INNSCOR
Africa Limited

2014

Annual Report

Our passion for **Value Creation**

Vision

To build a diversified Pan African Group focused on light manufacture, distribution and retail of fast moving and durable consumer goods and the provision of services to the mass market.

Mission Statement

Innscor Africa Limited is a diversified Pan African Management Holding Company.

We manufacture, distribute and retail fast moving and durable consumer goods to the mass market through a managed and where strategically appropriate, vertically integrated portfolio of businesses which:

- benefit from being part of our Group

- have the ability and potential to achieve scale and / or

- have the ability to dominate the supply chain or market in which they operate.

The Group operates under the direction and management of an active, experienced team who add value through their industry expertise, deep market knowledge and entrepreneurial creativity.

Scope of this Report

We are pleased to present the annual report of Innscor Africa Limited, a company listed on the Zimbabwe Stock Exchange (ZSE), for the year ended 30 June 2014.

This report is targeted at a broad range of our stakeholders with the aim of presenting a balanced review of material issues and performance from our operations. The report also outlines the Group's goal and ambition, in the years to come, to move towards sustainable business practices, accountability, transparency and international best practices as laid out in the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines (G4).

This annual report is structured to reflect our initial steps towards aligning with sustainability reporting guidelines. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited by Ernst & Young (Chartered Accountants Zimbabwe) in accordance with International Standards on Auditing (ISA). An independent auditors' report on the financial statements is contained on Page 34.

Forward Looking Statements

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Innscor Africa Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements.

David Morgan
Chairman

John Koumides
Group Chief Executive Officer

INNSCOR

Contents

Group Structure and Activities

BAKERIES & FAST FOODS

INNSCOR BREAD
Simon Mazorodze - Harare
Shepperton - Harare
Lennard Bread - Bulawayo

FAST FOODS

ZIMBABWE

Baker's Inn & Mr Baker	45
Chicken Inn	45
Creamy Inn	34
Nando's	12
Pizza Inn	31
Fish Inn	6
Steers	5
Convenience Stores	1
Haefeli's	2
Inns Express	2
Afro Foods	6
Afro Ice	1

REGIONAL FAST FOODS

Baker's Inn	15
Chicken Inn	26
Creamy Inn	36
Pizza Inn	43
Convenience Stores	19
Rhapsody's	1
Galito's	27
Vasili's	1
Fontana (Associate company)	1
Vida SPAR Deli	6

MILLING & PROTEIN

NATIONAL FOODS HOLDINGS LTD
National Foods Ltd
National Foods Properties Ltd
Botswana Milling and Produce Company (Proprietary) Ltd
Red Seal Manufacturers (Proprietary) Ltd

COLCOM HOLDINGS LTD
Triple C Pigs
Colcom Foods Ltd
Greatrift Delight (Pvt) Ltd
Associated Meat Packers (Pvt) Ltd
Intercane (Pvt) Ltd
Freddy Hirsch Group (Pvt) Ltd
(Associate company)

IRVINE'S ZIMBABWE (PVT) LTD

DISTRIBUTION GROUP AFRICA

DISTRIBUTION ZIMBABWE
Innscor Distribution
Comox Trading
Eagle Agencies
Snack Sales and Distribution
Breathaway Food Caterers (Pvt) Ltd
Yamiya Trading (Pvt) Ltd
Brands House Marketing (Pvt) Ltd

BAOBAB (PVT) LTD
(Associate company)

HAT ON (PVT) LTD
(Associate company)

DISTRIBUTION ZAMBIA
Innscor Distribution
Comox Trading

DISTRIBUTION MALAWI
Innscor Distribution
Comox Trading

INNSCOR

Group Structure and Activities

SPAR

ZIMBABWE

SPAR FRANCHISED OUTLETS

SPAR stores	44
SAVEMOR stores	7
SPAR Express	2
TOPS bottle stores	4

SPAR CORPORATE STORES

Letombo Park SPAR Megasave
Groombridge SPAR
Borrowdale Village SPAR
Mutare SPAR
Golden Stairs SPAR
Joina City SPAR
Borrowdale Brooke SPAR

SPAR DISTRIBUTION

SPAR Distribution Centre
Freshpro

SPAR ZAMBIA

SPAR FRANCHISED OUTLETS

SPAR stores	7

SPAR CORPORATE STORES

Arcades SPAR
Downtown SPAR
Soweto SPAR
Crossroads SPAR
Northrise SPAR
Foxdale SPAR
Mumbwa SPAR

HOUSEHOLD GOODS

TV SALES & HOME

TV Sales & Home	27
Your Space	3
Samsung concept store	1
Kunzwana Mart	1

APPLIANCE MANUFACTURING

Capri
WRS (World Radio Systems)

OTHER BUSINESSES

NATPAK (PVT) LTD

SHEARWATER ADVENTURES (PVT) LTD
(Associate company)

BEDRA ENTERPRISES (PVT) LTD

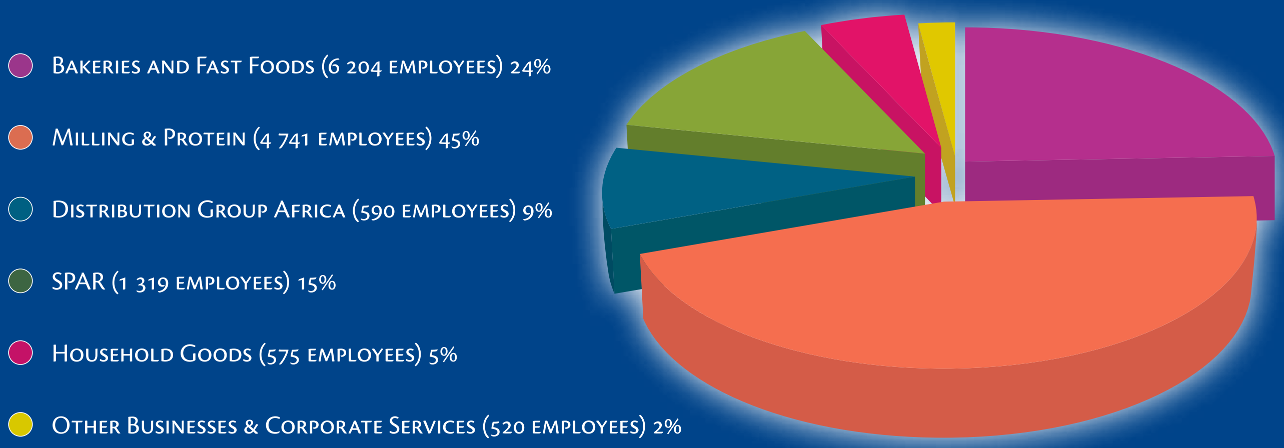
THE RIVER CLUB - Livingstone Zambia

> "As part of the continued regional expansion programme, 3 counters were opened during the year in Kenya, 15 in Zambia and 4 in the Democratic Republic of Congo."

Financial Highlights

	2014 USD	2013 USD
Group Summary		
Revenue	1 010 916 667	656 332 118
Operating profit before impairment, depreciation, amortisation and fair value adjustments	80 558 376	67 396 541
Profit before tax	92 415 554	59 369 440
Profit for the year attributable to equity holders of the parent	60 465 321	38 953 790
Cash generated from operating activities	106 822 736	54 161 610
Net assets	316 850 331	192 806 096
Share Performance (cents)		
Basic earnings per share	11.16	7.19
Headline earnings per share	4.11	6.36
Ordinary Share dividends declared and paid during the year:		
Interim dividend per share	0.60	0.80
Final dividend per share (prior year)	1.00	1.00
Ordinary Share dividends per share recognised during the year	1.60	1.80
Ordinary Share dividends per share declared and paid since reporting date	0.70	1.00
Class "A" ordinary share dividends recognised and paid since reporting date	351 500	-
Market price per share - 30 June (cents)	74.00	91.02
Number of shares in issue at 30 June	541 593 440	541 593 440
Market capitalisation	400 779 146	492 958 349

Percentage Contribution to Revenue



Chairman's Statement and Review of Operations

FINANCIAL

As advised in the interim report and due to a change in governance structures, the Group has consolidated the results of National Foods Holdings Limited and Irvine's Zimbabwe (Private) Limited with effect from 1 July 2013. These businesses were previously equity accounted. In undertaking this change in accounting treatment, and notwithstanding the fact that there has been no change in the Group's shareholding in either of these existing investments, a fair value adjustment is mandatory in terms of IFRS 3 (Business Combinations). This has resulted in a fair value gain of USD 39.033 million being credited to the Group's Statement of Profit or Loss and Other Comprehensive Income in the current year, and represents the difference between market value and carrying value of the Group's existing interest at the date of consolidation. This gain has been excluded from the calculation of headline earnings. Also as a result of this change in accounting treatment, an intangible asset, in the form of goodwill, of USD 36.904 million has been recorded in the Group's Statement of Financial Position. This represents the difference between the fair value of the Group's existing interest in these investments, and the fair value of the Group's share of the net assets within these entities.

The Group has faced a challenging trading environment for much of the financial year under review, and this has been compounded by inefficient management structures in a number of its core businesses; in many cases gross profit margins were also reduced in an effort to

Chairman's Statement and Review of Operations

stimulate revenues against a backdrop of reducing disposable incomes.

During the year under review, the Group recorded revenue of USD 1.01 billion, an operating profit of USD 80.56 million and, after including the fair value adjustment referred to above, a profit before tax of USD 92.42 million.

Driven by the need to react to the current economic dynamics, the Group commenced with a number of major restructuring initiatives in the latter part of the year under review. These initiatives were focused primarily on the SPAR operations in Zimbabwe (both Distribution and Retail), the Bakery operations and the Zimbabwe Fast Food operations, and approximately USD 7.15 million in one-off cost and re-structure provisions were processed through the Group's Statement of Profit or Loss and Other Comprehensive Income in this regard. Also affecting profitability during the year under review was a fixed asset impairment and de-recognition charge of USD 1.83 million which, as in the prior year, has been excluded from the calculation of headline earnings. Basic earnings per share amounted to 11.16 US cents whilst headline earnings per share declined to 4.11 US cents.

Despite the disappointing trading results, the Group's cash generating ability was outstanding, with USD 106.82 million being generated from operating activities. This allowed the Group to continue with its asset expansion and maintenance programmes which consumed USD 48.93 million during the year under review, as well as reduce overall net gearing levels.

Chairman's Statement and Review of Operations

The Directors have elected to transfer to distributable reserves, the portion of non-distributable reserves relating to the remaining foreign currency conversion reserve amounting to $33.32 million. This foreign currency conversion reserve arose as a result of the change in functional currency from the Zimbabwe dollar to the United States dollar and has been in existence since the change-over period. This transfer has taken place through the Statement of Changes in Equity and has no effect on profitability.

SUSTAINABILITY REPORTING

The Group strives to operate its businesses in a sustainable manner that recognises environmental and social impacts. The Group believes that by identifying, measuring and being accountable to its stakeholders through sustainability reporting (Economic, Environmental, Social and Governance), this enhances potential for long-term, sustainable business success. To this end, the Group has set a vision to achieve, in the coming years, international best practices in sustainability reporting by adopting the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines as a framework.

OPERATIONS

Bakeries & Fast Foods

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

Bread volumes in the Bakery operations declined by 10% as compared to the prior year. This volume reduction together with an increase in operating overheads combined to produce a poor overall result for the business with profitability significantly lower than that achieved in the prior year. The exercise to consolidate production at the Graniteside facility is complete, and this together with the restructuring initiatives embarked upon during the latter part of the year under review is expected to see the operation return to a more satisfactory level of profitability in the forthcoming financial year.

Chairman's Statement and Review of Operations

The automated pie plant commissioned in December 2013 has shown steady growth and is expected to make an increasing contribution to the overall results of the operation; this marks the conclusion of the three-year fixed asset expansion programme within the Bakery operations.

The Fast Food Zimbabwe operations recorded customer counts that were 2% lower than those achieved in the prior year. Notwithstanding the reduced customer count, performance at shop-level was generally good across most counters; however the costs to run the business "above-site" consumed a large proportion of the profitability. These costs are predominantly a result of the historical, regional-based structuring of the operations and hence there is considerable duplication of function and a resultant unsustainable cost base. The process to restructure the business is well under way and will result in a much more streamlined management and reporting structure. The necessary cost provisioning for this restructure has been accounted for in the current year's income statement. An additional 16 counters were opened during the year under review across Harare, Bulawayo, Mutare, Chegutu and Mvuma, whilst 9 under-performing counters were closed.

In the Region, the Fast Food operations reported an increase in customer counts of 4% over the prior year, with a similar increase in profitability. As part of the continued regional expansion programme, 3 counters were opened during the year in Kenya, 15 in Zambia and 4 in the Democratic Republic of Congo. A further 2 counters were added in Swaziland, which is a franchised territory. As advised in the interim report, the franchise arrangement in Nigeria was terminated at the end of December 2013, and investigations are ongoing as to a suitable structure in which to re-enter this market. A decision was made in the third quarter to exit the Senegal market as it had limited growth prospects and had become an increasingly expensive territory to service. A total of 175 counters, inclusive of franchised operations, were in operation at 30 June 2014. With renewed focus being placed on increasing the Group's regional footprint, a further 55 counters are planned for the regional territories during the course of the 2015 financial year.

