INNSCOR
Africa Limited

Annual Report 2011

OUR PASSION FOR
VALUE CREATION

Vision

To create, own and operate world-class and dominant intellectual property and where possible to extend this intellectual property through backward or forward integration into manufacture or retail.

The Group will provide strong distribution and marketing solutions to ensure that it takes advantage of the value add process in each part of the Fast Moving Consumer Goods Chain in which it operates, resulting in the availability of high quality products at affordable prices.

INNSCOR OUR PASSION FOR **VALUE CREATION**

Contents

Corporate Information

Domicile

The Company is incorporated and domiciled in Zimbabwe.

Core Business

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 4 496886 / 496790
Fax: +263 4 496845
Email: admin@innscorafrica.com

Company Secretary

A D Lorimer

Auditors

Ernst & Young
Chartered Accountants (Zimbabwe)

Legal Advisors

Coghlan, Welsh and Guest

Principal Bankers

Barclays Bank of Zimbabwe Limited
CBZ Bank Limited
Standard Chartered Bank Zimbabwe Limited

Transfer Secretaries

Innscor Africa Limited

Group Structure and Activities

MILLING AND MANUFACTURING SILO (ZIMBABWE)

INNSCOR BREAD

Simon Mazorodze - Harare
Lytton Bread - Harare
Lennard Bread - Bulawayo
In-store bakeries 15

COLCOM HOLDINGS LIMITED

Colcom Manufacturing
Colcom Pies
Sales and Distribution
Colcom Properties
Beef
Triple C Pigs
Freddy Hirsch (Associate company)

APPLIANCE MANUFACTURING

Capri
WRS (World Radio Systems)

SNACKS

Zapsnacks
Iris Biscuits

NATIONAL FOODS HOLDINGS LIMITED

(Associate company)

IRVINE'S ZIMBABWE (PRIVATE) LIMITED

(Associate company)

NATPAK (PRIVATE) LIMITED

(Associate company)

DISTRIBUTION AND WHOLESALE SILO (ZIMBABWE)

DISTRIBUTION GROUP AFRICA

Innscor Distribution
Comox Trading
Eagle Agencies

SPAR DISTRIBUTION

Spar Distribution Centre
Freshpro

RETAIL SILO (ZIMBABWE)

SPAR FRANCHISED OUTLETS

SPAR stores	41
SaveMor stores	8
SPAR Express	2
TOPS bottle stores	2

SPAR CORPORATE STORES

Letombo Park SPAR
Arundel Village SPAR
Groombridge SPAR
Borrowdale Village SPAR
Mutare SPAR
Nelson Mandela SaveMor
Golden Stairs SPAR
Greencroft SPAR
Avondale SPAR Express

FAST FOODS

In-store bakeries	15
Bakers Inn & Mr Baker	35
Chicken Inn	36
Creamy Inn	30
Nando's	15
Pizza Inn	23
Steers	8
Convenience Stores	3
Vasilli and Haefeli's	3
Inns Express	6

TV SALES & HOME

TV Sales & Home	15
SPAR Good Living	1
Your Space	2

Group Structure and Activities

EXPORTS SILO (ZIMBABWE)

SHEARWATER (Associate company)

Shearwater Rafting
Shearwater Helicopters
Shearwater Cruises
Shearwater Shops
Shearwater Tours and Transfers
Shearwater Management Services
The Elephant Company

REGIONAL FAST FOODS

Bakers Inn & Mr Baker	12
Chicken Inn	30
Creamy Inn	71
Pizza Inn	47
Steers	1
Convenience Stores	24
Fast Foods	1
Rhapsody's	1
Galito's	19
Vasilli and Haefeli's	1
Fontana (Associate company)	1

INNSCOR ZAMBIA

SPAR ZAMBIA

SPAR FRANCHISED OUTLETS

SPAR stores 4

SPAR CORPORATE STORES

Arcades SPAR
Downtown SPAR
Soweto SPAR
Crossroads SPAR

DISTRIBUTION ZAMBIA

Innscor Distribution
Comox Trading

DISTRIBUTION MALAWI

Innscor Distribution
Comox Trading

THE RIVER CLUB - Livingstone Zambia


FRAGILE
Operates as Freezer, Chiller or Cooler
Full Spares and Back-up Support
Imported Quality Componentry
Nationwide Support Centres
Exported Regionally
12 Months Warranty

Financial Highlights

	2011 USD	2010 USD
Group Summary		
Revenue	516 136 881	403 488 611
Operating profit	47 663 229	29 114 780
Profit before tax	41 328 908	26 594 556
Profit for the year attributable to equity holders of the parent	26 110 140	14 990 629
Cash generated by operations	53 325 695	24 911 967
Net assets	124 488 799	132 679 282
Share Performance (cents)		
Basic earnings per share	4.82	2.92
Dividends declared and paid during the year :		
Interim dividend per share	0.60	0.40
Final dividend per share (prior year)	0.40	-
Dividends recognised during the year	1.00	0.40
Dividends declared and paid since reporting date	0.60	0.40
Market price per share - 30 June (cents)	63.00	54.00
Number of shares in issue at 30 June	541 593 440	541 593 440
Market capitalisation	341 203 867	292 460 458

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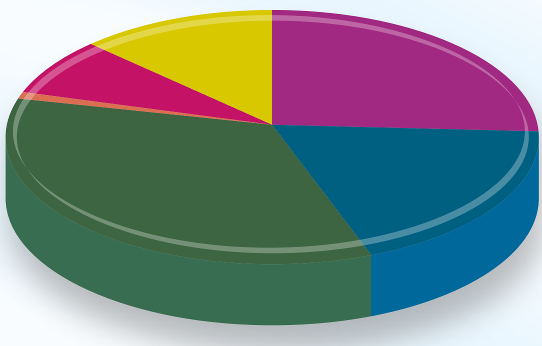
Percentage Contribution to Revenue

- Milling and Manufacturing (2 682 employees) 26%
- Distribution and Wholesale (673 employees) 19%
- Retail (3 861 employees) 34%
- Exports (25 employees) 1%
- Regional Fast Foods (1 876 employees) 7%
- Innscor Zambia (726 employees) 13%



Directorate and Management

BOARD OF DIRECTORS

Chairman

• * David Morgan (Non-Executive)

Executive Directors

• * Thomas Brown
Julian Schonken

Non-Executive Directors

• * John Koumides
Zenon (Zed) Koudounaris
* Michael Fowler
• * Thembinkosi Sibanda

• Members of the Audit Committee

* Members of the Remuneration Committee

Chairman of the Audit Committee - Thembinkosi Sibanda
Chairman of the Remuneration Committee - David Morgan

GROUP EXECUTIVES

Thomas Brown	Group Chief Executive Officer
Julian Schonken	Group Financial Director
Musi Kumbula	Group Corporate Affairs Executive
Andrew Lorimer	Group Company Secretary

DIVISIONAL MANAGEMENT

Corporate

Godfrey Gwainda	Group Finance Executive
Gillian Chaitezvi	Group Financial Manager
Priti Da Silva	Corporate Executive
Joshua Mhike	Group Internal Audit Manager
Ronald Gumbo	Group Tax Officer
Kundai Murau	Financial Manager

Treasury

Dino Tumazos	Group Treasurer
Tanya Chitaukire	Divisional Financial Director
Raymond Nyamuziwa	Group Treasury Manager

Salary Services

Adele Friend	Managing Director
Chipo Ndudzo	Financial Director

MILLING AND MANUFACTURING SILO

Innscor Bread

Marcus Athitakis	Managing Director
Owen Murumbi	Financial Director
Crispen Vundla	Procurement Director
Mark Swan	Technical Director

Colcom Holdings Limited

Theophillus Kumalo	Chief Executive Officer
Kenias Horonga	Financial Director
Norita Adams	Sales & Marketing Director
Portia Marufu	Company Secretary & Treasurer
Zvitendo Matsika	Human Resources Executive
Mandy Mutiro	Financial Manager
Tonderayi Nyayera	Chief Engineer - Colcom Services
Jan Van As	Chief Executive - Manufacturing
Ian Kennaird	Chief Executive - Triple C Pigs
Lester Jones	Chief Executive - Vedula Trading

Appliance Manufacturing

Gary Watson	Chief Executive Officer
Kevin Tiran	Production Director
Simba Muchatukwa	Financial Director
Jan Van Der Westhuizen	Research & Development Director

Snacks

Dean Spagnuolo	Managing Director
Albert Oberholzer	Commercial Director

Directorate and Management

National Foods Holdings Limited

Jeremy Brooke	Group Managing Director
Liberty Murimwa	Group Financial Director
Michael Lashbrook	Group Operations Director
Christopher Bunnett	Group Sales & Marketing Director
Innocent Magaya	Group Human Resources Director
Ruvimbo Chikwava	Group Treasurer
Lovejoy Nyandoro	Group Financial Manager
Chipo Nheta	Managing Executive – Maize Milling
John Pilgrim	Managing Executive – Stockfeeds
Mutali Chawanda	Managing Executive – Prepacks
Godwill Nyakwende	Managing Executive – Depots

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
George Economou	Commercial Director
David Hasluck	Administration Executive
Robert Connolly	Financial Executive
Rutendo Dzangai	Financial Manager

Natpak (Private) Limited

Guy Martell	Managing Director
Tamuka Kunaka	Operations Director
Herbert Mapuranga	Financial Director & Company Secretary
Risina Mandivenga	Sales & Marketing Director
Laraine Mseredza	Human Resources Director

DISTRIBUTION AND WHOLESALE SILO

Distribution Group Africa

Craig Hodgson	Chief Executive Officer
Victor Kuchocha	Financial Director
Paul Filer	Operations Director

Innscor Distribution Zimbabwe

Craig Hodgson	Managing Director
Noel Shangwa	Financial Manager

Comox Trading

Archie Meth	Managing Director
Alec Gahadzikwa	Financial Director

Eagle Agencies

Neil Varrie	Managing Director
Elizabeth Gambe	Financial Manager

SPAR Distribution

Evan Christophides	Chief Executive Officer

SPAR Distribution Centre

Marceline Mugari	Financial Manager

FreshPro

Mani Lane	General Manager

RETAIL SILO

SPAR Retail

Andrew Divaris	Group Chief Executive Officer
Tineyi Mandengu	Group Financial Director
Masimba Mutsai	Group Human Resources Manager
Phil Chadwick	Group IT Manager
Paulo Caverna	Group Merchandising Manager
Tsitsi Mushipe	Group Financial Manager
Francis Muchuchu	Group Accountant
Sandi Yalias	GM - Borrowdale Village SPAR
Andrew Dobson	GM - Arundel Village SPAR
Robbie Spencer	GM - Groombridge SPAR
Dino Cyprianos	GM - Letombo SPAR
Gareth Yeatman	GM - Avondale SPAR Express
Evermary Nyamwanza	GM - Golden Stairs SPAR
Brian Chandiwana	MD - Greencroft SPAR
Dion Yatras	MD - Mutare SPAR
Tarisai Kuzamba	GM - Nelson Mandela SaveMor

Fast Foods

Basil Dionisio	Group Chief Executive Officer

Fast Foods Harare

Givemore Munyanyi	Managing Director
Mandla Nkosi	Financial Director
Aaron Murapa	Procurement Director
Mary Ndawona	Human Resources Director

Fast Foods Matabeleland and Midlands

Warren Meares	Managing Director
Onias Moyo	Financial Director
Misheck Muleya	Human Resources Director

Directorate and Management

Fast Foods Mutare

Teo Yatras	Managing Director
Emmanuel Zvinoitavanhu	Financial Director

Innscor Franchising

Manoli Vardas	Chief Executive Officer
Fortunate Masendeke	Financial Manager

TV Sales & Home

Sean Gorringe	Chief Executive Officer
Joseph Kamasho	Financial Director

EXPORTS SILO

Shearwater Adventures

Mike Davies	Chairman
Butholezwe Mlilo	Financial Manager

REGIONAL FAST FOODS

Basil Dionisio	Managing Director
Leighton Shaw	Operations Director
Ramaiah S Narayanan	Financial Manager

INNSCOR ZAMBIA

Innscor Zambia Head Office

Never Ncube	Group Financial Director
Wellington Gumunyu	Management Accountant

SPAR Zambia

Mark O'Donnell	Executive Chairman
Michael Yeatman	Chief Executive Officer

The River Club

Peter Jones	Chief Executive Officer
Jackie McBreaty	General Manager
Dalene Vincent	Financial Manager

Distribution - Zambia

Vincent Hogg	Managing Director
Collen Alumando	Financial Manager

Distribution - Malawi

Andrew Bester	Managing Director
Rob Brown	Financial Director

The Group recorded revenue of USD 516.14 million, an operating profit of USD 47.66 million and a profit before tax of USD 41.33 million.

Chairman's Statement and Review of Operations

FINANCIAL

The Group continued to show good progress during the 2011 financial year, with volume growth across most businesses giving rise to improved revenues; this revenue growth together with better efficiencies and cost control resulted in improved profitability.

During the year under review, the Group recorded revenue of USD 516.14 million, an operating profit of USD 47.66 million and a profit before tax of USD 41.33 million. Basic earnings per share amounted to 4.82 US cents.

Cash generation from operating activities continued to be a strong characteristic of the Group, and amounted to USD 53.33 million for the year. A significant portion of these funds were applied to the numerous expansion projects across the Group's businesses as well as to cover ongoing fixed asset refurbishment and maintenance programmes.

As previously reported during the first half of the financial year, the Group's crocodile ranching operation, Padenga Holdings Limited, was unbundled through a dividend in specie to existing Innscor Africa Limited shareholders. This business was separately listed on the Zimbabwe Stock Exchange on 29 November 2010.

With effect from 1 July 2010, the Group acquired the non-controlling interest in both its local and regional Fast Foods Franchising operations. Shareholdings were also increased by approximately 30% in the regional Fast Foods Retail operations with effect from the same date.

OPERATIONS

FMCG Businesses

Milling and Manufacturing Silo

This silo comprises our subsidiary companies; Innscor Bread (Bakers Inn Bread Factories), Colcom Holdings Limited, Innscor Appliance Manufacturing (Capri and WRS), Innscor Snack Foods, and our associate investments in National Foods Holdings Limited, Irvine's Zimbabwe (Pvt) Ltd and NatPak (Pvt) Ltd. The silo reported revenue for the year of USD 132.08 million, with profit before tax amounting to USD 19.11 million (inclusive of equity accounted earnings). WRS and Innscor Snack Foods were the only businesses that did not contribute to the silo's profitability.

Within Innscor Bread, volumes for the financial year increased by 67% compared to the prior year. This was primarily due to the significant recapitalisation investment which has taken place over the past eighteen months, and which has resulted in increased production capacity, improved efficiencies, enhancement in production quality and the introduction of new loaf varieties. A fourth new bread line will be commissioned in the Harare factory in October 2011 and will bring total production capacity to approximately 350,000 loaves per day.

At Colcom, pork sales volumes increased by 7% over prior year whilst profitability grew by 5%. As reported at the interim stage, margins were impacted by utility cost increases as well as an inefficient and

Irvine's Zimbabwe (Pvt) Ltd continued to contribute strongly to the Group's results.

Chairman's Statement and Review of Operations

outdated meat utilisation monitoring system which had allowed for weaknesses in the control systems. The installation of a new system has helped to improve manufacturing processes and efficiencies in the second half of the year. An upgrade of the operation's outdated refrigeration plant is currently taking place and investments in new processing technology which will allow for further diversification in product range will also shortly commence.

Volumes achieved during the financial year within the Innscor Appliance Manufacturing businesses grew by 134% compared to the prior year period, with improved logistical management allowing for consistent volume production. The operation introduced new, face-lifted chest freezer finishes as well as new product lines including ice-making machines during the course of the financial year, with demand continuing to be strong. As reported at half-year, the WRS television business had been negatively affected by the large influx of 'grey' imports on the informal market, and the business model was unviable; production of CRT television sets therefore ceased during the second half of the financial year. Investigations are currently underway to examine the viability of assembling higher-end LCD and LED television sets.

