Reviewed Financial Results of Innscor Africa Limited

FOR THE YEAR ENDED 30 JUNE 2013

OUR PASSION FOR **VALUE CREATION**

SALIENT FEATURES

	USD		
Revenue	656 332 118	▲	5 %
Operating profit	67 396 541	▼	2 %
Profit before tax	59 369 440	▼	3 %
Headline earnings per share (cents)	6.36	▲	1 %
Cash generated from operating activities	54 161 610	▲	11 %
Total dividend declared per share (cents)	1.80	▲	3 %

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.

AUDIT STATEMENT

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 2013. 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

During the year under review, the Group recorded revenue of USD 656.33 million, an operating profit of USD 67.40 million and a profit before tax of USD 59.40 million.

Consolidated operating profit was marginally lower than that recorded in the prior year and was affected by a combination of lower gross margins in certain businesses, as well as a number of cost provisions and re-structure charges emanating mainly from Colcom as advised in the interim report. These charges were somewhat negated by a profit on disposal of USD 5.25 million which resulted from the disposal of unquoted investments. A fixed asset impairment and de-recognition charge of USD 2.23 million was also processed within the Group's Statement of Comprehensive Income, again the main portion arising from the business re-engineering processes being undertaken at Colcom. Both the profit on disposal of investment and the impairment charges have been excluded from Headline earnings. Basic earnings per share totalled 7.19 US cents, whilst Headline earnings per share amounted to 6.36 US cents.

The Group continued to show strong cash generating ability, with cash generated from operating activities amounting to USD 54.16 million for the year under review, and this was after accounting for an increase of USD 3.924 million in the instalment debtors' book at TV Sales & Home. This cash profit, together with the increased borrowing position, was utilised to fund the numerous capital expansion and maintenance projects undertaken across the Group during the course of the year, which totalled more than USD 50 million.

OPERATIONS

Bakeries & 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.

Bread volumes recorded in the Bakery operations increased by 12% as compared to the prior year. During February 2013, two additional bread lines, each with a capacity of 80,000 loaves per day were commissioned at the new, state of the art facility in Graniteside, and installed national capacity amounted to 450,000 loaves per day by June 2013. A new bread roll line and small confectionery line were also commissioned at Graniteside towards the latter part of the current financial year. A further two new bread lines, again each with a capacity of 80,000 loaves per day, are due to be installed towards the end of the first half of the 2014 financial year at the Graniteside site, whilst the Simon Mazorodze Road site will shortly see the commissioning of a new pie plant.

In the Zimbabwe Fast Foods operations, revised product and pricing strategies implemented within the Chicken Inn and Pizza Inn brands yielded improved customer counts of 31% and 13% respectively over the prior year. These strategies are being cascaded to the other brands within the business and management is confident that the overall operations will achieve an improved trading performance in the new financial year. A total of 21 counters were added to the Zimbabwe network during the financial year under review, with 10 in Harare, 4 in Zvishavane, 3 in each of Mutare and Chivhu, and 1 in Kwekwe; whilst a further 6 counters were closed. The new Fish Inn brand was launched in Harare during the fourth quarter, and results to date have been well above target. The refurbishment program also continued during the year and this saw a total of 10 counters being upgraded to the latest brand specifications. Both the expansion and refurbishment programs will continue into the new financial year, with a number of sites in Harare, Chegutu and Mutare already at varying stages of completion. With effect from 1 April 2013, the Group acquired the minority shareholding in the Fast Foods Northern Region operations.

Regionally, the Fast Foods operations recorded pleasing revenue growth of 10% over the prior year. The expansion programme saw 16 additional counters being opened during the year under review; with 14 counters in Kenya and 2 in Zambia. Inclusive of the franchised territories, a total of 210 regional counters were in operation at year-end. An additional 31 counters are planned for the store network in the 2014 financial year, including 7 counters in the Democratic Republic of Congo. The franchise arrangement in Nigeria is currently under review and management is considering various options for improving the performance in this market.

Distribution Group Africa

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

The Distribution Group Africa Zimbabwe operations house a number of leading brands such as Colgate, Kellogg's, Johnson & Johnson, Tiger Brands and Pepsi. The business reported a 17% growth in volumes over prior year, although a changing product mix, with a lower average selling price per unit, resulted in lower revenue growth. Improved gross margins continued to be achieved and this together with good cost control enhanced profitability levels.

Volumes in the Distribution business operating in Zambia grew by 10% over the prior year, as formal retail and wholesale trade continued to grow. In Malawi, volumes showed a decline of 7% over the prior year, although trading was much improved in the second half of the financial year, and accessibility to foreign currency eased slightly.

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.

