our passion for value creation

INNSCOR Africa Limited

THE DIRECTORS ARE PLEASED TO PRESENT THE

Audited Financial Results of Innscor Africa Limited for the year ended 30 June 2009

FINANCIAL

The Group changed its functional and presentation currency from Zimbabwe Dollars (ZWD) to United States Dollars (USD) with effect from 1 February 2009 following the liberalisation of the foreign currency market and the approval for companies to trade in multi-currencies.

In order to report in the new functional currency in terms of International Financial Reporting Standards (IFRS), inflation-adjusted financial statements should be prepared and converted to the new currency accordingly. Inflation-adjusted financial statements could not be prepared as required by International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) because inflation indices were not available. Inflation indices were last published in July 2008.

Consequently the Group used the guidelines issued by the Public Accountants and Auditors Board and the Zimbabwe Stock Exchange to translate the financial statements for the seven months to 31 January 2009 to United States Dollars and the net impact of the translation from ZWD to USD is shown on the Income Statement as a monetary adjustment.

Given the prevailing conditions in the first seven months of the financial year and the translation methodology that was required to be followed, the Public Accountants and Auditors Board directed that audit firms should issue an adverse opinion on any income statement, cash flow statement and statement of changes in equity for financial statements that incorporate transactions in Zimbabwe Dollars. An unqualified opinion, however, has been issued on the balance sheet as at 30 June 2009.

Due to the unique circumstances prevailing in the Zimbabwean economy during the financial year and its consequent effect on the Group's ability to report accurately for a large portion of this period, the Directors advise caution in the use of the income statement, cash flow statement, statement of changes in shareholders' equity and opening balance sheet for analysis and decision-making purposes. The Directors are however satisfied that the balance sheet at 30 June 2009 forms the correct base for reporting of results for future periods.

Comparative figures for the income statement, cash flow statement and statement of changes in shareholders' equity have not been presented as the Directors are of the view that these figures would be largely meaningless due to the foreign currency exchange rate distortions prevailing at that time.

During the period under review the Group achieved a turnover of USD 269.16 million, an operating profit of USD 11.56 million and a profit before taxation of USD 7.84 million. Basic earnings per share amounted to 2 US cents.

OPERATIONS

As reported in the six-month operational review to 31 December 2008, the Group undertook an internal restructuring exercise at the beginning of the financial year that allows for the clear and separate accountability of our Fast Moving Consumer Goods (FMCG) businesses and our export businesses in Zimbabwe (primarily the Nilotícus crocodile ranching operation). In the region, the restructure allows for the separate identification of our businesses in Zambia and then additionally, our Fast Foods businesses in the rest of the region.

With effect from 1 July 2008, the Group reacquired a controlling interest in the Regional Fast Foods businesses, meaning that the Fast Foods operations in Zambia, Kenya, Ghana and Senegal, which were previously equity-accounted, are now being consolidated into the Group results.

FMCG BUSINESSES

Milling and Manufacturing Silo

This reporting silo comprises our three bakery plants, our subsidiary companies Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri), WRS, Herbies (Puff Plant), The Biscuit Company (Iris), Breathaway (Zapsnacks), and our associate investment in National Foods Holdings Limited. The silo reported turnover for the financial year of USD 36.70 million, with profit before tax amounting to USD 1.46 million. The only meaningful contribution to profitability in the silo came from National Foods.

The bakery plants operated under price controls for the first half of the financial year, and consequently posted losses for this period. The industry was granted permission to sell in foreign currency in February 2009 and significant increases in volumes were recorded with average daily loaves increasing from 21,000 in the first half of the year to 116,000 in Quarter 4, giving rise to substantially increased turnover in this period and the business has now returned to profitability. All plants are now producing bread after the Simon Mazorodze Road plant was re-commissioned following 18 months of being mothballed, whilst the Bulawayo plant started running both its lines concurrently for the first time in 4 years.

Financial performance at Colcom was heavily affected by the first six months of trading where pork sales volumes averaged around 260 tonnes per month. Significant improvements in volumes have been recorded in the second half of the year where monthly pork sales volumes averaged just over 500 tonnes per month. During Quarter 4, a decision was taken to close Colcom's Ostrich business as the cost of imported feed significantly affected the viability of the operation. The requisite closure costs of this business have been provided for in the 2009 financial statements.

Innscor Appliance Manufacturing volumes increased by 248 % in the second half of the financial year compared to the first six months, benefiting from the stabilisation of individuals' incomes. The business will be launching an upgraded range of its products during the course of the next financial year.

The Snack Food businesses also showed significant improvement in volumes (377% over the first half of the financial year), after having to adjust product mix significantly to compete with the increasing range of imported lines.

National Foods posted pleasing results for the year, with volumes sold amounting to around 189,000 metric tonnes for the year. Capacity utilisation averaged around 30% for the second half of the year up from the negligible levels in the first part of the year.

