Reviewed Financial Results of Innscor Africa Limited

FOR THE YEAR ENDED 30 JUNE 2012

INNSCOR
Africa Limited

OUR PASSION FOR **VALUE CREATION**

SALIENT FEATURES

	USD		%
Revenue	627 077 424	▲	21%
Operating profit	68 527 996	▲	44%
Profit before tax	61 131 636	▲	48%
Basic earnings per share (cents)	7.15	▲	48%
Headline earnings per share (cents)	6.29	▲	40%
Total dividend declared per share (cents)	1.75	▲	46%

DIRECTORS' RESPONSIBILITY

The holding Company's directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies' Act (Chapter 24:03). The principal accounting policies of the Group are consistent with those applied in the previous year. As advised in the interim report, the Group restructured the reporting of its entities into parcels of similar businesses and common business drivers with effect from 1 July 2011.

AUDIT STATEMENT

In line with Public Notice 2/2012 issued jointly on 7 August 2012 by the Public Accountants and Auditors Board, the Zimbabwe Accounting Practices Board, the Securities Exchange Commission of Zimbabwe and the Zimbabwe Stock Exchange; the Group's external auditors, Ernst & Young, have issued an unmodified review conclusion on the financial statements of the Group for the year ended 30 June 2012. The audit of the Group financial statements is complete pending the finalisation of the annual report; no changes are expected on the reviewed numbers. The unmodified review report is available for inspection at the Company's registered office.

FINANCIAL

Overall, the Group performed to expectation during the course of the 2012 financial year, posting another set of solid results with good revenue growth and improved efficiency at the earnings level.

As highlighted in the interim report, the Group reduced its shareholding in National Foods Holdings Limited to 37.8% through a disposal to Tiger Brands Limited. The profit on disposal included in the Group's Statement of Comprehensive Income from this transaction amounted to USD 5.08 million, before tax.

During the year under review, the Group recorded revenue of USD 627.08 million, an operating profit of USD 68.53 million and a profit before tax of USD 61.13 million. Basic earnings per share for the year amounted to 7.15 US cents whilst Headline earnings per share totalled 6.29 US cents.

An amount of USD 48.80 million was generated in cash from operating activities over the year and this, together with the proceeds received on the disposal of the block of shares in National Foods, was applied to a number of capital expansion projects across the Group. Gearing levels at year-end also reduced as compared to the prior year.

OPERATIONS

Bakeries and Fast Foods

This reporting division comprises the Group's Bakery operations which are based in Zimbabwe as well as all the Fast Food operations across the African continent.

Volumes recorded in the Bakery operations during the current year increased by 53% as compared to the prior year. This growth was driven by the addition of a third new line in the Harare plant which was commissioned in November 2011, bringing current capacity to approximately 400,000 loaves per day. An additional line with production capacity of 100,000 loaves per day is on schedule for installation during October 2012, whilst investment into new technology which will significantly improve the capacity, range and quality of the operation's confectionery products, will also take place during the course of the new financial year.

Customer counts within the Fast Foods operations in Zimbabwe showed an increase of 11% against the prior year. An additional 13 counters were added to the store network across Zimbabwe during the year under review, with 8 counters being opened in Harare, 3 in Marondera and 2 in Mutare. The refurbishment programme also continued during the year, with upgrades taking place at food courts in Chitungwiza, Gweru and Mutare. Additional outlets are currently being planned for Harare, Masvingo, Chivhu and Zvishavane during the 2013 financial year, whilst 6 existing complexes will undergo refurbishment.

Customer counts within the regional Fast Foods operations increased by 3% over the prior year. In Kenya, 10 additional counters were opened but this was partially off-set by 6 closures; whilst Zambia and Senegal saw the addition of a further 2 and 3 counters respectively. The franchised markets in Nigeria and Malawi saw some rationalisation during the year with 20 counters being closed. Including the franchised operations, the total number of regional counters in operation at the end of June 2012 amounted to 197. There are currently 33 additional counters planned for opening in the 2013 financial year across the Group's regional territories, including 5 new franchised counters in Swaziland.

