL	Purchase of investment/ Additional investment in Associate ZWL	Restructure of Associate ZWL	Effect of change in functional currency ZWL	Effect of IFRS9 Adjustment ZWL	Dividend received ZWL	Disposal of investment ZWL	Foreign Currency Translation Reserve ZWL	Equity Accounted Earnings ZWL	Closing balance ZWL
Associate												
Freddy Hirsch Group (Private) Limited	**15.3**	2 031 938	—	—	—	—	—	—	—	—	389 138	2 421 076
Paperhole Investments (Private) Limited	**15.4**	1 737 876	—	—	—	—	—	(200 000)	—	—	1 315 817	2 853 693
Profeeds (Private) Limited	**15.5**	9 756 045	—	—	—	—	—	(392 000)	—	—	2 288 129	11 652 174
Probrands (Private) Limited	**15.6**	1 024 791	—	—	—	—	—	—	—	—	194 459	1 219 250
Pure Oil Industries (Private) Limited	**15.7**	4 685 871	—	—	—	—	—	—	—	—	5 158 438	9 844 309
Bakers Inn Logistics (Private) Limited	**15.8**	1 747 161	(364 589)	—	—	—	—	(172 800)	—	—	195 648	1 405 420
Afrigrain Trading Limited	**15.9**	7 442 596	(651 389)	—	(395 773)	—	—	(640 000)	—	—	2 206 279	7 961 713
Mafuro Farming (Private) Limited	**15.10**	—	—	294 840	—	—	—	—	—	—	—	294 840
National Foods Logistics (Private) Limited	**15.11**	—	750 000	1 985 575	—	—	—	—	—	—	37 500	2 773 075
Total 30 June 2018		**28 426 278**	**(265 978)**	**2 280 415**	**(395 773)**	**—**	**—**	**(1 404 800)**	**—**	**—**	**11 785 408**	**40 425 550**
Freddy Hirsch Group (Private) Limited	**15.3**	2 421 076	—	—	—	—	—	—	(2 421 076)	—	—	—
Paperhole Investments (Private) Limited	**15.4**	2 853 693	—	—	—	17 129 626	—	(740 000)	—	—	7 754 944	26 998 263
Profeeds (Private) Limited	**15.5**	11 652 174	—	—	—	10 901 266	(167 404)	(4 077 000)	—	—	15 557 882	33 866 918
Probrands (Private) Limited	**15.6**	1 219 250	—	245 000	(48 930)	679 592	(16 060)	(1 261 541)	—	—	4 903 139	5 720 450
Pure Oil Industries (Private) Limited	**15.7**	9 844 309	—	—	—	6 106 107	—	(2 400 000)	—	—	3 016 204	16 566 620
Bakers Inn Logistics (Private) Limited	**15.8**	1 405 420	(274 023)	—	—	7 020 730	—	—	—	—	1 224 063	9 376 190
Afrigrain Trading Limited	**15.9**	7 961 713	—	—	—	—	—	—	—	59 246 417	14 498 364	81 706 494
Mafuro Farming (Private) Limited	**15.10**	294 840	—	—	—	565 045	—	—	—	—	(560 845)	299 040
National Foods Logistics (Private) Limited	**15.11**	2 773 075	758 834	—	—	1 725 857	—	—	—	—	411 245	5 669 011
Lolite (Private) Limited	**15.12**	—	—	1 796 590	—	4 126 444	—	—	—	—	81 774	6 004 808
Innscor Appliance Manufacturing (Private) Limited	**15.13**	—	—	—	2 030 110	2 352 772	—	—	—	—	2 153 680	6 536 562
Kershelmar (Private) Limited	**15.14**	—	—	644 857	—	—	—	—	—	—	377 883	1 022 740
Total 30 June 2019		**40 425 550**	**484 811**	**2 686 447**	**1 981 180**	**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)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.2 Reconciliation of movements in associates			
Balance at the beginning of the year	**15.1**	40 425 550	28 426 278
Purchases at cost	**21.4**	2 686 447	2 280 415
Equity accounted earnings	**15.1**	49 418 333	11 785 408
Dividends received		(8 478 541)	(1 404 800)
Cash dividends received	**15.1 & 21.4**	(7 217 000)	(1 404 800)
Dividend in specie	**15.1 & 15.6**	(1 261 541)	—
Loans (repaid)/advanced	**15.1**	484 811	(265 978)
Efect of change in functional currency	**2.2**	50 607 439	—
Disposal of an Associate	**15.3**	(2 421 076)	—
Effect of retrospective application of IFRS 9	**15.1 & 4**	(183 464)	—
Exchange rate differences arising from traslation of foreign associate	**15.1**	59 246 417	—
Restructure of Associate	**21.3**	1 981 180	(395 773)
Balance at the end of the year		**193 767 096**	**40 425 550**

The Group has the following investments in the associates:

15.3 Freddy Hirsch Group (Private) Limited

Freddy Hirsch Group (Private) Limited is an entity involved in the manufacture and selling of spices and packaging. The Group held an effective 49% shareholding in Freddy Hirsch Group (Private) Limited which was disposed off on 1 July 2018 for ZWL2 679 602 resulting in profit on disposal of ZWL258 526, being earned during the period. The fair values of identifiable assets and liabilities as at date of disposal were as follows:

	Note	2019 ZWL
Property, plant and equipment		213 802
Investments		30
Inventories		2 963 237
Trade and other receivables		1 448 976
Cash and cash equivalents		1 455 650
Trade and other payables		(748 382)
Deferred tax liabilities		(29 825)
Current tax liabilities		(361 382)
Interest bearing borrowings		(1 135)
Net assets of Associate at date of disposal		**4 940 971**
Attributable fair value of net assets disposed (49%)	**15.2**	**2 421 076**
Profit on disposal of associate	**6.4 & 9.2**	258 526
Total consideration received	**21.4**	**2 679 602**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.3 Freddy Hirsch Group (Private) Limited (continued)			
Reconciliation of the investment in associate;			
Balance at the beginning of the year	**15.1**	**2 421 076**	**2 031 938**
Equity accounted earnings		—	389 138
Disposal of associates	**15.1**	(2 421 076)	—
Balance at the end of the year	**15.1**	**—**	**2 421 076**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	**15.15**	—	4 940 971
2019: 0% (2018: 49%) Share of net assets		—	2 421 076
Carrying amount of Investment	**15.1**	**—**	**2 421 076**

15.4 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.

	Note	2019 ZWL	2018 ZWL
Reconciliation of the investment in associate;			
Balance at the beginning of the year	**15.1**	**2 853 693**	**1 737 876**
Equity accounted earnings	**15.1**	7 754 944	1 315 817
Dividends received from associate	**15.1**	(740 000)	(200 000)
Effect of change in functional currency	**15.1**	17 129 626	—
Balance at the end of the year	**15.1**	**26 998 263**	**2 853 693**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	**15.15**	53 996 526	5 707 386
50% Share of net assets		**26 998 263**	**2 853 693**
Carrying amount of investment	**15.1**	**26 998 263**	**2 853 693**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.5 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	15.1	**11 652 174**	**9 756 045**
Equity accounted earnings	15.1	15 557 882	2 288 129
Dividend received	15.1	(4 077 000)	(392 000)
Effect of change in functional currency	15.1	10 901 266	—
IFRS 9 Adjustment on prior year retained earnings	15.1	(167 404)	—
Balance at the end of the year		**33 866 918**	**11 652 174**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	62 728 285	17 392 071
49% Share of net assets		**30 736 859**	**8 522 115**
Goodwill		3 130 059	3 130 059
Carrying amount of investment	15.1	**33 866 918**	**11 652 174**
15.6 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		**1 219 250**	**1 024 791**
Equity accounted earnings	15.1	4 903 139	194 459
Restructure	15.1	(48 930)	—
Additional investment	15.1	245 000	—
Dividend received from associate	15.2	(1 261 541)	—
Effect of change in functional currency	15.1	679 592	—
IFRS 9 Adjustment on prior year retained earnings	15.1	(16 060)	—
Balance at the end of the year		**5 720 450**	**1 219 250**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	8 869 620	(2 613 034)
39.2% Share of net assets		**3 476 891**	**(1 024 309)**
Goodwill		2 243 559	2 243 559
Carrying amount of investment	15.1	**5 720 450**	**1 219 250**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.7 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	15.1	**9 844 309**	**4 685 871**
Equity accounted earnings	15.1	3 016 204	5 158 438
Dividend received from associate	15.1	(2 400 000)	—
Effect of change in functional currency	15.1	6 106 107	—
Balance at the end of the year		**16 566 620**	**9 844 309**
Reconciliation of share of net assets to carrying amount of the investment			
Reconciliation of net assets share to carrying amount of the investment			
Net Assets	15.15	41 416 550	24 610 772
40% Share of net assets		**16 566 620**	**9 844 309**
Carrying amount of investment	15.1	**16 566 620**	**9 844 309**
15.8 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	15.1	**1 405 420**	**1 747 161**
Equity accounted earnings	15.1	1 224 063	195,648
Dividend received from Associate	15.1	—	(172 800)
Loan repaid	15.1	(274 023)	(364 589)
Effect of change in functional currency	15.1	7 020 730	—
Balance at the end of the year		**9 376 190**	**1 405 420**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	18 752 380	2 262 851
50% Share of net assets		**9 376 190**	**1 131 426**
Loan advanced		—	273 994
Carrying amount of investment	15.1	**9 376 190**	**1 405 420**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.9 Afrigrain Trading Limited			
Afrigrain Trading Limited is an entity involved in the procurement of grain. The Group restructured its previous effective 40% shareholding in Afrigrain Trading Limited on 1 July 2017, and now holds the 49.89% directly.			
Reconciliation of the investment in associate;			
Balance at the beginning of the year	15.1	**7 961 713**	**7 442 596**
Equity accounted earnings	15.1	14 498 364	2 206 281
Net movement from restructuring	15.1	—	(395 773)
Proceeds received on share buy-back		—	(533 957)
Profit arising from share buy-back	9.2	—	138 184
Dividend received	15.1	—	(640 000)
Loans (repaid)/ advance	15.1	—	(651 391)
Effect of change in functional currency	15.1	59 246 417	—
Balance at the end of the year		**81 706 494**	**7 961 713**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	163 773 289	15 958 535
49.89% Share of net assets		**81 706 494**	**7 961 713**
Carrying amount of investment	15.1	**81 706 494**	**7 961 713**
15.10 Mafuro Farming (Private) Limited			
Mafuro Farming (Private) Limited is an entity involved in dairy farming. The Group acquired an effective 22.55% in Mafuro Farming (Private) Limited on 1 January 2018 through its subsidiary Prodairy (Private) Limited. Prodairy (Private) Limited holds 45% 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	15.1	**294 840**	**—**
Equity accounted earnings	15.1	(560 845)	294 840
Adjustment arising from change in functional currency	15.1	565 045	—
Balance at the end of the year		**299 040**	**294 840**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	664 534	655 200
45% Share of net assets		**299 040**	**294 840**
Carrying amount of investment	15.1	**299 040**	**294 840**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
15 Investments in Associates (continued)			
15.11 National Foods Logistics (Private) Limited			
National Foods Logistics (Private) Limited is a logistics company which handles distribution for National Foods Limited and other third parties. The Group acquired an effective 18.91% in National Foods Logistics (Private) Limited on 1 April 2018 through National Foods Limited (National Foods Limited holds 50% 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	15.1	**2 773 075**	**—**
Acquisition	15.1	—	1 985 575
Equity accounted earnings	15.1	411 245	37 500
Loan advanced	15.1	758 834	750 000
Adjustment arising from change in functional currency	15.1	1 725 857	—
Balance at the end of the year		**5 669 011**	**2 773 075**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets	15.15	7 350 041	1 575 838
50% Share of net assets		**3 675 021**	**787 919**
Loan advanced		758 834	750 000
Goodwill		1 235 156	1 235 156
Carrying amount of investment	15.1	**5 669 011**	**2 773 075**
15.12 Lolite Trading (Private) Limited			
Lolite Trading (Private) Limited is a property company. The Group owns an effective 18.91% through National Foods Limited. National Foods Limited holds 50% in Lolite Trading (Private) Limited which is what the Group accounts for.			
Reconciliation of the investment in associate;			
Capital injection	15.1	1 796 590	—
Equity accounted earnings	15.1	81 774	—
Adjustment arising from change in functional currency	15.1	4 126 444	—
Balance at the end of the year		**6 004 808**	**—**
Reconciliation of net assets share to carrying amount of the investment			
Net Assets	15.15	12 009 616	—
50% Share of net assets		**6 004 808**	**—**
Goodwill		—	—
Carrying amount of investment	15.1	**6 004 808**	**—**