Chairman's Statement and Review of Operations

Milling & Protein

This reporting division comprises National Foods, Colcom and Irvine's.

National Foods produced a very pleasing set of results for the year under review driven by sales of 538,000 metric tonnes of product, and representing a volume increase of 8% over the prior year. Profits were enhanced by a highly successful strategic raw material purchasing programme as well as improved plant efficiencies which benefited from continued modernisation and re-tooling. The strong results posted have allowed for further strengthening of the balance sheet and the business is well positioned to continue its growth in the coming year through the addition of new and adjacent categories.

Following a difficult 2013, Colcom reported a good set of results during the current year under review, with overall volumes increasing by 16%. In the core pork operations, volumes were down by 7%, and as reported at the interim period this was due mainly to the rationalisation of product lines. This decline was more than compensated for by a 90% volume increase recorded at Associated Meat Packers (AMP) and driven predominantly by the strong performance of the "Texas" branded outlets. After excluding the one-off charges contained in the prior year income statement, overall trading profitability growth amounted to 21%. From a pork perspective, the first half of the year was characterised by high maize prices and viability issues for producers, and this resulted in many farmers down-scaling pig operations. This was in contrast to the second half of the year, which saw demand improving, but limited availability of raw product with which to supply the market. Going forward, Colcom's focus will be on securing a stable supply of additional raw material, as well as continuing its product development for the growing informal market. Investigations into modernising the current processing plant in Harare will also enter the design and viability phase, whilst a new pie line is also planned for commissioning during 2015. With additional stores being planned, as well as growing demand from its existing network of Texas outlets, plans are at an advanced stage to up-gauge the capacity at the processing and down-packing facility at AMP.

In contrast to a strong first half of the financial year, the second half of the year at Irvine's was disappointing with significantly reduced demand, particularly in the third quarter. Overall for the year, volumes of the three core products of frozen chicken, day-old chicks and table eggs showed only marginal increases as compared to the prior year, whilst cost increases of its key raw stock feed components resulted

Chairman's Statement and Review of Operations

in similar profitability being achieved. The business continues with key strategic investments into growing its breeding capacities and capabilities as well as into a new feed mill facility, both of which should have a positive effect right through all parts of the operation in the forthcoming year.

Distribution Group Africa

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

The Distribution Group Africa Zimbabwe operations house a number of leading brands such as Colgate, Tiger Brands, Johnson & Johnson and Kellogg's. The business reported a volume growth increase of 17% over the comparative year, although this translated to only marginal revenue growth as a result of a lower average selling price per unit due in part to a weakening Rand. Operating costs grew ahead of revenue growth and as a result trading profits were 9% lower than those recorded in the prior year.

The Regional Distribution businesses continue to operate in challenging local environments. Revenue declined by 9% as compared to the prior year, impacted somewhat by local currency depreciation in both Zambia and Malawi, and this had a resultant negative effect on trading profit which declined 14% against the prior year.

SPAR

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

The SPAR Corporate Store retail operations in Zimbabwe continued to show improvements during the course of the year, and two new stores being Joina City SPAR and Borrowdale Brooke SPAR were added to the network, compensating for the loss of Arundel SPAR. Refinements in store structures continued and approximately USD 0.57 million was processed through the current year income statement in respect of restructure cost provisions. In the period after the year-end, a decision was made to exit the Borrowdale Brooke SPAR as, despite considerable effort, this store was unable to reach consistent levels of customer counts, which in turn negatively affected profitability. Fixed Asset impairments in respect of Borrowdale Brooke SPAR and Arundel SPAR of approximately USD 1.26 million were charged to the current year income statement in respect of these two store closures.

The SPAR Distribution Centre had a very disappointing year, and as highlighted in the interim report, this was driven mainly by the fact that a considerable number of independent stores were unable to

Chairman's Statement and Review of Operations

maintain any reasonable and consistent trading patterns, whilst debtor collections were also severely affected. As a result of these factors a decision was made to significantly streamline the Distribution Centre operations, and prudent provision was made in the current income statement for any items related to this initiative covering staff restructure, debtors, stock and creditors. This provision amounted to approximately USD 5.26 million, and was the main impactor on the overall results of this reporting division. The operation has now been consolidated to one site and is correctly structured to fulfil its requirements to the store network.

The SPAR Corporate Store retail operations in Zambia continued to post improving results and despite local currency depreciation, US dollar revenue experienced a 3% increase over the prior year. Gross margins remained firm and cost control was good, combining to produce a 44% increase in trading profit as compared to the prior year. A further corporate store was opened in Lusaka in June 2014 and this brought the current total network to 14, inclusive of the 7 independent stores; an additional corporate store is due for opening in Ndola during the first half of the new financial year.

Chairman's Statement and Review of Operations

Household Goods

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

TV Sales & Home reported an increase in revenue of 6% over the prior year; however a marginal reduction in gross margin as well as an increase in operating costs resulted in a slight decline in trading profit. The reduction in formally employed customers impacted on the instalment debtors' book which closed at a similar level as compared to the prior year; collections on the book, however, remained good. An additional 5 stores were added during the course of the year, with Rusape the latest to open during the final quarter. Three additional stores in Machipisa, Chiredzi and Zvishavane are due for opening during the first quarter of the new financial year, whilst work is also in progress to enable the operation to transact on a term-basis with customers who operate in the vast informal sector of the economy.

Operations at Capri were severely impacted by falling local disposable incomes and despite volumes showing only a 3% decline, this was at the expense of gross margin which was reduced to stimulate demand. As a result, and despite good overhead control, current year trading profits were considerably behind those posted in the prior year. Exports of product commenced to Zambia and Malawi during December 2013 and have shown steady growth during the second half of the financial year. The new refrigerator plant is on schedule for commissioning during December 2014 and this will see both an enhanced product being produced as well as improvements in production efficiencies and costs. Parallel to this, additional export markets under investigation include Mozambique, Namibia, Botswana and the Democratic Republic of Congo.

Chairman's Statement and Review of Operations

Other Businesses

With regard to some of the smaller businesses, the Group's packaging operation, NatPak, was the stand-out performer, recording a 14% increase in trading profit compared to the prior year. The bread bag wicketing line, which was commissioned in December 2013, performed well during the second half of the year under review and contributed positively to overall profitability. Investment into new extruding and printing capabilities has recently been approved and this will see the operation having the ability to provide a full flexible packaging range in the latter part of the forthcoming financial year. Operations at the core polypropylene sacks division remain stable.

PROSPECTS

The current trading environment has necessitated the Group taking decisive action in the way it operates and is structured. This process has resulted in some necessary, one-off cost provisioning in the year under review. All Group companies have been through a robust budgeting process during the latter part of the year under review and the Board is confident that with the changes to structuring, a much better trading result can be achieved in the forthcoming year.

In spite of the sub-optimal trading results, generation of free cash has remained a very strong part of the Group's make-up, and management intends to use this attribute to continue expanding its existing businesses and geographic footprint as well as adding additional synergistic operations in the forthcoming year.

With the continued evolution of the Group in terms of its size, geographic location and business type, and given the vast opportunities available for growth both locally and across Africa, appropriate, and more focused leadership structures are currently being implemented to ensure existing businesses operate to plan and that new opportunities can be adequately investigated and executed upon. This will see the Group redefine the way it reports its operations in the future and will see substantive management heads appointed to each of its main

Chairman's Statement and Review of Operations

business categories, who will assume responsibility, together with unit management, for the performance of each of these portfolios.

As reported at the interim stage, the Group has an ultimate goal of being a true pan-African organisation and it will therefore continue to pursue a more balanced portfolio of businesses both in geographic terms as well as business-type.

DIVIDEND

The Board has declared a final dividend of 0.70 US cents per share (bringing the total dividend for the year to 1.30 US cents per share) payable on or about 10th October 2014 to shareholders registered in the books of the Company by noon on 26th September 2014. The transfer books and register of members will be closed on 27th and 28th September 2014.

In line with the Group's indigenisation transaction, approved by shareholders on 24th January 2014, the Directors have also declared a dividend totalling USD 189 500 to Innscor Africa Employee Share Trust (Pvt) Ltd.

APPRECIATION

I wish to record my appreciation to the executive Directors, management and staff for their effort during the year under review. I also wish to thank the non-executive Directors for their considerable input as well as the Group's customers, suppliers and other stakeholders for their continued support and loyalty.

D L L MORGAN
Chairman
10 October 2014

Governance and Approaches

Group Governance and Management Approach

Innscor Africa Limited is committed to a Code of Corporate Practices and Conduct based on the principles laid out in the King Reports and the Principles of Corporate Governance in Zimbabwe as laid out in the Manual of Best Practice. The Group is looking forward to aligning the existing code with the upcoming National Code of Corporate Governance in Zimbabwe and other such recognised international best practices in corporate governance. 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 and stakeholders to derive the assurance that, in protecting and adding value to Innscor Africa Limited's financial and human capital investment, the Group is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

Mechanisms for Communication with Stakeholders

The Group provides various platforms for its stakeholders to communicate with its Board of Directors and senior management. Such platforms include the Annual General Meeting, press release announcements on interim and year-end results, investor briefings, annual reporting to shareholders and exercise of shareholders' voting rights through proxy forms. The Group's website contains a vast array of updated operational and financial information which can be easily accessed by all stakeholders.

Board and Management Ethics

The Group believes that it is the responsibility of the Board and management to lead by following acceptable ethical business practices. Therefore, all Directors and management are required to declare interests which might be deemed in conflict with their contracts with the Group.

Board Structure

The Board of Innscor Africa Limited currently comprises three executive Directors, two independent, non-executive Directors and two non-independent, non-executive Directors. The Chairman and the non-executive Directors bring a significant amount of experience and intuition to guide an active and ambitious executive management team. The Board meets quarterly to monitor the performance of management and to ensure proper control over the strategic direction and governance of the Group. Short biographies of each of the directors are disclosed on page 20. The Group operates a decentralised silo structure. Each individual business has a formal Board with clearly defined responsibilities and objectives, which is responsible for the day-to-day running of its operations. A comprehensive financial reporting system ensures that each silo is brought to account on a monthly basis.

Directors' Remuneration

Remuneration packages for Directors are determined by the Group's Remuneration Committee. These packages include a guaranteed salary as well as a performance-related incentive linked to the achievement of pre-set profit targets and levels of free cash flow. As at 30 June 2014 there were no loans from the Company to any Directors. In addition, no share options were issued to any Directors during the year under review and there were no unexercised share options outstanding held by the Directors at 30 June 2014.

Governance and Approaches

Sub–Committees:

Committee	Summary Roles & Responsibilities
Audit	The Group 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 two independent, 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	The remuneration committee comprises three 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 the Group operates. Packages primarily include basic salaries, benefits and performance related bonuses.
Finance & Investment	The finance and investment committee is mandated by the Board to set, approve and monitor overall borrowing limits for the Innscor Africa Limited Group and for the individual companies within the Group. The committee is responsible for approving financial institutions that the Group can transact with and limits of such transactions. The committee also sets, approves and monitors the overall capital expenditure investment within the Group and specifically analyses any expansion capital expenditure and potential business acquisition or disposal prior to considering approval. The committee comprises one non-executive Director, three executive Directors and one senior manager of the Group. The committee meets on a fortnightly basis to consider bank facilities, borrowing positions, capital expenditure, investment opportunities and such other business as may be directed by the Board.

Governance and Approaches

Board of Directors

David Morgan - Non-Executive Chairman (Appointed January 1998)

David Morgan is a Legal Practitioner by profession, having obtained a Bachelor of Commerce and LLB degrees from the University of Cape Town (South Africa) before going on to obtain a Bachelor of Arts in Economics from Oxford University (United Kingdom). David is currently one of the senior partners of Coghlan, Welsh and Guest Legal Practitioners which is based in Harare. During his career David has served on the Boards of various companies in Zimbabwe. In addition to his role as Chairman of Innscor, David also chairs the Group's Remuneration Committee and is a member of the Group's Audit Committee.

John Koumides - Group Chief Executive Officer (Appointed September 2003)

John Koumides is a former partner of Deloitte in Harare. During his career, John spent nine years at Delta Corporation where he served as Group Financial Director and his last year as Group Operations Director. John has served on the Innscor Board as both an executive and non-executive Director over the last eleven years. In addition to being Chief Executive Officer of Innscor, John is a member of the Group's Remuneration and Audit Committees and chairs the Group's Finance and Investment Committee. John also sits on the boards of Colcom Holdings Limited and National Foods Holdings Limited, both listed investments of Innscor.

Basil Dionisio - Executive Director (Appointed November 2012)

Basil Dionisio is a founder shareholder of Innscor and helped create the Group's culture and value system. Basil has extensive operational knowledge of the Group's businesses and has been instrumental in the Group's success in its regional fast food expansion programme. Basil's current operational portfolio covers the Group's Fast Food, Bakeries and SPAR business units. Basil is a member of the Group's Finance and Investment Committee.

Michael Fowler - Non-Executive Director (Appointed July 1994)

Michael Fowler is a founder shareholder of Innscor and has held a number of managerial positions within the Group including a period during which he served as Group Chief Executive Officer. Michael was a key driver behind the Group's investment into its crocodile ranching operations where he has remained as an executive director since its unbundling and separate listing on the ZSE in 2010. Michael is a member of the Group's Remuneration Committee.