Distribution Group Africa

This reporting division consists of the Distribution Group Africa operations which operate in Zimbabwe, Zambia and Malawi.

Distribution Group Africa's Zimbabwe operations delivered a good set of results underpinned by a 20% volume growth, and whilst margins in the business declined somewhat in response to the highly competitive and price sensitive market, this drop was countered by better cost control. The business continued to represent its principals with distinction, receiving recognition as the "Most Improved Distributor" with Johnson & Johnson as well as exceeding set growth targets with Colgate, Unilever and Kellogg's. Competition in this market remains strong with numerous independent traders; however, the focus on providing a comprehensive distribution service with efficient nationwide coverage should see the business continue to contribute positively to the Group's results.

Volumes in the Distribution Group Africa businesses operating in Zambia grew by 10% on the back of continued growth in the formal retail market; whilst in Malawi, volumes declined by 6%- with the strategy in the business being predominantly focused on balance sheet defence. Modest growth is expected to continue in Zambia and the Group remains cautiously optimistic about an improvement in the general trading conditions in Malawi.

SPAR

This reporting division consists of the SPAR Corporate Store retail operations in Zimbabwe, the SPAR Distribution Centre in Harare and the SPAR Corporate Store retail operations in Zambia.

As indicated in the interim report, the SPAR Corporate Store retail operations were rationalised during the second half of the current financial year- with the closure or disposal of three smaller stores. Taking into account associated closure costs, the operations posted a trading loss of USD 0.83 million for the current year, and after interest and depreciation charges, the loss before tax amounted to USD 3.53 million. The network now consists of 6 Corporate Stores and management are confident that the initiatives that it has undertaken during the 2012 financial year has allowed a sound base to be established from which the operations can now return to full profitability.

The SPAR Distribution Centre is one of the two franchise holders of the SPAR brand in the country responsible for servicing all SPAR retail operations in the Eastern Region of the Country. Volumes processed through the Distribution Centre for the year increased by 16% over the prior year, although reduced margins resulted in only a negligible increase in profitability. The popular SPAR private label range of products continued to be expanded during the year and is becoming an increasingly large contributor of volumes and revenue within the business. The SPAR Distribution Centre currently supports 34 SPAR member stores, 1 SPAR Express Store, 8 SaveMor branded stores and 2 TOPS bottle stores.

On a same store basis the current year revenue in the SPAR Corporate retail business in Zambia recorded negligible growth- whilst overall growth after including the 2 new stores opened in Lusaka during November and December 2011 amounted to 6%. Lower gross margins and the impact of pre-opening costs from the 2 new stores resulted in reduced trading profitability and the business was in an overall break-even position after interest and depreciation charges. The store network at 30 June 2012 consisted of 6 Corporate Stores and 5 franchised stores, with an additional franchised store due for opening in Mazabuka in the first quarter of the new financial year.

Colcom

Colcom recorded volume growth of 31% in its core pork products against the prior year. Much of this volume was however attributable to new low-cost, mass market product with lower margins and hence overall profitability growth was limited. Cash flow remained strong in the business and a number of capital projects were completed in the factory during the year, including the first phase of the upgraded refrigeration plant, the acquisition of a new bacon slicer and the commissioning of a new low-cost sausage line.

Household Goods

This reporting division consists of TV Sales & Home and Capri.

TV Sales & Home continued to post very strong results, with overall volumes increasing by 30% against the prior year. Potential sites for a number of new outlets are currently being investigated whilst an increase to an 18-month credit facility is now being offered on certain furniture lines. The quality of the debtors' book remains high.

The positive results in Capri were driven by good volumes which improved by 49% over the prior year as production efficiencies continued to improve, and demand for the operation's product range remained strong. The business remains on course with regards to its capital expansion project which will see a new refrigerator plant being commissioned in the fourth quarter of the 2013 financial year; the resultant capacity increases will allow exports to recommence into the region. Further investment into an upgraded freezer plant will follow the refrigerator plant project.