Notes to the Financial Statements (continued)

	Note	2019 ZWL
15 Investments in Associates (continued)		
15.13 Innscor Appliance Manufacturing (Private) Limited		
Innscor Appliance Manufacturing (Private) Limited t/a Capri is involved in the manufacturing and retail of home refridgerators and freezers. The Company also retails, under licence, home appliances. At the beginning of the period,the Group held 50.1% equity in Capri and conducted a disposal of 50% of this investment in July 2018. This disposal resulted in the Group retaining a 25.05% equity in Capri. The result of this is that Capri with effect from 1 July 2018 is accounted for as an Associate and the detail below provides the restructure that was conducted during the period.		
Property, plant and equipment	13.3	5 959 978
Investment in subsidiary		17 966
Inventories		8 838 755
Trade and other accounts receivable		3 561 927
Cash and cash equivalents		1 682 330
Trade and other payables		(3 409 210)
Provisions and other liabilities	30.1	(314 842)
Interest-bearing borrowings		(7 012 975)
Net deferred tax liabilities	27.2	(354 333)
Current tax liabilities	31	(627 470)
Fair value of net assets of subsidiary at date of transaction		**8 342 126**
Less: total non-controlling interest	26	(4 281 905)
Attributable fair value of net assets		**4 060 221**
50% Fair value of investment retained	26	(2 030 110)
Attributable fair value of net assets disposed		**2 030 111**
Profit on dilution of subsidiary	9.2 & 21.1	1 969 889
Proceeds from sale		**4 000 000**
Less cash and cash equivalent disposed		(1 682 330)
Net cash inflow	21.4	**2 317 670**

Notes to the Financial Statements (continued)

	Note	2019 ZWL
15 Investments in Associates (continued)		
15.13 Innscor Appliance Manufacturing (Private) Limited		
Reconciliation of the investment in associate;		
Restructure of Associate	15.1 & 21.3	**2 030 110**
Equity accounted earnings	15.1	2 153 680
Effect of change in functional currency	15.1	2 352 772
Balance at the end of the year		**6 536 562**
Reconciliation of net assets share to carrying amount of the investment		
Net Assets	15.15	26 094 060
25.05% Share of net assets		**6 536 562**
Carrying amount of investment	15.1	**6 536 562**
15.14 Kershelmar (Private) Limited		
Kershelmar (Private) Limited is an entity involved in dairy farming. The Group equity accounts for a 50% shareholding in Kershelmar (Private) Limited through Prodairy (Private) Limited. Effectively the Group holds 25.05% shareholding in Kershelmar (Private) Limited as a result of its 50% shareholding in Prodairy (Private) Limited.		
Reconciliation of the investment in associate;		
Acquisition of 50% equity	15.1	644 857
Equity accounted earnings	15.1	377 883
Balance at the end of the year		**1 022 740**
Reconciliation of net assets share to carrying amount of the investment		
Net Assets	15.15	2 045 480
50% Share of net assets		**1 022 740**
Carrying amount of investment	15.1	**1 022 740**

Notes to the Financial Statements (continued)

15 Investments in Associates (continued)

15.15 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
Freddy Hirsch Group (Private) Limited	**15.3**							
30 June 2019		—	—	—	—	—	—	—
30 June 2018		8 142 593	1 228 045	271 818	5 809 877	30 960	1 109 764	4 940 971
Paperhole Investments (Private) Limited	**15.4**							
30 June 2019		293 740 592	15 509 888	55 237 105	177 924 519	13 338 769	165 826 329	53 996 526
30 June 2018		168 520 377	2 540 961	14 333 008	80 822 306	2 142 235	87 305 693	5 707 386
Profeeds (Private) Limited	**15.5**							
30 June 2019		204 305 131	31 750 780	42 008 879	89 447 171	8 191 474	59 667 483	62 728 285
30 June 2018		54 415 332	4 709 512	11 543 647	40 616 874	4 872 319	29 896 131	17 392 071
Probrands (Private) Limited	**15.6**							
30 June 2019		48 272 443	12 293 112	3 422 166	21 763 082	2 589 973	13 725 655	8 869 620
30 June 2018		39 876 414	2 469 524	5 499 884	12 934 647	5 108 338	15 939 227	(2 613 034)
Pure Oil Industries (Private) Limited	**15.7**							
30 June 2019		154 790 929	7 687 130	82 323 060	85 103 667	19 908 479	10 610 699	41 416 550
30 June 2018		107 345 175	12 932 128	20 666 787	31 858 946	3 611 249	24 303 712	24 610 772
Bakers Inn Logistics (Private) Limited	**15.8**							
30 June 2019		22 392 138	3 345 129	24 888 364	8 188 732	9 730 493	4 594 221	18 752 380
30 June 2018		14 022 679	391 297	9 398 142	1 506 467	7 252 663	1 389 095	2 262 851

Notes to the Financial Statements (continued)

15 Investments in Associates (continued)

15.15 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
Afrigrain Trading Limited	**15.9**							
30 June 2019		90 644 053	6 353 701	21 461 234	392 460 818	—	250 148 763	163 773 289
30 June 2018		106 529 562	4 422 288	6 534 878	34 487 452	—	25 063 795	15 958 535
Mafuro Farming (Private) Limited	**15.10**							
30 June 2019		1 248 859	1 257 004	4 884 753	916 558	1 343 701	3 803 756	664 534
30 June 2018		—	—	1 202 906	318 581	—	866 289	655 200
National Foods Logistics (Private) Limited	**15.11**							
30 June 2019		28 701 409	1 349 866	7 600 572	9 128 006	2 380 372	6 998 165	7 350 041
30 June 2018		2 586 914	75 000	791 806	4 244 457	2 001 701	1 458 724	1 575 838
Lolite Trading (Private) Limited	**15.12**							
30 June 2019		—	—	16 247 384	238 244	4 079 192	396 820	12 009 616
30 June 2018		—	—	—	—	—	—	—
Innscor Appliances Manufacturing (Private) Limited	**15.13**							
30 June 2019		37 088 194	8 597 525	21 654 801	28 849 532	12 857 029	11 553 244	26 094 060
30 June 2018		—	—	—	—	—	—	—
Kershelmar (Private) Limited	**15.14**							
30 June 2019		10 562 991	514 960	2 317 443	2 033 590	528 118	1 777 435	2 045 480
30 June 2018		—	—	—	—	—	—	—

Notes to the Financial Statements (continued)

16 Group Investments

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

	2019	2018
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 (Pravate) Limited **	50.00%	50.00%
National Foods Logistics (Private) Limited **	18.91%	18.91%
Profeeds (Private) Limited *	49.00%	49.00%
Productrade (Private) Limited	49.00%	49.00%
Lolite Trading (Private) Limited	50.00%	—
Protein Segment		
Colcom Holdings Limited	100.00%	100.00%
Associated Meat Packers (Private) Limited	51.00%	51.00%
Freddy Hirsch Group (Private) Limited	0.00%	49.00%
Great Rift Delight (Private) Limited	100.00%	100.00%
Intercane (Private) Limited	75.01%	75.01%
Silkchin Trading (Private) Limited#	25.55%	25.55%
Irvine's Zimbabwe (Private) Limited	49.00%	49.00%
Other Light Manufacturing and Services		
Innscor Appliance Manufacturing (Private) Limited t/a Capri	25.05%	50.10%
Goodshow Manufacturing (Private) Limited t/a WRS	16.70%	33.40%
Skitap Investments (Private) Limited	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%	22.34%
Kershelmar (Private) Limited**	25.05%	—

Notes to the Financial Statements (continued)

16 Group Investments (continued)

	2019	2018
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%
Capri Signs (Private) Limited	100.00%	100.00%
Yeldam Investments (Private) Limited #	35.00%	35.00%
Botanegra (Private) Limited #	35.00%	35.00%
Capri Corporation (Private) Limited	100.00%	100.00%
Ajax Finance (Private) Limited	100.00%	100.00%
Investline (Private) Limited	70.00%	70.00%
Rafferty Investments (Private) Limited t/a Providence Human Capital	60.00%	70.00%
Syntegra Solutions (Private) Limited	50.00%	50.00%
Spar Harare (Private) Limited t/a SPAR DC	65.00%	65.00%
Camelbags (Private) Limited	100.00%	100.00%
Unibax Investments (Private) Limited t/a Arundel Village SPAR	100.00%	100.00%
Jaytrack Investments (Private) Limited t/a N Mandela SPAR	100.00%	100.00%
Scopeserve Investments (Private) Limited	100.00%	100.00%
Spearhead Sales (Private) Limited	100.00%	100.00%
Swissmart Investments (Private) Limited	100.00%	100.00%
Katrice Investments (Private) Limited #	100.00%	100.00%
Innscor Zambia Holdings Limited	100.00%	100.00%
Innscor Africa (Zambia) Limited	100.00%	100.00%