The Snack Food businesses have continued to struggle in the face of strong import competition resulting in volumes declining by 19% against prior year. A revised sales and distribution structure was implemented at the beginning of the new financial year, and resulted in the business being consolidated into a single, focused manufacturing concern, with all sales and distribution services being supplied by the Group's existing distribution businesses. This structure will result in cost reductions and should result in a return to profitability in the first six months of the new financial year.

During the current year, National Foods recorded volumes of 351,000 metric tonnes; this represented a 17% increase on the volumes achieved in the prior year. Following the disposal of its NatPak operation during the first half of the current financial year, the logistics division was outsourced during the second half of the financial year as the operation sought to continue focusing on its core businesses of flour milling, maize milling, stockfeed production and down-packing of FMCG products. By year-end the operation was well advanced in centralising its sales and marketing activities, which should enhance the leveraging of its strong brands.

Irvine's Zimbabwe (Pvt) Ltd continued to contribute strongly to the Group's results, with production continuing to improve in processed chicken, day-old chicks and table eggs. The expansion programme that has been in progress during the last eighteen months has been the major driver behind the volume growth that has been achieved with chicken sales increasing by 39%, table egg sales increasing by 50% and sales of day-old chicks increasing by around 35% compared to the same period last year. The new spiral freezing facility that became operational in January 2011 has resulted in production efficiencies and speed to market, whilst the commissioning of additional hatchery equipment has also contributed to growth and should see the operation dominating the day-old chick market in the short-term.

As advised in the interim report, a direct 40% shareholding was retained in NatPak (Pvt) Ltd by the Group - this had previously been a subsidiary of National Foods, until its disposal in the first half of the financial year. This operation produced a marginal profit for the current year. A plant upgrade has been underway over the past six months with a block-bottom bag production line being added, which on completion will produce bags for the local cement industry; significant growth is expected in this business in the ensuing year.

The SPAR Distribution Centre was supporting 41 SPAR member stores, 2 SPAR Express Stores, 8 SaveMor branded stores and 2 TOPS bottle stores.

Chairman's Statement and Review of Operations

Distribution and Wholesale Silo

The businesses in this reporting silo are the SPAR Distribution Centre in Harare and Distribution Group Africa. The Group disposed of its investment in the Transport business during the second half of the financial year. The silo reported revenue for the year of USD 96.99 million, with profit before tax amounting to USD 4.06 million. Both businesses within the silo were profitable in the current year.

The SPAR Distribution Centre is one of two franchise holders of the SPAR brand in the country responsible for servicing SPAR, SPAR Express, SaveMor Supermarkets, and TOPS bottle store outlets in the Eastern region. Volumes processed through the Distribution Centre for the financial year increased by 38% over prior year. The SPAR Distribution Centre was supporting 41 SPAR member stores, 2 SPAR Express Stores, 8 SaveMor branded stores and 2 TOPS bottle stores as at 30 June 2011.

Distribution Group Africa comprises Innscor Distribution, Comox Trading and Eagle Agencies and represents some of the world's leading brands including Colgate Palmolive, Kelloggs, Johnson & Johnson, Unilever, National Brands and Rhodes Foods; the Datlab's agency was added to the portfolio in the second half of the year. Volumes grew 27% against the prior year; this was due in part to the general recovery of the retail trade and also due to increased presence of the operation's product range on all major retailers' promotions which increased brand awareness. The business did experience some margin decline as a result of a combination of a strengthening Rand as well as the need to remain competitive in a price sensitive market.

The Fast Foods business performed well during the year with customer counts increasing by 16% compared to the prior year.

Chairman's Statement and Review of Operations

Retail Silo

This reporting silo comprises the Fast Foods operations, the SPAR Corporate Store retail operations and TV Sales and Home. The silo reported revenue for the year of USD 175.16 million, with profit before tax amounting to USD 8.20 million. The SPAR Corporate Store retail operation was the only business that did not contribute to the silo's profitability.

The Fast Foods business performed well during the year with customer counts increasing by 16% compared to the prior year. This growth was a direct translation of improved service efficiencies, renovation of key sites, the addition of new counters to the network and expanded menu offerings.

During the year a number of new complexes were opened, each carrying a selection of the Group's home-grown fast food brands. New complexes were opened in the outlying areas of Masvingo which opened in July 2010, Chinhoyi (October 2010), Beit Bridge (December 2010) and Kwe Kwe (January 2011). In Harare, new counters were opened in Mbuya Nehanda Street (July 2010) and Julius Nyerere Way (December 2010).

At the same time, the refurbishment of existing sites continued with the Speke Avenue complex re-opening in December 2010, Mutare Down Town (March 2011) Jason Moyo Avenue (March 2011), Construction House (April 2011) and Pomona (June 2011). The Group's Nando's franchised counters were also subjected to upgrades during the period with an outlet in each of Harare, Bulawayo and Mutare converting to the latest Nando's specification during the period.

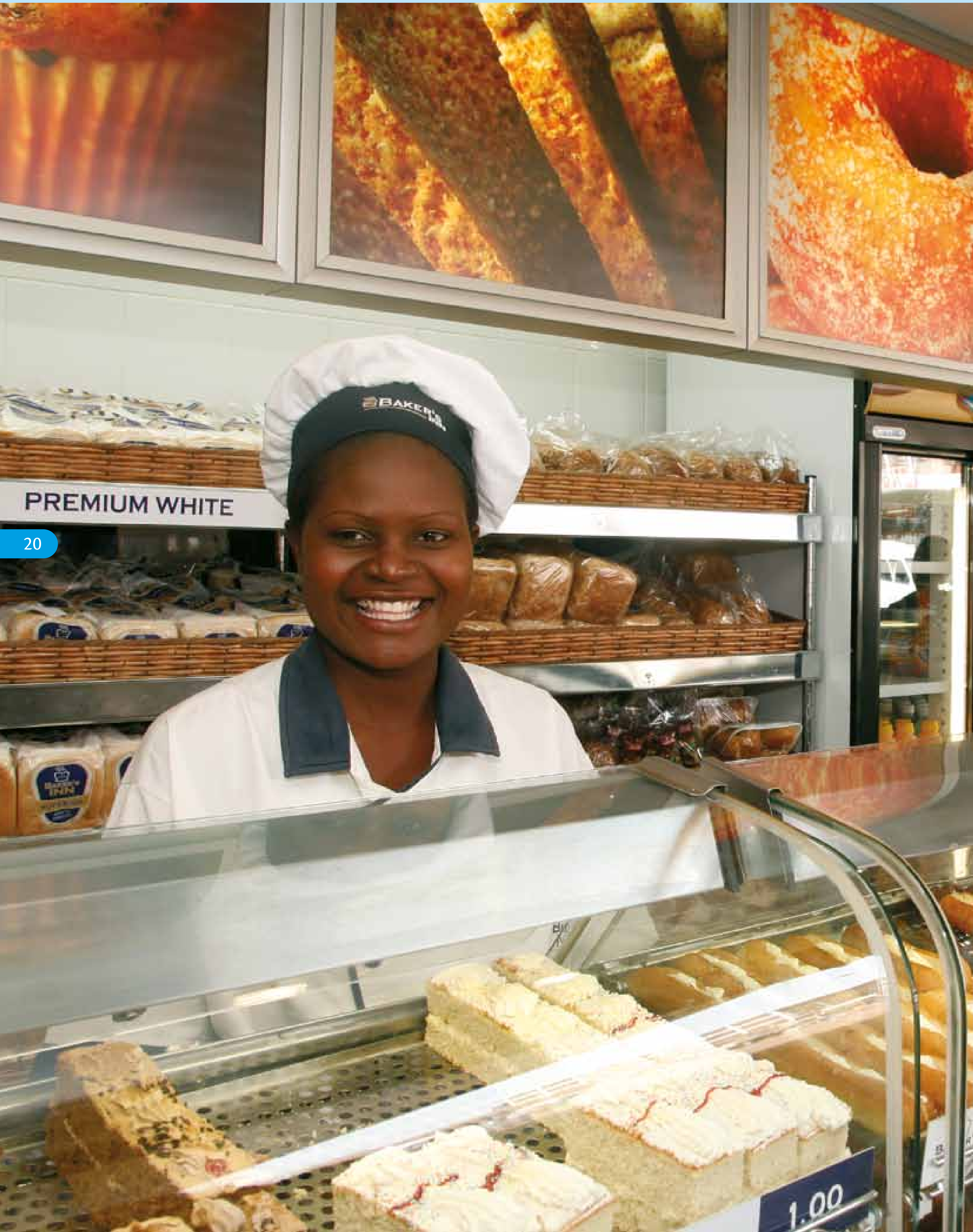
The SPAR Corporate Store retail operation experienced a poor trading result for the year under review. A significant portion of this lack lustre performance was brought about by the extensive restructuring work undertaken. This saw the disposal of a number of the smaller stores namely Waterfalls SaveMor, Mabvuku SPAR and Hillside KwikSPAR; and a general move to operating larger stores in the network.

Avondale SPAR Express was opened in October 2010 whilst Borrowdale Village SPAR opened in January 2011 and Groombridge SPAR opened in the latter part of February 2011. The closure costs for the smaller stores together with the pre-opening costs of the new larger stores contributed to the operation as a whole posting a loss for the year.

Under new leadership launched in July 2011, financial operations have been centralised, store structures flattened to improve ownership and accountability, processes and procedures streamlined, expenditure brought under tight control and incentive programs introduced at all levels to create ownership in the company's performance by the team. Management is confident that the combination of all these initiatives will result in the overall operation achieving profitability in the new financial year.

Within TV Sales and Home, current year volumes grew by 31% compared to those in the prior year. This growth was mainly driven through increased credit sales as well as an increase in the branch network. In addition to the new outlets that were opened in the first half of the year in Chinhoyi and Masvingo, a "TV Sales and Home" shop and a "Your Space" outlet were opened in Groombridge during the third quarter of the year. Credit sales have continued to grow and are now in excess of 50% of total revenue; collections on the debtors' book remain good.

Regional Fast Foods operations - Overall, the businesses reported revenue for the year of USD 38.56 million and a profit before tax of USD 2.62 million.



Chairman's Statement and Review of Operations

Regional Businesses

Innscor Zambia

The main businesses in Zambia are the SPAR Corporate Store retail operations and the Distribution business. Overall, the businesses reported revenue for the year of USD 68.28 million and a profit before tax of USD 3.05 million.

The SPAR Corporate Store retail operation has continued to contribute positively to the Group's results during the course of the year. The SPAR Choma outlet was disposed of in November 2010, but remains a franchised operation and an additional franchised store was opened in Chipata in April 2011. This leaves the network with four wholly owned Corporate Stores and four franchised stores. A refurbishment exercise for the stores has been implemented and this has seen an upgrade of the operation's flagship store, SPAR Arcades, being recently completed. Sites for two new Corporate Stores in Lusaka have been identified, whilst a new franchised operation is due for opening in Ndola in the first six months of the new financial year.

The Distribution business comprises operations in Zambia and Malawi. The Zambian operations showed strong revenue and volume growths as a result of the growing Zambian economy. The entrance of new foreign retail players in the Zambian market continues to offer more opportunities for growth. As a result, the operation made investments in increasing its warehousing space by 30% as well as expanding its distribution fleet. The unstable economic environment in Malawi has resulted in foreign currency and fuel shortages. This has affected product supply and led to a drop in margins. Despite this, the business recorded a modest revenue growth, although profitability declined due to the lower margins. Management continues to monitor this business closely.

Regional Fast Foods

Our regional Fast Food operations consist of counters in Zambia, Kenya, Ghana and Senegal, as well as the regional franchising arm, where Nigeria is our largest franchised market. Overall, the businesses reported revenue for the year of USD 38.56 million and a profit before tax of USD 2.62 million.

All regional Fast Food operations were profitable and total customer counts for the year increased by 11% as compared to the prior year. A total of 14 franchised counters were closed in Nigeria during the year, but an additional 19 corporate counters were opened across Zambia, Kenya and Ghana as well as 3 new franchised counters in Malawi. As at June 2011, the number of counters being operated in the region totalled 208, including the 72 franchised counters in Nigeria and Malawi.

Chairman's Statement and Review of Operations

PROSPECTS

Significant expansion capital expenditure has taken place over the past financial year by the Group into a number of businesses within its Milling and Manufacturing Silo. This has resulted in large production increases as well as improved efficiencies being recorded in these operations. Focus will now be on consolidating the investments made and ensuring that target models are achieved; with specific attention to gross margin and overhead cost control. In addition there are ongoing projects at Innscor Bread, Colcom and NatPak which will all see additional production capacity and product diversification in the new financial year.

The operating models are continually being assessed in the two main businesses within the Distribution Silo, being the SPAR Distribution Centre and Distribution Group Africa. This highly competitive part of the Group's FMCG chain will require attention to be focused on achieving the most effective and cost efficient route to market, in order to build on the excellent revenue increases posted in this past financial year.

Like the Milling and Manufacturing Silo, the Retail Silo has also seen considerable capital investment made during the last twelve months. Additional counters will continue to be added to the existing Fast Food network across the country, whilst product offerings are constantly being reviewed in order to be able to access all tiers of the market.

A number of revisions have been made to the SPAR Corporate Store retail operations in the last six months and management is confident that these revisions which include processing centralisation and improved shop accountability amongst other things, will together with the existing strong revenue flows, ensure that profitability is achieved in the 2012 financial year.

Regionally, the Group will continue to build on the good growth achieved in its Fast Food operations, with an additional 21 counters, mainly in Kenya, already confirmed for opening in the new financial year and a number of other sites currently being investigated. The Group's SPAR Zambia operation will also look to add to its existing

Chairman's Statement and Review of Operations

network during the course of the year through both additional Corporate Stores and franchised operations.

Whilst it has been an exciting growth phase for the Group since dollarisation, management are determined to ensure that debt levels are managed to sustainable levels and will only pursue investments that exhibit strong profitability and cash generation capability.

DIVIDEND

Following the interim dividend payment of 0.6 US cents per share, the Board has declared a final dividend of 0.6 US cents per share payable on or about 7 October 2011 to shareholders registered in the books of the Company by noon on 23 September 2011. The transfer books and register of members will be closed from 24 September 2011 to 2 October 2011, both days inclusive.

APPRECIATION

The Group has posted another pleasing performance during this past financial year, and for this I would like to pay tribute to the drive and commitment of the executive directors, senior management and all other staff members. I would also like to extend my gratitude to the non-executive directors for their wise counsel and indeed all the Group's suppliers and customers for their ongoing support and loyalty.

DLL MORGAN
Chairman
12 October 2011

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2011.

Share Capital

At 30 June 2011 the authorised and issued share capital of the Company remained unchanged at 800 000 000 ordinary shares and 541 593 440 ordinary shares respectively.

During the year no share options were granted or exercised as disclosed in note 20.3 of the Group financial statements.

Group Results

	USD
Profit before tax from continuing operations	41 328 908
Tax	(8 591 972)
Profit for the year	32 736 936
Non-controlling interests	(6 626 796)
Profit for the year attributable to equity holders of the parent	26 110 140

Dividends

The Board declared an interim dividend of 0.6 US cents per share and a final dividend of 0.6 US cents per share. This brings the total dividend in respect of the 2011 financial year to 1.2 US cents per share.

Reserves

The movement in the reserves of the Group and the Company are shown in the notes to the Group financial statements.