Zinona (Zed) Koudounaris - Non-Executive Director (Appointed April 1996)

Zed Koudounaris completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Sciences. Zed is a founder shareholder of the Group and was the driving force behind the initial creation and success of the Group's core fast food brands. Zed has held a number of positions within the Group including Chief Executive Officer upon the Group's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for the Group and providing guidance to its management team. Zed is a member of the Group's Finance and Investment Committee.

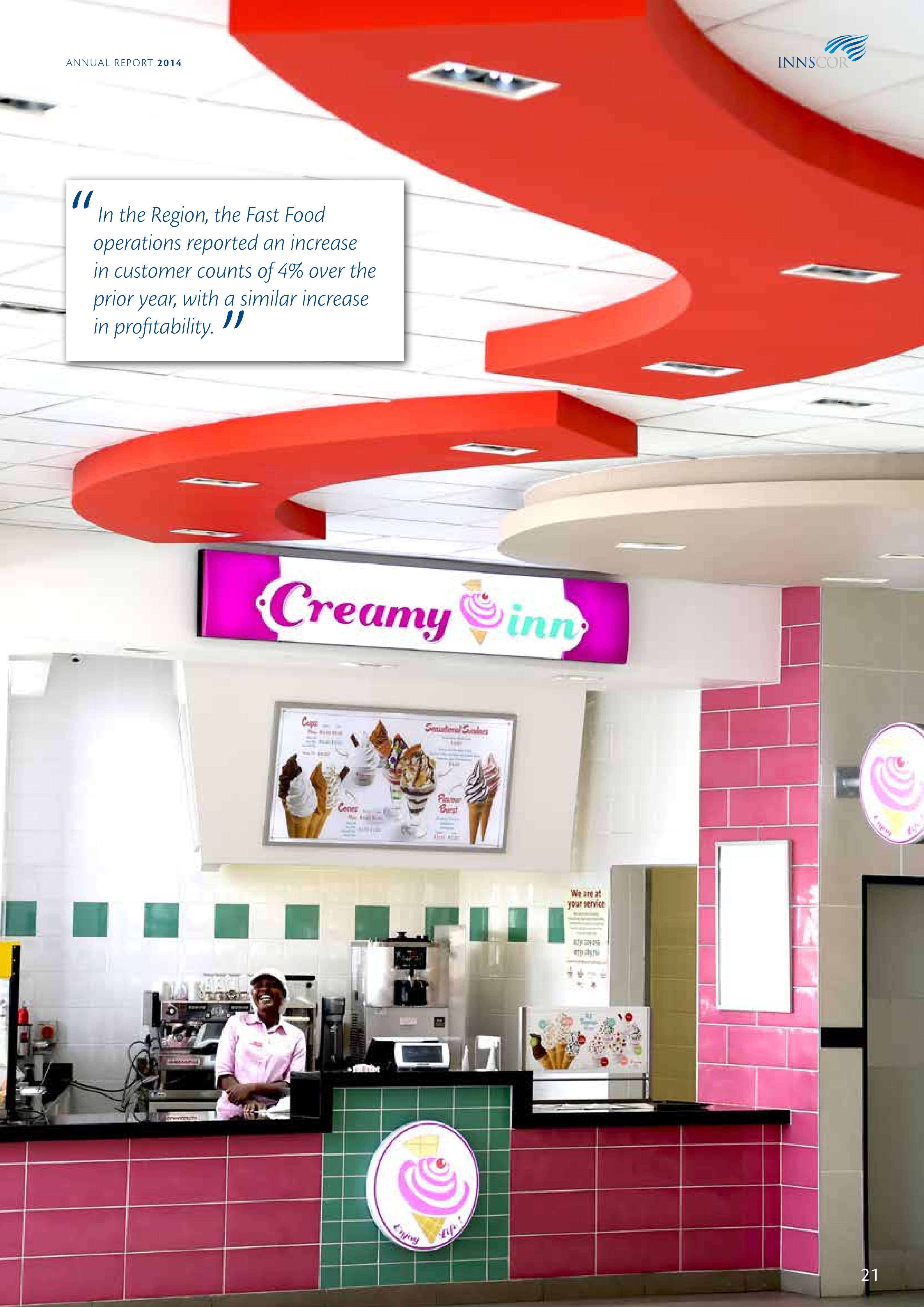
Julian Schonken - Group Financial Director (Appointed October 2007)

Julian Schonken completed his tertiary education at Rhodes University in South Africa, where he attained a Bachelor of Commerce degree. In 1999 and shortly after completing his articles of clerkship and qualifying as Chartered Accountant (Zimbabwe) with Deloitte, Julian joined Innscor where he has held a number of financial and managerial positions. In October 2007, Julian was appointed to the main Board of Innscor as Group Financial Director. Julian also sits on the Board of Colcom Holdings Limited and is a member of the Group's Finance and Investment Committee.

Thembinkosi (Themba) Sibanda - Non-Executive Director (Appointed November 2005)

Themba Sibanda completed his tertiary education at the University of Zimbabwe with a Bachelor of Accounting Honours degree. Shortly after completing his articles of clerkship and qualifying as a Chartered Accountant (Zimbabwe), Themba was admitted into partnership and now has over 30 years experience in compliance and audit services at Schmulian & Sibanda. Themba currently chairs the Group's Audit Committee and is also a member of its Remuneration Committee. Themba also sits on the boards of a number of other listed entities in Zimbabwe including Delta Corporation Limited, Edgars Stores Limited, Padenga Holdings Limited and Pretoria Portland Cement Limited.

"In the Region, the Fast Food operations reported an increase in customer counts of 4% over the prior year, with a similar increase in profitability."



"Colcom reported a good set of results during the current year under review, with overall volumes increasing by 16%."

Directorate and Management

BOARD OF DIRECTORS

Independent, Non-Executive Directors	Non-Independent, Non-Executive Directors	Executive Directors
• * David Morgan (Chairman)	* Michael Fowler	◆ • * John Koumides
• * Thembinkosi Sibanda	◆ Zinona (Zed) Koudounaris	◆ Julian Schonken
		◆ Basil Dionisio

- • Members of the Audit Committee
- * Members of the Remuneration Committee
- ◆ Members of the Finance and Investment Committee

Chairman of the Audit Committee - Thembinkosi Sibanda
Chairman of the Remuneration Committee - David Morgan
Chairman of the Finance and Investment Committee - John Koumides

GROUP EXECUTIVES

John Koumides	Group Chief Executive Officer
Julian Schonken	Group Financial Director
Basil Dionisio	Chief Executive Officer- Bakeries and Fast Foods
Musi Kumbula	Group Corporate Affairs Executive
Raymond Nyamuziwa ◆	Group Treasurer
Andrew Lorimer	Group Company Secretary

DIVISIONAL MANAGEMENT

Corporate

Ray Rambanapasi	Group Financial Manager
Priti Da Silva	Group Services Executive
Joshua Mhike	Group Internal Audit Manager
Ronald Gumbo	Group Tax Officer
Farai Machodo	Assistant Group Financial Manager
Kundai Murau	Financial Manager

Treasury

Tanya Chitaukire	Divisional Financial Manager

Salary Services

Chipo Ndudzo	Managing Director
Adele Friend	Technical Director

BAKERIES AND FAST FOODS

Innscor Bread

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

Fast Foods Harare

Givemore Munyanyi	Managing Director
Mandla Nkosi	Financial Director
Mary Ndawona	Human Resources Director

Fast Foods Matabeleland and Midlands

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

Fast Foods Mutare

Teo Yatras	Managing Director
Emmanuel Zvinoitavanhu	Financial Director

Innscor Franchising

Manoli Vardas	Chief Executive Officer
Takawira Tawengwa	General Manager
Fortunate Masendeke	Financial Manager

Regional Fast Foods

Leighton Shaw	Operations Director
Hendrik Louw	Financial Manager

Directorate and Management

MILLING & PROTEIN

National Foods Holdings Limited

Jeremy Brooke	Group Managing Director
Liberty Murimwa	Group Financial Director
Michael Lashbrook	Group Operations Director
Johnson Gapu	Group Sales, Marketing & Distribution Director
Rosseweater Usayi	Group Human Resources Executive
Craig Spong	Group IT Executive
Leigh Blakeway	Group Legal Executive
Hope Munyanyi	Group Financial Manager
Ruvimbo Chikwava	Group Treasury Manager
Chipo Nheta	Managing Executive - Maize Milling
Mutali Chawanda	Managing Executive - Flour Milling
Daniel Maregedze	Managing Executive - FMCG
Piqela Gabaza	Managing Executive - Stockfeeds
Godwill Nyakwende	Managing Executive - Depots

Colcom

Theophillus Kumalo	Chief Executive Officer
Dino Tumazos	Financial Director
Norita Adams	Sales & Marketing Director
John Neilson	Commercial Director
Jan Van As	Operations Director
Zvitendo Matsika	Human Resources Executive
Mandy Mutiro	Financial Manager
Ian Kennaird	Chief Executive - Triple C Pigs
Lester Jones	Chief Executive - AMP
Sibusisiwe Dhliwayo	Quality Assurance Manager

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
George Economou	Commercial Director
Godfrey Gwainda	Financial Director
Rutendo Dzangai	Financial Manager

DISTRIBUTION GROUP AFRICA

Distribution Group Africa

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

Innscor Distribution Zimbabwe

Craig Hodgson	Managing Director
Kennedy Muchenga	Sales Director
Noel Shangwa	Financial Manager

Comox Trading

Archie Meth	Managing Director
Alec Gahadzikwa	Financial Director

Eagle Agencies

Neil Varrie	Managing Director

Snacks Sales & Distribution

Albert Oberholzer	Sales Director
Freeman Kuodza	Financial Manager

Breathaway

Gareth Rawlins	Managing Director

Distribution - Zambia

Vincent Hogg	Managing Director
Collen Alumando	Financial Manager

Distribution - Malawi

Andrew Bester	Country Manager
Rob Brown	Managing Director
Skallas Smit	Operations Manager

Directorate and Management

SPAR

SPAR Retail

Andrew Divaris	Group Chief Executive Officer
Tineyi Mandengu	Group Financial Director
Masimba Mutsai	Group Human Resources Director
Josephine Mutsekwa	Sector General Manager
Francis Muchuchu	Sector Financial Manager
Dion Yatras	MD – Mutare SPAR
Evermary Nyamwanza	GM – Groombridge SPAR
Andrew Dobson	GM – Borrowdale Village SPAR
Alfred Choga	GM – Letombo SPAR
Douglas Ngwasha	GM – Joina City SPAR
Cuthbert Tsikira	GM – Golden Stairs SPAR
Sipho Ndebele	GM – Borrowdale Brooke SPAR

SPAR Distribution

Andrew Divaris	Group Chief Executive Officer
John Economou	GM – Marketing and Merchandise
Arthur Gwaku	Warehouse and Logistics Executive
Arvine Takadi	Retail Operations Executive
Charles Nyamuba	Financial Manager

FreshPro

Mani Lane	General Manager

SPAR Zambia

Mark O'Donnell	Executive Chairman
Roselt van Eyssen	Chief Executive Officer
Johannes Alberts	Chief Financial Officer
Wellington Gumunyu	Management Accountant

HOUSEHOLD GOODS

TV Sales & Home

Sean Gorringe	Chief Executive Officer
Joseph Kamasho	Financial Director

Appliance Manufacturing

Gary Watson	Chief Executive Officer
Kevin Tiran	Production Director
Simba Muchatukwa	Financial Director
Jan Van Der Westhuizen	Research & Development Director
Tony Simoes	Marketing Director
Simba Munondo	Human Resources Manager

OTHER BUSINESSES

Natpak (Private) Limited

Guy Martell	Managing Director
Tamuka Kunaka	Operations Director
Herbert Mapuranga	Financial Director

Shearwater Adventures (Private) Limited

Mike Davis	Chairman
Butholezwe Mlilo	Financial Director
Allen Roberts	Operations Director

Bedra Enterprises (Private) Limited

Mark Masekesa	Managing Director
Kennedy Mhakayakora	General Manager - Factory
Edward Jakarasi	General Manager - Vending Operations

The River Club

Peter Jones	Chief Executive Officer
Eugene Marais	General Manager
Dalene Vincent	Financial Manager

> *"National Foods produced a very pleasing set of results for the year under review driven by sales of 538,000 metric tonnes of product, and representing a volume increase of 8% over the prior year."*

Sustainability Reporting

The Group strives to operate its business in a sustainable manner that recognises environmental and social impacts. The Group believes that identifying, measuring and being accountable to its stakeholders through sustainability reporting (Economic, Environmental, Social and Governance) has potential for long-term business success. To this end, the Group has set a vision of moving towards sustainable business practices contained in the Global Reporting Initiatives (GRI's) Sustainability Reporting Guidelines in informing the way we will engage with our stakeholders, identify material issues, respond to matters and being accountable to our broad range stakeholders.

As part of this vision, the Group will undertake capacity development of established Sustainability Teams. These teams will be responsible for assisting management with the identification, management and disclosure of material issues pertaining to economic, environmental and social impacts and opportunities arising from the Group's operations using the GRI Sustainability Guidelines.