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

16.1 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

Notes to the Financial Statements (continued)

16 Group Investments (continued)

16.3 Non-controlling interests in significant subsidiaries

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

		National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Principal place of business		**Zimbabwe**	**Zimbabwe**
Proportion of ownership interests held by non-controlling interests before intra-Group and consolidation adjustments		62.18%	51.00%
Profit/(loss) allocated to non-controlling interests for the year ended:	30-Jun-19	35 206 423	12 083 918
	30-Jun-18	10 679 201	1 433 962
Accumulated non-controlling interests of the subsidiary as at:	30-Jun-19	160 904 936	51 881 678
	30-Jun-18	64 562 729	18 797 764

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

	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Year ended 30 June 2019:		
Revenue	566 172 808	250 878 126
Profit after tax	56 620 172	23 693 956
Current assets	264 597 854	106 437 180
Non-current assets	205 836 688	83 364 508
Current liabilities	(174 851 679)	(73 464 851)
Non-current liabilities	(36 801 834)	(14 608 057)
Cash flows from operating activities	(38 178 461)	544 810
Cash flows from investing activities	(13 889 947)	(5 526 083)
Cash flows from financing activities	54 438 528	9 039 146
Dividends paid to non-controlling interests	(7 292 428)	(1 275 000)
Year ended 30 June 2018:		
Revenue	297 929 498	106 378 236
Profit after tax	17 175 201	2 811 690
Current assets	138 409 032	42 443 348
Non-current assets	62 660 983	22 647 823
Current liabilities	(88 863 043)	(23 444 010)
Non-current liabilities	(8 371 690)	(5 157 798)
Cash flows from operating activities	52 119 721	(676 884)
Cash flows from investing activities	(6 110 759)	(893 127)
Cash flows from financing activities	501 322	4 225 044
Dividends paid to non-controlling interests	5 153 844	(510 000)

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
17 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		2 750 000	687 500
Quoted equity investments		68 323 665	9 140 451
Non-current trade and other receivables		3 441 810	4 476 609
Unquoted investments		—	113 192
Total non-current other financial assets		**74 515 475**	**14 417 752**
17.1 Reconciled as follows:			
Balance at the beginning of the year		**14 417 752**	**7 193 405**
Purchases at cost - quoted investments	21.4	822 757	10 000 000
Profit on disposal of quoted and unquoted investments	9.2 & 21.1	85 472	236 980
Proceeds on disposal of quoted and unquoted investments	21.4	(185 472)	(121 936)
Settlement of non-current receivables		(512 274)	(1 172 584)
Fair value adjustments through profit or loss	21.1	36 034 878	(860 467)
Current portion of other receivables		(441 795)	—
Effect of change in functional currency on foreign denominated investments	2.2	24 388 079	—
Loan and debenture repayments	21.4	(93 922)	—
Capitalised interest		—	72 262
Proceeds on disposal of quoted investments	21.4	—	(592 662)
Proceeds on disposal of quoted investments other	21.4	—	(337 246)
Balance at the end of the year		**74 515 475**	**14 417 752**

17.2 Other financial assets are analysed as follows:

	Note	Fair value through profit or loss ZWL	Other financial assets at amortised cost ZWL	Total ZWL
Opening balance - 30 June 2017		**101 184**	**7 092 221**	**7 193 405**
Purchases at cost - quoted investments	21.4	10 000 000	—	10 000 000
Settlement of non-current receivables		—	(1 140 628)	(1 140 628)
Proceeds on disposal of investments	21.4	(337 246)	(714 598)	(1 051 844)
Fair value adjustments through profit or loss		—	(31 956)	(31 956)
Profit on disposal of quoted investments	21.1	236 980	—	236 980
Fair value adjustment through profit or loss	21.1	(860 467)	—	(860 467)
Interest capitalised	21.1	—	72 262	72 262
Closing balance - 30 June 2018		**9 140 451**	**5 277 301**	**14 417 752**
Effects of change in functional currency	2.2	22 325 579	2 062 500	24 388 079
Purchases at cost	21.4	822 757	—	822 757
Fair value adjustment through profit or loss	21.1	36 034 878	—	36 034 878
Settlement of non-current receivables		—	(512 274)	(512 274)
Profit on disposal of unquoted investments	21.1	—	85 472	85 472
Proceeds from quoted and unquoted investments	21.4	—	(185 472)	(185 472)
Transfer from trade and other receivables		—	(441 795)	(441 795)
Debenture settlement	21.4	—	(93 922)	(93 922)
Closing balance - 30 June 2019		**68 323 665**	**6 191 810**	**74 515 475**

Notes to the Financial Statements (continued)

17 Other Financial Assets (continued)

17.3 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.

Fair value through profit or loss:	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
30 June 2019				
Long-term other financial assets	**68 323 665**	**—**	**—**	**68 323 665**
30 June 2018 - Restated				
Long-term other financial assets	9 140 451	—	—	9 140 451

There were no transfers betweeen levels.

	Note	2019 ZWL	2018 ZWL
18 Biological Assets			
18.1 Non-current biological assets			
At Fair Value:			
Opening balance		2 643 232	1 626 343
Purchases	**21.4**	4 425 972	1 108 286
Reclassified from current biological assets	**18.2**	275 910	98 881
Effect of change in functional currency	**2.2**	1 685 244	—
Fair value gain/(loss)	**21.1**	291 389	(190 278)
Closing balance		**9 321 747**	**2 643 232**

The Group had the following number of living animals (pigs) within non-current biological assets:

	2019	2018
Number of living animals	6 133	5 928
Live weight estimates (kg)	945 274	553 554

Notes to the Financial Statements (continued)

	Note	Birds ZWL	Hatching Eggs ZWL	Cattle ZWL	Pigs ZWL	Total ZWL
18 Biological Assets (continued)						
18.2 Current biological assets						
At 1 July 2017		**4 812 558**	**—**	**43 893**	**2 472 704**	**7 329 155**
Purchases		3 422 931	—	240 069	11 273 425	14 936 425
Feed costs		26 109 997	—	—	—	26 109 997
Sales		(1 425 875)	—	—	(10 616 301)	(12 042 176)
Slaughter	**19.1**	(24 562 403)	—	—	—	(24 562 403)
Livestock impairment arising from Avian Influenza	**21.1**	(1 169 741)	—	—	—	(1 169 741)
Transfer to non-current biological assets	**18.1**	—	—	—	(98 881)	(98 881)
Fair value adjustments	**21.1**	1 641 784	—	62 969	301 047	2 005 800
At 30 June 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	**19.1**	(48 863 753)	—	(10 990 662)	—	(59 854 415)
Transfer to non-current biological assets	**18.1**	—	—	—	(275 910)	(275 910)
Fair value adjustments	**21.1**	3 706 825	—	1 146 570	212 389	5 065 784
At 30 June 2019		**28 456 181**	**164 018**	**2 152 018**	**11 907 115**	**42 679 332**

At 30 June 2019, the Group had the following number of living animals within current biological assets:

				30 June 2019
	Birds	Hatching Eggs (each)	Cattle (each)	Pigs (each)
Number of living animals	1 413 158	218 686	592	49 986
Live weight estimates (kg)	n/a	n/a	222 603	2 689 840

				30 June 2018
	Birds	Hatching Eggs (each)	Cattle (each)	Pigs (each)
Number of living animals	1 219 643	n/a	521	38 616
Live weight estimates (kg)	n/a	n/a	149 165	1 027 855

No biological assets have been pledged as collateral for borrowings.

Notes to the Financial Statements (continued)

18 Biological Assets (continued)

18.3 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

				2019	2018
Type		**Valuation Technique**	**Significant Unobservable Inputs**	**Unobservable Inputs Range**	**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 $282.90 per pullet 280 days	10% 12% 65 weeks to slaughter 129 $28.29 280 days
Birds -	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 $7.02 280 days	10% 12% 65 weeks to slaughter 170 $5.55 238 days
	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 $43.45 300 days	10% 20% 70 weeks to slaughter 200 $7.37 252 days

Notes to the Financial Statements (continued)

18 Biological Assets (continued)

18.3 Valuation Process (continued)

Valuation Technique

				2019	2018
Type		**Valuation Technique**	**Significant Unobservable Inputs**	**Unobservable Inputs Range**	**Unobservable Inputs Range**
Birds -	Layers	Fair Market Price	Rearing Mortality Production Mortality Age of birds Hen House Average Average replacement cost per bird	6% 12% 80 weeks 340 $1.97	6% 12% 80 weeks 340 $1.31
	Broilers	Cost Approach	Mortality Kill Age	5% 35 days	5% 33 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 22 weeks Weight of pigs	$2.86 - $8.52 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	$1.84 - $3.09 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs
Pigs - Comprising imported breeders		Replacement cost of the breeders	Cost of a breeder of similar type	$16 377 per breeder	$4 007 per breeder

Notes to the Financial Statements (continued)

18 Biological Assets (continued)

18.4 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.

30 June 2019	Level 1	Level 2	Level 3	Total	Gain
Pigs	—	—	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**

30 June 2018	Level 1	Level 2	Level 3	Total	Gain
Pigs	—	—	5 975 226	5 975 226	110 769
Cattle	—	346 931	—	346 931	62 969
Birds	—	—	8 829 251	8 829 251	1 641 784
Total	**—**	**346 931**	**14 804 477**	**15 151 408**	**1 815 522**

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.

2019	% Change	Effect on profit before tax ZWL
Pigs		
Fair value less costs to sell - meat	3%	636 866
Cattle		
Fair value less costs to sell - meat	5%	107 601
Layers		
Fair value less costs to sell - birds	10%	2 845 618
2018		
Pigs		
Fair value less costs to sell - meat	3%	147 976
Cattle		
Fair value less costs to sell - meat	5%	2 014
Layers		
Fair value less costs to sell - birds	10%	525 999

Notes to the Financial Statements (continued)

18 Biological Assets (continued)

18.4 Fair Value Hierarchy (continued)

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.

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.