Directors and their Interests

In terms of the articles of association Mr. J Koumides and Mr. TN Sibanda retire by rotation and being eligible offer themselves for re-election. No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in note 20.4 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 2011.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2011 and to reappoint Messrs. Ernst & Young as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

D L L MORGAN
Chairman
12 October 2011

A D LORIMER
Company Secretary

Corporate Governance

Introduction

Innscor Africa Limited is committed to a Code of Corporate Practices and Conduct based on the principles laid down in the King Report and the Principles for Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Group's shareholders to derive the assurance that, in protecting and adding value to Innscor Africa Limited's financial and human resource investment, the Group is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

Board of Directors

The Board of Innscor currently comprises two executive Directors and five non-executive Directors. The Chairman and the non-executive Directors bring a significant amount of experience and intuition to guide a young and ambitious executive management team. The Board meets quarterly to monitor the performance of management and to ensure proper control over the strategic direction of the Group. The Group operates a decentralised silo structure. Each business has a formal Board with clearly defined responsibilities and objectives, which is responsible for the day-to-day running of its businesses. A comprehensive financial reporting system ensures that each silo is brought to account.

Audit Committee

Innscor has an audit committee that assists the Board in the fulfillment of their duties. The audit committee of the Board deals, inter alia, with compliance, internal control and risk management. The committee currently comprises one executive Director and three non-executive Directors. A 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 committee to ensure their independence and the objectivity of their reports.

Remuneration Committee

The remuneration committee comprises four non-executive Directors and one executive Director 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 will contribute substantially to the growth and success of each of the silos in which Innscor operates. Packages include basic salaries and benefits and performance related bonuses.

Employee Welfare

Innscor Wellness Programme

The Wellness Program is a deliberate effort to foster the total well-being of its employees. The programme has been promoting positive lifestyle changes specifically through awareness and information dissemination programmes on HIV/Aids, nutrition, fitness and general health education. The Group has established industrial clinics providing basic primary health care in Harare, Bulawayo and Kariba.

Social Responsibility

Corporate Social Investment (CSI) continues to underpin Innscor's business operations. Innscor identifies and is supportive of programmes that contribute to the upliftment of communities, particularly in those areas in which it operates. The Group is keenly aware that Government alone does not have adequate resources to address all social needs of communities and makes timely interventions to assist. The Group believes in tripartite partnerships involving Government, the community and business.

Over the last year the Group made numerous interventions. Among those that stand out are:

- Contribution to the refurbishment of the BS Leon Old People's Home;
- Donations to Meals on Wheels, a project to feed the elderly and vulnerable members of society;
- Donations to St Giles for the purchase of kitchen equipment;
- Contributions to Jairos Jiri;
- Payment of school fees for AIDS Orphans;
- Donation of sports kits to youth teams in disadvantaged communities;
- Continued refurbishment of the Mbare Swimming Pool;
- Donation of bicycles to the Zimbabwe Republic Police to help boost anti-crime efforts;
- Setting up a satellite police station in the industrial area to heighten police visibility and curb crime;
- Contribution to the Harare Provincial Education Merit Awards for outstanding schools and students in both academic work and in sports and arts;
- Sponsorship of the Junior National Swimming Team which participated in the Zone 6 Games which were hosted by Swaziland.

By far the biggest CSI event of the year was the construction of a classroom block at Muguta School at Epworth. The classroom block, which was commissioned by Hon. Vice President Joice Mujuru, helped de-congest the school, which previously had up to 90 students per classroom.

Directors' Responsibility for Financial Reporting

The Directors of the Company are required by the Companies Act 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 Group has decided to adopt IFRS 1, First-Time Adoption of International Financial Reporting Standards ahead of the effective date. This has had the effect in the current year financial reporting of disclosing three statements of financial position together with appropriate notes. The statements of financial position cover the opening position at 30 June 2009 with deemed US Dollar amounts, the closing balances as at 30 June 2010 and the closing balances as at 30 June 2011.

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 on the results of their work, which include 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.

The financial statements for the year ended 30 June 2011, which appear on pages 31 to 85, have been approved by the Board of Directors and are signed on its behalf by:

D L L MORGAN
Chairman
Harare
12 October 2011

J P SCHONKEN
Executive Director


GUARANTEED QUALITY
TV
SALES & HOME
FURNITURE & APPLIANCES
SANYO
SONY
CADAC
PATIO LIVING

Report of the Independent Auditors

ERNST & YOUNG

CHARTERED ACCOUNTANTS (ZIMBABWE)
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Harare

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TO THE MEMBERS OF INNSCOR AFRICA LIMITED

We have audited the accompanying consolidated financial statements of Innscor Africa Limited set out on pages 31 to 85, which comprise the Group Statement of Financial Position as at 30 June 2011, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity and the Group Statement of Cash Flows for the year then ended, the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Innscor Africa Limited and its subsidiaries as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments.

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
HARARE
12 October 2011

Group Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011 USD	2010 USD
Continuing Operations			
Revenue	8	516 136 881	403 488 611
Cost of sales		(332 918 012)	(265 523 078)
Gross profit		183 218 869	137 965 533
other income		9 637 106	9 502 753
operating expenses	8.1.1	(145 192 746)	(118 353 506)
Operating profit before depreciation, amortisation, interest and fair value adjustments		47 663 229	29 114 780
depreciation and amortisation		(8 936 918)	(6 572 216)
fair value adjustments on listed equities		138 620	86 295
fair value adjustments on biological assets		(852 573)	221 873
Profit before interest, equity accounted earnings and tax		38 012 358	22 850 732
interest income	9.1	1 438 837	1 629 213
interest expense	9.2	(4 252 687)	(2 070 718)
equity accounted earnings	10	6 130 400	4 185 329
Profit before tax from continuing operations		41 328 908	26 594 556
tax	11	(8 591 972)	(4 961 624)
Profit for the year from continuing operations		32 736 936	21 632 932
Discontinuing Operations			
Loss after tax for the year from discontinuing operations	12	-	(824 888)
Profit for the year from continuing and discontinuing operations		32 736 936	20 808 044
Other comprehensive income			
exchange differences arising on the translation of foreign operations		(48 304)	(153 634)
Other comprehensive income for the year, net of tax		(48 304)	(153 634)
Total comprehensive income for the year		32 688 632	20 654 410
Profit for the year from continuing and discontinuing operations attributable to:			
equity holders of the parent		26 110 140	14 990 629
non-controlling interests		6 626 796	5 817 415
		32 736 936	20 808 044
Total comprehensive income for the year from continuing and discontinuing operations attributable to:			
equity holders of the parent		26 071 614	14 901 752
non-controlling interests		6 617 018	5 752 658
		32 688 632	20 654 410
Earnings per share (cents)			
Basic earnings per share - continuing and discontinuing operations	6	4.82	2.77
Basic earnings per share - continuing operations	6	4.82	2.92
Diluted earnings per share - continuing and discontinuing operations	6	4.82	2.77
Diluted earnings per share - continuing operations	6	4.82	2.92

Group Statement of Financial Position

as at 30 June 2011

	Notes	2011 USD	2010 USD	2009 USD
ASSETS				
Non-current assets				
property, plant and equipment	14	84 437 086	53 022 159	57 352 244
intangible assets	15	1 106 402	1 087 692	792 259
investments in associates	16	41 039 414	33 350 750	24 592 761
financial assets	16	8 061 732	1 956 030	7 249 738
deferred tax assets	23	4 161 668	5 286 477	5 805 131
biological assets	17	-	-	908 917
		138 806 302	94 703 108	96 701 050
Current assets				
financial assets	16	2 583 889	-	-
biological assets	17	2 303 050	2 208 182	19 102 881
inventories	18	41 463 610	26 956 621	25 032 644
trade and other accounts receivable	19	43 156 678	38 162 653	30 573 105
cash and cash equivalents		17 788 630	16 274 303	14 209 411
		107 295 857	83 601 759	88 918 041
Assets of disposal group classified as held for sale	12	-	39 625 904	3 029 857
Total assets		246 102 159	217 930 771	188 648 948
EQUITY AND LIABILITIES				
Capital and reserves				
ordinary share capital	20	5 415 934	5 415 934	-
non-distributable reserves	21	29 742 338	45 766 011	51 655 347
distributable reserves	22	66 566 916	62 523 181	49 697 907
		101 725 188	113 705 126	101 353 254
non-controlling interests		22 763 611	18 974 156	16 486 093
Total equity		124 488 799	132 679 282	117 839 347
Non-current liabilities				
deferred tax liabilities	23	8 942 258	9 766 932	13 172 820
interest-bearing borrowings	24	1 597 300	6 712 188	851 406
		10 539 558	16 479 120	14 024 226
Current liabilities				
interest-bearing borrowings	24	38 040 018	8 473 930	13 043 697
trade and other accounts payable	25	69 415 609	46 367 817	38 025 157
provisions	26	3 199 972	2 309 150	1 533 389
current tax liability		418 203	876 103	1 637 737
		111 073 802	58 027 000	54 239 980
Liabilities directly associated with the assets classified as held for sale	12	-	10 745 369	2 545 395
Total liabilities		121 613 360	85 251 489	70 809 601
Total equity and liabilities		246 102 159	217 930 771	188 648 948

D L L MORGAN
Chairman
Harare
12 October 2011

J P SCHONKEN
Executive Director

Group Statement of Changes in Equity

for the year ended 30 June 2011

	Share Capital USD	Non-Distributable Reserves USD	Distributable Reserves USD	Total USD	Non-controlling Interests USD	Total USD
Balance at 30 June 2009	-	51 655 347	49 697 907	101 353 254	16 486 093	117 839 347
Profit for the year	-	-	14 990 629	14 990 629	5 817 415	20 808 044
Other comprehensive income	-	(88 877)	-	(88 877)	(64 757)	(153 634)
Total comprehensive income	-	(88 877)	14 990 629	14 901 752	5 752 658	20 654 410
Transfer of redenominated share capital	5 401 184	(5 401 184)	-	-	-	-
Exercise of share options	14 750	-	-	14 750	-	14 750
Dividends	-	-	(2 165 355)	(2 165 355)	(2 885 640)	(5 050 995)
Transactions with owners in their capacity as owners	-	(399 275)	-	(399 275)	(378 955)	(778 230)
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)
Total comprehensive income	-	(38 526)	26 110 140	26 071 614	6 617 018	32 688 632
Dividends	-	-	(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

Group Statement of Cash Flows

for the year ended 30 June 2011

	Notes	2011 USD	2010 USD
Cash generated from operating activities	13.1	53 325 695	24 911 967
interest income	9.1	1 438 837	1 654 877
interest expense	9.2	(4 252 687)	(2 728 768)
tax paid	13.2	(8 975 513)	(6 592 426)
Total cash available from operations		41 536 332	17 245 650
Investing activities	13.3	(49 009 619)	(18 311 528)
Net cash flow before financing activities		(7 473 287)	(1 065 878)
Financing activities		8 028 000	3 904 845
dividends paid by holding company		(5 415 934)	(2 165 355)
dividends paid by subsidiaries to non-controlling interests		(2 665 093)	(2 885 640)
increase in borrowings		16 618 183	9 126 634
equity issued		-	14 750
cash paid to non-controlling interests		(509 156)	(185 544)
Net increase in cash and cash equivalents		554 713	2 838 967
Cash and cash equivalents at 30 June 2010		17 233 917	14 394 950
cash and cash equivalents attributable to continuing operations		16 274 303	14 209 411
cash and cash equivalents attributable to discontinuing operations		959 614	185 539
Cash and cash equivalents at 30 June 2011		17 788 630	17 233 917
Cash and cash equivalents comprise:			
cash and cash equivalents attributable to continuing operations		17 788 630	16 274 303
cash and cash equivalents attributable to discontinuing operations		-	959 614
		17 788 630	17 233 917

Notes To The Financial Statements

1 Corporate information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 12 October 2011. 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 the provision of fast foods services and the manufacture, distribution and retailing of household commodities and fresh produce.

2 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

2.1 Basis of preparation

The financial statements are based on statutory records that are maintained under the historical cost convention except for biological assets and certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD) and are rounded off to the nearest USD.

2.2 Transition to IFRS

The Group has achieved explicit and unreserved compliance with IFRS after early adoption of the revised IFRS 1 "First-time Adoption of International Financial Reporting Standards" issued on 20 December 2010. The first amendment replaces reference to a fixed date of "1 January 2004" with "the date of transition to IFRS", which eliminates transactions that occurred before the date of transition to IFRS. The second amendment provides guidance for entities emerging from severe hyperinflation to resume presenting IFRS financial statements. An entity can elect to measure assets and liabilities at fair value and to use the fair values as the deemed cost in its opening IFRS statement of financial position. The Group elected to use the severe hyperinflation exemption.

The effect of the application of the amendments to IFRS 1 is to render the opening statement of financial position prepared on 30 June 2009 (date of transition to IFRS) IFRS compliant. The opening statement of financial position was reported in the prior year as not being compliant with IFRS due to the inability to comply with International Accounting Standard IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies". The Group's previous functional currency, the Zimbabwe dollar (ZWD), was subjected to severe hyperinflation before the date of transition to IFRS because it had both of the following characteristics:

(a) a reliable general price index was not available to all entities with transactions and balances in the ZWD; and

(b) exchangeability between the ZWD and a relatively stable foreign currency did not exist. The Group changed its functional currency from Zimbabwe dollars on 1 January 2009, however the Group has adopted 30 June 2009 as the effective date of currency normalisation and the date of transition to reporting in terms of International Financial Reporting Standards.

2.2.1 Deemed cost exemption

The Group elected to measure certain items of property, plant and equipment, trade and other receivables, inventories and trade and other payables at fair value and to use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.

2.2.2 Comparative financial information

The financial statements comprise three statements of financial position, two statements of comprehensive income, changes in equity and cash flows as a result of the application of the amendments to IFRS1.

2.2.3 Reconciliation to previously prepared IFRS compliant financial statements

In preparing its opening IFRS statement of financial position, the Group has not adjusted amounts previously determined in accordance with the "Guidance on Change in Functional Currency - 2009", which was drafted jointly by the Public Accountants and Auditors Board (PAAB), Zimbabwe Accounting Practices Board (ZAPB) and the Zimbabwe Stock Exchange (ZSE). This guidance was adopted as the local standard for reporting by most listed entities and other incorporated entities in Zimbabwe reporting subsequent to severe hyperinflation. As amounts have not changed from those presented in previously issued financial statements, reconciliations have not been presented, because the amendments to IFRS 1 effectively endorsed the approach adopted in the guidance paper issued by the PAAB, ZAPB and the ZSE, which dealt with conversion of local currency balances to stable foreign currency balances after a period of severe hyperinflation.

Notes To The Financial Statements

3 Basis of consolidation

3.1 Basis of consolidation from 1 July 2009

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June. 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.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intragroup 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.

Losses are attributed to the non-controlling interest even if that results in a deficit balance. 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

3.2 Basis of consolidation prior to 1 July 2009

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interest represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity.
- Acquisitions of non-controlling interest were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

4 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

4.1 New and amended IFRS and IFRIC interpretations adopted

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 July 2010:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation had no effect on the financial statements of the Group.

IAS 24 Related Party Disclosures (Amendment)

This amendment clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for Government related entities. The Group does not expect any impact on its financial position or performance.

Notes To The Financial Statements

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective from 1 January 2010)
This clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The standard did not impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements (effective from 1 January 2010):
This amendment clarifies that the terms of a liability that could at any time result in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its current or non-current classification.

IFRS 3 Business Combinations (effective from 1 July 2010):
Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS - the amendment clarifies that the amendments to IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008). The amendment is applied retrospectively.

The amendment also limits the scope of the measurement choices only to the components of non-controlling interests that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

4.2 Standards and interpretations in issue not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

IAS 1 Financial Statement Presentation (Amendment)
The amendment is effective for annual periods beginning on or after 1 January 2012 and requires that items of other comprehensive income be grouped in items that would be reclassified to profit or loss at a future point and items that will never be reclassified. This amendment only affects the presentation in the financial statements.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the Board will address impairment, derecognition and hedge accounting. The completion of this project is expected during 2011. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Group at the date of adoption, therefore it is not practical to quantify the effect.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation -Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities. The changes will require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are within the Group.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements; joint

Notes To The Financial Statements

operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which are accounted for using the equity method.