Human Capital Management

INNSCOR AFRICA WELLNESS

The Group continues to recognise the importance of health and wellness of its employees and invests in various programmes to achieve the objective of providing adequate health facilities and continuous education on wellness matters. The focus for the year under review was on ensuring a healthy and stable workforce and enabling safe working environments through joint efforts of both the employer and employee. As part of its ongoing commitment, the Group continues to provide:

- Education and awareness to employees regarding HIV and AIDS and other wellness and health related issues
- Free counselling for employees and their families
- On-site wellness and health services that provide support to employees. This includes a Voluntary Counselling and Testing (VCT) programme to assist in mitigating HIV and AIDS
- The Annual Wellness Soccer tournament that fosters a culture of working together and total well-being

The highlight of the 2014 wellness calendar was the Peer Educator Skills Building programme, which focuses on the integral role that peer educators play not only in behaviour change, but also in implementing the Group's workplace wellness programmes. Another main highlight was the opening of the Innscor Employee Total Wellness Centre. This facility provides basic primary healthcare for the Group's employees as well as being a centre for HIV testing. Various health workshops are held at this centre with the aim of providing continued education and support on matters of health risk and healthcare options available to employees.

Human Capital Management (continued)

Business goals achieved by the Wellness program so far include:

- Reduced absenteeism
- Reduced hospital attendance and admittance
- Reduced on-site clinic attendance due to intensive preventative initiatives
- Increased staff morale as a result of the program together with ongoing team-building initiatives
- Increased routine medical tests

The Group, through its Wellness Centre, continuously links with service providers both public and private, notably the Ministry of Health and Child Care, City of Harare, National Social Security Authority, SAfAIDS and Zimbabwe Business Council on Aids to ensure that its varying programmes receive appropriate assistance and support during implementation.

The Group monitors how its services are used and develops them accordingly, working on the assumption that a healthy and happy employee is more productive at work and less likely to leave. Our employees are very supportive of the Group's wellness services, and this is demonstrated by the number of employees that attend the many health and wellness events that are held.

Corporate Social Investment

The Group believes that environmental and social factors are part of the business' operations and strategy. Therefore, responding to impacts from our operations is a responsibility and business strategy that has potential for our long-term business values. In the year under review, the Group undertook a number of initiatives aimed at assisting various environmental, social, academic, animal welfare and sporting and cultural initiatives.

Environment

The Group is conscious of environmental issues and is currently working on a project through its Fast Food operations on further increasing environmental awareness programmes through its Food courts. As a start to this initiative, the Group adopted the Pomona Shopping Centre and initiated a clean-up campaign, working closely with the City of Harare. Through the Baker's Inn brand the Group, together with a number of local schools, participated in the clean-up of Marondera and donated refuse bins towards this cause.

Child Welfare

Child Welfare is an area that the Group has taken a strong interest in. The Group partnered with the Ministry of Women's Affairs, Gender and Community Development and the United Nations Children's Fund (UNICEF) to raise awareness against child abuse. During a major gathering of children, activists, media and other stakeholders, the Group through Chicken Inn, provided food and contributed to publicity material for the event. The Group is concerned by the plight of children and will continue to participate in events and campaigns that highlight the situation of Zimbabwe's most vulnerable population group.

SPAR continues to support Childline Zimbabwe, an organisation that provides counselling, therapeutic and educational services to vulnerable children from all socio-economic backgrounds.

Disadvantaged Communities

The Group, through Irvine's, National Foods, Baker's Inn, Colcom and Capri continues to extend assistance to various children's homes, old age homes and rehabilitation centres across the country. Recipients of this assistance include: Emerald Hill Children's Home and School for the Deaf, Jairos Jiri Association, Saint Joseph's House for Boys-Kubatana, Valhalla Old People's Home, Waterfalls Trust, Athol Evans Centre, Homefields Care and Education Centre, The Salvation Army Zimbabwe, Good Hope Mothers' Trust, Moses Basket Renewal Ministries and Meals on Wheels.

Irvine's also recently sponsored and handed over a chicken demonstration project to the people of Chivi in Masvingo Province. This is part of the Group's initiatives to empower communities and ensure that they are self-sufficient. The project, which has been replicated in other parts of the country, has received accolades from the community and from Government. Irvine's not only built the project, but also provides technical support and ensures the community has a market for its chicken production.

Corporate Social Investment (continued)

The Cancer Association of Zimbabwe also continues to benefit from the Group's assistance, helping to support its philosophy of raising cancer awareness and improving the quality of life of cancer patients and their families.

Assistance, in the form of maize meal and other food stuffs, was also provided by the Group, through National Foods and Baker's Inn, in supporting the communities that were affected by the flooding of the Tokwe-Mukosi Dam during the course of the year.

Academic

Muguta Secondary School in Epworth has continued to benefit from the Group's involvement. The Group paid for roofing material needed to complete another classroom block. Epworth is one of the most economically depressed communities in the country and is unable to provide adequate facilities for education. The situation is exacerbated by the fact that the majority of students at this school are AIDS orphans, unable to pay fees or levies which are ordinarily channelled to school development projects. The completion of the classroom block will decongest the school, where on average there are 90 students per class.

Baker's Inn remains very active in academic-based community projects. One of their signature events this year was the purchase and donation of a school bus for St Michaels School in Mbare.

The Group continues to support the annual Harare Provincial Education Merit Awards, where it donates computers to outstanding high school academic scholar achievers.

Animal Welfare

National Foods and Colcom continue to support organisations such as the Imire Game Park which focuses on wildlife conservation, game park management and community education as well as the Tikki Hywood Trust which is involved in the management of endangered species projects.

Sports and Culture

Nando's was one of the principal sponsors of Zimbabwe's Wheelchair Racing Team that represented the country at the Outeniqua Wheelchair Challenge held in South Africa; a wheelchair tournament for disabled athletes. The team performed exceptionally well and brought home a number of medals.

Baker's Inn contributes regularly to various sporting initiatives for schools, among them, Chipembere Primary School, where its assistance helps to identify local cricket talent, and provides recipients with educational support, coaching, training and giving these young sports people the necessary exposure through a joint association with Zimbabwe Cricket. These combined efforts are in line with the objective of identifying key talent in underprivileged areas and nurturing this to allow individuals to participate in future national teams.

Many of the Group's businesses participated in the highly successful Zimbabwe Colour Run 2013 event, which is a community and family based fun day. Net proceeds of this event were awarded to the Society for the Prevention of Cruelty to Animals and Emerald Hill Children's Home and School for the Deaf.

"With renewed focus being placed on increasing the Group's regional footprint, a further 55 counters are planned for the regional territories during the course of the 2015 financial year."

Directors' Responsibility and Approval of Financial Statements

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

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

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

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. Innscor maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group of the size, complexity and diversity of Innscor it may be expected that occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements for the year ended 30 June 2014, which appear on pages 35 to 89, have been approved by the Board of Directors and are signed on its behalf by:

D L L MORGAN
Chairman
Harare
10 October 2014

J P SCHONKEN
Executive Director

Company Secretary's Certification

For the year ended 30 June 2014

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Company in terms of the Zimbabwe Companies Act (Chapter 24:03) and all such returns are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
10 October 2014

"Irvine's continues with key strategic investments into growing its breeding capacities and capabilities as well as into a new feed mill facility, both of which should have a positive effect right through all parts of the operation in the forthcoming year."

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 2014.

Share Capital

At 30 June 2014 the authorised share capital of the Company was comprised of 800 000 000 ordinary shares of USD 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.01 (one cent) each. Issued share capital was at USD 5 415 944 divided into 541 593 440 ordinary shares of USD 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.01 (one cent) each.

Group Results	USD
Profit before tax	92 415 554
Tax	(13 614 862)
Profit for the year	78 800 692
Non-controlling interests	(18 335 371)
Profit for the year attributable to equity holders of the parent	60 465 321

Dividends

Ordinary shares

The Board declared an interim dividend of 0.60 US cents per share and a final dividend of 0.70 US cents per share. This brings the total dividend in respect of the 2014 financial year to 1.30 US cents per share.

Non-voting class "A" ordinary shares

The Board declared an interim dividend of USD 162 000 and a final dividend of USD 189 500 to Innscor Africa Employee Share Trust (Pvt) Ltd. This brings the total dividend in respect of the 2014 financial year to USD 351 500, all of which has been recognised and paid after the reporting date.

Reserves

The movement in the reserves of the Group and the Company are shown in the notes to the Group financial statements. The Directors have elected to transfer USD 33 321 945 to distributable reserves relating to the remaining foreign currency conversion reserve.

Directors and their Interests

In terms of the articles of association Mr. J. Koumides and Mr. T.N. Sibanda retire by rotation at the Annual General Meeting 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 19.4 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 2014.

Auditors

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2014 and to reappoint 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
10 October 2014

A D LORIMER
Company Secretary

Report of the Independent Auditors

Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way
Kwame Nkrumah Avenue
P.O. Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905 / 750979
Fax: +263 4 750707 / 773842
Email: admin@zw.ey.com
www.ey.com

TO THE MEMBERS OF INNSCOR AFRICA LIMITED

Report on the financial statements

We have audited the accompanying consolidated financial statements of Innscor Africa Limited set out on pages 35 to 89, which comprise the Group Statement of Financial Position as at 30 June 2014, the Group Statement of Profit or Loss and Other 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 consolidated 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 controls 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 consolidated 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 about 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 controls 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 controls. 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 as at 30 June 2014, 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 (SI 33/99 and SI 62/96).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE
10 October 2014

Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 USD	2013 USD
Revenue	8	1 010 916 667	656 332 118
Cost of sales		(667 634 616)	(418 456 898)
Gross profit		343 282 051	237 875 220
other income		11 408 227	18 522 992
operating expenses		(274 131 902)	(189 001 671)
Operating profit before impairment, depreciation, amortisation and fair value adjustments	9	80 558 376	67 396 541
impairment and derecognition of plant and equipment		(1 832 590)	(2 232 728)
depreciation and amortisation		(23 372 437)	(14 842 013)
fair value adjustments on listed equities		69 552	(14 713)
fair value adjustments on biological assets		1 718 545	384 384
fair value adjustments on obtaining control of subsidiaries		39 033 279	-
Profit before interest, equity accounted earnings and tax		96 174 725	50 691 471
interest income		1 715 958	1 630 624
interest expense		(7 816 526)	(4 699 274)
equity accounted earnings	14	2 341 397	11 746 619
Profit before tax		92 415 554	59 369 440
tax	10	(13 614 862)	(10 770 549)
Profit for the year		78 800 692	48 598 891
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		(769 235)	(520 379)
Other comprehensive income for the year, net of tax		(769 235)	(520 379)
Total comprehensive income for the year		78 031 457	48 078 512
Profit for the year attributable to:			
equity holders of the parent		60 465 321	38 953 790
non-controlling interests		18 335 371	9 645 101
		78 800 692	48 598 891
Total comprehensive income for the year attributable to:			
equity holders of the parent		59 875 073	38 536 687
non-controlling interests		18 156 384	9 541 825
		78 031 457	48 078 512
Earnings per share (cents)			
Basic earnings per share	6	11.16	7.19
Headline earnings per share	6	4.11	6.36
Diluted basic earnings per share	6	11.16	7.19
Diluted headline earnings per share	6	4.11	6.36

Group Statement of Financial Position

as at 30 June 2014

	Notes	2014 USD	2013 USD
ASSETS			
Non-current assets			
property, plant and equipment	12	228 891 391	139 615 506
intangible assets	13	41 788 631	3 256 491
investments in associates	14	8 786 704	50 191 580
financial assets	15	4 460 139	1 505 551
biological assets	16	1 374 701	1 258 838
deferred tax assets	22	10 389 695	7 926 277
		295 691 261	203 754 243
Current assets			
financial assets	15	3 252 442	2 891 981
biological assets	16	12 104 397	1 626 843
inventories	17	105 231 782	54 670 380
trade and other receivables	18	94 850 142	62 448 385
cash and cash equivalents		37 118 340	23 183 804
		252 557 103	144 821 393
Total assets		548 248 364	348 575 636
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	19	5 415 934	5 415 934
class A ordinary share capital	19	10	-
non-distributable reserves	20	(5 294 128)	28 618 065
distributable reserves	21	208 458 801	123 393 018
		208 580 617	157 427 017
non-controlling interests		108 269 714	35 379 079
Total equity		316 850 331	192 806 096
Non-current liabilities			
deferred tax liabilities	22	33 225 358	16 642 460
interest-bearing borrowings	23	17 263 414	2 965 392
		50 488 772	19 607 852
Current liabilities			
interest-bearing borrowings	23	46 806 665	51 440 923
trade and other payables	24	125 839 690	79 090 682
provisions	25	6 299 238	5 058 199
current tax liabilities		1 963 668	571 884
		180 909 261	136 161 688
Total liabilities		231 398 033	155 769 540
Total equity and liabilities		548 248 364	348 575 636

D L L MORGAN
Chairman
Harare

J P SCHONKEN
Executive Director

10 October 2014

Group Statement of Changes in Equity

for the year ended 30 June 2014

	attributable to equity holders of the parent						
	Ordinary Share Capital USD	Class A Ordinary Share Capital USD	Non-Distributable Reserves USD	Distributable Reserves USD	Total USD	Non-controlling Interests USD	Total USD
Balance at 30 June 2012	5 415 934	-	29 035 168	97 965 286	132 416 388	28 062 807	160 479 195
Profit for the year	-	-	-	38 953 790	38 953 790	9 645 101	48 598 891
Other comprehensive income	-	-	(417 103)	-	(417 103)	(103 276)	(520 379)
Total comprehensive income	-	-	(417 103)	38 953 790	38 536 687	9 541 825	48 078 512
Dividends paid	-	-	-	(9 748 682)	(9 748 682)	(2 025 583)	(11 774 265)
Transactions with owners in their capacity as owners*	-	-	-	(3 777 376)	(3 777 376)	(199 970)	(3 977 346)
Balance at 30 June 2013	5 415 934	-	28 618 065	123 393 018	157 427 017	35 379 079	192 806 096
Profit for the year	-	-	-	60 465 321	60 465 321	18 335 371	78 800 692
Other comprehensive income	-	-	(590 248)	-	(590 248)	(178 987)	(769 235)
Total comprehensive income	-	-	(590 248)	60 465 321	59 875 073	18 156 384	78 031 457
Issue of class A ordinary shares	-	10	-	-	10	-	10
Dividends paid	-	-	-	(8 665 495)	(8 665 495)	(5 799 852)	(14 465 347)
Transactions with owners in their capacity as owners*	-	-	-	(55 988)	(55 988)	60 534 103	60 478 115
Transfer of foreign currency conversion reserve	-	-	(33 321 945)	33 321 945	-	-	-
Balance at 30 June 2014	5 415 934	10	(5 294 128)	208 458 801	208 580 617	108 269 714	316 850 331

* Transactions with owners in their capacity as owners are explained as follows:

i Amounts included under "attributable to equity holders of parent" relate to the difference between the purchase price and carrying amount of non-controlling interests on acquisitions of non-controlling interests' share in subsidiaries of the Group.

ii Amounts included under "non-controlling interests" relate to carrying amounts of non-controlling interests' share being acquired as well as capital injections by non-controlling interests. The significant amount recorded in the current year arose when the Group obtained control in National Foods Holdings Ltd and Irvine's Zimbabwe (Pvt) Ltd as highlighted in note 11.4.