		Note	2019 ZWL	2018 ZWL
19	**Inventories**			
	Consumable stores		33 554 866	17 574 438
	Finished products, net of allowance for obsolescence		37 207 834	13 079 618
	Raw materials and packaging		156 714 995	58 970 923
	Goods in transit		305 233	39 808
	Work in progress		3 813 819	780 189
			231 596 747	**90 444 976**
	The amount of inventories written down in respect of obsolescence expense is ZWL 2 241 396 (2018: ZWL 2 311 023) and through Avian Influenza in ZWL NIL (2018: ZWL 872 257) Some of the Group's inventories have been pledged to secure borrowings in some of the Group's entities, as shown on **Note 28**.			
	19.1 Inventories consumed in cost of sales		654 398 920	371 333 878
	Biological assets consumed	**18.2**	59 854 415	24 562 403
	Total cost of sales		**714 253 335**	**395 896 281**
20	**Trade and other receivables**			
	Trade receivables		108 815 409	58 828 543
	Prepayments		150 216 887	38 872 033
	Rental deposits		2 856 893	47 844
	VAT receivable		9 879 636	11 496 108
	Other receivables		44 085 770	13 763 846
			315 854 595	**123 008 374**
	Allowance for credit losses	**20.2**	(9 152 622)	(7 215 266)
	Trade and other receivables		**306 701 973**	**115 793 108**

Notes to the Financial Statements (continued)

	2019 ZWL	2018 ZWL
20 Trade and other receivables (continued)		
20.1 Credit quality of trade receivables		
As at 30 June 2019, trade of ZWL 83 867 390 (2018: ZWL 21 878 353) were fully performing and the ageing of these trade receivables is as follows:		
Current (ordinarily up to 30 days)	83 867 390	21 878 353
Expected credit losses	(1 098 315)	(865 832)
	82 769 075	**21 012 521**
As at 30 June 2019 trade of ZWL 20 829 340 (2018: ZWL 33 703 320) 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 is as follows:		
30 to 90 days	16 749 454	5 819 462
Over 90 days	4 079 885	27 883 858
	20 829 339	**33 703 320**
Expected credit losses	(3 935 627)	(3 102 564)
	16 893 712	**30 600 756**
As at 30 June 2019, trade of ZWL 4 118 680 (2018: ZWL 3 246 870) were impaired and fully provided for. The individually impaired receivables mainly relate to customers in difficult economic situations.		
The ageing analysis of these is as follows:		
Over 90 days	4 118 680	3 246 870
Expected credit losses	(4 118 680)	(3 246 870)
Trade receivables	**99 662 787**	**51 613 277**

The carrying amounts of the Group's trade and other receivables are denominated in Zimbabwean Dollars.

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
20 Trade and other receivables (continued)			
20.2 Expected credit losses - trade receivables			
Movements on the Group's allowance for expected credit losses are as follows:			
As at 1 July-calculated under IAS 39		7 215 266	7 691 100
Effects of IFRS 9 adoption	4	1 458 859	—
As at 1 July-calculated under IFRS9		**8 674 125**	**7 691 100**
	21.1	478 497	(475 834)
Allowance for expected credit losses		1 740 831	694 260
Receivables written off during the period as uncollectible	21.1	(1 262 334)	(1 170 094)
As at 30 June		**9 152 622**	**7 215 266**

Debtors amounting to ZWL nil (2018: ZWL6 000 000) were pledged as security to a long-term loan of ZWL nil (2018: ZWL51 000 000).

	Total ZWL	Current up to 59 days ZWL	Past due before impairment 60-90 days ZWL	Past due before impairment More than 90 days ZWL
Total operations				
30 June 2019	306 701 973	274 137 467	18 429 813	14 134 693
30 June 2018 - Restated	84 136 341	47 186 151	5 819 462	31 130 728

Note 37 on credit risk of trade and other receivables explains how the Group manages and measures credit quality of trade and other receivables that are neither past due nor impaired.

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
21 Cashflow information			
21.1 Cash generated from operating activities			
Profit before interest, equity accounted earnings and tax		**256 888 336**	**57 886 383**
Depreciation	13	32 537 088	16 605 292
Amortisation of intangible assets	14	877	14 338
Unrealised exchange rate losses	9.2	12 382 968	281 035
Inventories written off	19	2 241 396	2 311 023
Allowance for credit losses	20.2	1 937 356	(475 834)
Bad debts written off	20.2	1 262 334	1 170 094
Increase in provision for leave pay and warranty charges	30.1	1 358 015	1 080 606
Fair value adjustment on listed equity investments	17.1	(36 034 878)	860 467
Fair value adjustment on biological assets	18.4	(5 357 173)	(1 815 522)
Loss/(profit) on disposal of plant and equipment	9.2	41 940	(72 385)
Share-based payment charge	23.3	1 896 337	934 100
Profit on disposal of quoted and unquoted investments	17.2	(85 472)	(236 980)
Profit on dilution of subsidiary	15.13	(1 969 889)	(138 184)
Profit on disposal of Associate	15.3	(258 526)	—
Profit on disposal of non-current assets held for sale	22	(409 865)	—
Other movements in biological assets		—	47 991
Livestock impaired due to Avian Influenza	18.2	—	1 169 741
Stockfeed impairment due to Avian Influenza	19	—	872 257
		266 430 844	**80 494 422**
Changes in working capital			
Increase in inventories		(150 418 519)	(17 881 212)
Increase in current biological assets		(25 381 283)	(3 272 112)
Increase in trade and other receivables		(175 070 147)	(6 836 335)
Increase in trade and other payables		124 481 154	43 694 770
Decrease in provisions and other liabilities	30.1	(565 205)	(891 380)
		(226 954 000)	**14 813 731**
		39 476 844	**95 308 153**
21.2 Cash and cash equivalents at the end of the year			
Opening cash and bank balances		60 501 483	30 254 403
Increase in cash and cash equivalents		27 245 418	30 247 080
Effects of change in functional currency		58 359 279	—
Closing cash and cash equivalents		**146 106 180**	**60 501 483**
Included in cash and cash equivalents are the following foreign denominated balances.			
USD		4 120 831	—
BWP		75	2 351
ZAR		5 927 419	—
Euro		13 600	—

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
21 Cashflow information (continued)			
21.3 Restructure of associates			
Innscor Appliance Manufacturing (Private) Limited	15.13	2 030 110	—
Probrands (Private) Limited	15.6	(48 930)	—
Afrigrain Trading Limited	15.9	—	(395 773)
	15.2	**1 981 180**	**(395 773)**
21.4 Investing activities			
Expenditure on property, plant and equipment	13.1	(70 264 753)	(36 569 118)
Expenditure on property, plant and equipment to maintain operations		(20 314 226)	(12 175 229)
Expenditure on property, plant and equipment to expand operations		(49 950 527)	(24 393 889)
Property, plant and equipment acquired through working capital	13.1	(3 149 129)	—
Proceeds on disposal of property, plant and equipment		5 220 016	637 564
Purchase of quoted investments	17.2	(822 757)	(10 000 000)
Acquisition of interests in subsidiaries	21.7	(2 073 338)	83 378
Purchase of associates	15.2	(2 686 447)	(2 280 415)
Loans advanced to associates	15.1	274 023	1 015 978
Loans repaid by associates	15.1	(758 834)	(750 000)
Dividends received from associate	15.2	7 217 000	1 404 800
Purchase of non-current biological assets	18.1	(4 425 972)	(1 108 286)
Proceeds on disposal of unquoted investments	17.2	185 472	121 936
Proceeds on disposal of quoted investments	17.2	—	337 246
Proceeds from dilution of subsidiary	15.13	2 317 670	—
Proceeds from the partial disposal of interest in a subsidiary	21.5	232 474	—
Proceeds from disposal of Associate	15.3	2 679 602	—
Repayment of loans from third parties		440 854	—
Proceeds on debentures	17	93 922	—
Proceeds from disposal of non-current asset held for sale	22	3 704 999	—
Capitalised interest	18.2	—	(72 262)
Purchase of intangible assets	14	—	(15 217)
Proceeds on restructure of associates	15.9	—	533 957
		(61 815 198)	**(46 660 439)**

Notes to the Financial Statements (continued)

21 Cashflow information (continued)

21.5 Net cash flow from the partial disposal of a subsidiary

The Group disposed 10% of its interest in Rafferty Investments (Private) Limited t/a Providence Human Capital effective 1 July 2018. The details below provide the restructures that waere conducted during the period.

	Note	2019 Rafferty Investments ZWL
Property, plant and equipment		28 252
Inventories		526 444
Trade and other accounts receivable		254 367
Trade and other accounts payable		(47 185)
Provisions and other liabilities		(76 771)
Interest-bearing borrowings		(3 041)
Deferred tax liabilities		(112 896)
Net assets of subsidiary at date of disposal		**569 170**
Non-controlling interests share therein		(170 751)
Attributable fair value of net assets disposed		**398 419**
Fair value of retained investment		(341 502)
Attributtable fair value of net assets disposed	**26**	**56 917**
Profit on partial disposal of interest in a subsidiary		175 557
Proceeds from sale		**232 474**
Less cash and cash equivalents disposed		—
Net cash inflow	**21.4**	**232 474**

Notes to the Financial Statements (continued)

21 Cashflow information (continued)

21.6 Buy-out of non-controlling interests

The Board of Directors authorised the buy-out of 20.36% shareholding in Colcom Holdings Limited on 18 September 2017 which was effected on the 28th of December 2017. The non-controlling interests in Colcom Holdings Limited were offered 18 133 030 Innscor Africa shares in exchange of their shareholding in Colcom Holding Limited. The effect of the transaction was captured in the 2018 Group's financial statements is as follows:

	Share Capital ZWL	Share Premium ZWL	Restructure Reserve ZWL	Non-Controlling Interests ZWL	Total 2018 ZWL
Increase in ordinary share capital - 18 133 030 shares at ZWL0.01	181 330	—	—	—	181 330
Increase in share premium reserve - 18 133 030 shares at ZWL0.99 per share	—	17 951 700	—	—	17 951 700
Transaction costs charged to share premium reserve	—	(140 168)	—	—	(140 168)
Decrease in restructure reserve (other reserves) - difference between carrying amount of non controlling interests bought out and fair value of consideration paid	—	—	(10 342 638)	—	(10 342 638)
Decrease in non-controlling interests	—	—	—	(7 790 392)	(7 790 392)
Net Change in Equity 2018	**181 330**	**17 811 532**	**(10 342 638)**	**(7 790 392)**	**(140 168)**

21.7 Acquisition of interests in Probottlers (Private) Limited and Syntegra Solutions (Private) Limited

During the year the Board of Directors authorised the acquisition of 50.64% of Probottlers (Private) Limited effective 1 October 2018, an entity previously owned by Probrands (Private) Limited. The acquisition was undertaken to restructure Probrands (Private) Limited's balance sheet and to unlock value within the Group's businesses. In addition, in the prior year the Group acquired 50% interest in a new entity, Syntegra Solutions (Private) Limited.