Associate and Other Businesses

National Foods produced a pleasing set of results for the current financial year with overall volumes increasing by 15% from the prior year to 404,000 metric tonnes. The increased capacity utilisation, together with further investment into core plant and equipment resulted in improved profitability. The Mutare rice plant was successfully commissioned in August 2011, whilst the Bulawayo flour mill and stock feeds plant were reopened in October 2011 and March 2012 respectively. The business continues to re-align its balance sheet through the disposal of non-core assets in anticipation of future capital investment into upgraded facilities.

Despite increased competition from imported processed product, Irvine's produced a good set of results for the current year recording volume growth of 14% in processed chicken, 19% in day old chick sales and 7% in table eggs. Factory efficiencies and yields continued to improve, whilst additional investment in hatching capacity should result in further growth in output through the 2013 financial year.

Shearwater continued to contribute positively to the Group's results whilst at Natpak, the block-bottom bag production unit had not yet achieved optimum production targets, and this resulted in a loss being posted for the year in this business.

PROSPECTS

The Group continues to be a strong generator of free cash flow and it is expected that a large proportion of this will continue to be channelled to expansion projects across the Group's core businesses over the next financial year. Focus will continue on the control of overheads as well as ensuring working capital cycles operate at optimum levels.

A big focus area for management will be ensuring that the considerable synergies that exist within the many businesses in the Group are utilised to the fullest extent; there are significant efficiencies that can still be unlocked in this regard with strong value-add for the Group as a whole, and this presents a number of exciting opportunities in the year ahead.

DIVIDEND

The Board has declared a final dividend of 1.00 US cent per share (bringing the total dividend for the year to 1.75 US cents per share) payable on or about 5 October 2012 to shareholders registered in the books of the Company by noon on 21 September 2012. The transfer books and register of members will be closed from 22 September 2012 to 30 September 2012, both days inclusive.

APPRECIATION

The Group has produced another sound performance, and accordingly I wish to record my appreciation to the executive directors, management and staff for all their efforts in obtaining the results achieved. I also wish to thank the non-executive directors for their considerable input as well as all the Group's customers and suppliers for their continued support and loyalty.

DLL MORGAN
Chairman
24 August 2012

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FOR THE YEAR ENDED 30 JUNE 2012

INNSCOR Africa Limited

OUR PASSION FOR **VALUE CREATION**

Abridged Group Statement Of Comprehensive Income

	Year Ended 30 June 2012 reviewed	Year Ended 30 June 2011 audited
	USD	USD
Revenue	**627 077 424**	**516 136 881**
Operating profit before depreciation and amortisation	**68 527 996**	**47 663 229**
depreciation and amortisation	(11 561 977)	(8 936 918)
Operating profit before interest and fair value adjustments	**56 966 019**	**38 726 311**
fair value adjustments	(282 497)	(713 953)
Profit before interest and tax	**56 683 522**	**38 012 358**
net interest	(3 114 564)	(2 813 850)
equity accounted earnings	7 562 678	6 130 400
Profit before tax	**61 131 636**	**41 328 908**
tax	(12 616 905)	(8 591 972)
Profit for the year	**48 514 731**	**32 736 936**
Other comprehensive income		
exchange differences arising on the translation of foreign operations	(989 695)	(48 304)
Other comprehensive income for the year, net of tax	**(989 695)**	**(48 304)**
Total comprehensive income for the year	**47 525 036**	**32 688 632**
Profit for the year attributable to:		
equity holders of the parent	38 709 881	26 110 140
non-controlling interests	9 804 850	6 626 796
	48 514 731	**32 736 936**
Total comprehensive income for the year attributable to:		
equity holders of the parent	37 920 204	26 071 614
non-controlling interests	9 604 832	6 617 018
	47 525 036	**32 688 632**
Earnings per share (cents)		
Basic earnings per share	7.15	4.82
Diluted earnings per share	7.15	4.82
Headline earnings per share	6.29	4.49
Diluted headline earnings per share	6.29	4.49