Whilst the SPAR Corporate Store retail operations were still in a loss position, significant improvements were made at store-level during the year under review in order to return the business to profitability. A programme is now also underway to amalgamate the head office function of the retail operations with that of the SPAR Distribution Centre, and this will further enhance the overall operations' profit-generating ability. Towards the end of March 2013, the SPAR Letombo outlet was successfully re-launched under the Megasave SPAR brand and initial results for this new low-cost offering have been very encouraging. The Group continues to see growth potential in this sector of the market and is currently investigating the addition of a number of Corporate Stores in this regard.

The SPAR Distribution Centre recorded marginal volume growth over the prior year. This, together with a number of restructuring cost provisions which were required to allow for the amalgamation of the head office function with that of the Corporate Store retail operations, resulted in reduced profitability over the prior year. Towards the end of the financial year, the operation was able to consolidate the SPAR franchise rights for the entire country by acquiring the rights for the Western region which currently consists of 23 franchised stores. The ability to service these additional stores from the existing infrastructure should allow for improved efficiency levels to be extracted from the business. Including the Western region stores, the SPAR Distribution Centre was servicing a total of 72 SPAR Stores, KwikSPAR Stores, SPAR Express Stores, Savemor Stores and TOPS Bottle Stores as at June 2013.

The SPAR Corporate Store retail operations in Zambia produced revenue growth of 6% over the prior year, and this together with an improved control environment resulted in a pleasing profit being posted for the year. In addition to the 6 Corporate stores, the network also included 7 franchised stores at 30 June 2013.

Colcom

Colcom recorded a disappointing result for the year. As advised in the interim report, a number of processes were embarked upon during the year in response to both a compromised control and governance environment as well as a number of equipment failures that occurred within the core pork operation. In addition to the provisions of USD 1.3 million reported at the half-year, the Company processed further cost provisions of USD 1.1 million in the second half of the year, emanating mainly from stock and retrenchment charges; whilst a critical review of the Company's fixed assets resulted in an impairment and de-recognition charge of USD 1.6 million.

The Company's down-packing unit, Associated Meat Packers, continued to perform exceptionally well with strong volume and profit growth being recorded. The development and expansion of the Texas low-cost protein retail outlets under this unit continued, and 8 of these outlets were operational by year-end, with a further 4 units currently being developed.

Management is confident that having now completed a critical business analysis, as well as a number of restructuring and product re-engineering processes, that a considerable improvement in overall performance will be achieved in the 2014 financial year. Investment in the coming year will be focused on providing adequate capacity and improved quality in emulsification, cooking, cooling and packaging.

Household Goods

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

After a slow start to the current year, TV Sales & Home recorded an overall volume growth of 11% against the prior year translating to improved profitability. The store network continued to be expanded with an additional 9 outlets opening across Harare, Karoi, Kadoma, Marondera, Chinhoyi and Hwange. During the second half of the financial year a new revolving-credit scheme was introduced to augment the existing core credit scheme and was well received by the market. The quality of the instalment debtors' book remained good throughout the year.

Capri produced another positive set of results recording a 19% volume growth for the financial year under review and work continued on improving product aesthetics as well as achieving cost and production efficiencies. The new refrigeration plant is scheduled for commissioning towards the end of the first half of the new financial year and will provide further ability to lower product cost, resulting in the ability to provide extremely competitive pricing for consumers in both the local and regional markets.

Associate and Other Businesses

National Foods produced a strong set of results, recording volume growth of 21% over the prior year to 489,000 metric tonnes. The increase in profitability of this business was largely achieved through volume-related efficiencies, throughput and the effective strategic sourcing of raw materials in a rising world market environment. Profits were also enhanced through the disposal of non-core property and plant. Throughout the year, the business was well positioned in its strategic raw material procurement that led to the offering of well-established branded products at competitive prices in the market. Operating cash profit and increased borrowings were utilised in funding increased stock positions of key raw materials at year-end.

Irvine's continued to contribute strongly to the Group's results with good growth being recorded in both revenue and profitability. The results were driven largely by an 11% volume growth in processed chicken sales whilst day-old chick sales grew 16% over the prior year. Production efficiencies at both farm and factory levels continued to improve, resulting from further investment in new technology.

As advised in the interim report, the Group consolidated NatPak into its results with effect from 1 July 2012. The business recorded a significant improvement in its overall performance as compared to the prior year, with strong demand for its core polypropylene woven packaging products. Investment into new plant that will allow for the production of bread bags for the baking industry has recently been made, with commissioning and production set to commence in the second quarter of the new financial year; this will provide further growth potential to the business.

PROSPECTS

Management will continue to analyse critically its various business models and processes in order to improve business performance. Where necessary, organisational restructures which allow for improved cost efficiency and the eradication of duplication of function will be implemented. Other ongoing focus areas include utilising the numerous synergies in the Group, both from a trade and cost perspective.