The fair values of identifiable assets and liabilities as at acquisition date were as follows:

	Note	Probottlers 2019 ZWL	Syntegra Solutions 2018 ZWL
Property, plant and equipment	**13.2**	4 030 315	15 520
Inventories		1 813 404	—
Trade and other receivables		3 717 414	113 833
Cash and cash equivalents		35 062	83 378
Bank overdraft	**28.2**	(1 129 334)	—
Trade and other payables		(4 666 324)	(127 451)
Provisions and other liabilities	**30.1**	(37 112)	(38 272)
Deferred tax liabilities	**27.2**	(161 999)	(1 389)
Current tax (liabilities)/assets	**31**	(65 789)	14 620
Interest bearing borrowings	**28.2**	(1 565 374)	—
Fair value of net assets of subsidiary at date of acquisition		**1 970 261**	**60 239**
Less non-controlling Interest	**26**	(972 521)	(30 119)
Attributable fair value of net assets acquired		**997 740**	**30 120**

Notes to the Financial Statements (continued)

	Note	Probottlers 2019 ZWL	Syntegra Solutions 2018 ZWL
21 Cashflow information (continued)			
21.7 Acquisition of interests in Probottlers (Private) Limited and Syntegra Solutions (Private) Limited (continued)			
Goodwill on acquisition (Gross)		**3 974 132**	**—**
Goodwill on gaining control (IFRS 3)	14	2 372 203	—
Rights issue		1 601 929	—
Total consideration		**(4 971 872)**	**—**
Cash consideration - Purchase from Amiata (256 600 shares @ ZWL8.21667)		(2 108 398)	—
Cash consideration through rights issue (195 000 shares @ZWL8.215)		(1 601 929)	—
Previously held investment in shares - Dividend in Specie - (153 566 shares @ ZWL8.215)		(1 261 545)	—
Cash consideration paid to third parties		**(2 108 398)**	**—**
Add cash and cash equivalents		35 060	83 378
Net cash (outflow)/inflow	21.4	**(2 073 338)**	**83 378**
The summarised financial peformance of the Probottlers for the year are as follow:			
Revenue (as an associate)		7 163 214	—
Revenue (as a subsidiary)		40 527 131	—
Total for the year		**47 690 345**	**—**
Profit after tax (as an associate)		377 008	—
Profit after tax (as a subsidiary)		6 108 109	—
Total for the year		**6 485 117**	**—**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
22 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. As such the properties were, in prior year, categorised as assets for disposal Group classified as held for saleand were disposed in prior year.			
Carrying amount of non-current asset held for sale			
At the beginning of the year		**3 402 447**	**—**
Land and buildings	13	—	4 039 621
Accumulated depreciation on land and buildings	13	—	(637 174)
Disposals	22.1	(3 295 134)	—
Re-classified to property, plant and equipment	13.1	(107 313)	—
At the end of the year		**—**	**3 402 447**
Deferred tax relating to non-current asset held for sale			
At the beginning of the year		(170 151)	—
Re-classified from property, plant and equipment		5 366	(170 151)
Disposals	27.3	164 785	—
At end of year		**—**	**(170 151)**
22.1 Profit on disposal of non-current asset held for sale			
Carrying amount of property, plant and equipment	22	3 295 134	—
Profit on disposal of non-current asset held for sale	9.2	409 865	—
Proceeds on disposal on non-current asset held for sale	21.4	3 704 999	—
23 Ordinary share capital			
23.1 Authorised			
800 000 000 ordinary shares of 1 cent each		8 000 000	8 000 000
1 000 Non-Voting Class "A" ordinary shares of 1 cent each		10	10
		8 000 010	**8 000 010**
23.2 Issued and fully paid			
Ordinary Share Capital			
Opening balance - 559 726 450 (2018: 541 593 420) ordinary shares of 1 cent each		5 597 264	5 415 934
Issued during the year - 18 133 030 shares of 1 cent each	21.6	—	181 330
Closing balance - 559 726 450 ordinary shares of 1 cent each		**5 597 264**	**5 597 264**
Share premium			
Issued shares - 18 133 030 shares at a premium of 0.99 cents each		17 811 532	17 951 700
141 585 shares at 0.99 cents each		—	(140 168)
		17 811 532	**17 811 532**
Class "A" Ordinary Shares			
1 000 Non-Voting Class "A" ordinary shares of 1 cent each		10	10

There were no changes in Authorised and Issued share capital during the current year and the unissued shares are under the control of the Directors.

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options

As at 30 June 2019, 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 four and half years.

The share options arising from the Benvenue Investments (Private) Limited share option scheme had a dilutive effect at the end of the financial year, as they were exercisable. Refer to **Note 6.4** for the dilutive effect.

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 four and half years.

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

As at 30 June 2019, these options were exercisable.

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

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 the 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.

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

	2019 ZWL	2018 ZWL
Opening balance	10 800 000	5 400 000
Granted during the period	5 400 000	5 400 000
Closing balance	**16 200 000**	**10 800 000**

	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
Grant date:					
6-Dec-16	5 400 000	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

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

Fair value of the share options was determined as follows:

	2019	2018	2017
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%

	Note	2019 ZWL	2018 ZWL
Gross share option charge	21.1	1 896 337	934 100
Tax charge		(488 307)	(240 531)
Net share-based payment reserve		**1 408 030**	**693 569**

As at the end of the financial year, no options had been exercised as the vetting conditions had not been met.

23.3.1 Dilutive impact of share options

		Number of shares available under the option	Diluted number of shares paid for under the option	Dilutive impact
30 JUNE 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
30 JUNE 2018				
Issued January 2014	Indigenisation scheme	50 000 000	49 823 549	176 451
				176 451

23.4 Directors' shareholdings

At 30 June 2019, the company Directors held directly and indirectly the following number of shares:

	2019	2018
M J Fowler	112 393 212	112 393 212
Z Koudounaris	109 566 827	109 566 827
J P Schonken	1 528 820	1 528 820
G Gwainda	6 102	1 035
	223 494 961	**223 489 894**

There has been no material change in the company Directors' interests from 30 June 2019 to the date of this report.

Notes to the Financial Statements (continued)

	Note	Restructure reserve ZWL	Change in Functional Currency Reserve ZWL	Foreign currency translation reserve ZWL	Share based payment reserve ZWL	Treasury shares reserve ZWL	Total other reserves ZWL
24 Other reserves							
Opening balance 30 June 2017		**(2 791 982)**	**—**	**157 617**	**161 353**	**(393 043)**	**(2 866 055)**
Transactions with owners in their capacity as owners		(10 342 638)	—	—	—	41 188	(10 301 450)
Acquisition of non-controlling interest in Colcom Holdings Limited		(10 342 638)	—	—	—	—	(10 342 638)
Disposal of treasury shares		—	—	—	—	41 188	41 188
Total other comprehensive income for the year		**—**	**—**	**(17 049)**	**—**	**—**	**(17 049)**
Exchange differences arising on the translation of foreign operations		—	—	(17 049)	—	—	(17 049)
Purchase of treasury shares		—	—	—	—	(335 935)	(335 935)
Share-based payment charge for the year, net of tax	23.3	—	—	—	693 569	—	693 569
Closing balance 30 June 2018		**(13 134 620)**	**—**	**140 568**	**854 922**	**(687 790)**	**(12 826 920)**
Total other comprehensive income for the year		**—**	**—**	**111 460 831**	**—**	**—**	**111 460 831**
Effect of change in change in functional currency		—	282 177 143	—	—	—	282 177 143
Realisation of change is functional currency		—	(7 482 514)	—	—	—	(7 482 514)
Share-based payment charge, net of tax	23.3	—	—	—	1 408 030	—	1 408 030
Closing balance 30 June 2019		**(13 134 620)**	**274 694 629**	**111 601 399**	**2 262 952**	**(687 790)**	**374 736 570**

Nature and purpose of reserves

Restructure reserve

The restructure reserve is used to record restructure transactions, the most significant of which is the buyout of non-controlling interests in the prior financial year. Refer to **Note 21.6**.

Change in Functional Currency Reserve

The change in functional currency reserve is used to record exchange rate differences arising from the change in functional and presentation currency as at the effective date of the change, and is realised when the asset from which the change arose is used or disposed.

Foreign currency translation reserve

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

Share-Based Payment Reserve

The reserve is in respect of Share-based payment of which the 2016 Innscor Africa Limited Share Scheme is one such scheme.
Refer to **Note 23.3**.

Notes to the Financial Statements (continued)

24 Other reserves (continued)

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 2019, the Group held 1 818 912 (2018: 1 818 912) of its own shares.

	2019		2018	
	shares	ZWL	shares	ZWL
Opening balance	1 818 912	687 791	1 820 477	393 043
Acquisition of shares at cost	—	—	335 935	335 935
Disposal of shares	—	—	(337 500)	(41 188)
Closing balance	**1 818 912**	**687 791**	**1 818 912**	**687 790**

	Note	2019 ZWL	2018 ZWL
25 Distributable reserves			
Opening balance		**205 333 414**	**183 872 413**
Effect of adoption of IFRS 9	4	(1 045 246)	—
Restated Balance at 30 June 2018		**204 288 168**	**183 872 413**
Profit for the year		176 786 870	32 882 666
Dividends paid	7.1	(22 025 824)	(10 530 535)
Other transactions with owners in their capacity as owners		(1 761 937)	(1 023 370)
Realisation of change in functional currency through use		7 482 514	—
Profit on disposal of treasury shares		—	132 240
Closing balance		**364 769 791**	**205 333 414**
26 Non-controlling interests			
Opening balance		**105 641 812**	**99 036 477**
Effect of adoption of IFRS 9	4	(597 077)	—
Restated Balance at 30 June 2018		**105 044 735**	**99 036 477**
Profit for the year		62 051 802	15 833 303
Dividends paid	7.2	(12 215 008)	(6 977 060)
Other comprehensive income for the year		4 661 837	(429)
Other transactions with non-controlling interests		600 700	(671 895)
Acquisition of subsidiaries	21.7	972 521	30 119
Effect of change in functional currency	2.2	117 239 940	—
Restructure of subsidiary	15.13	2 030 111	—
Partial disposal of subsidiary	21.5	56 917	—
Restructure of subsidiary	15.13	(4 281 905)	—
Contributions from non-controlling interests	26.1	—	6 181 689
Buy-out of non-controlling interests	21.6	—	(7 790 392)
Closing balance		**276 161 650**	**105 641 812**

Notes to the Financial Statements (continued)