Group Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 USD	2013 USD
Cash generated from operating activities	11.1	106 822 736	54 161 610
interest income		1 715 958	1 630 624
interest expense		(7 816 526)	(4 699 274)
tax paid	11.2	(12 690 797)	(10 109 626)
Total cash available from operations		88 031 371	40 983 334
Investing activities	11.3	(47 840 124)	(43 286 425)
Net cash flow before financing activities		40 191 247	(2 303 091)
Financing activities		(26 256 711)	3 031 328
dividends paid by holding company		(8 665 495)	(9 748 682)
dividends paid by subsidiaries to non-controlling interests		(5 799 852)	(2 025 583)
issue of class A ordinary shares		10	-
proceeds from borrowings		56 185 782	94 255 569
repayment of borrowings		(67 827 025)	(81 068 990)
cash (paid to)/received from non-controlling interests		(150 131)	1 619 014
Net increase in cash and cash equivalents		13 934 536	728 237
Cash and cash equivalents at the beginning of the year		23 183 804	22 455 567
Cash and cash equivalents at the end of the year		37 118 340	23 183 804

Notes To The Financial Statements

1 Corporate Information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 10 October 2014. 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 light manufacture, distribution and retailing of fast moving and durable consumer goods.

2 Statement of compliance

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

2.1 Going concern

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

2.2 Basis of preparation

The consolidated 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).

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2014. 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 intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

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 or retained earnings as appropriate

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 IFRSs adopted

The Group has adopted the following new and amended IFRSs as of 1 July 2013:

IAS 19 Employee Benefits

IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The more significant changes include the following:

Notes To The Financial Statements

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in Other Comprehensive Income (OCI) when they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in OCI with no subsequent recycling to profit or loss.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

- Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37.

- The distinction between short-term and other long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement to the benefits.

The Group considered the above changes when accounting for termination benefits, short-term and long-term employee benefits and there was no significant impact on its financial statements.

IAS 27 Separate Financial Statements

As a consequence of the new IFRS 10 and 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. Accordingly, this did not have an impact on the Group's consolidated financial statements.

IAS 28 Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 and 12, IAS 28 has been renamed Investments in Associates and Joint Ventures. It describes the application of the equity method to investments in joint ventures in addition to associates. This did not have an impact on the Group as it does not have any investments in joint ventures accounted for using the proportionate consolidation method.

IAS 32 Financial Instruments: Presentation

The amendment clarifies that income tax related to distributions to equity holders and income tax related transaction costs of an equity transaction are accounted for in accordance with IAS 12 Income Taxes (this includes determining whether the income tax is recognised in profit or loss or immediately in equity).

IFRS 7 Financial Instruments Disclosures (Amendment)

These amendments require an entity to disclose information about rights of set-off and related arrangements e.g. collateral agreements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. Disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation, and any recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. This standard did not have any impact on the Group's financial statements.

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 now require management to make significant judgement to determine which entities are controlled and therefore required to be consolidated by the parent. The Group has applied the provisions of IFRS 10 in determining which entities it consolidates.

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 on the equity method.

This standard did not have any impact on the Group's financial statements.

IFRS 12 Disclosures of Interest in Other Entities

IFRS 12 includes all the disclosures that were previously required relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities as well as a number of new disclosures. An entity is now required to disclose the judgements made to determine whether it controls another entity. IFRS 12 disclosures, where applicable, have been provided in the notes to the financial statements.

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 provisions for IFRS 13 have been applied where appropriate.

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 these standards when they become effective.

IAS 16 and IAS 41 Accounting for Bearer Plants

IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively.

The amendment is effective for annual periods beginning on or after 1 January 2016.

IAS 32 Financial Instruments: Presentation

The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are required to be applied retrospectively. This means that the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
    - the normal course of business;
    - the event of default; and
    - the event of insolvency or bankruptcy of the entity and all of the counterparties.

The Group is currently assessing the impact of these amendments on adoption.

The amendment is effective for annual periods beginning on or after 1 July 2014.

Notes To The Financial Statements

IAS 36 Impairment of Assets

The amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

These improvements are effective for annual periods beginning on or after 1 January 2014.

IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover novations:

- That arise as a consequence of laws or regulations, or the introduction of laws or regulations.
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties.
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

All of the above criteria must be met to continue hedge accounting under this exception.

The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries.

For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting.

These improvements are effective for annual periods beginning on or after 1 January 2014.

IFRS 9 - Financial instruments

IFRS 9 reflects the IASB's work on the replacement of IAS 39, and which was undertaken in several phases since 2009. The final version of IFRS 9 was issued in May 2014 and applies to classification and measurement of financial assets and financial liabilities, impairment of financial assets as well as hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

IFRS 15 - Revenue from Contracts with Customers

The IASB and FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The standard is effective for annual periods beginning on or after 1 January 2017, but early adoption is permitted under IFRS. The Group is still assessing the impact of the standard on its contracts with customers.

IFRIC 21 - Levies

This standard becomes effective for annual periods beginning on or after 1 January 2014. IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs

Notes To The Financial Statements

over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

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 or receivable, taking into account contractually defined terms of payments and 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.

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).

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.

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, National Foods Pension Fund, Colcom Pension Fund as well as the SPAR Harare Pension Fund and other pension funds in foreign subsidiaries. The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the

Notes To The Financial Statements

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.

Leases

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

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

Royalties

Royalties are calculated 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 retranslated 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. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Foreign operations

Assets and liabilities of subsidiaries and associated companies denominated in foreign currencies are translated into United States Dollars at rates of exchange ruling at reporting date 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 and 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 and associated companies and from the translation of the results of those entities at average rates, are recognised in other comprehensive income. Upon divestment from a foreign operation, translation differences related to that entity are taken to profit or loss.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in

Notes To The Financial Statements

stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, that is a financial instrument, is recognised in accordance with 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 and the amount recognised for non-controlling interest. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Property, plant and equipment

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 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.

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.

Notes To The Financial Statements

Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Gains or losses arising from derecognition 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.

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor jointly controlled operations. Under the equity method, investments in associates are initially carried in the statement of financial position at cost. Subsequently, the investments in associates are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associates less dividends received from the associates. Goodwill relating to an associate is included in the carrying amount of the investment. The statement of comprehensive income reflects the share of the results of operations of the associates attributable to the Group.

Where there have been changes recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Notes To The Financial Statements

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.

Financial assets

Financial assets include trade and other receivables, 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 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 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 or 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 or loss are carried in the statement of financial position at fair value 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 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. After initial measurement, 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.

Notes To The Financial Statements

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 receivables

Trade and other receivables are subsequently carried at amortised cost after taking into account fair value less an allowance for any uncollectible amounts. Allowance for credit losses 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 asset's 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 asset's 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.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profir 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 occuring 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.

Notes To The Financial Statements

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 group of investments is impaired.

In the case of an equity investment 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 asssets 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 occuring after the impairment loss was recognised in profit or loss, the impairment is reversed through profit or loss.

Derecognition 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 derecognised 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.

Biological assets

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, pigs, birds and hatching eggs. At initial recognition, biological assets are valued at fair value.

Subsequent to initial recognition, biological assets are measured at fair value less estimated point of sale costs or cost less accumulated depreciation. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value is determined with reference to the average theoretical life spans for the various categories of biological assets and available market prices. For each category, the biological assets are split in terms of their life spans at reporting date and the different saleable products derived from each biological asset. On that basis, an indicative value is computed with reference to local and international market prices.

Fair value movements on biological assets are recognised in profit or loss.

Notes To The Financial Statements

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.

Financial liabilities

Financial liabilities include trade and other payables, bank overdrafts and interest-bearing borrowings, 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 derecognised 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 substantially modified, such an exchange or modification is treated as a derecognition 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.

Contingent liabilities

Contingent liabilities, which include certain financial guarantees, litigation and other letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

Deferred 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.

Notes To The Financial Statements

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 and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred 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 and associates, 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.

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.

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.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Board of Directors.

Key Management

Key management include executive directors and divisional management as outlined on pages 23 to 25 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:

Notes To The Financial Statements

Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on page 45 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

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.

Cattle

The average live weight of cattle is used in determining fair value.

Birds and Hatching Eggs

Breeder livestock is valued based on the actual costs incurred in rearing the birds and is amortised in relation to the expected hatching eggs to end of lay. The valuation of broilers livestock is based on the actual costs incurred in rearing the birds. Layers are valued at fair market price less selling costs. Fair market price is determined from the price the company sells point of lay and end of lay birds to the market.

Biological assets are valued at a price determined on the local market.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the value of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Consolidation of entities in which the Group holds less than majority of voting rights

Due to a change in governance structures, and in accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of National Foods Holdings Limited (National Foods) and Irvine's Zimbabwe (Private) Limited (Irvine's) with effect from 1 July 2013. Although the Group does not hold more than 50% ownership interest and voting rights in National Foods and Irvine's, the Group considers that it controls these entities through its respective shareholders' agreements.

For the following investments, the Group has determined that it does not have control over these entities as defined by IFRS 10 and as such these investments have been equity accounted: Shearwater Adventures (Private) Limited, Freddy Hirsch Group (Private) Limited, Paperhole Investments (Private) Limited, Baobab (Private) Limited, Hat On (Private) Limited, Harlock Management Services Limited, Afrigrain Trading Limited and Zambezi Tourism Investments Limited.

Notes To The Financial Statements

6 **Earnings per share**

Basic earnings basis

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

Fully diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting to assume conversion of share options, only if the average market price of ordinary shares during the period exceeds the exercise price of such options.

The share options arising from the Group's indigenisation transaction had no dilutive effect at the end of the financial year.

Headline earnings basis

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

	2014 USD	2013 USD
Reconciliation of basic earnings to headline earnings:		
Profit for the year attributable to equity holders of the parent	60 465 321	38 953 790
Adjustment for capital items (gross of tax):		
Profit on disposal of unquoted investments	-	(5 248 494)
Fair value adjustments on obtaining control of subsidiaries	(39 033 279)	-
Impairment and derecognition of plant and equipment	1 832 590	2 232 728
Loss/(profit) on disposal of property, plant and equipment	86 233	(20 621)
Gain on bargain purchase of subsidiary	(258 542)	(381 047)
Tax effect on adjustments	(493 026)	(568 952)
Non-controlling interests' share of adjustments	(360 861)	(524 637)
Headline earnings attributable to equity holders of the parent	22 238 436	34 442 767
Number of shares in issue		
Number of ordinary shares in issue	541 593 440	541 593 440
Weighted average number of ordinary shares in issue	541 593 440	541 593 440
Basic earnings per share (cents)	11.16	7.19
Headline earnings per share (cents)	4.11	6.36
Diluted basic earnings per share (cents)	11.16	7.19
Diluted headline earnings per share (cents)	4.11	6.36

7 **Dividends paid**

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. The final dividend declared in prior year of 1.00 US cent was paid during the current year. In addition, a current year interim dividend of 0.60 US cents per share was declared and paid.

	2014 USD	2013 USD
Prior year final dividends	5 415 934	5 415 934
Current year interim dividends	3 249 561	4 332 748
Total dividends paid	8 665 495	9 748 682

On 29 August 2014, the Board declared a final dividend of 0.70 US cents per share to shareholders registered in the books of the Company by noon on 26 September 2014. This brings the total dividend in respect of the 2014 financial year to 1.30 US cents per share. There are no tax consequences arising from the dividend payment.