With the Group's exposure to strong sectors of the economy, it has continued to be a powerful generator of free cash, and this has allowed for extensive capital investment into new and more efficient technology to be made over the past year across many of the businesses. Management will continue to ensure that the appropriate returns are extracted from these investments in the coming year, as well as examine investment into additional synergistic or complimentary businesses which can create further value addition for the Group.

DIVIDEND

The Board has declared a final dividend of 1.00 US cent per share (bringing the total dividend for the year to 1.80 US cents per share) payable on or about 4th October 2013 to shareholders registered in the books of the Company by noon on 20th September 2013. The transfer books and register of members will be closed on 21st and 22nd September 2013.

APPRECIATION

I record my appreciation to the executive directors, management and staff for their considerable endeavours on behalf of the Group, to which I add also my appreciation for the contribution of the Group's non-executive directors and for the loyalty and support of the Group's customers, suppliers and other stakeholders.

D.L.L. MORGAN
Chairman
23 August 2013

DIRECTORS: *D.L.L. Morgan (Chairman), J. Koumides (Chief Executive Officer), B.S. Dionisio, *M.J. Fowler, *Z. Koudounaris, J.P. Schonken, *T.N. Sibanda *Non Executive

Reviewed Financial Results of Innscor Africa Limited

FOR THE YEAR ENDED 30 JUNE 2013

INNSCOR Africa Limited

OUR PASSION FOR **VALUE CREATION**

Abridged Group Statement Of Comprehensive Income

	Year Ended 30 June 2013 reviewed	Year Ended 30 June 2012 audited
	USD	USD
Revenue	**656 332 118**	**627 077 424**
Operating profit before depreciation and amortisation	**67 396 541**	**68 527 996**
impairment and derecognition of plant and equipment	(2 232 728)	-
depreciation and amortisation	(14 842 013)	(11 561 977)
Operating profit before interest and fair value adjustments	**50 321 800**	**56 966 019**
fair value adjustments	369 671	(282 497)
Profit before interest and tax	**50 691 471**	**56 683 522**
net interest	(3 068 650)	(3 114 564)
equity accounted earnings	11 746 619	7 562 678
Profit before tax	**59 369 440**	**61 131 636**
tax	(10 770 549)	(12 616 905)
Profit for the year	**48 598 891**	**48 514 731**
Other comprehensive income - to be recycled to profit or loss		
exchange differences arising on the translation of foreign operations	(520 379)	(989 695)
Other comprehensive income for the year, net of tax	**(520 379)**	**(989 695)**
Total comprehensive income for the year	**48 078 512**	**47 525 036**
Profit for the year attributable to:		
equity holders of the parent	38 953 790	38 709 881
non-controlling interests	9 645 101	9 804 850
	48 598 891	**48 514 731**
Total comprehensive income for the year attributable to:		
equity holders of the parent	38 536 687	37 920 204
non-controlling interests	9 541 825	9 604 832
	48 078 512	**47 525 036**
Earnings per share (cents)		
Basic earnings per share	7.19	7.15
Diluted earnings per share	7.19	7.15
Headline earnings per share	6.36	6.29
Diluted headline earnings per share	6.36	6.29

Abridged Group Statement Of Financial Position

	At 30 June 2013 reviewed	At 30 June 2012 audited
	USD	USD
ASSETS		
Non-current assets		
property, plant and equipment	139 615 506	104 655 139
deferred tax assets	7 926 277	6 314 666
other non-current assets	56 212 460	48 729 154
	203 754 243	**159 698 959**
Current assets		
cash and cash equivalents	23 183 804	22 455 567
other current assets	121 637 589	104 399 219
	144 821 393	**126 854 786**
Total assets	**348 575 636**	**286 553 745**
EQUITY AND LIABILITIES		
Capital and reserves		
ordinary share capital	5 415 934	5 415 934
non-distributable reserves	28 618 065	29 035 168
distributable reserves	123 393 018	97 965 286
	157 427 017	132 416 388
non-controlling interests	35 379 079	28 062 807
Total shareholders' equity	**192 806 096**	**160 479 195**
Non-current liabilities		
deferred tax liabilities	16 642 460	12 106 382
interest-bearing borrowings	2 965 392	4 083 834
	19 607 852	16 190 216
Current liabilities		
interest-bearing borrowings	51 440 923	34 508 129
trade and other payables	84 148 881	72 529 319
current tax liability	571 884	2 846 886
	136 161 688	109 884 334
Total liabilities	**155 769 540**	**126 074 550**
Total equity and liabilities	**348 575 636**	**286 553 745**