	Note	2019 ZWL	2018 ZWL
26 Non-controlling interests (continued)			
26.1 Cash received from non-controlling interests			
Contributions were received from non-controlling interests in the following businesses.			
Alpha Packaging (Private) Limited		(95 522)	3 780 976
Prodairy (Private) Limited		499 000	1 994 434
Pangolin (Private) Limited		49 900	96 340
Callcape Investments (Private) Limited		—	23 792
Investline (Private) Limited		—	210 712
Silkchin Trading (Private) Limited		—	75 435
Contributions from non-controlling interests		**453 378**	**6 181 689**
Cash paid to non-controlling interests		—	(270 171)
Proceeds on disposal of treasury shares		—	592 662
Net Cash received from non-controlling interests		**453 378**	**6 504 180**
27 Net deferred tax liabilities			
27.1 The net deferred tax liabilities are made up as follows:			
Deferred tax assets		—	(4 920 894)
Deferred tax liabilities		133 738 056	29 935 155
		133 738 056	**25 014 261**
27.2 Reconciliation			
Opening balance		**25 014 261**	**20 296 192**
Charged to profit or loss	12.1	5 581 180	5 240 732
Acquisition of interests in subsidiaries	21.7	161 999	16 485
Deferred tax liabilities transferred to assets held for sale	22	—	(170 151)
Reversal of prior year overprovision through equity		—	(368 997)
Disposal of interests in subsidiaries	15.13	(354 333)	—
Deferred tax arising from change in functional currency	2.2	103 840 883	—
Effects of IFRS 9 adoption	4	(505 934)	—
Closing balance		**133 738 056**	**25 014 261**
27.3 Analysis of net deferred tax liabilities			
Accelerated depreciation for tax purposes		35 069 981	21 055 692
Fair value adjustments on biological assets		1 663 336	1 314 195
Deferred taxation on share-based payments reserve		(784 795)	(296 488)
Unrealised exchange rate gains		(3 188 615)	(72 366)
Allowance for credit losses		(2 356 800)	(1 857 931)
Tax losses		—	(4 920 894)
Provision for warranties		—	(47 344)
Prepayments		—	10 009 548
Transfer to non-current asset held for sale	22	—	(170 151)
Effects of IFRS 9 adoption	4	(505 934)	—
Effects of change in functional currency	2.2	103 840 883	—
		133 738 056	**25 014 261**

The Group recognises deferred tax assets arising from tax losses where there is a reasonable expectation that sufficient taxable profit will be available in future to utilise these losses.

As at 30 June 2019, the Group did not have any unrecognised tax losses (2018: ZWL 4 920 894) from its subsidiaries.

Notes to the Financial Statements (continued)

	Rate of interest	Years repayable	2019 ZWL	2018 ZWL
28 Interest-bearing borrowings				
28.1 Interest-bearing borrowings				
Long-term financing				
Secured				
Zimbabwe Operations	4.5 - 9%	2019 - 2020	8 000 380	4 627 166
Total long-term financing			**8 000 380**	**4 627 166**
Short-term financing				
Zimbabwe Operations	7-9%	up to 365 days	190 522 433	74 901 511
Overdraft - Zimbabwe Operations	4.5 - 9%	On demand	10 268 340	10 268 340
Total short-term financing			**200 790 773**	**85 169 851**
Total interest-bearing borrowings			**208 791 153**	**89 797 017**

As at 30 June 2019, the Board of Directors had authorised aggregate borrowing limits of ZWL415 million (2018: ZWL200 million).

Short-term borrowings expire at different dates during the year and are reviewed on maturity with the relevant financial institutions. Included in the borrowings are the following facilities secured by a cession of accounts receivables and inventories.

	Note	2019 ZWL	2018 ZWL
Total facility amount		—	51 000 000
Facility utilised at 30 June		—	17 510 383
Value of inventories ceded as securities		—	7 500 000
Value of accounts receivables ceded as security		—	6 000 000
Total working capital ceded as security		**—**	**13 500 000**

As at 30 June 2019, the Group's undrawn facilities amounted to ZWL206.2 million (2018: ZWL170.7 million).

28.2 Interest-bearing borrowings - reconciliation

The movements in interest bearing borrowings which are included in financing activities are as follows:

	Note	2019 ZWL	2018 ZWL
Opening balance		**89 797 017**	**81 886 985**
Drawdowns		140 237 524	57 963 216
Repayments		(25 405 320)	(50 053 184)
Arising from acquisition of Probottlers (Private) Limited	**21.7**	2 694 708	—
Exchange movements		1 467 224	—
Closing balance		**208 791 153**	**89 797 017**

Notes to the Financial Statements (continued)

	2019 ZWL	2018 ZWL
29 Trade and other payables		
Trade payables	153 522 484	67 975 714
Accruals	57 617 341	13 551 311
Other payables	62 112 486	38 854 328
	273 252 311	**120 381 353**

Trade payables are non-interest bearing and are normally settled within 7 to 90 days.
Other payables include interest bearing loan from **Note 36.3** and have varying settlement terms.

	2019 ZWL	2018 ZWL
30 Provisions and other liabilities		
Leave pay provision	3 037 295	2 338 353
Provision for warranty	—	183 862
	3 037 295	**2 522 215**

	Note	Provision for leave pay ZWL	Provision for warranties ZWL	Total ZWL
30.1 Reconciliation of provisions and other liabilities				
At 1 July 2017		**2 110 855**	**183 862**	**2 294 717**
Charge for the year	**21.1**	1 080 606	—	1 080 606
Acquisition of interests in subsidiary	**21.7**	38 272	—	38 272
Less paid	**21.1**	(891 380)	—	(891 380)
At 30 June 2018 - Restated		**2 338 353**	**183 862**	**2 522 215**
Charge for the year	**21.1**	1 358 015	—	1 358 015
Acquisition of interests in subsidiary	**21.7**	37 112	—	37 112
Restructure of subsidiary	**15.13**	(130 980)	(183 862)	(314 842)
Less paid	**21.1**	(565 205)	—	(565 205)
At 30 June 2019		**3 037 295**	**—**	**3 037 295**

	Note	2019 ZWL	2018 ZWL
31 Current tax liabilities			
Opening balance		**780 527**	**51 373**
Current tax charged to profit or loss	**21.2**	51 127 703	8 754 547
Withholding tax charged to profit or loss	**12.1**	593 645	160 287
Acquisition of interests in subsidiaries	**21.7**	65 789	(14 620)
Restructure of subsidiary	**15.13**	(627 470)	—
Tax paid	**21.2**	(21 295 509)	(8 171 060)
Other		146 555	—
Closing balance		**30 791 240**	**780 527**

Notes to the Financial Statements (continued)

31 Current tax liabilities (continued)

31.1 Pending tax matters

The Zimbabwe Revenue Authority ("ZIMRA") has raised tax assessments of ZWL 828 075 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 has been taken to the Courts to determine ZIMRA's claim which includes interest and penalties of ZWL 803 260 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.

	2019 ZWL	2018 ZWL
32 Capital expenditure commitments		
Authorised and contracted	48 819 715	23 891 422
Authorised but not yet contracted	133 884 594	30 114 794
	182 704 309	**54 006 216**

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

33 Future lease commitments - Group as a lessee

The Group has entered into commercial leases on certain properties 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 leases. Future minimum rentals or lease charges payable under non-cancellable operating leases at 30 June are as follows:

	2019 ZWL	2018 ZWL
Payable within one year	5 533 529	3 482 073
Payable between two and five years	16 294 166	11 550 999
Payable after five years	1 023 476	3 582 885
	22 851 171	**18 615 957**

34 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 financial statements in respect of the segments listed below.

Business Segments

The Group's operating segments comprise of Mill-Bake, Protein, Other Light Manufacturing, Services and the Group's 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)

34 Segmental analysis (continued)

Mill-Bake

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

Protein

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

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

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

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

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, 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 and BOPP bags.

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

Probottlers (Private) Limited is involved in the 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, internal audit, legal, company secretarial services and Providence Human Capital. The segment also includes the remaining SPAR Zimbabwe operations balances which are being collected and settled as part of ongoing Head Office Services functions.

Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe (**Note 18.1**)

Notes to the Financial Statements (continued)

	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing Services ZWL	Head Office Services ZWL	Inter-segment Adjustments ZWL	Total Continuing Operation ZWL
34 Segmental analysis (continued)						
Revenue						
30 June 2019	730 152 978	391 071 376	213 312 423	8 001 780	(56 999 175)	1 285 539 382
30 June 2018	392 023 406	181 672 041	74 965 438	5 164 512	(22 542 607)	631 282 790
Operating profit/(loss) before depreciation, amortisation and fair value adjustments						
30 June 2019	133 414 515	85 268 817	44 309 943	(4 971 474)	—	258 021 801
30 June 2018	38 420 219	20 208 773	12 560 231	5 972 759	—	77 161 982
Depreciation and amortisation						
30 June 2019	13 911 920	10 827 293	7 085 443	434 124	279 186	32 537 966
30 June 2018	6 933 430	5 652 802	3 400 517	270 654	362 227	16 619 630
Equity accounted earnings						
30 June 2019	20 291 168	—	6 873 857	22 253 308	—	49 418 333
30 June 2018	7 679 715	389 138	3 716 555	—	—	11 785 408
Profit before tax						
30 June 2019	139 340 092	61 896 024	41 136 052	53 738 775	(30 257)	296 141 200
30 June 2018	35 197 030	12 972 186	11 689 798	3 374 748	(362 227)	62 871 535

Notes to the Financial Statements (continued)

	Mill-Bake ZWL	Protein ZWL	Other Light Manufacturing and Services ZWL	Head Office Services ZWL	Inter-segment Adjustments ZWL	Total Continuing Operations ZWL	Total Discontinuing Operations ZWL
34 Segmental analysis (continued)							
Segment assets							
30 June 2019	751 024 643	368 539 978	283 224 822	179 474 389	106 423 040	1 688 686 872	—
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							
30 June 2019	297 016 858	151 697 065	127 316 399	120 052 469	(46 472 736)	649 610 055	—
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							
30 June 2019	23 388 380	22 939 824	18 749 934	5 186 615	—	70 264 753	—
30 June 2018	10 695 911	6 102 166	16 611 346	3 159 696	—	36 569 119	—
Cash flow from operating activities							
30 June 2019	(4773 513)	28 364 324	17 387 488	(254 146)	(2 538 781)	38 185 372	—
30 June 2018	69 073 058	13 018 155	6 248 721	9 861 752	(2 893 533)	95 308 153	—
Investing activities							
30 June 2019	(23 575 168)	(20 968 618)	(17 877 578)	(5 793 877)	6 400 043	(61 815 198)	—
30 June 2018	(11 464 017)	(6 864 706)	(16 851 776)	(12 541 176)	(1 061 236)	(46 660 439)	—
Financing activities							
30 June 2019	70 862 968	14 780 326	18 401 705	67 147 892	(88 856 669)	82 336 222	—
30 June 2018	(17 353 694)	(811 335)	13 529 310	3 162 527	(1 956 126)	(3 429 318)	—

34.1 Geographical segments

	Revenue ZWL	Profit before tax ZWL	Total assets ZWL	Total liabilities ZWL
Zimbabwe Continuing Operations				
30 June 2019	1 285 539 382	296 106 586	1 686 403 146	649 324 001
30 June 2018	631 282 790	59 819 242	538 006 233	238 593 273
Regional Continuing Operations				
30 June 2019	—	13 859 837	182 264 124	21 299 752
30 June 2018	—	3 052 293	23 734 850	4 822 994

Notes to the Financial Statements (continued)

35 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. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is ZWL700, resulting in a maximum monthly contribution of ZWL49 per employee and ZWL49 from the employer.