Distribution and Wholesale Silo

This reporting silo comprises Innscor Transport, the SPAR Distribution Centre in Harare and Distribution Group Africa. The silo reported turnover for the financial year of USD 22.46 million, with profit before tax amounting to USD 0.75 million. The SPAR Distribution Centre was the main contributor to the silo's profitability.

Innscor Transport operates in Zimbabwe with Hire, Overnight Express, Fleet Management and Workshop as the operating divisions. Volumes in this business increased 17% compared to the same period last year benefiting from the increased trading activity in the Group.

The SPAR Distribution Centre is one of the two franchise holders of the SPAR brand in the country responsible for servicing the SPAR supermarkets, Kwikspar supermarkets and SaveMor retail outlets in the eastern region. Volumes grew by 164 % over the first half of the year on the back of increased sales in the retail stores. The SPAR Distribution Centre was supporting 36 SPAR and Kwikspar member stores and 30 SaveMor branded stores by year-end.

Distribution Group Africa comprises Innscor Distribution, Comox Distribution, Medi-Link and Zimbabwe Professional Marketing. Volumes for the second half of the year increased by 118% over the first six months of the year as the business focussed heavily on its core volume-driven agencies.

Retail Silo

This reporting silo comprises the SPAR Corporate Store retail operations, the Fast Foods operations, and TV Sales and Home. The silo reported turnover for the financial year of USD 76.28 million, with profit before tax amounting to USD 4.68 million. Whilst all businesses in this silo posted profits for the year, the Fast Foods businesses were the most dominant in terms of overall contribution.

Customer counts in the SPAR Corporate Stores for the second half of the financial year increased by 130% compared to the first half, and this helped negate the financial losses incurred in the first four months of the financial year. An additional five retail outlets were added to the stable during the course of the year; with additional sites programmed to come on line in the first half of the new financial year.

The Fast Foods operations also achieved strong customer counts in the second half of the year with counts increasing by 86 % over the first half of the year. The Victoria Falls complex, consisting of all our main Fast Foods brands, opened in mid-February and towards the end of the year four convenience stores under the Inns Express brand were opened. Expansion plans for outlets in Kwekwe, Masvingo, Beitbridge and Chinhoyi are currently being considered.

The TV Sales and Home businesses recorded second half volume increases of 54% compared to the first half of the financial year as credit facilities were re-introduced. During the course of the year the business opened three "SPAR Good Living" outlets and early in the new financial year, the upmarket "Your SPACE" luxury home store was launched.

NILOTICUS

Niloticus, the crocodile ranching operation based in Kariba, reported turnover for the financial year of USD 10.22 million, with profit before tax amounting to USD 0.54 million. The reduced turnover and profitability was a result of the delay in the culling cycle of the operation which only commenced in mid-April. Consequently, just over 22,000 animals were culled during the course of the financial year. In addition, a decision was taken to reduce the operation's output to 42,000 animals per year from the current 60,000 animals per year. This was in response to the world economic downturn which has negatively affected the global exotic skins market and will allow a significantly improved stocking density and consequently much larger skin size to be produced to meet changing market demands. It is expected that the operation will process around 55,000 animals in the 2010 financial year before the reduction to 42,000 animals thereafter. As part of this re-scaling exercise, and in addition to the normal cull, around 47,000 animals were culled early, resulting in a charge to the current year income statement of around USD 1.8 million.

REGIONAL BUSINESSES

Innscor Zambia

The main businesses in Zambia are the SPAR retail operations, the Distribution business and the Fast Foods operations. Overall the businesses reported turnover for the financial year of USD 93.36 million, but a loss before tax of USD 1.58 million.

As reported in the six-month operational review to December 2008, our SPAR businesses in Zambia experienced weak internal controls resulting in significant charges being required to be processed through the income statement. We have a dedicated team in Lusaka which has spent significant time stabilising the control environment.

Our regional Distribution businesses continued to cement their positions as the leading distributors in Zambia and Malawi with annual volumes increasing by 37% compared to prior year.

Regional Fast Foods

Our regional Fast Foods operations consist of counters in Kenya, Ghana and Senegal as well as the regional franchising arm. Overall the businesses reported turnover for the financial year of USD 29.99 million, and a profit before tax of USD 1.47 million.

Our brand loyalty in the region continues to improve resulting in increased customer counts and profitability throughout each country. Seven new counters were opened in Kenya during the period and a number of opportunities are being investigated for new sites.

At the end of the period, the number of counters being operated in the region (including Zambia) totalled 189 including franchised operations.

PROSPECTS

The results of the Group for the past financial year have been heavily affected by the first seven months trading in Zimbabwe Dollars, but we are very encouraged by the levels of trading that are now being achieved in our businesses.

The environment has now allowed us to bring our businesses to account and understand where corrective measures need to be taken; in addition the setting of annual financial goals can be undertaken and going forward our businesses will be focusing heavily on ensuring they meet the required return on shareholders' equity as well as the required cash generation. This will allow the Group to meet both dividend and expansion commitments.