Notes To The Financial Statements

		2014 USD	2013 USD
8	**Revenue**		
	Sale of goods	1 010 916 667	656 332 118
9	**Operating profit before impairment, depreciation, amortisation and fair value adjustments is shown after (crediting)/charging the following:**		
	Other income	(11 408 227)	(18 522 992)
	Operating expenses	274 131 902	189 001 671
	Other income and operating expenses include the following:		
9.1	**Exchange gains**		
	Realised	(2 204 432)	(1 511 442)
	Unrealised	(391 189)	(405 698)
		(2 595 621)	(1 917 140)
9.2	**Loss/(profit) on disposal of property, plant and equipment**	86 233	(20 621)
9.3	**Profit on disposal of unquoted and other investments**	-	(5 264 615)
9.4	**Staff costs**	130 125 534	96 489 038
9.5	**Audit fees and expenses**		
	Current year	1 405 800	1 105 126
	Prior year under-provision	42 140	12 792
	Fees for other services	44 206	20 015
		1 492 146	1 137 933
9.6	**Key management's emoluments**		
	Independent, non-executive directors - fees	65 524	280 967
	Non-independent, non-executive directors - fees	424 155	548 806
	Executive directors - total emoluments	900 765	1 185 909
	Other management remuneration	8 071 178	5 518 035
		9 461 622	7 533 717
9.7	**Operating lease charges**		
	Fixed	8 428 654	6 156 070
	Variable	10 830 940	7 728 315
9.8	**Royalties**	667 244	728 413
9.9	**Inventories written off**	3 764 555	2 980 004

Notes To The Financial Statements

		2014 USD	2013 USD
10	Tax		
10.1	Income tax charge		
	Current income tax charge	13 091 698	8 050 897
	Capital gains tax	115 850	-
	Witholding tax	6 281	1 832
	Deferred tax	401 033	2 717 820
		13 614 862	10 770 549
10.2	Tax rate reconciliation	%	%
	Statutory rate of tax, inclusive of AIDS levy	25.75	25.75
	adjusted for:		
	Tax on associates income	(0.65)	(5.09)
	Fair value adjustments on conversion of associates to subsidiaries	(10.88)	-
	Non-taxable/non-deductible items/regional rates/other fair value adjustments/withholding and capital gains rates	0.51	(2.52)
	Effective tax rate	14.73	18.14

Notes To The Financial Statements

	Notes	2014 USD	2013 USD
11 Cash flow information			
11.1 Cash generated from operations			
Profit before interest, equity accounted earnings and tax		96 174 725	50 691 471
Depreciation		23 270 657	14 730 862
Amortisation of intangible assets		101 780	111 151
Depreciation of biological assets		122 851	76 817
Unrealised exchange gains		(391 189)	(405 698)
Fair value adjustments on equity investments		(69 552)	14 713
Fair value adjustments on forward exchange contracts		7 206	(41 739)
Inventories written off		3 764 555	2 980 004
Allowance for credit losses		1 595 158	303 417
Bad debts written off		57 571	-
Provisions charged to profit or loss		1 718 127	2 072 426
Fair value adjustment on biological assets		(1 718 545)	(384 384)
Impairment and derecognition of plant and equipment		1 832 590	2 232 728
Loss/(profit) on disposal of property, plant and equipment		86 233	(20 621)
Fair value adjustments on obtaining control of subsidiaries		(39 033 279)	-
Profit on disposal of unquoted and other investments		-	(5 264 615)
Gain on bargain purchase of subsidiaries		(258 542)	(381 047)
Decrease/(increase) in inventories		7 064 915	(5 507 972)
Increase in biological assets		(1 110 715)	-
Increase in trade and other receivables		(4 871 086)	(13 630 937)
Increase in trade and other payables		20 951 063	7 988 676
Provisions paid		(2 471 787)	(1 403 642)
		106 822 736	54 161 610
11.2 Tax paid			
Opening balance		(571 884)	(2 846 886)
Charged to profit or loss		(13 213 829)	(8 052 729)
Acquisition of subsidiaries	11.4	(889 432)	210 291
Exchange and other non-cash movements		20 680	7 814
Closing balance		1 963 668	571 884
		(12 690 797)	(10 109 626)

Notes To The Financial Statements

		Notes	2014 USD	2013 USD
11.3	**Investing activities**			
	Expenditure on property, plant and equipment to maintain operations		(9 603 937)	(7 561 588)
	Expenditure on property, plant and equipment to expand operations		(39 330 705)	(43 161 251)
	Proceeds on disposal of property, plant and equipment		3 143 266	925 542
	Purchase of intangible assets		(20 832)	(304 110)
	Purchase of associates and other investments		(3 728 048)	(281 037)
	Loans advanced to associates		(400 338)	(166 837)
	Dividends received from associates		2 850 627	2 142 407
	Movement in non-current biological assets		(160 810)	(129 218)
	Proceeds on disposal of investments		-	11 090 892
	Acquisition of subsidiaries	11.4	540 920	17 289
	Purchase of additional interest in subsidiaries		(1 130 267)	(5 858 514)
			(47 840 124)	(43 286 425)

11.4 Net cash flow arising on the recognition/acquisition of subsidiary companies

Due to a change in governance structures, the Group has consolidated the results of National Foods Holdings Limited and Irvine's Zimbabwe (Private) Limited with effect from 1 July 2013. These businesses were previously equity accounted. In undertaking this change in accounting treatment and notwithstanding the fact that there has been no change in the Group's shareholding in either of these existing investments, the application of the fair value principle contained in IFRS 3 (Business Combinations) resulted in a fair value gain of USD 39 033 279 being credited to the Group's statement of Profit or Loss and Other Comprehensive Income in the current year, and represents the difference between market value and carrying value of the Group's existing interest at the date of consolidation. Also as a result of this change in accounting treatment, an intangible asset in the form of goodwill, of USD 36 904 922 has been recorded in the Group's Statement of Financial Position. This represents the difference between the fair value of the Group's existing interest in these investments, and the fair value of the Group's share of the net assets within these entities.

On 1 July 2013, the Group acquired 50.10% interest in Bedra Enterprises (Private) Limited and through its subsidiary, Innscor Distribution (Private) Limited, a 66.70% interest in Yamiya Trading (Private) Limited. The acquisition of Bedra Enterprises (Private) Limited resulted in goodwill amounting to USD 143 487 being recognised whilst the gross consideration on acquisition of Yamiya Trading (Private) Limited was equivalent to the fair value of its net assets on acquisition date. On 1 January 2014, the Group increased its effective shareholding in Breathaway Food Caterers (Private) Limited from 37.50% to 50.01%, with a gain on bargain purchase amounting to USD 258 542 being recognised. The gain on bargain purchase recognised represents the excess of the fair valued net assets of the business over the aggregate of the consideration transferred and the fair value of the existing interest and non-controlling interest's share of the net assets at the date of obtaining control.

Notes To The Financial Statements

11.4 Net cash flow arising on the recognition/acquisition of subsidiary companies (continued)

	Notes	National Foods Holdings Ltd USD	Irvine's Zimbabwe (Pvt) Ltd USD	Bedra Enterprises (Pvt) Ltd USD	Breathaway Food Caterers (Pvt) Ltd USD	Yamiya Trading (Pvt) Ltd USD	2014 Total USD
Property, plant and equipment		(54 043 409)	(14 654 032)	(558 485)	(853 709)	(74 095)	(70 183 730)
Intangible assets		-	(1 599 102)	-	-	-	(1 599 102)
Investments		(121 724)	(184 045)	-	-	(27 575)	(333 344)
Biological assets		-	(7 726 198)	-	-	-	(7 726 198)
Inventories		(46 923 613)	(13 468 189)	(90 055)	(887 958)	(74 651)	(61 444 466)
Trade and other receivables		(25 067 838)	(6 814 668)	(295 398)	(1 719 036)	(269 040)	(34 165 980)
Cash and cash equivalents		(4 106 296)	3 247 587	(34 046)	(7 881)	(3 859)	(904 495)
Trade and other payables		23 956 653	3 640 099	886 792	2 324 710	294 751	31 103 005
Provisions		726 069	1 230 420	23 975	38 878	-	2 019 342
Interest-bearing borrowings		20 566 233	853 136	650 101	-	-	22 069 470
Deferred tax liabilities		11 600 131	2 374 976	(298 485)	150 316	3 446	13 830 384
Current tax liabilities		618 287	257 825	-	1 086	12 234	889 432
Fair value of net (assets)/liabilities of subsidiaries at date of recognition/acquisition		(72 795 507)	(32 842 191)	284 399	(953 594)	(138 789)	(106 445 682)
Less non-controlling interests share therein		45 264 246	16 749 518	(141 915)	-	46 217	61 918 066
Fair value of net (assets)/liabilities recognised/acquired		(27 531 261)	(16 092 673)	142 484	(953 594)	(92 572)	(44 527 616)
Fair value of equity interest at the date of consolidation	14.1	63 378 856	17 150 000	-	425 052	-	80 953 908
Carrying amount		26 794 069	14 701 508	-	425 052	-	41 920 629
Fair value adjustments on obtaining control		36 584 787	2 448 492	-	-	-	39 033 279
Goodwill		(35 847 595)	(1 057 327)	(143 487)	-	-	(37 048 409)
Gain on bargain purchase		-	-	-	258 542	-	258 542
Cash consideration		-	-	(1 003)	(270 000)	(92 572)	(363 575)
Add cash and cash equivalents acquired		4 106 296	(3 247 587)	34 046	7 881	3 859	904 495
Net cash inflow/(outflow)		4 106 296	(3 247 587)	33 043	(262 119)	(88 713)	540 920

Notes To The Financial Statements

11.4 Net cash flow arising on the recognition/acquisition of subsidiary companies (continued)

In the prior year, the Group increased its shareholding in Natpak (Private) Limited from 40% to 66.67%.

	2013 USD
Property, plant and equipment	(2 641 937)
Intangible assets	(5 974)
Inventories	(1 000 739)
Trade and other receivables	(1 947 100)
Cash and cash equivalents	(17 289)
Trade and other payables	1 485 099
Provisions	127 020
Interest-bearing borrowings	2 767 087
Deferred tax liability	160 383
Current tax asset	(210 291)
Fair value of net assets of subsidiary at date of acquisition	(1 283 741)
Less non-controlling interests share therein	391 206
Fair value of net assets acquired	(892 535)
Fair value of equity interest at the date of consolidation	511 488
Gain on bargain purchase	381 047
Cash consideration	-
Add cash and cash equivalents acquired	17 289
Net cash inflow	17 289

Notes To The Financial Statements

12 Property, plant and equipment

	Freehold property USD	Leasehold improvements USD	Plant, Fittings & Equipment USD	Motor vehicles USD	Total USD
Cost					
At 1 July 2012	18 315 492	25 097 707	87 577 552	18 337 223	149 327 974
Additions	245 818	5 974 189	36 485 338	8 017 494	50 722 839
Disposals	(129 974)	(59 758)	(2 838 329)	(1 617 611)	(4 645 672)
Impairment and derecognition	-	-	(3 855 368)	(205 000)	(4 060 368)
Acquisition of subsidiaries (note 11.4)	-	-	3 464 394	156 822	3 621 216
Exchange movements	-	(249 059)	(633 237)	(141 596)	(1 023 892)
At 30 June 2013	18 431 336	30 763 079	120 200 350	24 547 332	193 942 097
Additions	1 688 752	4 741 347	39 463 955	3 040 588	48 934 642
Disposals	(2 430 360)	(205 821)	(1 690 878)	(1 629 149)	(5 956 208)
Impairment and derecognition	(799)	-	(2 235 418)	(23 380)	(2 259 597)
Acquisition of subsidiaries (note 11.4)	43 527 085	456 750	36 442 560	5 907 833	86 334 228
Exchange movements	(66 350)	(617 017)	(1 886 322)	(259 331)	(2 829 020)
At 30 June 2014	61 149 664	35 138 338	190 294 247	31 583 893	318 166 142
Depreciation					
At 1 July 2012	1 077 914	4 635 634	30 333 131	8 626 156	44 672 835
Disposals	-	(50 340)	(2 623 034)	(1 067 377)	(3 740 751)
Charge for the year	456 427	1 551 013	8 815 230	3 908 192	14 730 862
Impairment and derecognition	-	-	(1 653 388)	(174 252)	(1 827 640)
Acquisition of subsidiaries (note 11.4)	-	-	865 030	114 249	979 279
Exchange movements	-	(109 873)	(301 085)	(77 036)	(487 994)
At 30 June 2013	1 534 341	6 026 434	35 435 884	11 329 932	54 326 591
Disposals	(101 468)	(79 595)	(1 285 742)	(1 259 904)	(2 726 709)
Charge for the year	1 477 872	2 225 286	13 870 651	5 696 848	23 270 657
Impairment and derecognition	(267)	-	(420 697)	(6 043)	(427 007)
Acquisition of subsidiaries (note 11.4)	2 733 569	21 497	9 759 716	3 635 716	16 150 498
Exchange movements	(7 517)	(275 208)	(878 097)	(158 457)	(1 319 279)
At 30 June 2014	5 636 530	7 918 414	56 481 715	19 238 092	89 274 751
Net carrying amount					
At 30 June 2014	55 513 134	27 219 924	133 812 532	12 345 801	228 891 391
At 30 June 2013	16 896 995	24 736 645	84 764 466	13 217 400	139 615 506

Certain properties, plant and equipment, and motor vehicles are encumbered as indicated in note 12.2

Notes To The Financial Statements

12.1 Reconciliation of opening and closing carrying amounts

	2014 USD	2013 USD
Net carrying amount 1 July	139 615 506	104 655 139
Cost	193 942 097	149 327 974
Accumulated depreciation and impairment losses	(54 326 591)	(44 672 835)
Movement for the year:		
Additions at cost	48 934 642	50 722 839
Net carrying amount of disposals	(3 229 499)	(904 921)
Depreciation charge for the year	(23 270 657)	(14 730 862)
Impairment and derecognition	(1 832 590)	(2 232 728)
Acquisition of subsidiaries (note 11.4)	70 183 730	2 641 937
Exchange movements	(1 509 741)	(535 898)
Net carrying amount 30 June	228 891 391	139 615 506
Cost	318 166 142	193 942 097
Accumulated depreciation and impairment losses	(89 274 751)	(54 326 591)

The impairment and derecognition loss of USD 1 832 590 (2013: 2 232 728) represented the write-down of certain plant and equipment to the recoverable amount. This was recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense. The derecognised plant and equipment is idle and the Group is not expecting to realise any value from the use of the assets. The recoverable amount of the impaired assets was based on fair value less cost to sale, which was determined by reference to market prices for identical assets.