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.

Pension costs recognised as an expense for the year:

	2019 ZWL	2018 ZWL
Innscor Africa Limited Pension Fund	1 671 488	1 454 094
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	1 340 347	1 326 189
National Foods Pension Fund	936 465	835 571
Colcom Pension Fund	773 932	670 785
	4 722 232	**4 286 639**

Notes to the Financial Statements (continued)

36 Related party transactions

36.1 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 receivables ZWL	Trade & other payables ZWL
Name of related party						
Freddy Hirsch Group (Private) Limited						
30 June 2019	—	—	—	—	—	—
30 June 2018	1 854 414	—	—	45 393	234 643	—
Bakers Inn Logistics (Private) Limited						
30 June 2019	22 392 138	—	(76 164)	(17 986)	(6 515 734)	—
30 June 2018	14 022 679	—	(76 164)	(33 161)	1 257 739	—
Pure Oil Industries (Private) Limited						
30 June 2019	—	13 478 061	—	—	7 331 732	—
30 June 2018	3 682 109	—	—	—	781 086	—

* In FY2018, Probrands (Private) Limited sold equipment within the Group at a profit of ZWL 1 646 990.

36.2 Compensation of key personnel to the Group

	2019 ZWL	2018 ZWL
Short-term employee benefits (**Note 10.1**)	23 304 406	10 154 881
Fees for other services paid directly or indirectly to non-independent, non-executive Directors	4 152 422	796 214

36.3 Transactions with Directors

The Group receives loans at arms length terms from Directors or entities where Directors have a direct or beneficial interest from time to time. The loans from Directors' related entities are short term and interest was at the Group's average borrowing rate of 8.9% as at 30 June 2019 (2018: 5.96%).

	2019 ZWL	2018 ZWL
Loans from Director related entities (presented under other payables - **Note 29**)	7 743 620	9 304 030

36.4 Other Related Party Balances

Other related party balances as at 30 June 2019 are as follows:

Amount payable to:

	2019 ZWL	2018 ZWL
Innscor Africa Limited Employee Share Trust (Pvt) Ltd	2 094 933	1 289 786

The amounts shown above are long term in nature and interest accrues above the Group's average borrowing rate which was between 6.5% and 8% as at 30 June 2019 (2018: 5.96%).

Notes to the Financial Statements (continued)

37 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:

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.

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.

	2019 ZWL	2018 ZWL
Effect on profit before tax		
Increase of 3%	(4 478 823)	(638 011)
Decrease of 3 %	4 478 823	638 011

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

30 June 2019 Currency	Liabilities ZWL Equivalent	Assets ZWL Equivalent	Net position ZWL Equivalent
South African Rand	(74 278 488)	7 255 290	(67 023 199)
Great Britain Pound	—	3 097	3 097
Botswana Pula	(419 440)	508 551	89 112
Euro	(719 543)	728	(718 815)
USD	(7 622 467)	31 807 936	24 185 468

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

30 June 2018 Currency	Liabilities ZWL Equivalent	Assets ZWL Equivalent	Net position ZWL Equivalent
South African Rand	(2 403 129)	292 837	(2 110 292)
Great British Pound	(66 104)	130	(65 974)
Botswana Pula	(34 183)	2 214	(31 969)
Euro	(22 413)	—	(22 413)

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.

30 June 2019	Change in rate	Effect on profit before tax ZWL	Effect on equity ZWL
South African Rand	+10%	(2 555 002)	(5 177 568)
	-10%	3 135 810	6 341 169
Great Britain Pound	+10%	773	3 156
	-10%	(1 259)	(4 172)
Botswana Pula	+10%	4 254	9 430
	-10%	(5 379)	(11 705)
Euro	+10%	(488 260)	(994 809)
	-10%	600 342	1 219 458
USD	+10%	14 304 401	29 145 484
	-10%	(17 588 389)	(35 727 490)

30 June 2018	Change in rate	Effect on profit before tax ZWL	Effect on equity ZWL
South African Rand	+10%	(215 400)	(266 136)
	-10%	23 701	325 276
Great Britain Pound	+10%	—	22
	-10%	—	(26)
Botswana Pula	+10%	(24)	(455)
	-10%	29	555
Euro	+10%	(109)	(7 527)
	-10%	(1 203)	25 506

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

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 t o 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 guarantees, 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.

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 2019	<30 days ZWL	30-90 days ZWL	>91 days ZWL	Total ZWL
Expected credit loss rate	0.38%	19%	100%	—
Estimated total gross carrying	290 906 575	20 829 340	4 118 680	315 854 595
Expected credit loss	1 098 315	3 935 627	4 118 680	9 152 622

The maximum exposure arising from default equals the carrying amount.

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

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:

30 June 2019	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
Liabilities				
Interest-bearing borrowings	(27 752 043)	(142 271 817)	(22 766 533)	(192 790 393)
Trade and other payables	(243 910 326)	(29 341 985)	—	(273 252 311)
Total	**(271 662 369)**	**(171 613 802)**	**(22 766 533)**	**(466 042 704)**
Assets				
Cash and cash equivalents	37 561 233	109 747 492	(1 202 544)	146 106 180
Trade and other receivables excluding prepayments	148 491 025	7 376 133	617 928	156 485 086
Financial assets	—	113 087 292	155 195 279	268 282 571
Total	**186 052 258**	**230 210 917**	**154 610 663**	**570 873 837**

30 June 2018	Within 3 months ZWL	Between 4 -12 months ZWL	More than 12 months ZWL	Total ZWL
Total	**(159 939 704)**	**(46 186 645)**	**(6 124 548)**	**(212 250 897)**
Assets				
Cash and cash equivalents	60 501 483	—	—	60 501 483
Trade and other receivables excluding prepayments	66 373 066	10 548 009	—	76 921 075
Financial assets	—	—	14 417 752	14 417 752
Total	**126 874 549**	**10 548 009**	**14 417 752**	**151 840 310**

Commodity price risk

As with any other company 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.

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.

Notes to the Financial Statements (continued)

37 Financial risk management objectives and policies (continued)

Equity price risk (continued)

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

	2019 ZWL	2018 ZWL
Effect on period profit before tax		
Increase of 3%	24 683	274 186
Decrease of 3%	(24 683)	(274 186)
Effect on equity		
Increase of 3%	18 327	203 583
Decrease of 3%	(18 327)	(203 583)

38 Fair value of financial instruments

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

39 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 objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018. 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.

	2019 ZWL	2018 ZWL
Total borrowings	208 791 153	89 797 017
Total equity	1 039 076 817	321 557 112
Total cash and cash equivalents	146 106 180	60 501 483
Gross gearing ratio	20%	28%

Notes to the Financial Statements (continued)

	2019 FX: ZWL 1	2018 FX: ZWL 1
40 Translation rates		
The table below provides the closing translation rates used to translate the statement of financial position of foreign operations.		
United States Dollar	6.75	n/a
South African Rand	2.32	13.73
Botswana Pula	1.57	10.25
Euro	0.13	0.86
Great British Pound	0.12	0.76

	2019 ZWL	2018 ZWL
41 Contingent liabilities		
Financial Guarantees	151 569 529	169 900 000

The contingent liabilities relate to bank guarantees provided in respect of Innscor related companies as at 30 June 2019. Of the total guarantees ZWL 141 000 000 (2018: ZWL 141 000 000) relates to associate companies.

Notes to the Financial Statements (continued)

43 Events after reporting date

Final Divided Declaration

The Board is pleased to declare a final dividend of ZWL7.87 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 2019 and will be payable in full to all the shareholders of the Company registered at the close of business on Friday 18 October 2019. The payment of this dividend will take place on or about 4 November 2019. The shares of the Company will be traded cum–dividend on the Zimbabwe Stock Exchange up to the market day of 15 October 2019 and ex–dividend as from the 16 October 2019.

On the same date, the Board also declared a final dividend totalling ZWL2 200 000 to Innscor Africa Employee Share Trust (Private) Limited.

Hyperinflation consideration

Subsequent to the reporting date, annual inflation (based on the Consumer Price Index statistics as published by the Reserve Bank of Zimbabwe) has continued to exhibit an upward trend. As of August 2019, the year-on-year inflation was 246,7% according to statistics from the Reserve Bank of Zimbabwe and this, as a result, triggered considerations over the applicability of IAS 29 – Hyperinflation ("IAS 29") to the financial results of Innscor Group.

IAS 29 considers the following characteristics of the economic environment of the country to be strong indicators of the existence of hyperinflation which includes but are not limited to the following:

(a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
(b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
(c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
(d) interest rates, wages and prices are linked to a price index;
(e) the cumulative inflation rate over three years is approaching, or exceeds 100%

An assessment of the above matters requires the application of judgment by management and conclusive evidence on the quantitative and qualitative characteristics, above, may be difficult to obtain during these subsequent reporting periods.

Management will continue to evaluate these characteristics, including any communication from relevant regulators. Should the conclusion be reached that IAS 29 is applicable to Innscor, the financial information presented at subsequent reporting dates may be subject to significant restatement. An estimate of the potential financial impact cannot be made at this stage as this is reliant on the determination of an appropriate index at such reporting dates.