Abridged Group Statement Of Cash Flows

	Year Ended 30 June 2013 reviewed	Year Ended 30 June 2012 audited
	USD	USD
Cash generated from operating activities	54 161 610	48 795 104
net interest paid	(3 068 650)	(3 114 564)
tax paid	(10 109 626)	(9 877 951)
Total cash available from operations	40 983 334	35 802 589
Investing activities	(43 286 425)	(19 666 997)
Net cash (outflow)/inflow before financing activities	(2 303 091)	16 135 592
Financing activities	3 031 328	(11 468 655)
Net increase in cash and cash equivalents	728 237	4 666 937
Cash and cash equivalents at the beginning of the year	22 455 567	17 788 630
Cash and cash equivalents at the end of the year	23 183 804	22 455 567

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 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**
Profit for the year	-	-	38 953 790	38 953 790	9 645 101	48 598 891
Other comprehensive income	-	(417 103)	-	(417 103)	(103 276)	(520 379)
Dividends paid	-	-	(9 748 682)	(9 748 682)	(2 025 583)	(11 774 265)
Transactions with owners in their capacity as owners	-	-	(3 777 376)	(3 777 376)	(199 970)	(3 977 346)
Balance at 30 June 2013	**5 415 934**	**28 618 065**	**123 393 018**	**157 427 017**	**35 379 079**	**192 806 096**

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 2013	269 056 704	93 629 104	167 003 848	60 782 481	51 888 736	12 215 963	1 755 282	-	656 332 118
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
Operating profit before depreciation and amortisation									
30 June 2013	33 269 171	8 946 633	2 596 500	4 807 631	11 480 326	1 688 590	4 607 690	-	67 396 541
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
Depreciation and amortisation									
30 June 2013	8 519 220	864 729	2 506 486	1 603 612	483 025	542 211	322 730	-	14 842 013
30 June 2012	6 094 003	732 958	2 703 406	1 205 211	382 326	85 883	358 190	-	11 561 977
Equity accounted earnings									
30 June 2013	143 842	-	-	232 898	-	9 289 139	2 080 740	-	11 746 619
30 June 2012	101 483	-	-	382 603	-	6 051 026	1 027 566	-	7 562 678
Profit/(loss) before tax									
30 June 2013	23 492 228	7 832 898	(547 486)	2 249 054	10 282 523	9 922 807	6 137 416	-	59 369 440
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
Segment assets									
30 June 2013	102 190 684	35 988 919	46 377 736	37 258 306	39 768 087	49 755 402	71 287 003	(34 050 501)	348 575 636
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
Segment liabilities									
30 June 2013	52 005 029	19 042 302	28 981 743	10 525 927	19 072 691	3 380 503	56 811 846	(34 050 501)	155 769 540
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
Capital expenditure									
30 June 2013	40 640 120	1 536 859	1 788 328	2 825 596	3 373 812	491 998	66 126	-	50 722 839
30 June 2012	22 109 022	833 179	3 193 972	3 158 111	547 633	77 748	154 422	-	30 074 087

		Year Ended 30 June 2013 reviewed	Year Ended 30 June 2012 audited
		USD	USD
3	**Depreciation**	**14 730 862**	**11 456 360**
4	**Capital expenditure for the year**	**50 722 839**	**30 074 087**
5	**Future lease commitments**		
	Payable within one year	13 706 654	7 327 566
	Payable two to five years	40 821 536	22 101 315
	Payable after five years	29 736 483	17 616 055
		83 264 673	**47 044 936**
6	**Commitments for capital expenditure**		
	Contracts and orders placed	15 918 435	8 210 470
	Authorised by Directors but not contracted	17 836 777	39 480 291
		33 755 212	**47 690 761**

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 the weighted average number of ordinary 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 weighted average number of ordinary 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.

	2013	2012
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to equity holders of the parent	38 953 790	38 709 881
Adjustment for capital items (gross of tax):		
Profit on disposal of subsidiaries, associates and divisions	-	(5 190 796)
Profit on disposal of unquoted investments	(5 248 494)	-
Impairment and derecognition of plant and equipment	2 232 728	-
(Profit)/loss on disposal of property, plant and equipment	(20 621)	559 919
Gain on bargain purchase of subsidiary	(381 047)	-
Tax effect on adjustments	(568 952)	(25 138)
Non-controlling interests' share of adjustments	(524 637)	16 153
Headline earnings attributable to ordinary shareholders	**34 442 767**	**34 070 019**
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)	7.19	7.15
Headline earnings per share (cents)	6.36	6.29
Diluted basic earnings per share (cents)	7.19	7.15
Diluted headline earnings per share (cents)	6.36	6.29

8 Events after the reporting date

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

9 Contingent liabilities

	2013	2012
Guarantees	**10 200 000**	-

The contingent liabilities relate to bank guarantees provided in respect of associate companies as at 30 June 2013.