12.2 Security

	2014	2013
Net book value of property, plant and equipment pledged as security for borrowings	7 667 333	4 850 000

Details of the borrowings are shown in note 23.

Notes To The Financial Statements

13 Intangible assets

	Goodwill on acquisition USD	Other intangible assets USD	Total USD
Net carrying amount 1 July 2012	1 043 775	291 869	1 335 644
Gross carrying amount	1 043 775	467 683	1 511 458
Accumulated amortisation and impairment losses	-	(175 814)	(175 814)
Purchase of intangible assets	-	2 044 110	2 044 110
Acquisition of subsidiaries	-	5 974	5 974
Amortisation	-	(111 151)	(111 151)
Exchange movements	(18 086)	-	(18 086)
Net carrying amount 30 June 2013	1 025 689	2 230 802	3 256 491
Gross carrying amount	1 025 689	2 517 767	3 543 456
Accumulated amortisation and impairment losses	-	(286 965)	(286 965)
Purchase of intangible assets	-	20 832	20 832
Acquisition of subsidiaries	37 048 409	1 599 102	38 647 511
Amortisation	-	(101 780)	(101 780)
Exchange movements	(34 423)	-	(34 423)
Net carrying amount 30 June 2014	38 039 675	3 748 956	41 788 631
Gross carrying amount	38 039 675	4 137 701	42 177 376
Accumulated amortisation and impairment losses	-	(388 745)	(388 745)

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 2014. Goodwill acquired through business combinations has been allocated to cash generating units, i.e. business units. The recoverable amount of the cash generating units has been determined using fair value less costs of disposal. As at 30 June 2014, there were no indications of impairment of goodwill.

For impairment tests of computer software, the Group considers the usage and the remaining useful life. As at 30 June 2014, there were no indications of impairment in computer software.

Notes To The Financial Statements

		2014 USD	2013 USD
14	**Investments in associates**		
14.1	**Reconciliation of movements in associates**		
	Balance at the beginning of the year	50 191 580	40 932 019
	Purchases at cost	624 645	-
	Equity accounted earnings	2 341 397	11 746 619
	Dividends received from associates	(2 850 627)	(2 142 407)
	Loans advanced to associates	400 338	166 837
	Fair value adjustments on obtaining control of subsidiaries	39 033 279	-
	Transfer to investments in subsidiaries (note 11.4)	(80 953 908)	(511 488)
	Balance at the end of the year	8 786 704	50 191 580

14.2 National Foods Holdings Limited

The Group holds a 37.82% 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 products. National Foods Holdings Limited is an entity listed on the Zimbabwe Stock Exchange. Due to a change in governance structures, and in accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of National Foods Holdings Limited with effect from 1 July 2013.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	26 794 069	22 699 391
Equity accounted earnings	-	5 271 775
Dividends received from associate	-	(1 177 097)
Fair value adjustments on obtaining control of subsidiary	36 584 787	-
Transfer to investments in subsidiaries (note 11.4)	(63 378 856)	-
Balance at the end of the year	-	26 794 069
The market capitalisation of the entity at 30 June is:	147 060 000	167 587 000

14.3 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. Due to a change in governance structures, and in accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of Irvine's Zimbabwe (Private) Limited with effect from 1 July 2013.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	14 701 508	11 958 082
Equity accounted earnings	-	3 293 426
Loans repaid	-	(550 000)
Fair value adjustments on obtaining control of subsidiary	2 448 492	-
Transfer to investments in subsidiaries (note 11.4)	(17 150 000)	-
Balance at the end of the year	-	14 701 508

Notes To The Financial Statements

14.4 Breathaway Food Caterers (Private) Limited

The Group increased its interest in Breathaway Food Caterers (Private) Limited from 37.5% to an effective 50.01% on 1 January 2014. Breathaway Food Caterers (Private) Limited is an entity involved in the manufacture of snacks and biscuits. Due to a change in shareholding and governance structures, and in accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of Breathaway Food Caterers (Private) Limited with effect from 1 January 2014.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	337 318	164 790
Additional purchases at cost	67 500	-
Equity accounted earnings	20 234	172 528
Transfer to investments in subsidiaries (note 11.4)	(425 052)	-
Balance at the end of the year	-	337 318

14.5 Natpak (Private) Limited

The Group increased its interest in Natpak (Private) Limited from 40% to 66.67% in July 2012. Natpak (Private) Limited is an entity involved in the manufacture of polywoven bags and packaging. Due to a change in shareholding and governance structures, and in accordance with IFRS 10 (Consolidated Financial Statements), the Group has consolidated the results of Natpak (Private) Limited with effect from 1 July 2012.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	511 488
Equity accounted earnings	-	-
Transfer to investments in subsidiaries (note 11.4)	-	(511 488)
Balance at the end of the year	-	-

For the following investments, the Group has determined that it does not have control over these entities as defined by IFRS 10 (Consolidated Financial Statements) and as such these investments have been equity accounted:

14.6 Shearwater Adventures (Private) Limited

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

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 857 096	1 305 686
Equity accounted earnings	101 178	551 410
Dividends received from associate	(470 000)	-
Balance at the end of the year	1 488 274	1 857 096

Notes To The Financial Statements

14.7 Freddy Hirsch Group (Private) Limited

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

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 111 617	961 529
Equity accounted earnings	236 294	232 898
Dividends received from associate	(60 627)	(82 810)
Balance at the end of the year	1 287 284	1 111 617

14.8 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.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 341 772	307 424
Equity accounted earnings	343 026	317 511
Loans (repaid)/advanced	(1 031 216)	716 837
Balance at the end of the year	653 582	1 341 772

14.9 Baobab (Private) Limited

The Group acquired a 33.33% interest in Baobab (Private) Limited on 1 July 2013. Baobab (Private) Limited is involved in the distribution of principals' products to the retail and wholesale market as well as clearing agency services.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Purchases at cost	165 738	-
Equity accounted earnings	(20 240)	-
Balance at the end of the year	145 498	-

14.10 Hat On (Private) Limited

The Group acquired a 33.33% interest in Hat On (Private) Limited on 1 July 2013. Hat On (Private) Limited is involved in the distribution of principal's products to the retail and wholesale market.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Purchases at cost	139 407	-
Equity accounted earnings	34 500	-
Loans advanced	1 431 554	-
Balance at the end of the year	1 605 461	-

Notes To The Financial Statements

14.11 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. Harlock Management is involved in the provision of fast food services in the Group's regional operating territories, whilst Nungu Trading 49 (Pty) Limited has been dormant since 2011.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	284 709	285 865
Equity accounted earnings	158 877	143 844
Dividends received from associate	(155 000)	(145 000)
Balance at the end of the year	288 586	284 709

14.12 Afrigrain Trading Limited

Afrigrain Trading Limited is an entity involved in the procurement of grain. The Group holds an effective 40% shareholding in Afrigrain Trading Limited.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	3 763 491	2 737 764
Equity accounted earnings	1 355 875	1 763 227
Dividends received from associate	(2 165 000)	(737 500)
Balance at the end of the year	2 954 366	3 763 491

14.13 Zambezi Tourism Investments Limited

Zambezi Tourism Investments Limited is an entity involved in the provision of tourism services. The Group acquired an effective 50% shareholding in Zambezi Tourism Investments Limited on 1 December 2013.

	2014 USD	2013 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	-	-
Purchases at cost	252 000	-
Equity accounted earnings	111 653	-
Balance at the end of the year	363 653	-

Notes To The Financial Statements

14.14 Summarised financial information of associates

	Revenue USD	Profit after tax USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD
National Foods Holdings Limited						
30 June 2014	-	-	-	-	-	-
30 June 2013	295 925 743	13 939 120	38 903 454	75 241 163	28 015 911	25 301 077
Irvine's Zimbabwe (Private) Limited						
30 June 2014	-	-	-	-	-	-
30 June 2013	91 780 282	6 721 277	16 437 179	28 218 707	9 438 719	15 261 220
Breathaway Food Caterers (Private) Limited						
30 June 2014	3 942 574	53 959	-	-	-	-
30 June 2013	8 504 265	460 075	838 838	2 508 819	150 717	2 297 303
Shearwater Adventures (Private) Limited						
30 June 2014	8 676 675	259 926	2 162 796	3 284 552	155 279	1 410 982
30 June 2013	7 481 423	1 188 243	1 906 158	3 990 189	258 820	1 076 355
Freddy Hirsch Group (Private) Limited						
30 June 2014	6 771 337	482 233	231 340	3 071 517	94 679	567 259
30 June 2013	6 606 307	475 302	510 187	2 228 299	80 139	375 932
Paperhole Investments (Private) Limited						
30 June 2014	101 067 977	686 051	2 804 892	24 835 298	6 769 984	19 553 264
30 June 2013	62 877 947	635 022	2 977 694	18 758 568	2 710 381	18 221 949
Baobab (Private) Limited						
30 June 2014	5 185 377	(39 110)	153 580	3 827 229	1 376 226	2 077 828
30 June 2013	-	-	-	-	-	-
Hat On (Private) Limited						
30 June 2014	12 186 312	149 996	50 258	5 057 978	3 129 945	1 316 082
30 June 2013	-	-	-	-	-	-
Nungu Trading 49 (Pty) Limited						
30 June 2014	-	-	-	722 550	-	863 077
30 June 2013	-	-	-	722 550	-	863 077
Harlock Management Services Limited						
30 June 2014	449 805	317 755	-	101 586	-	15 239
30 June 2013	364 418	287 688	-	90 707	-	12 277
Afrigrain Trading Limited						
30 June 2014	141 816 838	2 650 861	1 564 500	19 478 822	-	15 549 275
30 June 2013	112 219 775	3 233 186	1 635 262	19 390 267	4 273 163	13 509 180
Zambezi Tourism Investments Limited						
30 June 2014	394 652	319 009	700 090	376 457	-	547 538
30 June 2013	-	-	-	-	-	-

Notes To The Financial Statements

14.15 Group investments

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

Bakeries and Fast Foods	
Lennard Manufacturing (Pvt) Ltd t/a Innscor Bread Bulawayo	100.00% ◆
Innscor Africa Bread Company Zimbabwe (Pvt) Ltd t/a Innscor Bread Harare	100.00% ◆
LSS Investments (Pvt) Ltd	100.00%
Matabeleland Inns (Pvt) Ltd	68.50%
Mutare Inns (Pvt) Ltd	50.00%
Hardwhite Trading (Pvt) Ltd t/a Fast Foods Southern Region	51.38%
Innscor Retail Africa Ltd	80.00%
Innscor Senegal SA #	40.08%
Foods Inn Ghana Ltd #	40.08%
Innscor Congo SARL #	40.80%
Innscor Investments Kenya Ltd	100.00%
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%
Innscor Africa (Zambia) Ltd	100.00%
Harlock Management Services Ltd *	50.00%
Milling and Protein	
National Foods Holdings Ltd	37.82%
Irvine's Zimbabwe (Pvt) Ltd	49.00%
Colcom Holdings Ltd	79.64%
Associated Meat Packers (Pvt) Ltd #	39.90%
Freddy Hirsch Group (Pvt) Ltd *	39.02%
Greatrift Delight (Pvt) Ltd #	79.64%
Intercane (Pvt) Ltd #	44.36%
Distribution Group Africa	
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%
Biscuit Company (Pvt) Ltd t/a Iris Biscuits #	41.67%
Yamiya Trading (Pvt) Ltd #	33.36%
Breathaway Food Caterers (Pvt) Ltd t/a Innscor Snacks Manufacturing #	50.01%
Brands House Marketing (Pvt) Ltd #	50.01%
Innscor Distribution Africa Ltd	50.00%
Innscor Distribution (Malawi) Ltd	50.00%
Photo Marketing (Malawi) Ltd t/a Comox	50.00%
Innscor Distribution (Zambia) Ltd	50.00%
Comox Trading (Zambia) Ltd	50.00%
Baobab (Pvt) Ltd *	33.33%
Hat On (Pvt) Ltd *	33.33%
SPAR	
Spar Harare (Pvt) Ltd t/a SPAR DC #	65.00%
Camelbags (Pvt) Ltd	100.00%
Tevason Investments (Pvt) Ltd t/a FreshPro #	100.00%
Scopeserve Investments (Pvt) Ltd	100.00%
Spearhead Sales (Pvt) Ltd	50.00%
Swissmart Investments (Pvt) Ltd	95.00%
Katrice Investments (Pvt) Ltd #	50.00%
Innscor Zambia Holdings Ltd	100.00%
Spar Zambia Ltd	50.00%
Household Goods	
Innscor Credit Retail (Pvt) Ltd t/a TV Sales & Home	66.67%
Innscor Appliance Manufacturing (Pvt) Ltd t/a Capri	50.10%
Goodshow Manufacturing (Pvt) Ltd t/a WRS #	33.40%
Other Businesses	
Natpak (Pvt) Ltd	66.67%
Shearwater Adventures (Pvt) Ltd *	50.00%
Bedra Enterprises (Pvt) Ltd	50.10%
Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia	66.67%
Corporate Services	
Innscor (Pvt) Ltd	100.00%
Innscor International Ltd	100.00%
Tormark Services Ltd	100.00%
Innscor South Africa (Pty) Ltd	100.00%
Callcape Investments (Pvt) Ltd	50.00%
Capri Signs (Pvt) Ltd	100.00%
Yeldam Investments (Pvt) Ltd #	35.00%
Botanegra (Pvt) Ltd #	35.00%
Capri Corporation (Pvt) Ltd	100.00%
Paperhole Investments (Pvt) Ltd *	50.00%
Ajax Finance (Pvt) Ltd	100.00%
Afrigrain Trading Ltd *	40.00%
Zambezi Tourism Investments Ltd *	50.00%