Company Statement of Financial Position

as at 30 June 2019

	Note	2019 ZWL	2018 ZWL
ASSETS			
Non-current assets			
property, plant and equipment		205 161 732	57 577 198
intangible assets		—	868
investments in subsidiaries and associates		104 672 790	101 147 936
loans to related parties		31 470 823	23 094 538
other financial assets		72 875 380	12 902 425
biological assets		9 321 747	2 643 232
		423 502 472	**197 366 197**
Current assets			
biological assets		12 356 756	3 438 855
inventories		47 481 121	16 018 710
trade and other receivables		70 961 362	27 248 859
cash and cash equivalents		25 413 999	13 438 613
		156 213 239	**60 145 037**
Total assets		**579 715 711**	**257 511 234**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	**23.2**	5 597 264	5 597 264
class "A" ordinary share capital	**23.2**	10	10
share premium	**23.2**	17 811 532	17 811 532
other reserves		151 268 873	167 133
distributable reserves		228 778 399	142 606 084
Total equity		**403 456 078**	**166 182 022**
Non-current liabilities			
deferred taxation		26 236 794	8 116 293
interest-bearing borrowings		18 054 195	1 039 616
		44 290 989	**9 155 909**
Current liabilities			
interest-bearing borrowings		75 579 374	40 302 574
trade and other payables		50 901 386	40 759 432
provisions		1 466 929	1 111 297
current taxation		4 020 955	—
		131 968 644	**82 173 303**
Total liabilities		**176 259 633**	**91 329 212**
Total equity and liabilities		**579 715 711**	**257 511 234**

A B C CHINAKE
Chairman
Harare
27 September 2019

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)	Ommission
GRI 101: Foundation				
General Disclosures				
	ORGANIZATIONAL PROFILE			
	102-1	Name of the organization	Front Cover, 2	
	102-2	Activities, brands, products, and services	8-9	
	102-3	Location of headquarters	195	
	102-4	Location of operations	6-7,149	
	102-5	Ownership and legal form	103; 148-149; 193	
	102-6	Markets served	177	
	102-7	Scale of the organization	174-177	
	102-8	Information on employees and other workers	78-79	
	102-9	Supply chain	72	
	102-10	Significant changes to the organization and its supply chain	19	
	102-11	Precautionary Principle or approach	62	
GRI 102: General Disclosures	102-12	External initiatives	20-52; 83; 86-88	
	102-13	Membership of associations	88	
	STRATEGY			
	102-14	Statement from senior decision-maker	12-19	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behavior	2	
	GOVERNANCE			
	102-18	Governance structure	55-56	
	102-25	Conflicts of interest	55	
	102-29	Identifying and managing economic, environmental, and social impacts	66-67	
	102-31	Review of economic, environmental, and social topics	67-67	
	102-32	Highest governance body's role in sustainability reporting	66	
	102-33	Communicating critical concerns	55	
	102-35	Remuneration policies	55	
	102-36	Process for determining remuneration	56	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	68	
	102-42	Identifying and selecting stakeholders	68	
	102-43	Approach to stakeholder engagement	68	
	102-44	Key topics and concerns raised	68-70	

GRI Content Index – 'Core' (continued)

GRI Standard	Disclosure		Page number(s) and/or URL(s)	Ommission
GRI 101: Foundation				
General Disclosures				
	REPORTING PRACTICE			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	6-7; 148-149	
	102-46	Defining report content and topic Boundaries	2, 66	
	102-47	List of material topics	66-67	
	102-48	Restatements of information	2	
	102-49	Changes in reporting	No Change	
	102-50	Reporting period	2, 67	
	102-51	Date of most recent report	2018	
	102-52	Reporting cycle	67	
	102-53	Contact point for questions regarding the report	2	
	102-54	Claims of reporting in accordance with the GRI Standards	2	
	102-55	GRI content index	189-192	
	102-56	External assurance	2	

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Ommission Part Omitted
Material Topics			
200 series (Economic topics)			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 84	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed 201-3 Defined benefit plan obligations and other retirement plans	84 84	
INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 86	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	20-52; 86-87	
ANTI-CORRUPTION			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	66-67 73 73 74	

GRI Content Index – 'Core' (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Ommission Part Omitted
Material Topics			
300 series (Environmental topics)			
MATERIALS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 75	
GRI 301: Materials	301-1 Materials used by weight or volume 301-2 Recycled input materials used	75 75	
ENERGY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 76	
GRI 302: Energy	302-1 Energy consumption within the organization 302-2 Energy consumption outside of the organization	76 77	
WATER			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 303-3 Water withdrawal	69 78 76	
BIODIVERSITY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 77	
GRI 304: Biodiversit	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	77	
EMISSIONS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 77	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	77 77	
EFFLUENTS AND WASTE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 306-2 Waste by type and disposal method	66-67 74 74	
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	66-67	
400 series (Social topics)			
EMPLOYMENT			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 78	
GRI 401: Employment	401-1 New employee hires and employee turnover	78	

GRI Content Index – 'Core' (continued)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Ommission Part Omitted
Material Topics			
400 series (Social topics)			
LABOUR/MANAGEMENT RELATIONS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 78	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 79	
GRI 403: Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	79	
TRAINING AND EDUCATION			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its component	66-67 81	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	81	
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 81	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	81	
LOCAL COMMUNITIES			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 85	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	86-87	
CUSTOMER HEALTH AND SAFETY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 79	
MARKETING AND LABELING			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components	66-67 82	
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	82	
SOCIOECONOMIC COMPLIANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	66-67	

Shareholders' Analysis

INNSCOR AFRICA LIMITED: ANALYSIS BY VOLUME AS AT: 30-June-2019

Size of Shareholding	Shareholders	Shareholders %	Shares	Shares %
1 - 5000	5 118	83.61	3 500 437	0.63
5001 - 10000	274	4.48	1 991 330	0.36
10001 - 25000	216	3.53	3 555 019	0.64
25001 - 50000	124	2.03	4 405 737	0.79
50001 - 100000	106	1.73	7 251 495	1.30
100001 - 200000	91	1.49	13 390 213	2.39
200001 - 500000	95	1.55	30 093 921	5.38
500001 - 1000000	32	0.52	23 724 381	4.24
1000001 and Above	65	1.06	471 813 917	84.29
Totals	**6 121**	**100.00**	**559 726 450**	**100.00**

INNSCOR AFRICA LIMITED: ANALYSIS BY INDUSTRY AS AT: 30-June-2019

Trade Classification	Shareholders	Shareholders %	Shares	Shares %
Local Companies	725	11.84	288 827 837	51.60
Insurance Companies	48	0.78	64 993 334	11.61
Non-Residents	179	2.92	88 033 092	15.73
Pension Funds	348	5.69	90 944 780	16.25
Private Individuals	4 332	70.77	22 677 066	4.05
Trusts	289	4.72	3 156 638	0.56
Other	200	3.27	1 093 703	0.20
Totals	**6 121**	**100.00**	**559 726 450**	**100.00**

INNSCOR AFRICA LIMITED TOP 10: SCHEDULE AS AT : 30-June-2019

Top Ten Shareholders	Shares	Percentage
Z.M.D Investments (Pvt) Ltd	105 249 222	18.80
H M Barbour (Pvt) Ltd	100 024 000	17.87
Stanbic Nominees (Pvt) Ltd	97 929 022	17.50
Old Mutual Life Ass Co Zim Ltd	58 500 809	10.45
Sarcor Investments (Pvt) Ltd	22 484 058	4.02
Standard Chartered Bank Nominees	17 649 750	3.15
Pharaoh Limited	13 240 931	2.37
Mining Industry Pension Fund	8 271 217	1.48
Music Ventures (Pvt) Ltd	7 465 382	1.33
General Electronics (Pvt) Ltd	7 232 942	1.29
Selected Shares	**438 047 333**	**78.26**
Non - Selected Shares	**121 679 117**	**21.74**
Issued Shares	**559 726 450**	**100.00**

Notice to Members

NOTICE IS HEREBY GIVEN that the Twenty Third Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Wednesday 4 December 2019 at 08h15, for the purpose of transacting the following business:-

Ordinary Business

1. To receive and consider the financial statements for the financial year ended 30 June 2019 together with the reports of the Directors and Auditors thereon.

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

   Mr Koudounaris is a Zimbabwean entrepreneur known mostly for having co-founded Innscor Africa Limited. He was the driving force behind the initial creation and success of the Group's core fast food brands. He has held a number of positions within the Group including Chief Executive Officer upon the Group's ZSE listing in 1998. He completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Sciences.

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

   Mr Sibanda has been a partner at Schmulian & Sibanda Chartered Accountants (Zimbabwe) and has accumulated over 30 years' experience in compliance and audit services. He also sits on the boards of a number of listed entities in Zimbabwe such as Delta Corporation Limited, Edgars Stores Limited, Padenga Holdings Limited and Pretoria Portland Cement Limited.

4. To approve Directors' fees for the financial year ended 30 June 2019.

5. To approve the remuneration of EY of Harare as the Auditors of the Company for the financial year ended 30 June 2019 and re-appoint EY as Auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

6. 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 79 of the Companies Act (Chapter 24:03) 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 marketprice at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately precedingthe date of purchase 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

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.

7. 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.

Any Other Business

8. 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 2019 and the Proxy Form are available for download at http://www.innscorafrica.com/investor/financial-reporting/

By order of the Board
INNSCOR AFRICA LIMITED

A. D. Lorimer
Company Secretary
Harare
13 November 2019

Company Calendar

Shareholders' Calendar

Twenty-Third Annual General Meeting	4 December 2019
Financial Year End	30 June
Interim Reports	
3 months to 30 September 2019	November 2019
6 months to 31 December 2019	March 2020
9 months to 31 March 2020	May 2020
12 months to 30 June 2020	September 2020
Annual Report Published	November 2020
Twenty-Fourth Annual General Meeting	November 2020

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: enquiries@corpserve.co.zw

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
CBZ Bank
Ecobank Zimbabwe
FBC Bank Zimbabwe
First Capital Bank Zimbabwe
Nedbank Zimbabwe
Stanbic Bank Zimbabwe
Standard Chartered Bank Zimbabwe

Transfer Secretaries

Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
Email: enquiries@corpserve.co.zw

Sustainability Advisors

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

INNSCOR
Africa Limited

CHANGE OF ADDRESS

The attention of shareholders is drawn to the necessity of keeping the transfer secretaries advised of any change in name and/or address.

Shareholder's name in full ....
(Block letters)

....

New address
(Block letters) ....

....

....

....

....

Email address ....

....

Shareholder's signature ....

INNSCOR
Africa Limited

FORM OF PROXY
23rd ANNUAL GENERAL MEETING

I/We (Block letters) .... of ....

being a member of Innscor Africa Limited hereby appoint: Mr/Mrs ....

....

of .... or failing him ....

of ....

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held on Wednesday 4 December 2019 at 08.15 hours and at any adjournment therof.

Signed this .... day of 2019

Signature of member ....

Note

1. In terms of section 129 of the Zimbabwe Companies Act (Chapter 24:03) members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company.

2. Article 74 of the Company's Articles of Association provides that the instruments of proxy shall be deposited at the registered office of the Company no later than 48 hours before the time appointed for holding the meeting.

FOR OFFICIAL USE
NUMBER OF SHARES HELD ....