IFRS 12 Disclosure of Interest in Other Entities

IFRS 12 includes all the disclosures that were previously in IAS 27 related to consolidated financial statements as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investments in Associates. A number of new disclosures are also required. The Group will need to consider the new definition of control to determine which entities are controlled or jointly controlled and then to account for them under the new standards.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Group will need to consider the new requirements to determine fair values going forward.

IFRS 10, 11, 12 and 13 will be effective for the Group in the financial year beginning 1 July 2013.

Improvements to IFRSs (issued in May 2010)

The IASB issued an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods beginning on or after 1 January 2011.

IFRS 7	Financial Instruments: Disclosures
IAS 1	Presentation of Financial Statements
IAS 34	Interim Financial Reporting
IFRIC 13	Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

5 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added tax. Instalment sales are accounted for when the risks and rewards of ownership are passed to the buyer. However, finance charges related to hire purchase sales are credited to revenue over the period of the settlement. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery and when the entity retains neither continual managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where the outcome cannot be measured reliably, revenue is recognised to the extent that expenses incurred are eligible to be recovered. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Interest income

Revenue is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Notes To The Financial Statements

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight line basis over the lease terms.

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. All 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.

Royalties

Royalties are calculated as per agreed contracts and are expensed on an accrual basis.

Foreign currency translation

The Group's financial statements are presented in United States 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 translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These 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 on those borrowings 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.

Foreign operations

Assets and liabilities of subsidiaries, associated companies and joint ventures denominated in foreign currencies are translated into United States dollars at rates of exchange ruling at the end of the financial year, at which the liabilities are likely to be settled and assets realised, and their statements of comprehensive income results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two. 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. Differences on exchange arising from re-translation of the opening net investment in subsidiaries, associated companies and joint ventures, and from the translation of the results of those entities at average rates, are recognised in other comprehensive income. Upon disinvestment of a foreign entity, translation differences related to that entity are recycled into profit or loss.

Notes To The Financial Statements

Business combinations

Business combinations from 1 July 2009

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 acquirer 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 contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer'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 acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, is recognised in accordance with IAS 39 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. 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. 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.

Business combinations prior to 1 July 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquirer were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Notes To The Financial Statements

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinuing operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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 joint ventures. 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.

Where there has been a change 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 associates. 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 retaining 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.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity that involves the establishment of a separate entity in which each venturer has an interest.

Where the Group has an interest in a joint venture, the Group recognises that interest using the proportionate consolidation method. This entails recognising the Group's share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements utilised, are prepared to 30 June. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control and provided the former jointly controlled entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any differences between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Notes To The Financial Statements

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.

The Group has entered into various operating lease arrangements. 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.

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.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Innscor Africa Limited Pension Fund, the Catering Industry Pension Fund, as well as the SPAR Harare Pension Fund. 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, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Property, plant and equipment

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 plant and equipment. When significant parts of property, plant and equipment 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 plant and equipment 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 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.

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%

The carrying values of plant and equipment 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 property, plant and equipment 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.

Notes To The Financial Statements

The residual values, useful lives and depreciation methods of property, plant and equipment 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 property, plant and equipment 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 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 indefinite useful lives are not amortised, but are tested for impairment annually.

Gains or losses arising from de-recognition 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.

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value is impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

Bargain purchase gains, which arise when the cost of the business combination is lower than the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, are taken directly to profit or loss.

Impairment of 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.

Biological assets

Biological assets are living animals or plants that are managed by the Group. Agricultural produce is the harvested product of the biological asset at the point of harvest. Thereafter, products are classified as inventory.

Notes To The Financial Statements

Biological assets of the Group include cattle and pigs. At initial recognition, biological assets are valued at cost. Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

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.

Changes in the carrying value of biological assets are taken directly to profit or loss.

Treasury shares

The Group's own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Financial assets

Financial assets include trade and other accounts receivable, cash and cash equivalents and investments. Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification as follows:

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 and loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Financial assets at fair value through profit and loss are carried in the statement of financial position with changes in fair value recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

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.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets which carry fixed or determinable payments and fixed maturities and which the Group has the positive intention and ability to hold to maturity. These are initially measured at fair value. After initial measurement held to maturity investments are measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount, less allowance for impairment. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other

Notes To The Financial Statements

premiums and discounts. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as other comprehensive income in the available for sale reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Trade and other accounts receivable

Trade and other accounts receivable are subsequently carried at amortised cost after taking into account fair value less an allowance for any uncollectible amounts. Provision for bad debts is made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are impaired when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and are measured at amortised cost.

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.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Notes To The Financial Statements

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

  In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

  Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Financial liabilities include trade and other accounts payable, bank overdrafts and interest bearing loans, and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are

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substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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 at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Provision for warranty claims

In respect of provision for warranty claims, the Group warrants its refrigeration products, television products and certain component parts. The provision is made on the basis of previous experience of the incidence of such claims.

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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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 income tax

Deferred income 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 income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or 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, associates and interests in joint ventures, 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 income 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 income 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, associates and interests in joint ventures, deferred income 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.

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The carrying amount of deferred income 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 income tax asset to be utilised. Unrecognised deferred income 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 income 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 income 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 income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income 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 a 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; and
- receivables and payables that are stated with the amount of Value Added Tax included. 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.

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. 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.

Key Management

Key management include executive directors and divisional management as outlined on pages 9 to 11 of the annual report.

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:

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 in note 5 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.

Fair valuation of biological assets

Pigs and Cattle

The Group estimates the slaughter weights of the pig grower herd based on a 21 week profile. Pigs aged between 0 - 5 weeks are not fair valued and are stated at nil value at the reporting date. The Group also estimates average slaughter weights for the breeding herd. The average live weight of cattle is used in determining fair value. Biological assets are valued at a price determined on the local market.

Notes To The Financial Statements

6 Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2011 USD	2010 USD
Net profit attributable to ordinary equity holders of the parent/earnings - continuing and discontinuing operations	26 110 140	14 990 629
Net profit attributable to ordinary equity holders of the parent/earnings - continuing operations	26 110 140	15 815 515
Weighted average number of ordinary shares for basic earnings per share	541 593 440	540 693 752
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	541 593 440	540 693 752

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

7 Dividends paid

Dividends declared and paid per share are based on the number of shares in issue on the effective date of declaration and entitlement of the shares to the dividend. The final dividend declared in the prior year of 0.4 US cents per share was paid during the current year. In addition, a current year interim dividend of 0.6 US cents per share was declared and paid.

	2011 USD	2010 USD
Prior year final dividends	2 165 375	-
Current year interim dividends	3 250 559	2 165 355
Total dividends declared and paid	5 415 934	2 165 355

On 26 August 2011, the Board declared a final dividend of 0.6 US cents per share to shareholders registered in the books of the Company by noon on 23 September 2011. This brings the total dividend in respect of the 2011 financial year to 1.2 US cents per share. There are no tax consequences arising on the dividend payment.

Notes To The Financial Statements

		2011 USD	2010 USD
8	**Revenue**		
	Sale of goods	515 387 836	399 704 476
	Rendering of services	749 045	3 784 135
		516 136 881	403 488 611
8.1	**Operating profit before depreciation and amortisation, interest and fair value adjustments is shown after charging/(crediting) the following:**		
8.1.1	**Operating expenses**		
	Other operating costs	70 957 068	59 817 588
	Staff costs	74 235 678	58 535 918
		145 192 746	118 353 506
8.1.2	**Audit fees and expenses**		
	Current year	884 790	854 073
	Prior year under-provision	29 851	25 024
	Fees for other services	5 000	5 591
		919 641	884 688
8.1.3	**Key management's emoluments**		
	Non-executive directors - fees	534 605	273 250
	Executive directors - total emoluments	1 092 911	693 207
	Other management remuneration	5 007 441	4 346 796
		6 634 957	5 313 253
8.1.4	**Exchange gains**		
	Realised	(159 936)	(573 716)
	Unrealised	(150 392)	(581 755)
		(310 328)	(1 155 471)
8.1.5	**Operating lease charges**	4 482 178	3 355 988
8.1.6	**(Profit)/loss on disposal of property, plant and equipment**	(199 188)	160 896
8.1.7	**Royalties**	333 766	334 895
8.1.8	**Write offs**		
	Included in cost of sales and other operating costs are:		
	Inventories written off	1 742 546	5 105 096
8.1.9	**Loss on disposal of associate**	-	102 739
8.1.10	**(Profit)/loss on disposal of subsidiaries**	(1 800 446)	376 971
8.1.11	**Loss on disposal of other investments**	1 593	17 512

Notes To The Financial Statements

		2011 USD	2010 USD
9	**Interest income and expense**		
9.1	**Interest income**		
	Continuing operations	1 438 837	1 629 213
	Discontinuing operations	-	25 664
		1 438 837	1 654 877
9.2	**Interest expense**		
	Continuing operations	(4 252 687)	(2 070 718)
	Discontinuing operations	-	(658 050)
		(4 252 687)	(2 728 768)
10	**Share of profits of associates**		
	Equity accounted earnings (note 16)	6 130 400	4 185 329
11	**Taxation**		
11.1	**Income tax charge**		
	Current income tax charge	7 627 464	6 564 283
	Witholding tax	-	966
	Deferred tax	964 508	(1 265 969)
	Tax on associates income	-	(337 656)
		8 591 972	4 961 624
11.2	**Reconciliation of rate of tax**	%	%
	Statutory rate of tax, inclusive of AIDS levy	25.75	25.75
	adjusted for:		
	Tax on associates income	(3.68)	-
	Change in statutory tax rate in Zimbabwe	-	(4.62)
	Non-taxable/non-deductible items/regional rates	(1.28)	(2.47)
	Effective rate	20.79	18.66

Notes To The Financial Statements

12 Discontinuing operations

The discontinuing operations in the prior year results relate to Niloticus, which was a division of Innscor Africa Limited, and is one of the world's leading producers of exotic skins. The Board deemed that for the business to capitalise on its achievements to date and for it to continue to advance, that it would be better suited for the operation to function as a stand-alone entity with renewed and specific focus. In pursuit therefore of this objective, the Board made a decision to unbundle the Niloticus operations in the 2011 financial year, through a "dividend in specie" to existing Innscor Africa Limited shareholders. This business was separately listed as Padenga Holdings Limited on the Zimbabwe Stock Exchange on 29 November 2010.

	2011 USD	2010 USD
Revenue	-	11 775 217
Operating profit before depreciation and amortisation	-	1 297 340
depreciation and amortisation	-	(1 245 505)
Operating profit before interest and fair value adjustments	-	51 835
fair value adjustments on listed equities	-	(112)
fair value adjustments on biological assets	-	(1 035 933)
Loss before interest and tax	-	(984 210)
interest income	-	25 664
interest expense	-	(658 050)
Loss before tax from discontinuing operations	-	(1 616 596)
tax	-	791 708
Loss for the year from discontinuing operations	-	(824 888)
Earnings per share (cents)		
Basic earnings per share - discontinuing operations	-	(0.15)
Diluted earnings per share - discontinuing operations	-	(0.15)
Cash flows from discontinuing operations		
Net cash flows from operating activities	-	(3 178 178)
Net cash flows from investing activities	-	(1 428 033)
Net cash flows from financing activities	-	5 056 096
Net cash flows	-	449 885

Notes To The Financial Statements

The major classes of assets and liabilities of the operations classified as held for sale as at 30 June 2011 are as follows:

	Notes	2011 USD	2010 USD	2009 USD
Assets				
property, plant and equipment	14.1	-	14 409 433	177 991
other investments	16	-	69	288
biological assets - non-current	17.1	-	1 183 801	840 438
biological assets - current	17.2	-	16 736 273	-
inventories	18	-	711 326	362 261
trade and other accounts receivable	19	-	5 625 388	1 463 340
cash and cash equivalents		-	959 614	185 539
Assets of disposal group classified as held for sale		-	39 625 904	3 029 857
Liabilities				
deferred tax	23.1	-	(2 078 917)	164 781
interest bearing borrowings	24	-	(7 815 216)	-
trade and other accounts payable	25	-	(683 047)	(2 710 176)
provisions	26	-	(168 189)	-
Liabilities directly associated with assets classified as held for sale		-	(10 745 369)	(2 545 395)
Net assets directly associated with discontinuing operations		-	28 880 535	484 462

Notes To The Financial Statements

		Notes	2011 USD	2010 USD
13	Cash flow information			
13.1	Cash generated from operations			
	Profit before interest and tax from continuing operations		38 012 358	22 850 732
	Loss before interest and tax from discontinuing operations		-	(984 210)
	Profit before interest and tax		38 012 358	21 866 522
	Depreciation - continuing operations		8 898 669	6 551 981
	Depreciation - discontinuing operations		-	1 245 505
	Amortisation of intangible assets - continuing operations		38 249	20 235
	Profit on exchange in financing and investing activities		(29 923)	(34 646)
	Fair value adjustments on equity investments - continuing operations		(138 620)	(86 295)
	Fair value adjustments on equity investments - discontinuing operations		-	112
	Provisions charged to profit or loss		1 969 439	1 679 379
	Fair value adjustments on biological assets - continuing operations		852 573	(221 873)
	Fair value adjustments on biological assets - discontinuing operations		-	1 035 933
	(Profit)/loss on disposal of property, plant and equipment		(199 188)	160 896
	Loss on disposal of associate		-	102 739
	(Profit)/loss on disposal of subsidiaries		(1 800 446)	376 971
	Loss on disposal of other investments		1 593	17 512
	Increase in inventories		(15 276 089)	(2 702 128)
	Decrease/(increase) in biological assets		271 199	(655 634)
	Increase in receivables		(2 405 255)	(11 891 686)
	Increase in payables		24 170 963	8 170 447
	Provisions paid		(1 039 827)	(724 003)
			53 325 695	24 911 967
13.2	Tax paid			
	Opening balance		(876 103)	(1 637 737)
	Tax provided - continuing operations		(7 627 464)	(6 565 249)
	Tax credit - discontinuing operations		-	791 708
	Disposal of subsidiaries	13.5	(887 489)	10 174
	Exchange and other non-cash movements		(2 660)	(67 425)
	Closing balance		418 203	876 103
			(8 975 513)	(6 592 426)
13.3	Investing activities			
	Expenditure on property, plant and equipment to maintain operations		(10 930 092)	(7 088 523)
	Expenditure on property, plant and equipment to expand operations		(32 301 145)	(12 992 087)
	Proceeds on disposal of property, plant and equipment		2 431 261	1 095 428
	Purchase of intangible assets		(67 010)	(322 541)
	Purchase of investments		(10 691 082)	(952 747)
	Loans advanced to associates		(191 064)	(607 317)
	Dividends from associates		341 444	45 000
	Movement in non-current biological assets		(28 572)	565 554
	Proceeds on disposal of investments		429 888	2 549 300
	Acquisition of subsidiaries	13.4	-	(109 487)
	Disposal of subsidiaries	13.5	5 190 729	174 785
	Purchase of non-controlling interests		(3 193 976)	(668 893)
			(49 009 619)	(18 311 528)

Notes To The Financial Statements

13.4 Net cash flow arising on the acquisition of subsidiary companies

In the prior year, the Group acquired a 51% interest in Solomon's Supermarket. The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. All assets and liabilities on acquisition were measured at fair value. The gross contractual amounts for trade and other receivables are equal to the fair value.

	2011 USD	2010 USD
Property, plant and equipment	-	(53 219)
Inventories	-	(103 570)
Trade and other accounts receivable	-	(24 667)
Cash and cash equivalents	-	109 436
Trade and other accounts payable	-	100 000
Gross liabilities of subsidiary at date of acquisition	-	27 980
Less non-controlling interests share therein	-	(13 710)
Net liabilities acquired	-	14 270
Goodwill	-	(14 321)
Cash consideration	-	(51)
Add cash and cash equivalents acquired	-	(109 436)
Net cash outflow	-	(109 487)

13.5 Net cash flow from the disposal of subsidiary companies

During the year, the Group disposed of its investments in Niloticus/Padenga, Innscor Transport, Freshpro Bulawayo and SPAR Choma. The disposals in the prior year relate to SPAR Livingstone, SPAR Chawama, SPAR Bakery and Solomon's Supermarket. The cash consideration was the total consideration received from the disposals.