Abridged Group Statement Of Financial Position

	At 30 June 2012 reviewed	At 30 June 2011 audited
	USD	USD
ASSETS		
Non-current assets		
property, plant and equipment	104 655 139	84 437 086
deferred tax assets	6 314 666	4 161 668
other non-current assets	47 492 441	50 207 548
	158 462 246	**138 806 302**
Current assets		
cash and cash equivalents	22 455 567	17 788 630
other current assets	105 635 932	89 507 227
	128 091 499	**107 295 857**
Total assets	**286 553 745**	**246 102 159**
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	5 415 934	5 415 934
non-distributable reserves	29 035 168	29 742 338
distributable reserves	97 965 286	66 566 916
	132 416 388	101 725 188
non-controlling interests	28 062 807	22 763 611
Total shareholders' equity	**160 479 195**	**124 488 799**
Non-current liabilities		
deferred tax liabilities	12 106 382	8 942 258
interest-bearing borrowings	4 083 834	1 597 300
	16 190 216	10 539 558
Current liabilities		
interest-bearing borrowings	34 508 129	38 040 018
trade and other payables	72 529 319	72 615 581
current tax liability	2 846 886	418 203
	109 884 334	111 073 802
Total liabilities	**126 074 550**	**121 613 360**
Total equity and liabilities	**286 553 745**	**246 102 159**

Abridged Group Statement Of Cash Flows

	Year Ended 30 June 2012 reviewed	Year Ended 30 June 2011 audited
	USD	USD
Cash generated from operating activities	**48 795 104**	**53 325 695**
net interest paid	(3 114 564)	(2 813 850)
tax paid	(9 877 951)	(8 975 513)
Total cash available from operations	**35 802 589**	**41 536 332**
Investing activities	**(19 666 997)**	**(49 009 619)**
Net cash inflow/(outflow) before financing activities	**16 135 592**	**(7 473 287)**
Financing activities	**(11 468 655)**	**8 028 000**
Net increase in cash and cash equivalents	**4 666 937**	**554 713**
Cash and cash equivalents at the beginning of the year	**17 788 630**	**17 233 917**
cash and cash equivalents attributable to continuing operations	17 788 630	16 274 303
cash and cash equivalents attributable to discontinuing operations	-	959 614
Cash and cash equivalents at the end of the year	**22 455 567**	**17 788 630**

Abridged Group Statement Of Changes In Equity

	Share Capital	Non-Distributable Reserves	Distributable Reserves	Total	Non-controlling Interests	Total
	USD	USD	USD	USD	USD	USD
Balance at 30 June 2010	**5 415 934**	**45 766 011**	**62 523 181**	**113 705 126**	**18 974 156**	**132 679 282**
Profit for the year	-	-	26 110 140	26 110 140	6 626 796	32 736 936
Other comprehensive income	-	(38 526)	-	(38 526)	(9 778)	(48 304)
Dividends paid	-	-	(5 415 934)	(5 415 934)	(2 665 093)	(8 081 027)
Transactions with owners in their capacity as owners	-	(4 014 459)	-	(4 014 459)	(162 470)	(4 176 929)
Dividend in specie	-	(11 970 688)	(16 650 471)	(28 621 159)	-	(28 621 159)
Balance at 30 June 2011	**5 415 934**	**29 742 338**	**66 566 916**	**101 725 188**	**22 763 611**	**124 488 799**
Profit for the year	-	-	38 709 881	38 709 881	9 804 850	48 514 731
Other comprehensive income	-	(789 677)	-	(789 677)	(200 018)	(989 695)
Dividends paid	-	-	(7 311 511)	(7 311 511)	(2 760 530)	(10 072 041)
Transactions with owners in their capacity as owners	-	82 507	-	82 507	(1 545 106)	(1 462 599)
Balance at 30 June 2012	**5 415 934**	**29 035 168**	**97 965 286**	**132 416 388**	**28 062 807**	**160 479 195**