In Zimbabwe, the main focus will be on ensuring that we utilise the synergies that exist in our Fast Moving Consumer Goods (FMCG) chain in order to extract the maximum profitability and cash generation from the businesses within this chain. Our manufacturing businesses will need to continually monitor their costing models to remain competitive with imported products, whilst it is vitally important that we increase our retail footprint locally; this will benefit our distribution and manufacturing businesses. We will continue to look at adding businesses that enhance both our FMCG chain and the process of backward integration.

At Niloticus, we have been required to quickly re-strategise due to the rapidly changing market conditions brought about by the global recession. We believe the size and quality of skin that is produced by our operation will ensure that the operation will remain profitable, albeit at a reduced level. It is now important that we look further afield to identify any opportunities where we can take part in the value-added process of skin tanning and marketing.

Regionally, our management in Zambia will be focused on stabilising the SPAR operations. These businesses continue to show strong turnovers, and it is imperative that these are now converted to sustainable profitability. Our regional Fast Foods operations will continue to grow our brands through either additional owned sites or franchised sites.

DIVIDEND

In view of the need to ensure that working capital levels are adequately funded to meet trading demands, the Board has deemed it inappropriate to declare a dividend for the year.

DIRECTORATE

Mr. J.D. Vezey resigned from the Board on 30 June 2009. The Board expresses its gratitude to him for his contributions during his tenure of office.

DLL MORGAN

Chairman

27 August 2009

SALIENT FEATURES

	USD
Turnover	**269 161 780**
Operating profit	**11 557 030**
Profit before taxation	**7 842 691**
Basic earnings per share (cents)	**2**

GROUP INCOME STATEMENT

	Year Ended 30 June 2009 audited USD
Turnover	269 161 780
Operating profit before depreciation and amortisation	11 557 030
depreciation and amortisation	(6 855 183)
Operating profit before interest and fair value adjustments	4 701 847
fair value adjustments	1 735 465
monetary adjustment	(1 272 718)
Profit before interest and taxation	5 164 594
net interest	(513 397)
equity accounted earnings	3 191 494
Profit before taxation	7 842 691
taxation	3 667 087
Profit after taxation	11 509 778
Attributable to:	
shareholders of the holding company	9 728 560
minority interest	1 781 218
	11 509 778
Basic earnings per share (cents)	2

GROUP BALANCE SHEET

	Year Ended 30 June 2009 audited USD	Year Ended 30 June 2008 audited USD
ASSETS		
Non-current assets		
property, plant and equipment	57 530 235	54 359 078
other non-current assets	34 384 401	31 150 831
	91 914 636	85 509 909
Current assets		
cash resources	14 394 950	11 275 426
other current assets	76 534 231	48 587 751
	90 929 181	59 863 177
Total assets	182 843 817	145 373 086
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	5 401 185	5 333 984
non-distributable reserves	50 751 542	50 962 343
distributable reserves	49 697 907	39 969 347
	105 850 634	96 265 674
minority interest	18 658 876	17 301 570
Total shareholders' equity	124 509 510	113 567 244
Non-current liabilities		
deferred tax liability	532 745	6 584 412
interest bearing borrowings	851 406	2 484 533
	1 384 151	9 068 945
Current liabilities		
interest bearing borrowings	13 043 697	771 217
trade and other payables	42 268 722	20 295 909
current tax liability	1 637 737	1 669 771
	56 950 156	22 736 897
Total liabilities	58 334 307	31 805 842
Total equity and liabilities	182 843 817	145 373 086

GROUP CASHFLOW STATEMENT

	Year Ended 30 June 2009 audited USD
Cash generated from operating activities	9 038 103
net interest paid	(513 397)
taxation	(2 601 977)
Total cash available from operations	5 922 729
Investing activities	(12 087 380)
Dividends paid:	(1 486 593)
by holding company	-
by subsidiaries to minority shareholders	(1 486 593)
Net cash outflow before financing activities	(7 651 244)
Financing activities	10 770 768
Net increase in cash	3 119 524
Cash balance at 30 June 2008	11 275 426
Cash balance at 30 June 2009	14 394 950

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Year Ended 30 June 2009 audited USD
Changes in share capital	67 201
Changes in non-distributable reserves	(210 801)
arising on the translation of foreign subsidiaries	(210 801)
Changes in distributable reserves	9 728 560
net profit attributable to holding company shareholders	9 728 560
Changes in minority interest	1 357 306
Shareholders' equity at 30 June 2008	113 567 244
Shareholders' equity at 30 June 2009	124 509 510

SUPPLEMENTARY INFORMATION

	Year Ended 30 June 2009 audited USD
1 Depreciation	6 843 470
2 Capital expenditure for the year	10 569 499
3 Future lease commitments	
Payable within one year	5 477 126
Payable two to five years	11 990 706
Payable after five years	4 113 759
4 Commitments for capital expenditure	
Contracts and orders placed	-
Authorised by directors but not contracted	18 276 344
	18 276 344

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

5 Accounting Policies

The accounting policies adopted in the preparation of the financial statements have been followed consistently in all material respects except for IAS 1, IAS 21 and IAS 29.