	Notes	2011 USD	2010 USD
Property, plant and equipment	13.6	15 034 197	1 108 959
Biological assets - non-current	13.6	1 212 373	-
Biological assets - current	13.6	15 517 633	-
Investments	13.6	55	-
Inventories	13.6	1 469 217	533 388
Trade and other accounts receivable	13.6	2 720 327	149 241
Cash and cash equivalents	13.6	(4 591 629)	(37 569)
Trade and other accounts payable	13.6	(1 535 728)	(1 935 306)
Provisions	13.6	(199 157)	-
Interest-bearing borrowings	13.6	-	(386 387)
Deferred tax (liability)/asset	13.6	(2 711 553)	667 944
Current tax asset/(liability)	13.6	887 489	(10 174)
Gross assets of subsidiary at date of disposal		27 803 224	90 096
Non-controlling interests share therein		(383 411)	409 770
Net assets disposed		27 419 813	499 866
Goodwill		-	14 321
Dividend in specie		(28 621 159)	-
Profit/(loss) on disposal		1 800 446	(376 971)
Cash consideration		599 100	137 216
Add cash and cash equivalents disposed		4 591 629	37 569
Net cash inflow		5 190 729	174 785

Notes To The Financial Statements

13.6 Reconciliation of prior year discontinuing operations and current year disposals of subsidiary companies.

	Notes	Transfer from discontinuing operations USD	Current year movement USD	Total disposals USD
property, plant and equipment	13.5	14 409 433	624 764	15 034 197
other investments	13.5	69	(14)	55
biological assets - non-current	13.5	1 183 801	28 572	1 212 373
biological assets - current	13.5	16 736 273	(1 218 640)	15 517 633
inventories	13.5	711 326	757 891	1 469 217
trade and other accounts receivable	13.5	5 625 388	(2 905 061)	2 720 327
cash and cash equivalents	13.5	959 614	(5 551 243)	(4 591 629)
deferred tax	13.5	(2 078 917)	(632 636)	(2 711 553)
interest-bearing borrowings	13.5	(7 815 216)	7 815 216	-
trade and other accounts payable	13.5	(683 047)	(852 681)	(1 535 728)
provisions	13.5	(168 189)	(30 968)	(199 157)
current tax asset	13.5	-	887 489	887 489
		28 880 535	(1 077 311)	27 803 224

Notes To The Financial Statements

14 Property, plant and equipment

	Freehold property USD	Leasehold Improvements USD	Plant, Fittings & Equipment USD	Motor Vehicles USD	Total USD
Cost					
At 1 July 2009	12 383 884	22 629 363	44 786 216	11 112 888	90 912 351
Additions	780 113	2 788 719	13 901 771	2 610 007	20 080 610
Disposals	-	(207 886)	(1 246 295)	(1 017 963)	(2 472 144)
Acquisition of subsidiaries (note 13.4)	-	-	74 824	-	74 824
Disposal of subsidiaries (note 13.5)	-	(134 952)	(1 431 098)	(17 425)	(1 583 475)
Discontinuing operations	(89 146)	(18 771 058)	(2 503 694)	(884 712)	(22 248 610)
Exchange movements	-	(21 536)	(279 740)	(40 320)	(341 596)
At 30 June 2010	13 074 851	6 282 650	53 301 984	11 762 475	84 421 960
Additions	176 337	14 279 233	22 918 451	5 857 216	43 231 237
Disposals	(52 960)	(152 818)	(2 198 465)	(1 754 605)	(4 158 848)
Disposal of subsidiaries	-	(178 639)	(531 549)	(1 427 866)	(2 138 054)
Exchange movements	-	(54 596)	(56 089)	(26 836)	(137 521)
At 30 June 2011	13 198 228	20 175 830	73 434 332	14 410 384	121 218 774
Depreciation					
At 1 July 2009	489 116	7 634 533	19 553 908	5 882 550	33 560 107
Disposals	-	(75 049)	(604 522)	(536 249)	(1 215 820)
Charge for the year	233 127	1 384 948	4 466 963	1 712 448	7 797 486
Acquisition of subsidiaries (note 13.4)	-	-	21 605	-	21 605
Discontinuing operations	(8 849)	(6 139 587)	(1 032 636)	(658 105)	(7 839 177)
Disposal of subsidiaries (note 13.5)	-	(85 470)	(371 621)	(17 425)	(474 516)
Exchange movements	-	(39 615)	(336 100)	(74 169)	(449 884)
At 30 June 2010	713 394	2 679 760	21 697 597	6 309 050	31 399 801
Disposals	(1 884)	(105)	(855 130)	(1 069 656)	(1 926 775)
Charge for the year	368 516	1 257 022	5 355 172	1 917 959	8 898 669
Disposal of subsidiaries	(742)	(412 993)	(262 923)	(836 632)	(1 513 290)
Exchange movements	-	(79 604)	27 623	(24 736)	(76 717)
At 30 June 2011	1 079 284	3 444 080	25 962 339	6 295 985	36 781 688
Net carrying amount					
At 30 June 2011	12 118 944	16 731 750	47 471 993	8 114 399	84 437 086
At 30 June 2010	12 361 457	3 602 890	31 604 387	5 453 425	53 022 159
At 1 July 2009	11 894 768	14 994 830	25 232 308	5 230 338	57 352 244

Certain properties, plant, equipment and motor vehicles are encumbered as indicated in note 14.2

Notes To The Financial Statements

14.1 Reconciliation of opening and closing carrying amounts

	2011 USD	2010 USD
Net carrying amount 1 July	53 022 159	57 352 244
Cost	84 421 960	90 912 351
Accumulated depreciation and impairment losses	(31 399 801)	(33 560 107)
Movement for the year:		
Additions at cost	43 231 237	20 080 610
Net carrying amount of disposals	(2 232 073)	(1 256 324)
Depreciation charge for the year	(8 898 669)	(7 797 486)
Disposal of subsidiaries (note 13.6)	(624 764)	(1 108 959)
Acquisition of subsidiaries (note 13.4)	-	53 219
Discontinuing operations (note 12)	-	(14 409 433)
Exchange movements	(60 804)	108 288
Net carrying amount 30 June	84 437 086	53 022 159
Cost	121 218 774	84 421 960
Accumulated depreciation and impairment losses	(36 781 688)	(31 399 801)

14.2 Security

	2011 USD	2010 USD
Net book value of property, plant, equipment and motor vehicles pledged as security for borrowings	3 682 254	533 970

Details of the borrowings are shown in note 24

Notes To The Financial Statements

15 Intangible assets

	Goodwill on acquisition USD	Other intangible assets USD	Total USD
Net carrying amount 1 July 2009	775 201	17 058	792 259
Gross carrying amount	775 201	28 771	803 972
Accumulated amortisation and impairment losses	-	(11 713)	(11 713)
Purchase of intangible assets	-	322 541	322 541
Acquisition of subsidiaries	14 321	-	14 321
Disposal of subsidiaries	(14 321)	-	(14 321)
Amortisation	-	(20 235)	(20 235)
Exchange movements	(6 873)	-	(6 873)
Net carrying amount 30 June 2010	768 328	319 364	1 087 692
Gross carrying amount	768 328	351 312	1 119 640
Accumulated amortisation and impairment losses	-	(31 948)	(31 948)
Purchase of intangible assets	-	67 010	67 010
Amortisation	-	(38 249)	(38 249)
Exchange movements	(10 051)	-	(10 051)
Net carrying amount 30 June 2011	758 277	348 125	1 106 402
Gross carrying amount	758 277	418 322	1 176 599
Accumulated amortisation and impairment losses	-	(70 197)	(70 197)

Other intangible assets consist of computer software. These are deemed to have a finite useful life and amortisation periods range from 4-12 years.

The Group performed its annual impairment tests as at 30 June 2011. For goodwill, the Group considers the relationship between the net assets of the subsidiary in which goodwill exists and the carrying amounts of the goodwill. For computer software, the Group considers the usage and the remaining useful life. As at 30 June 2011, there were no indications of impairment in computer software. The net assets of the subsidiaries in which goodwill has been recognised exceeded the carrying amounts of goodwill.

Notes To The Financial Statements

16 Investments

Investments comprise investments in associated companies and financial assets, which consists of investments in equity of quoted and unquoted entities.

	2011 USD	2010 USD	2009 USD
Investments in associates			
Share of associates' income before tax	8 141 466	4 185 329	3 191 494
Tax (expense)/credit on associates' income	(2 011 066)	337 656	179 329
	6 130 400	4 522 985	3 370 823
Less: Dividends received from associates	(341 444)	(45 000)	-
Share of current year distributable reserves	5 788 956	4 477 985	3 370 823
Cost plus post acquisition reserves	35 059 394	28 605 330	20 860 692
Loans advanced to associates	191 064	607 317	361 246
Disposal of associates	-	(349 263)	-
Exchange differences	-	9 381	-
Total investments in associates	41 039 414	33 350 750	24 592 761
Financial assets			
Unquoted investments	834 952	834 952	874 940
Quoted investments	910 784	192 744	1 348 230
Property unit trust	687 500	687 500	687 500
Other	5 628 496	240 834	4 339 068
Total long term financial assets	8 061 732	1 956 030	7 249 738
Short term financial assets	2 583 889	-	-
Total financial assets	10 645 621	1 956 030	7 249 738
Total investments	51 685 035	35 306 780	31 842 499
Reconciled as follows:			
Associates			
Opening balance	33 350 750	24 592 761	21 719 691
Additional purchases at cost	1 708 644	699 690	273 588
Share of associates' income before tax	8 141 466	4 185 329	3 191 494
Tax (expense)/credit on associates' income	(2 011 066)	337 656	179 329
Dividends received from associates	(341 444)	(45 000)	-
Movement in loans with associates	191 064	607 317	361 246
Transfer from financial assets to associates	-	3 312 879	-
Exchange differences	-	9 381	-
Loss on disposal of associate	-	(102 739)	-
Proceeds on disposal of associate	-	(246 524)	-
Transfer to investments in subsidiaries	-	-	(1 132 587)
Closing balance	41 039 414	33 350 750	24 592 761

Notes To The Financial Statements

	2011 USD	2010 USD	2009 USD
Financial assets			
Opening balance	1 956 030	7 249 738	7 478 158
Additional purchases at cost	8 982 438	253 057	5 374 940
Loss on disposal of investments	(1 593)	(17 512)	(2 271 097)
Proceeds on disposal of investments	(429 888)	(2 302 776)	(3 178 850)
Exchange differences	-	-	(116 236)
Fair value adjustments through profit and loss - continuing operations	138 620	86 295	(37 072)
Fair value adjustments through profit and loss - discontinuing operations	-	(112)	183
Transfer to investments in associates	-	(3 312 879)	-
Discontinuing operations (note12)	-	(69)	(288)
Disposal of subsidiaries (note 13.6)	14	-	-
Transfer from discontinuing operations	-	288	-
Closing balance	10 645 621	1 956 030	7 249 738

Financial assets are analysed as follows:

	Fair value through profit & loss USD	Financial assets at cost USD	Total USD
Opening balance-1 July 2009	1 348 230	5 901 508	7 249 738
Additional purchases at cost	118 056	135 001	253 057
Profit/(loss) on disposal of investments	102 233	(119 745)	(17 512)
Proceeds on disposal of investments	(1 462 177)	(840 599)	(2 302 776)
Fair value adjustments through profit and loss - continuing operations	86 295	-	86 295
Fair value adjustments through profit and loss - discontinuing operations	(112)	-	(112)
Transfer to investments in associates	-	(3 312 879)	(3 312 879)
Discontinuing operations	(69)	-	(69)
Transfer from discontinuing operations	288	-	288
Closing balance - 30 June 2010	192 744	1 763 286	1 956 030
Additional purchases at cost	877 632	8 104 806	8 982 438
Loss on disposal of investments	(1 593)	-	(1 593)
Proceeds on disposal of investments	(296 633)	(133 255)	(429 888)
Fair value adjustments through profit and loss - continuing operations	138 620	-	138 620
Disposal of subsidiaries	14	-	14
Closing balance - 30 June 2011	910 784	9 734 837	10 645 621

Notes To The Financial Statements

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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 which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 USD	Level 2 USD	Level 3 USD	30 June 2011 USD
Fair value through profit and loss	910 784	-	-	910 784
	910 784	-	-	910 784

The Group has the following investments in associates:

16.1 National Foods Holdings Limited

The Group holds a 49.98% interest in National Foods Holdings Limited, which is involved in the milling of flour and maize, manufacture of stock feeds, edible oils, bakers' fats and sale of other general household goods. National Foods Holdings Limited is an entity listed on the Zimbabwe Stock Exchange.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	24 372 531	23 344 426	19 647 067
Share of current year profit after tax	2 510 933	1 447 851	3 278 613
Dividends received from associate	(237 244)	-	-
Loan (received)/advanced	-	(419 746)	418 746
Balance at the end of the year	26 646 220	24 372 531	23 344 426
The market capitalisation of the associate at 30 June is	64 980 000	61 542 097	75 216 689

16.2 Shearwater Holdings (Private) Limited

The Group holds a 50% interest in Shearwater Holdings (Private) Limited. Shearwater Holdings (Private) Limited is involved in the provision of leisure facilities such as bungi jumping, water rafting and site-seeing.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	960 624	828 959	791 271
Share of current year profit after tax	141 060	131 685	95 188
Loans received	-	(20)	(57 500)
Balance at the end of the year	1 101 684	960 624	828 959

Notes To The Financial Statements

16.3 Freddy Hirsch (Private) Limited

Freddy Hirsch (Private) Limited is an entity involved in the manufacture and selling of spices and packaging. The Group holds an effective 39.02% shareholding in Freddy Hirsch (Private) Limited.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	418 836	194 773	148 766
Share of current year profit after tax	248 290	224 063	46 007
Dividends received from associate	(39 200)	-	-
Balance at the end of the year	627 926	418 836	194 773

16.4 Irvine's Zimbabwe (Private) Limited

Irvine's Zimbabwe (Private) Limited is an entity involved in the production of chicken, table eggs and day-old chicks. The Group holds an effective 49% shareholding in Irvine's Zimbabwe (Private) Limited.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	5 385 201	-	-
Cost	-	3 585 674	-
Additional purchases at cost	1 162 329	-	-
Share of current year profit after tax	1 997 650	1 799 527	-
Loan advanced	1 200 000	-	-
Balance at the end of the year	9 745 180	5 385 201	-

16.5 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.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	1 199 941	-	-
Share of current year profit after tax	93 972	172 858	-
Loans (received)/advanced to associate	(1 008 936)	1 027 083	-
Balance at the end of the year	284 977	1 199 941	-

Notes To The Financial Statements

16.6 Natpak (Private) Limited

Natpak (Private) Limited is an entity involved in the manufacture of polywoven bags and packaging. The Group holds an effective 40% shareholding in Natpak (Private) Limited.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	-	-	-
Cost	545 515	-	-
Share of current year profit after tax	91 244	-	-
Balance at the end of the year	636 759	-	-

16.7 Fast Foods - Regional Operations

The Group holds an effective 50% shareholding in Nungu Trading 49 (Pty) Limited and an effective 50% shareholding in Harlock Management Services Limited. Both these entities are involved in the provision of fast foods services in the Group's regional operating territories.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	265 535	90 720	996 768
Additional purchases at cost	-	185 938	-
Share of current year profit after tax	93 594	33 877	90 720
Dividends received from associate	(65 000)	(45 000)	-
Transfer to investments in subsidiaries	-	-	(996 768)
Balance at the end of the year	294 129	265 535	90 720

Notes To The Financial Statements

16.8 Innscor Gold Agricultural Africa Limited

Innscor Gold Agricultural Africa Limited was a property-owning company. The Group held an effective 33.33% shareholding in the company and this investment was disposed of in the prior year.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	-	133 883	135 819
Share of current year loss after tax	-	(34 958)	(139 705)
Transfer from financial assets	-	225 623	-
Additional purchases at cost	-	15 334	273 588
Loss on disposal of associate	-	(102 739)	-
Proceeds on disposal	-	(246 524)	-
Transfer to investments in subsidiaries	-	-	(135 819)
Exchange differences	-	9 381	-
Balance at the end of the year	-	-	133 883

16.9 Afrigrain Trading Limited

Afrigrain Trading Limited is an entity involved in the procurement of grain. The Group holds an effective 28% shareholding in Afrigrain Trading Limited.