Supplementary Information

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Operating Segments

	Bakeries and Fast Foods	Distribution Group Africa	SPAR	Colcom	Household Goods	Associate and Other Businesses	Corporate Services	Intersegment Adjustments	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue									
30 June 2012	246 303 751	92 035 982	188 197 031	52 847 772	45 875 181	1 178 122	639 585	-	627 077 424
30 June 2011	186 403 994	70 457 627	175 487 625	46 200 305	30 746 615	5 903 400	937 315	-	516 136 881
Operating profit before depreciation and amortisation									
30 June 2012	36 950 067	8 285 474	2 823 140	7 223 793	10 188 882	155 290	2 901 350	-	68 527 996
30 June 2011	25 410 000	4 799 077	2 041 924	6 658 356	5 549 711	1 678 759	1 525 402	-	47 663 229
Depreciation and amortisation									
30 June 2012	6 094 003	732 958	2 703 406	1 205 211	382 326	85 883	358 190	-	11 561 977
30 June 2011	3 624 007	838 524	2 155 510	1 033 640	311 698	673 051	300 488	-	8 936 918
Equity accounted earnings									
30 June 2012	101 483	-	-	382 603	-	6 051 026	1 027 566	-	7 562 678
30 June 2011	93 594	-	-	248 290	-	4 740 887	1 047 629	-	6 130 400
Profit/(loss) before tax									
30 June 2012	29 652 072	7 077 918	(1 698 367)	6 439 098	9 046 263	6 102 207	4 512 445	-	61 131 636
30 June 2011	20 799 694	3 428 382	(2 442 421)	6 056 169	4 571 327	4 379 976	4 535 781	-	41 328 908
Segment assets									
30 June 2012	81 574 482	33 427 154	40 397 721	35 796 501	30 184 165	38 994 044	59 431 490	(33 251 812)	286 553 745
30 June 2011	60 390 942	27 769 714	41 531 872	32 320 734	19 229 058	40 532 361	56 223 053	(31 895 575)	246 102 159
Segment liabilities									
30 June 2012	45 429 707	20 517 354	28 615 885	9 810 318	16 122 857	1 219 704	37 610 537	(33 251 812)	126 074 550
30 June 2011	38 940 437	17 112 089	35 618 668	9 177 816	11 294 150	1 090 263	40 275 512	(31 895 575)	121 613 360
Capital expenditure									
30 June 2012	22 109 022	833 179	3 193 972	3 158 111	547 633	77 748	154 422	-	30 074 087
30 June 2011	25 770 526	1 493 036	12 516 926	2 700 024	347 986	271 605	131 134	-	43 231 237

	Year Ended 30 June 2012 reviewed	Year Ended 30 June 2011 audited
	USD	USD
3 Depreciation	**11 456 360**	**8 898 669**
4 Capital expenditure for the year	**30 074 087**	**43 231 237**
5 Future lease commitments		
Payable within one year	7 327 566	7 925 320
Payable two to five years	22 101 315	19 006 875
Payable after five years	17 616 055	16 328 737
	47 044 936	**43 260 932**
6 Commitments for capital expenditure		
Contracts and orders placed	8 210 470	8 811 704
Authorised by Directors but not contracted	39 480 291	33 406 776
	47 690 761	**42 218 480**

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

7 Earnings per share

Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and number of shares in issue for the year.

Fully diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the number of shares in issue after adjusting to assume conversion of share options not yet exercised and convertible instruments.
There were no instruments with a dilutive effect at the end of the financial year.

Headline earnings basis

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

	2012	2011
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to equity holders of the parent	38 709 881	26 110 140
Adjustment for capital items (gross of tax):		
Profit on disposal of subsidiaries and associates	(5 190 796)	(1 800 446)
Loss/(profit) on disposal of property, plant and equipment	559 919	(199 188)
Tax effect on adjustments	(25 138)	140 378
Non-controlling interests' share of adjustments	16 153	56 574
Headline earnings attributable to ordinary shareholders	**34 070 019**	**24 307 458**
Number of shares in issue		
Number of ordinary shares in issue	541 593 440	541 593 440
Weighted average number of ordinary shares in issue	541 593 440	541 593 440
Basic earnings per share (cents)	7.15	4.82
Headline earnings per share (cents)	6.29	4.49
Diluted basic earnings per share (cents)	7.15	4.82
Diluted headline earnings per share (cents)	6.29	4.49

8 Events after the reporting date

There have been no significant events after the reporting date to the time of issuing this press release.

9 Contingent liabilities

The Group had no contingent liabilities at 30 June 2012.