	2011 USD	2010 USD	2009 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year	748 082	-	-
Share of current year profit after tax	953 657	748 082	-
Additional purchases at cost	800	-	-
Balance at the end of the year	1 702 539	748 082	-

Notes To The Financial Statements

16.10 Summarised financial information of associates

	Revenue USD	Profit after tax USD	Total assets USD	Total liabilities USD
National Foods Holdings Limited				
30 June 2011	201 169 576	5 023 878	81 986 018	38 384 806
30 June 2010	160 818 215	2 896 858	78 638 620	39 606 269
30 June 2009	79 313 927	6 559 849	64 877 953	28 742 460
Shearwater Holdings (Private) Limited				
30 June 2011	7 822 475	282 120	3 664 645	1 147 721
30 June 2010	6 367 343	263 371	3 184 433	949 629
30 June 2009	4 685 584	190 375	2 640 103	668 669
Freddy Hirsch (Private) Limited				
30 June 2011	5 541 943	488 694	2 947 575	1 566 736
30 June 2010	3 448 715	461 315	1 498 580	616 552
30 June 2009	819 584	93 892	623 895	113 065
Irvine's Zimbabwe (Private) Limited				
30 June 2011	69 433 583	4 076 838	34 011 063	26 557 632
30 June 2010	57 720 478	3 672 505	25 139 879	4 644 604
30 June 2009	-	-	-	-
Paperhole Investments (Private) Limited				
30 June 2011	14 821 368	187 944	6 413 753	6 225 806
30 June 2010	14 226 370	345 714	4 146 519	3 800 804
30 June 2009	-	-	-	-
Natpak (Private) Limited				
30 June 2011	9 796 097	228 110	6 159 088	4 672 465
30 June 2010	-	-	-	-
30 June 2009	-	-	-	-
Nungu Trading 49 (Pty) Limited				
30 June 2011	-	-	722 550	863 077
30 June 2010	117 815	(62 026)	722 550	863 077
30 June 2009	426 263	94 826	1 016 255	1 094 136
Harlock Management Services Limited				
30 June 2011	263 379	187 186	127 234	26 455
30 June 2010	232 161	133 592	65 053	21 461
30 June 2009	-	-	-	-
Innscor Gold Agricultural Limited				
30 June 2011	-	-	-	-
30 June 2010	-	(104 976)	-	-
30 June 2009	10 403	(419 534)	2 026 075	1 894 003
Afrigrain Trading Limited				
30 June 2011	65 111 325	2 724 735	18 892 084	13 790 177
30 June 2010	49 893 252	2 137 377	14 135 630	11 988 253
30 June 2009	-	-	-	-

Notes To The Financial Statements

16.11 **Group investments**

This structure shows the Group's effective shareholding and excludes dormant companies.

ZIMBABWE

Milling & Manufacturing Silo	
Capri Engineering	
t/a Innscor Appliance Manufacturing	50.10%
National Foods Holdings Ltd *	49.98%
Irvine's Zimbabwe (Pvt) Ltd *	49.00%
Goodshow Manufacturing (Pvt) Ltd t/a WRS #	33.40%
Biscuit Company (Pvt) Ltd t/a Iris Biscuits	51.00%
Breathaway Food Caterers (Pvt) Ltd t/a Zapsnacks	51.00%
Colcom Holdings Ltd	79.64%
Bedra (Pvt) Ltd #	39.90%
Colcom Canning (Pvt) Ltd #	39.90%
Blumo Trading (Pvt) Ltd #	40.22%
Vedula Trading (Pvt) Ltd #	40.22%
Freddy Hirsch Group (Pvt) Ltd *	39.02%
Great Rift Delight (Pvt) Ltd	79.64%
Lennard Manufacturing (Pvt) Ltd	
t/a Innscor Bread Bulawayo	100.00%
Solid Grand Industries (Pvt) Ltd	
t/a Innscor Bread Harare	100.00%
NatPak (Pvt) Ltd *	40.00%
Distribution & Wholesale Silo	
Innscor Retail & Distribution Ltd t/a DGA	50.01%
Innscor Distribution (Pvt) Ltd	50.01%
Comox Trading (Pvt) Ltd	50.01%
Eagle Agencies (Pvt) Ltd #	37.50%
Spar Harare (Pvt) Ltd t/a SPAR DC #	43.36%
Camelbags (Pvt) Ltd	66.70%
Tevason Investments (Pvt) Ltd t/a FreshPro	66.70%
Retail Silo	
Rockards (Pvt) Ltd t/a Letombo Park SPAR	100.00%
Unibax (Pvt) Ltd t/a Arundel Village SPAR	100.00%
Jaytrack Investments (Pvt) Ltd	
t/a Nelson Mandela SPAR	100.00%
Scopeserve Investments (Pvt) Ltd	
t/a Groombridge SPAR	90.00%
Spearhead Sales (Pvt) Ltd t/a SPAR Mutare	50.00%
Seacentre Investments (Pvt) Ltd	
t/a Avondale SPAR Express	100.00%
Swissmart Investments (Pvt) Ltd	
t/a Borrowdale Village SPAR	95.00%
Stockmix (Pvt) Ltd t/a Greencroft SPAR #	34.17%
Welltree (Pvt) Ltd t/a Golden Stairs SPAR	67.00%
Matabeleland Inns (Pvt) Ltd	68.50%
Mutare Inns (Pvt) Ltd	50.00%
Axeaq Investments (Pvt) Ltd	
t/a Fast Foods Harare	73.00%
Hardwhite Trading (Pvt) Ltd	
t/a Fast Foods Southern Region	51.38%
Innscor Franchising Zimbabwe (Pvt) Limited	100.00%
Innscor Credit Retail (Pvt) Ltd	
t/a TV Sales & Home	66.67%
Exports Silo	
Annelie Enterprises (Pvt) Ltd	
t/a Bakaya Hardwoods	50.01%
Shearwater Adventures (Pvt) Ltd *	50.00%
Corporate Services Silo	
Callcape Investments (Pvt) Ltd	50.00%
Capri Signs (Pvt) Ltd	100.00%
LSS Investments (Pvt) Ltd	100.00%
Yeldman Investments (Pvt) Ltd	70.00%
Botanegra (Pvt) Ltd	70.00%
Innscor (Pvt) Ltd	100.00%
Capri Corporation (Pvt) Ltd	100.00%
Paperhole Investments (Pvt) Ltd *	50.00%

REGION

Corporate Services Silo	
Innscor International Ltd	100.00%
Tormark Services Ltd	100.00%
Innscor South Africa (Pty) Ltd	100.00%
Afrigrain Trading Ltd	28.00%
Regional Fast Foods	
Innscor Retail Africa Ltd	80.00%
Innscor Senegal SA #	40.08%
Foods Inn Ghana Ltd #	40.08%
Innscor Kenya Ltd	80.00%
Innscor International Franchising Ltd	100.00%
Nungu Trading 49 (Pty) Ltd	
t/a Fontana Famous Roastery *	50.00%
Innscor Foods Zambia Ltd	80.00%
Harlock Management Services Ltd *	50.00%
Innscor Zambia and Malawi	
Innscor Africa (Zambia) Ltd	100.00%
Innscor Zambia Holdings Ltd	100.00%
Spar Zambia Ltd	50.00%
Innscor Distribution Africa Ltd	50.00%
Innscor Distribution (Malawi) Ltd	50.00%
Photo Marketing (Malawi) Ltd	50.00%
Innscor Distribution (Zambia) Ltd	50.00%
Comox Trading (Zambia) Ltd	50.00%
Atuleo Amanzi (Zambia) (Pvt) Ltd	
t/a The River Club Zambia	66.67%

* Associates # Subsidiaries of subsidiaries

Notes To The Financial Statements

16.12 Country of incorporation

All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Innscor International Ltd	Mauritius
Tormark Services Ltd	Jersey
Innscor South Africa (Pty) Ltd	South Africa
Innscor Retail Africa Ltd	Jersey
Innscor Senegal SA	Senegal
Foods Inn Ghana Ltd	Ghana
Innscor Kenya Ltd	Kenya
Innscor International Franchising Ltd	Jersey
Nungu Trading 49 (Pty) Ltd	South Africa
Innscor Foods (Zambia) Ltd	Zambia
Harlock Management Services Ltd	Jersey
Innscor Africa (Zambia) Ltd	Zambia
Innscor Zambia Holdings Ltd	Zambia
Spar Zambia Ltd	Zambia
Innscor Distribution Africa Ltd	Mauritius
Innscor Distribution (Malawi) Ltd	Malawi
Photo Marketing (Malawi) Ltd	Malawi
Innscor Distribution (Zambia) Ltd	Zambia
Comox Trading (Zambia) Ltd	Zambia
Atuleo Amanzi (Zambia) (Pvt) Ltd	Zambia
Afrigrain Trading Ltd	British Virgin Islands

17 Biological assets

Reconciliation of opening and closing carrying amounts

17.1 Non-current biological assets

	Crocodiles USD	Cattle USD	Pigs USD	Total USD
At 1 July 2009	908 917	-	-	908 917
Sales	(3 667)	-	-	(3 667)
Deaths	(3 175)	-	-	(3 175)
Direct costs	281 726	-	-	281 726
Discontinuing operations	(1 183 801)	-	-	(1 183 801)
At 30 June 2010	-	-	-	-
Direct costs	28 572	-	-	28 572
Disposal of subsidiary	(28 572)	-	-	(28 572)
At 30 June 2011	-	-	-	-

Notes To The Financial Statements

17.2 Current biological assets	Crocodiles USD	Cattle USD	Pigs USD	Total USD
At 1 July 2009	17 160 088	43 005	1 899 788	19 102 881
Purchases	-	17 594	17 795	35 389
Sales	(4 972 637)	(9 231)	-	(4 981 868)
Births	123 248	-	-	123 248
Deaths	(141 201)	-	-	(141 201)
Direct costs	5 602 708	17 358	-	5 620 066
Fair value adjustment - continuing operations	-	(9 650)	231 523	221 873
Fair value adjustment - discontinuing operations	(1 035 933)	-	-	(1 035 933)
Discontinuing operations	(16 736 273)	-	-	(16 736 273)
At 30 June 2010	-	59 076	2 149 106	2 208 182
Purchases	-	52 956	106 785	159 741
Sales	(1 068 254)	(90 247)	-	(1 158 501)
Births	77 047	-	-	77 047
Deaths	(34 854)	-	-	(34 854)
Direct costs	673 598	23 553	-	697 151
Amortisation	-	-	(11 783)	(11 783)
Fair value adjustment - continuing operations	(866 177)	(2 020)	15 624	(852 573)
Disposal of subsidiaries	1 218 640	-	-	1 218 640
At 30 June 2011	-	43 318	2 259 732	2 303 050

No biological assets have been pledged as collateral for borrowings.

At 30 June 2011, the Group had the following number of living animals:

	Cattle	Pigs
Number of living animals	122	25 185

Biological assets risk management policies

Biological assets are living animals or plants that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle and pigs.

These biological assets are exposed to various risks, which include disease/infection outbreaks, theft of livestock, price fluctuations and marketing risk. 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, insurance against theft and natural deaths, vaccination to prevent infections and regular evaluation of prices.

The fair value of biological assets has been determined on the fair value less costs to sell basis in accordance with IAS 41. In arriving at their estimates of fair value, the Directors have used their market knowledge, professional judgement and historical transactional comparables.

The table below presents the sensitivity of profit or loss before tax due to change in assumptions. The sensitivities presented are favourable movements. If the sensitivity variables were unfavourable, the negative impact on profit would be of a similar magnitude.

	% Change	Effect on profit before tax USD
Pigs		
Fair value less costs to sell - meat	3%	64 408
Cattle		
Fair value less costs to sell - meat	5%	2 166

Notes To The Financial Statements

		2011 USD	2010 USD	2009 USD
18	**Inventories**			
	Consumable stores	5 709 445	4 765 734	4 578 482
	Finished products	27 274 002	17 221 737	15 121 188
	Raw materials and packaging	7 370 966	5 444 324	5 375 487
	Goods in transit	1 241 709	274 634	271 583
	Work in progress	1 519	8 018	91 988
		41 597 641	27 714 447	25 438 728
	Allowance for obsolescence	(134 031)	(46 500)	(43 823)
		41 463 610	27 667 947	25 394 905
	Discontinuing operations (note 12)	-	(711 326)	(362 261)
	Inventories - continuing operations	41 463 610	26 956 621	25 032 644

The amount of write-down of inventories recognised as an expense is USD1 742 546 (2010 : USD 5 105 096; 2009 : USD 1 464 426)
There are no inventories pledged as security for borrowings.

		2011 USD	2010 USD	2009 USD
19	**Trade and other accounts receivable**			
	Trade receivables	26 510 853	25 993 984	23 397 303
	Instalment sales receivables	4 300 337	1 433 331	131 978
	Prepayments	4 687 955	2 238 124	1 287 718
	Other receivables	8 884 693	15 437 053	7 620 477
		44 383 838	45 102 492	32 437 476
	Provision for doubtful debts	(1 227 160)	(1 314 451)	(401 031)
		43 156 678	43 788 041	32 036 445
	Discontinuing operations (note 12)	-	(5 625 388)	(1 463 340)
	Trade and other accounts receivable - continuing operations	43 156 678	38 162 653	30 573 105
	Reconciliation for allowances for trade receivables is as follows:			
	Opening balance	1 314 451	401 031	-
	(Credit)/charge for the year	(87 291)	913 420	401 031
	Closing balance	1 227 160	1 314 451	401 031

There were no collectively impaired trade receivables in the current year.
Credit terms vary per business unit, but do not exceed 30 days. Interest is charged on overdue accounts at varying rates depending on the business.

As at 30 June 2011, the ageing analysis of trade receivables was as follows:

			Past due but not impaired		
	Total USD	Neither past due nor impaired USD	30-60 days USD	60-90 days USD	More than 90 days USD
30 June 2011	26 510 853	18 432 108	5 777 189	1 041 212	1 260 344

Notes To The Financial Statements

		2011 USD	2010 USD	2009 USD
20	**Ordinary share capital**			
20.1	**Authorised**			
	800 000 000 ordinary shares of 1 cent each	8 000 000	8 000 000	-
	(2009: 800 000 000 ordinary shares of ZWD 0.00001 each)	-	-	-
20.2	**Issued and fully paid**			
	Opening balance	5 415 934	-	-
	Transfer of re-denominated share capital			
	540 118 440 ordinary shares of 1 cent each	-	5 401 184	-
	Issued during the year			
	1 475 000 ordinary shares of 1 cent each	-	14 750	-
	Closing balance			
	541 593 440 ordinary shares of 1 cent each	5 415 934	5 415 934	-

20.3 Shares under option

The Directors are empowered to grant share options to certain employees of the Company. These options are granted for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options were granted. The options are exercised at nominal value.

There were no outstanding share options at 30 June 2011.

	2011 Number of shares	2010 Number of shares	2009 Number of shares
Movements for the year			
Opening balance	-	1 475 000	8 195 000
New options granted	-	-	-
Options cancelled	-	-	-
Options exercised	-	(1 475 000)	(6 720 000)
Closing balance	-	-	1 475 000

The effect of any dilution in earnings per share due to the possible exercising of outstanding options is as shown below :

	2011 USD	2010 USD	2009 USD
Basic earnings per share (cents)	4. 82	2.77	1.81
Diluted earnings per share (cents)	4. 82	2.77	1.80
Effect of share options dilution per share (cents)	-	-	(0.01)
Number of shares in issue	541 593 440	541 593 440	540 118 440
Effect of share options dilution (USD)	-	-	(54 012)

20.4 Directors' shareholdings

At 30 June 2011, the Directors held directly and indirectly the following number of shares:

	2011	2010	2009
M J Fowler	104 868 266	107 858 631	110 687 866
Z Koudounaris	102 841 988	102 402 353	102 407 030
T W Brown	22 609 382	22 653 343	22 656 335
J Koumides	1 120 000	1 120 000	1 160 000
J P Schonken	1 528 820	1 733 820	1 497 450
D L L Morgan	75 254	75 254	75 254
	233 043 710	235 843 401	238 483 935

There has been no material change in the Directors' interests subsequent to 30 June 2011 to the date of this report.

Notes To The Financial Statements

		2011 USD	2010 USD	2009 USD
21	**Non-distributable reserves**			
	Opening balance	45 766 011	51 655 347	51 716 735
	Changes in non-distributable reserves	(16 023 673)	(5 889 336)	(61 388)
	Transfer of re-denominated share capital (note 20)	-	(5 401 184)	-
	Exchange differences arising on the translation of foreign subsidiaries	(38 526)	(88 877)	(210 800)
	Arising on the restructure of the Group and acquisition of subsidiaries	(4 014 459)	(399 275)	-
	Dividend in specie	(11 970 688)	-	-
	Exchange differences transferred to non-controlling interests	-	-	82 212
	Arising on share options exercised	-	-	67 200
	Closing balance	29 742 338	45 766 011	51 655 347
	Comprising:			
	Restructure reserve	(4 147 419)	(132 960)	266 315
	Foreign currency translation reserve	567 812	606 338	695 215
	Foreign currency conversion reserve	33 321 945	45 292 633	50 693 817
		29 742 338	45 766 011	51 655 347

Nature and purpose of reserves

Restructure reserve

The restructure reserve is used to record changes in the ownership interest of a subsidiary, which do not result in a change of control.

Foreign currency translation reserve

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

Foreign currency conversion reserve

The foreign currency conversion reserve arose as a result in change in functional currency from the Zimbabwean dollar to the United States dollar. It represents the residual equity in existence as at the change-over period and has been designated as a non-distributable reserve.

22 Distributable reserves

	2011 USD	2010 USD	2009 USD
Opening balance	62 523 181	49 697 907	39 969 347
Retained for the year	26 110 140	14 990 629	9 728 560
Dividends paid (note 7)	(5 415 934)	(2 165 355)	-
Dividend in specie	(16 650 471)	-	-
Closing balance	66 566 916	62 523 181	49 697 907
Retained in:			
Holding company	22 519 357	37 353 518	32 233 191
Subsidiary companies	30 409 794	17 320 855	14 093 893
Associate companies	13 637 765	7 848 808	3 370 823
	66 566 916	62 523 181	49 697 907

Notes To The Financial Statements

		2011 USD	2010 USD	2009 USD
23	**Net deferred tax liabilities**			
23.1	**Reconciliation**			
	Opening balance	4 480 455	7 367 689	6 584 412
	Deferred tax prior period adjustment	-	-	6 670 163
	Charged/(credited) to profit or loss	964 508	(1 265 969)	(6 328 064)
	Arising from discontinuing operations (note 12)	-	(2 078 917)	164 781
	Disposal of subsidiaries (note 13.6)	(632 636)	667 944	-
	Exchange movements	(31 737)	(210 292)	276 397
	Closing balance	4 780 590	4 480 455	7 367 689
23.2	**Analysis of net deferred tax liabilities**			
	Accelerated depreciation for tax purposes	7 144 229	8 998 780	12 726 676
	Fair value adjustments on biological assets	5 884	67 209	(1 812 864)
	Assessed losses	(3 215 828)	(4 909 579)	(3 613 625)
	Unrealised gain/(loss) on exchange	38 726	149 106	(232 139)
	Prepayments	1 207 149	551 837	446 144
	Provision for bad debts	(315 994)	(338 471)	(123 919)
	Provision for warranties	(83 576)	(38 427)	(22 584)
		4 780 590	4 480 455	7 367 689
	The net deferred tax liabilities are made up as follows:			
	Deferred tax assets	(4 161 668)	(5 286 477)	(5 805 131)
	Deferred tax liabilities	8 942 258	9 766 932	13 172 820
		4 780 590	4 480 455	7 367 689

23.3 Prior period adjustment of deferred tax balance

At the time of finalisation of the Group's 2009 Financial Statements, guidance for deferred tax had not yet been issued and consequently no deferred tax had been provided for on the opening property, plant and equipment held at the point of dollarisation. The Directors took the decision to provide for deferred tax on the full statement of financial position method in respect of property, plant and equipment, and the relevant prior period statement of financial position figures were adjusted accordingly.

The effects of the adjustments were as follows:

	2011 USD	2010 USD	2009 USD
Increase in deferred tax liability	-	-	6 670 123
Decrease in non-distributable reserves	-	-	(4 579 592)
Decrease in non-controlling interests	-	-	(2 090 571)

Notes To The Financial Statements

		Rate of interest	Year Repayable	2011 USD	2010 USD	2009 USD
24	Interest-bearing borrowings					
	Long-term financing					
	Secured					
	Regional Operations	7-29%	2012-2014	707 087	664 246	851 406
	Unsecured					
	Zimbabwe Operations	10.75-12%	2012-2015	890 213	6 047 942	-
	Total long-term financing			1 597 300	6 712 188	851 406
	Short-term financing					
	Secured					
	Zimbabwe Operations	10-11%	2011	8 855 634	1 250 000	-
	Regional Operations			-	-	4 370 219
	Unsecured					
	Zimbabwe Operations	10-11%	2011	7 895 620	7 638 207	5 457 796
	Short-term portion of long-term financing			5 323 911	720 663	1 008 043
	Overdraft	10-11%	On demand	15 964 853	6 680 276	2 207 639
	Total short-term financing			38 040 018	16 289 146	13 043 697
	Discontinuing operations (note 12)			-	(7 815 216)	-
	Total short-term financing - continuing operations			38 040 018	8 473 930	13 043 697
	Total interest-bearing borrowings			39 637 318	15 186 118	13 895 103

		2011 USD	2010 USD	2009 USD
25	Trade and other accounts payable			
	Trade payables	40 577 699	29 720 256	28 199 237
	Other payables	28 837 910	17 330 608	12 536 096
		69 415 609	47 050 864	40 735 333
	Discontinuing operations (note 12)	-	(683 047)	(2 710 176)
	Trade and other accounts payable - continuing operations	69 415 609	46 367 817	38 025 157

Trade payables are non-interest bearing and are normally settled within 30 days.
Other payables are non-interest bearing and have varying settlement terms.

Notes To The Financial Statements

		2011 USD	2010 USD	2009 USD
26	**Provisions**			
	Leave pay provision	2 875 403	2 328 107	1 460 302
	Provision for warranty	324 569	149 232	73 087
	Discontinuing operations (note 12)	-	(168 189)	-
		3 199 972	2 309 150	1 533 389

Reconciliation of provisions	Provision for Leave pay USD	Provision for waranties USD	Total USD
At 1 July 2009	1 460 302	73 087	1 533 389
Charge for the year	1 603 234	76 145	1 679 379
Exchange differences	(11 426)	-	(11 426)
Discontinuing operations (note 12)	(168 189)	-	(168 189)
Less paid	(724 003)	-	(724 003)
At 30 June 2010	2 159 918	149 232	2 309 150
Charge for the year	1 794 103	175 336	1 969 439
Exchange differences	(7 822)	-	(7 822)
Disposal of subsidiaries	(30 968)	-	(30 968)
Less paid	(1 039 827)	-	(1 039 827)
At 30 June 2011	2 875 404	324 568	3 199 972

27 **Contingent liabilities**

The Group had no contingent liabilities at 30 June 2011.

		2011 USD	2010 USD	2009 USD
28	**Capital expenditure commitments**			
	Authorised and contracted	8 811 704	-	-
	Authorised but not yet contracted	33 406 776	36 886 498	18 276 344
		42 218 480	36 886 498	18 276 344

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

29 **Commitments for the development or acquisition of biological assets**

The Group has not committed itself to acquiring any biological assets.

30 **Future lease commitments - Group as lessee**

The Group has entered into commercial leases on certain properties. These leases have an average life of between three and five years with renewal options included in some of the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:

	2011 USD	2010 USD	2009 USD
Payable within one year	7 925 320	5 916 608	5 477 126
Payable between two and five years	19 006 875	15 199 495	11 990 706
Payable after five years	16 328 737	8 689 491	4 113 759
	43 260 932	29 805 594	21 581 591

Notes To The Financial Statements

31 Segmental analysis

For management purposes, the Group is organised into business units based on their products, services and geographical locations as shown below. Pricing between operating segments is at an arm's length basis in a manner similar to transactions with third parties.

31.1 Business Segments

	Milling & Manufacturing Silo USD	Distribution & Wholesale Silo USD	Retail Silo USD	Exports Silo USD
31.1.1 Revenue				
30 June 2011				
Gross revenue:	132 077 774	120 912 272	175 162 817	4 116 339
Less: inter-segment transactions	-	(23 919 253)	-	-
Revenue from external customers	132 077 774	96 993 019	175 162 817	4 116 339
30 June 2010				
Gross revenue:	91 006 546	81 142 463	147 539 190	12 034 894
Less: inter-segment transactions	(579 952)	(18 689 809)	-	-
Revenue from external customers	90 426 594	62 452 654	147 539 190	12 034 894
31.1.2 Operating profit/(loss) before depreciation, amortisation, interest and fair value adjustments				
30 June 2011	17 630 512	5 448 747	13 620 158	1 287 939
30 June 2010	9 109 312	2 984 842	11 631 654	1 999 960
31.1.3 Segment assets				
30 June 2011	71 221 356	32 285 638	56 346 419	1 225 047
30 June 2010	51 709 781	22 852 102	28 778 395	201 752
30 June 2009	34 641 445	15 468 474	19 944 746	39 202 659
31.1.4 Segment liabilities				
30 June 2011	27 276 030	22 505 727	45 182 631	1 083 502
30 June 2010	19 344 904	16 198 378	18 762 988	210 357
30 June 2009	8 777 212	9 286 307	12 207 115	6 552 714
31.1.5 Capital expenditure				
30 June 2011	12 554 775	2 313 850	22 986 716	181 549
30 June 2010	6 830 937	1 181 835	7 840 429	1 153 399
30 June 2009	1 110 702	495 878	2 751 983	1 849 933
31.1.6 Depreciation and amortisation				
30 June 2011	2 635 097	774 791	2 944 664	512 498
30 June 2010	1 787 442	808 579	1 711 889	1 492 722
31.1.7 Segment share of profit of associates				
30 June 2011	4 848 117	-	-	141 060
30 June 2010	3 018 875	-	-	184 470
31.1.8 Segment investments in associates				
30 June 2011	37 656 085	-	-	1 101 684
30 June 2010	30 176 568	-	-	960 624
30 June 2009	23 539 199	-	-	828 959

Notes To The Financial Statements

Corporate Services USD	Regional Fast Foods USD	Innscor Zambia USD	Adjusted for Discontinuing Operations USD	Total USD
2 621 978	38 564 919	68 344 812	-	541 800 911
(1 684 663)	-	(60 114)	-	(25 664 030)
937 315	38 564 919	68 284 698	-	516 136 881
1 882 545	33 072 745	69 300 094	(11 775 217)	424 203 260
(1 444 888)	-	-	-	(20 714 649)
437 657	33 072 745	69 300 094	(11 775 217)	403 488 611
1 693 851	3 570 438	4 411 584	-	47 663 229
377 422	2 515 847	1 793 083	(1 297 340)	29 114 780
53 613 340	12 533 991	18 876 368	-	246 102 159
47 671 885	9 448 235	17 642 717	39 625 904	217 930 771
46 499 020	6 916 255	22 946 492	3 029 857	188 648 948
2 845 091	8 546 097	14 174 282	-	121 613 360
282 681	5 777 186	13 929 626	10 745 369	85 251 489
9 785 889	4 748 461	16 906 508	2 545 395	70 809 601
144 575	3 485 379	1 564 393	-	43 231 237
847 928	1 647 019	579 063	-	20 080 610
558 726	1 477 261	2 325 016	-	10 569 499
310 008	847 389	912 471	-	8 936 918
229 016	650 101	1 137 972	(1 245 505)	6 572 216
1 047 629	93 594	-	-	6 130 400
983 065	33 877	(34 958)	-	4 185 329
1 987 516	294 129	-	-	41 039 414
1 948 023	265 535	-	-	33 350 750
-	90 720	133 883	-	24 592 761

Notes To The Financial Statements

31.2 Geographical Segments

	Revenue USD	Profit before tax USD	Total assets USD	Total liabilities USD
Zimbabwe Continuing Operations				
30 June 2011	408 636 816	34 481 975	206 918 088	100 088 697
30 June 2010	301 115 772	24 437 852	190 839 819	65 544 677
30 June 2009	131 477 842	9 108 038	158 786 201	49 154 632
Regional Continuing Operations				
30 June 2011	107 500 065	6 846 933	39 184 071	21 524 663
30 June 2010	102 372 839	2 156 704	27 090 952	19 706 812
30 June 2009	123 358 190	560 253	29 862 747	21 654 969

32 Pension funds

32.1 Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. Employees of the Group who are not members of the Catering Industry Pension Fund are eligible to become members of the fund. Contributions are at the rate of 14% of pensionable emoluments of which members pay 7%.

32.2 SPAR Harare Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees of SPAR Harare (Pvt) Ltd. Contributions are at the rate of 21% of pensionable emoluments of which members pay 6%.

32.3 Catering Industry Pension Fund

This is a defined contribution fund which covers employees in specified occupations of the catering industry. The majority of employees in the Group's fast food and certain employees in Innscor Bread are members of this fund. Contributions are at the rate of 10% of pensionable emoluments of which members pay 5%.

32.4 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act of 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 6% of pensionable emoluments of which the maximum pensionable salary is USD 200. A total contribution of USD 12 is the maximum per employee.

32.5 Other Schemes

The Group also contributes to the relevant social security authorities in the various regional countries in which the Group operates, as required by local legislation.

32.6 Pension costs recognised as an expense for the year:

	2011 USD	2010 USD
Innscor Africa Limited Pension Fund	907 747	405 463
SPAR Harare Pension Fund	90 039	102 926
National Social Security Authority Scheme	898 292	1 274 564
Catering Industry Pension Fund	61 042	81 536
Other Schemes	898 840	519 188
	2 855 960	2 383 677

Notes To The Financial Statements

33 Related party transactions

33.1 Tabulated below are the related party transactions that occurred between Innscor Africa Limited and its associates:

Trading transactions

Name of related party	sales to related party USD	purchases from related party USD	rent paid from related party USD	interest paid to related party USD	trade & other accounts receivable USD	trade & other accounts payable USD
National Foods Holdings Limited						
30 June 2011	22 524 585	63 144 138	164 643	(313 555)	6 915 153	-
30 June 2010	22 250 400	58 037 998	9 290	38 268	4 337 817	6 330 040
30 June 2009	7 991 832	364 703	-	-	1 362 993	-
Irvine's Zimbabwe (Private) Limited						
30 June 2011	5 656 920	12 712 612	-	17 996	340 777	13 925
30 June 2010	6 554 969	5 650 499	-	-	948 554	-
30 June 2009	-	-	-	-	-	-
Natpak (Private) Limited						
30 June 2011	2 946 867	38 948	-	179 480	564 397	54 761
30 June 2010	-	-	-	-	-	-
30 June 2009	-	-	-	-	-	-

33.2 Compensation of key personnel to the Group

	2011 USD	2010 USD
Short-term employee benefits (note 8.1.3)	6 634 957	5 313 253
Post employment pension benefits	-	-
Total compensation of key personnel to the Group	6 634 957	5 313 253

33.3 Transactions with Directors

The Group has leased properties from various companies in which some of the Directors have either a financial or custodial interest. The leases are undertaken at an arm's length basis. The Group also receives loans from Directors from time to time.

	2011 USD	2010 USD
Lease payments	1 384 034	863 562
Loans from Directors	1 712 137	548 132

Notes To The Financial Statements

34 **Financial risk management objectives and policies**

The Group's principal financial instruments comprise interest-bearing borrowings, overdrafts 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 they are summarised below:

Interest rate risk

The Group's exposure to the risk for 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.

	2011 USD	2010 USD
Effect on profit before tax and equity		
Increase of 3%	(339 677)	(133 319)
Decrease of 3%	339 677	133 319

Foreign currency risk

As a result of significant investment operations in countries outside Zimbabwe, 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 carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

30 June 2011 Currency	Liabilities	Assets	Net position
South African Rand	(240 356)	5 824 865	5 584 509
Kenya Shilling	(287 463 500)	438 740 798	151 277 298
Ghanaian Cedi	(3 105 157)	4 122 424	1 017 267
Senegalese Franc	(522 767 497)	329 410 288	(193 357 209)
Malawian Kwacha	(667 319 025)	863 288 601	195 969 576
Zambian Kwacha	(61 892 166 878)	62 943 023 770	1 050 856 892

30 June 2010 Currency	Liabilities	Assets	Net position
South African Rand	(296 216)	5 744 549	5 448 333
Kenya Shilling	(217 955 929)	296 144 105	78 188 176
Ghanaian Cedi	(2 735 831)	3 482 210	746 379
Senegalese Franc	(545 563 694)	273 470 569	(272 093 125)
Malawian Kwacha	(476 152 300)	603 013 772	126 861 472
Zambian Kwacha	(55 347 411 680)	50 600 056 905	(4 747 354 775)

30 June 2009 Currency	Liabilities	Assets	Net position
South African Rand	(274 863)	5 637 299	5 362 436
Kenya Shilling	(212 784 564)	253 911 036	41 126 472
Ghanaian Cedi	(2 099 866)	2 398 753	298 887
Senegalese Franc	(481 173 490)	213 809 697	(267 363 793)
Malawian Kwacha	(408 677 584)	552 131 839	143 454 255
Zambian Kwacha	(69 369 349 172)	72 465 007 182	3 095 658 010

Notes To The Financial Statements

Foreign currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the changes in foreign exchange rates relates primarily to the Group's operating activities when revenues and expenses are denominated in a different currency and the Group's net investment in subsidiaries. The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the US Dollar (USD) exchange rate against the following currencies, with all other variables held constant.

30 June 2011	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(1 775)	(75 246)
	-10%	1 775	75 246
Kenyan Shilling	+10%	(107 018)	(154 349)
	-10%	107 018	154 349
Ghanaian Cedi	+10%	(16 769)	(60 901)
	-10%	16 769	60 901
Senegalese Franc	+10%	(14 292)	37 104
	-10%	14 292	(37 104)
Malawian Kwacha	+10%	(19 837)	(116 982)
	-10%	19 837	116 982
Zambian Kwacha	+10%	(168 218)	(19 731)
	-10%	168 218	19 731

30 June 2010	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(1 404)	(64 242)
	-10%	1 404	64 242
Kenyan Shilling	+10%	(98 642)	(87 001)
	-10%	98 642	87 001
Ghanaian Cedi	+10%	(50 988)	(47 784)
	-10%	50 988	47 784
Senegalese Franc	+10%	679	46 409
	-10%	(679)	(46 409)
Malawian Kwacha	+10%	(29 211)	(75 730)
	-10%	29 211	75 730
Zambian Kwacha	+10%	63 389	83 720
	-10%	(63 389)	(83 720)

30 June 2009	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(1 604)	(62 894)
	-10%	1 604	62 894
Kenyan Shilling	+10%	(68 170)	(49 097)
	-10%	68 170	49 097
Ghanaian Cedi	+10%	(18 665)	(17 994)
	-10%	18 665	17 994
Senegalese Franc	+10%	13 923	52 194
	-10%	(13 923)	(52 194)
Malawian Kwacha	+10%	(39 240)	(94 229)
	-10%	39 240	94 229
Zambian Kwacha	+10%	229 137	(54 381)
	-10%	(229 137)	54 381

Notes To The Financial Statements

Credit risk

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 to debt impairment is not significant. 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. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments less the market value of any security held.

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 groups financial assets and liabilities:

30 June 2011	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(33 520 794)	(4 519 294)	(1 597 230)	(39 637 318)
Trade and other accounts payable	(69 415 609)	-	-	(69 415 609)
Total	(102 936 403)	(4 519 294)	(1 597 230)	(109 052 927)
Assets				
Cash and cash equivalents	17 788 630	-	-	17 788 630
Trade and other accounts receivable	33 840 409	4 628 314	-	38 468 723
Investments	910 784	2 583 889	48 190 362	51 685 035
Total	52 539 823	7 212 203	48 190 362	107 942 388

30 June 2010	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(6 711 944)	(1 761 986)	(6 712 188)	(15 186 118)
Trade and other accounts payable	(46 367 817)	-	-	(46 367 817)
Total	(53 079 761)	(1 761 986)	(6 712 188)	(61 553 935)
Assets				
Cash and cash equivalents	16 274 303	-	-	16 274 303
Trade and other accounts receivable	28 089 447	7 835 082	-	35 924 529
Investments	192 744	-	35 114 036	35 306 780
Total	44 556 494	7 835 082	35 114 036	87 505 612

30 June 2009	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(11 836 599)	(1 207 098)	(851 406)	(13 895 103)
Trade and other accounts payable	(38 025 157)	-	-	(38 025 157)
Total	(49 861 756)	(1 207 098)	(851 406)	(51 920 260)
Assets				
Cash and cash equivalents	14 209 411	-	-	14 209 411
Trade and other accounts receivable	29 285 387	-	-	29 285 387
Investments	1 348 230	-	30 494 269	31 842 499
Total	44 843 028	-	30 494 269	75 337 297

Notes To The Financial Statements

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 Group's Treasury office is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investment to the Board of Directors. This office monitors the performance of the current investment portfolio and reports to the Board of Directors.

35 Fair value of financial instruments

The estimated net fair values of all financial instruments, including instalment debtors which are shown net of unearned finance charges, approximate the carrying amounts shown in the financial statements. Set out below is a comparison of carrying amounts and fair values of all the Group's financial instruments at 30 June 2011.

	Carrying amount 2011 USD	Fair value 2011 USD
Financial assets		
Cash and cash equivalents	17 788 630	17 788 630
Trade and other accounts receivable	38 468 723	38 468 723
Held for trading investments	10 645 621	10 645 621
	66 902 974	66 902 974
Financial liabilities		
Interest-bearing borrowings	39 637 318	39 637 318
Trade and accounts payable	69 415 609	69 415 609
	109 052 927	109 052 927

	Carrying amount 2010 USD	Fair value 2010 USD
Financial assets		
Cash and cash equivalents	16 274 303	16 274 303
Trade and other accounts receivable	35 924 529	35 924 529
Held for trading investments	1 956 030	1 956 030
	54 154 862	54 154 862
Financial liabilities		
Interest-bearing borrowings	15 186 118	15 186 118
Trade and accounts payable	46 367 817	46 367 817
	61 553 935	61 553 935

	Carrying amount 2009 USD	Fair value 2009 USD
Financial assets		
Cash and cash equivalents	14 209 411	14 209 411
Trade and other accounts receivable	29 285 387	29 285 387
Held for trading investments	7 249 738	7 249 738
	50 744 536	50 744 536
Financial liabilities		
Interest-bearing borrowings	13 895 103	13 895 103
Trade and accounts payable	38 025 157	38 025 157
	51 920 260	51 920 260

Market values have been used to determine the fair values of quoted investments.

Notes To The Financial Statements

36 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 2011, 30 June 2010 and 30 June 2009. The Group manages capital using a gearing ratio, which is calculated as total liabilities divided by total liabilities plus equity. The Group's target is that total liabilities should not exceed total equity, plus total liabilities.

	2011 USD	2010 USD	2009 USD
Total Liabilities	121 613 360	85 251 489	70 809 601
Total Equity	124 488 799	132 679 282	117 839 347
Gearing ratio	0.49	0.39	0.38

37 Translation Rates

The table below provides the translation rates used for the purpose of consolidating foreign investments' financial statements to the functional currency for reporting purposes:

	2011 FX : USD 1	2010 FX : USD 1	2009 FX : USD 1
South African Rand	6.75	7.71	7.74
Kenya Shilling	89.10	81.70	76.15
Ghanaian Cedi	1.52	1.42	1.51
Senegalese Franc	473.75	533.00	465.68
Malawian Kwacha	152.29	152.29	138.40
Zambian Kwacha	4 841.67	5 155.00	5 175.00

38 Events after reporting date

There have been no significant events after the reporting date.

39 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 financial statements.

Company Statement of Financial Position

as at 30 June 2011

	Notes	COMPANY 2011 USD	COMPANY 2010 USD	COMPANY 2009 USD
ASSETS				
Non-current assets				
property, plant and equipment		526 126	739 110	16 090 005
intangible assets		61 106	81 531	-
investments	A	88 715 951	64 420 456	63 127 183
deferred tax asset		1 531 689	442 037	-
biological assets		-	-	908 917
		90 834 872	65 683 134	80 126 105
Current assets				
biological assets		-	-	17 160 087
inventories		301 201	565 831	2 638 800
trade and other accounts receivable		1 810 117	8 523 883	2 861 697
cash and cash equivalents		7 954 902	6 407 912	7 540 369
		10 066 220	15 497 626	30 200 953
assets of disposal group classified as held for sale		-	39 625 904	-
Total assets		100 901 092	120 806 664	110 327 058
EQUITY AND LIABILITIES				
Capital and reserves				
ordinary share capital	20	5 415 934	5 415 934	-
non-distributable reserves		45 835 667	57 806 355	61 051 994
distributable reserves	22	22 519 357	37 353 518	32 233 191
Total equity		73 770 958	100 575 807	93 285 185
Non-current liabilities				
deferred tax liability		-	-	4 750 699
Current liabilities				
interest-bearing borrowings		15 604 089	2 533 941	7 774 641
trade and other accounts payable		11 362 040	6 792 630	4 284 379
provisions		164 005	158 917	232 154
		27 130 134	9 485 488	12 291 174
liabilities directly associated with the assets classified as held for sale		-	10 745 369	-
Total liabilities		27 130 134	20 230 857	17 041 873
Total equity and liabilities		100 901 092	120 806 664	110 327 058

D L L MORGAN
Chairman
Harare
12 October 2011

J P SCHONKEN
Executive Director

A. Investments

	2011	2010	2009
Investments in associates	26 874 332	23 966 491	23 468 073
Unquoted investments	834 952	834 952	834 952
Quoted investments	740 311	60 790	110 819
Property unit trusts	687 500	687 500	687 500
Investments in subsidiaries	31 617 789	30 077 090	24 803 039
Other	5 604 662	236 676	10 937 000
Amounts due from group companies	22 356 405	8 556 957	2 285 800
	88 715 951	64 420 456	63 127 183

Shareholders' Analysis and Calendar

Size of Shareholding			Number of Shareholders	Shareholders %	Issued Shares	Shares %
1	-	10 000	3 822	86.53	4 391 440	0.81
10 001	-	25 000	208	4.71	3 423 404	0.63
25 001	-	50 000	123	2.78	4 505 641	0.83
50 001	-	100 000	64	1.45	4 655 754	0.87
100 001	-	200 000	67	1.52	9 328 334	1.72
200 001	-	500 000	60	1.36	17 999 006	3.32
500 001	-	and over	73	1.65	497 289 861	91.82
			4 417	100.00	541 593 440	100.00

Trade Classification				
Companies	614	13.90	54 603 967	10.08
Insurance Companies	52	1.18	41 443 268	7.65
Investment Companies	193	4.37	276 486 865	51.05
Trust Nominees	147	3.33	37 704 966	6.96
Pension Funds	274	6.20	37 810 927	6.98
Private Individuals	3 088	69.91	12 749 026	2.36
New Non-Residents	36	0.81	80 655 353	14.89
Brokers	5	0.11	47 906	0.01
Banks	6	0.14	81 895	0.02
FCDA Residents Local	2	0.05	9 267	0.00
	4 417	100.00	541 593 440	100.00

Top Ten Shareholders		
ZMD Investments (Pvt) Ltd	102 817 353	18.98
HM Barbour (Pvt) Ltd	100 231 360	18.51
Old Mutual Life Assurance Company in Zimbabwe	36 859 950	6.81
Sarcor Investments (Pvt) Ltd	22 484 058	4.15
FED Nominees (Pvt) Ltd	18 936 422	3.50
Pharaoh Limited NNR	16 176 614	2.99
Barclays Zimbabwe Nominees (Pvt) Ltd - NNR	14 988 227	2.77
Stanbic Nominees (Pvt) Ltd	11 768 389	2.17
Muzika Rubi Holdings (Pvt) Ltd	11 295 944	2.09
City & General Holdings (Pvt) Ltd	9 822 598	1.81
Other	196 212 525	36.22
	541 593 440	100.00

Shareholders' Calendar

Fifteenth Annual General Meeting	25 November 2011
Financial Year End	30 June
Interim Reports	
6 months to 31 December 2011	March 2012
12 months to 30 June 2012	September 2012
Annual Report Published	November 2012
Sixteenth Annual General Meeting	November 2012

Registered Office & Transfer Secretaries

Innscor Africa Limited
Edward Building
Corner 1st Street/Nelson Mandela Ave
Harare, Zimbabwe

Postal Address
P O Box A88, Avondale
Harare, Zimbabwe
ialshares@innscorafrica.com

Notice to Members

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Friday 25th November 2011 at 08h15, for the purpose of transacting the following business:

Ordinary Business

1. To receive and consider the financial statements for the year ended 30 June 2011 together with the reports of the Directors and Auditors thereon.
2. To elect Directors: Mr. J Koumides and Mr. T N Sibanda who retire by rotation and being eligible offer themselves for re-election.
3. To approve Directors' fees for the financial year ended 30 June 2011.
4. To approve the remuneration of the auditors for the financial year ended 30 June 2011 and re-appoint Messrs. Ernst & Young of Harare as auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

5. Share Buy-back

   To consider and, if deemed fit, to pass with or without modification, the following ordinary resolution: "That the Company authorises in advance, in terms of section 79 of the Companies Act (Chapter 24:03) and the 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 the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by 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."

   Note:

   In terms of this 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, for treasury purposes. 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.

6. 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."
7. To transact any other business competent to be dealt with at the Annual General Meeting.

Notice to Members

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.

By order of the Board
INNSCOR AFRICA LIMITED

A D Lorimer
SECRETARY
Harare
12 October 2011

Notes

Notes

Form of Proxy

(Incorporated in Zimbabwe)
Registered Office:
Edward Building,
1st St/Nelson Mandela Ave
P O Box A88, Avondale,
Harare, Zimbabwe

I / We ______________________________
(Block Letters Please)

of ______________________________
being a member of Innscor Africa Limited, hereby appoint

____

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 Fifteenth Annual General Meeting of the Company to be held on Friday 25 November 2011 at 08.15 hours and at any adjournment thereof.

Signed this __________ day of ______________ 2011.

Signature of member ______________________________

NOTE
1. In terms of Section 129 of the 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. Regulation 74 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the company not less than 48 hours before the time appointed for holding the meeting.

FOR OFFICIAL USE
NUMBER OF SHARES HELD ______________________________

INNSCOR AFRICA LIMITED **ANNUAL REPORT 2011** INNSCOR

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) ______________________________

____

____

Shareholder's signature ______________________________

OUR PASSION FOR **VALUE CREATION**

The Company Secretary
Innscor Africa Limited
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Avondale
Harare
Zimbabwe

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