* Associates # Subsidiaries of subsidiaries

◆ The Group owns 75% of the issued Preference Share Capital

Notes To The Financial Statements

14.16 Country of incorporation

All Group comanies 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 Investments 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	Mauritius
Zambezi Tourism Investments Ltd	Mauritius

	2014 USD	2013 USD
15 Investments - Financial Assets		
Financial assets consist of investments in:		
Quoted equity investments	446 941	384 672
Property unit trust	687 500	687 500
Other	3 325 698	433 379
Total long-term financial assets	4 460 139	1 505 551
Short-term financial assets	3 252 442	2 891 981
Total financial assets	7 712 581	4 397 532
Reconciled as follows:		
Balance at the beginning of the year	4 397 532	9 915 746
Additional purchases at cost	3 103 403	281 037
Profit on disposal of investments	-	5 264 615
Proceeds on disposal of investments	-	(11 090 892)
Fair value adjustments through profit or loss	69 552	(14 713)
Fair value adjustments on forward exchange contracts	(7 206)	41 739
Acquisition of subsidiaries	333 344	-
Derecognition of take-on investment on consolidation	(184 044)	-
Balance at the end of the year	7 712 581	4 397 532

Notes To The Financial Statements

Financial assets are analysed as follows:

	Fair value through profit or loss USD	Financial assets at cost USD	Total USD
Opening balance -1 July 2012	739 121	9 176 625	9 915 746
Additional purchases at cost	206 378	74 659	281 037
Profit on disposal of investments	34 800	5 229 815	5 264 615
Proceeds on disposal of investments	(538 300)	(10 552 592)	(11 090 892)
Fair value adjustments through profit or loss	(14 713)	-	(14 713)
Fair value adjustments on forward exchange contracts	41 739	-	41 739
Closing balance - 30 June 2013	469 025	3 928 507	4 397 532
Additional purchases at cost	-	3 103 403	3 103 403
Acquisition of subsidiaries	27 575	305 769	333 344
Fair value adjustments through profit or loss	69 552	-	69 552
Fair value adjustments on forward exchange contracts	(7 206)	-	(7 206)
Derecognition of take-on investment on consolidation	-	(184 044)	(184 044)
Closing balance - 30 June 2014	558 946	7 153 635	7 712 581

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.

Fair value through profit or loss	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2014				
Short-term financial assets	112 005	-	-	112 005
Long-term financial assets	446 941	-	-	446 941
	558 946	-	-	558 946
30 June 2013				
Short-term financial assets	84 353	-	-	84 353
Long-term financial assets	384 672	-	-	384 672
	469 025	-	-	469 025

There were no transfers between levels.

Notes To The Financial Statements

16 Non-current biological assets

	Pigs USD	Total USD
At 1 July 2012	1 236 713	1 236 713
Purchases	129 218	129 218
Depreciation	(76 817)	(76 817)
Fair value adjustments	(30 276)	(30 276)
At 30 June 2013	1 258 838	1 258 838
Purchases	213 020	213 020
Feed costs	296 335	296 335
Sales	(348 545)	(348 545)
Depreciation	(122 851)	(122 851)
Fair value adjustments	77 904	77 904
At 30 June 2014	1 374 701	1 374 701

At 30 June 2014, the Group had the following number of living animals within non-current biological assets:

	Pigs 2014	Pigs 2013
Number of living animals	3 638	3 448
Live weight estimates (kg)	570 290	546 442

Current biological assets

	Birds USD	Hatching Eggs USD	Cattle USD	Pigs USD	Total USD
At 1 July 2012	-	-	35 015	1 177 168	1 212 183
Fair value adjustments	-	-	5 244	409 416	414 660
At 30 June 2013	-	-	40 259	1 586 584	1 626 843
Purchases	3 500 026	1 931 264	286 714	-	5 718 004
Acquisition of subsidiary (note 11.4)	7 607 751	118 447	-	-	7 726 198
Feed costs	42 799 434	-	-	7 320 017	50 119 451
Sales	(10 792 957)	(1 931 624)	-	-	(12 724 581)
Slaughter	-	-	-	(7 002 709)	(7 002 709)
Harvest	(34 999 450)	-	-	-	(34 999 450)
Fair value adjustments	2 141 962	-	42 920	(544 241)	1 640 641
At 30 June 2014	10 256 766	118 087	369 893	1 359 651	12 104 397

At 30 June 2014, the Group had the following number of living animals within current biological assets:

	Birds	Hatching Eggs	Cattle	Pigs
Number of living animals	1 499 907	160 280	750	23 136
Live weight estimates (kg)	n/a	n/a	223 296	875 149

No biological assets have been pledged as collateral for borrowings.

Valuation Process

1. The Group engages independent consultants to determine the fair cold dressed mass (CDM) of live pigs at each age. The fair value of the pigs is calculated by applying the market price per kg to the CDM.

2. Cattle value is determined by the fair market prices of cattle at the nearest active market.

3. The valuation of bird breeder livestock is based on the actual costs incurred in rearing the birds and is amortised in relation to the expected hatching eggs to end of lay. The valuation of broiler livestock is based on the actual costs incurred in rearing the birds. Layers are valued at fair market price less selling costs. Fair market price is determined from the price the Group sells point of lay and end of lay birds to the market.

Notes To The Financial Statements

Valuation Technique

Type		Valuation Technique	Significant Unobservable Inputs
Birds -	Breeders - grandparents, parents	The cost approach is applied in valuing breeders based on the actual costs incurred in rearing the birds and is amortised in relation to the expected hatching eggs to end of lay.	Mortality Age of birds
	Layers	The fair market price of point of lay and end of lay birds to third parties is used in determining the fair value of layers.	Mortality Age of birds
	Broilers	The valuation of broilers is based on the cost approach.	Mortality
Cattle - Comprising of bulls, cows, weaner heifers, weaner steers, bulling heifers, steers and calves		Market comparison technique. The valuation model is based on the market price of cattle of similar age, weight and genetic make up. The prices of cattle at the nearest market are used for valuation.	-
Pigs - Comprising of piglets, weaners, growers, gilts, sows and boars		Market comparison technique. The valuation model is based on the price per kg of pork multipled by the Cold Dressed Mass (CDM).	Price per kg, CDM discounting factor Age of pigs Weight of pigs

Fair Value Hierarchy (Hierarchy levels as per note 15)	Level 1	Level 2	Level 3	Total	Fair value gain/(loss)
Pigs	-	-	2 434 013	2 434 013	(466 358)
Cattle	-	369 892	-	369 892	42 920
Birds	-	-	5 441 425	5 441 425	2 141 963
Total	-	369 892	7 875 438	8 245 330	1 718 545

The table below presents the sensitivity of profit or loss before tax due to changes in the live weight. 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%	88 333
Cattle		
Fair value less costs to sell-meat	5%	18 495

Biological assets risk management policies

Biological assets are living animals that are managed by the Group. Agricultural produce is the harvested product of the biological asset. Biological assets of the Group include cattle, pigs, birds and hatching eggs.

These biological assets are exposed to various risks, which include disease/infection outbreaks, theft of livestock and price fluctuations. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls, include among other things, 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.

16.1 Commitments for the development or acquisition of biological assets

The Group has not committed itself to acquiring any biological assets at 30 June 2014.

Notes To The Financial Statements

	2014 USD	2013 USD
17 Inventories		
Consumable stores	13 980 240	6 448 988
Finished products, net of allowance for obsolescence	49 526 579	36 886 307
Raw materials and packaging	39 085 573	9 309 059
Goods in transit	2 235 912	1 530 728
Work in progress	403 478	495 298
	105 231 782	54 670 380

The amount of write-down of inventories recognised as an expense is USD 3 764 555 (2013: USD 2 980 004). USD 9 698 961 (2013: USD 2 430 387) of inventories is pledged as security for borrowings in National Foods, SPAR Zambia and Distribution Group Africa Regional businesses.

	2014 USD	2013 USD
18 Trade and other receivables		
Trade receivables	57 648 056	35 041 737
Instalment sales receivables	13 162 384	12 846 819
Prepayments	8 836 468	5 537 382
Rental deposits	1 048 023	561 727
VAT receivable	3 493 008	2 675 582
Other receivables	17 822 617	8 877 529
	102 010 556	65 540 776
Allowance for credit losses	(7 160 414)	(3 092 391)
	94 850 142	62 448 385
Reconciliation of allowance for credit losses is as follows:		
Opening balance	3 092 391	2 788 974
Acquisition of subsidiaries (netted in trade and other receivables-note 11.4)	2 472 865	-
Charge for the year	1 595 158	303 417
Closing balance	7 160 414	3 092 391

There were no collectively impaired trade receivables in the current year. Credit terms vary per business unit, but do not exceed 60 days. Interest is charged on overdue accounts at varying rates depending on the business.

As at 30 June 2014, the ageing analysis of trade receivables was as follows:

			Past due before impairment	
	Total USD	Neither past due nor impaired USD	60-90 days USD	More than 90 days USD
30 June 2014	57 648 056	46 292 981	2 274 825	9 080 250
30 June 2013	35 041 737	28 297 168	2 884 031	3 860 538

Note 31 on credit risk of trade receivables explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Notes To The Financial Statements

		2014 USD	2013 USD
19	**Ordinary share capital**		
19.1	**Authorised**		
	800 000 000 ordinary shares of 1 cent each	8 000 000	8 000 000
	1 000 Non-Voting Class "A" ordinary shares of 1 cent each	10	-
		8 000 010	8 000 000
19.2	**Issued and fully paid**		
	541 593 440 ordinary shares of 1 cent each	5 415 934	5 415 934
	1 000 Non-Voting Class "A" ordinary shares of 1 cent each	10	-

During the financial year ended 30 June 2014, the authorised share capital of Innscor Africa Limited was increased from USD 8 000 000 divided into 800 000 000 ordinary shares of USD 0.01 (one cent) each to USD 8 000 010 divided into 800 000 000 ordinary shares of USD 0.01 (one cent) each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.01 (one cent) each, all of which are issued to Innscor Africa Limited Employee Share Trust (Pvt) Ltd.

19.3 Share Options

In line with the Group's indigenisation transaction, approved by shareholders on 24 January 2014, Innscor Africa Limited entered into the following two Share Option agreements:

1) The first option agreement is with an indigenous company, Benvenue Investments (Private) Limited. The terms of the Benvenue Share Option are as follows:

Number of shares:		Fifty Million (50 000 000)
Tenure:		10 years
Pricing:	The higher of -	75% of the volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days, or
		for the first five years, USD 1.37 per share and, for the second five years, USD 2.01 per share.

2) The second option is with the newly created Innscor Africa Limited Employee Share Trust. The terms of the Innscor Africa Limited Employee Share Trust Option are as follows:

Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years
Pricing:	At the volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days.

The share options arising from the Group's indigenisation transaction have no dilutive effect at the end of the financial year.

Notes To The Financial Statements

19.4 Directors' shareholdings

At 30 June 2014, the Directors held directly and indirectly the following number of shares:

	2014	2013
M J Fowler	110 465 090	103 995 735
Z Koudounaris	109 973 843	102 841 988
J Koumides	720 000	720 000
J P Schonken	1 528 820	1 528 820
B S Dionisio	22 484 058	22 484 058
D L L Morgan	75 254	75 254
	245 247 065	231 645 855

There has been no material change in the Directors' interests subsequent to 30 June 2014 to the date of this report.

20 Non-distributable reserves

	2014 USD	2013 USD
Opening balance	28 618 065	29 035 168
Changes in non-distributable reserves	(33 912 193)	(417 103)
Exchange differences arising on translation of foreign subsidiaries	(590 248)	(417 103)
Transfer of foreign currency conversion reserve to distributable reserves	(33 321 945)	-
Closing balance	(5 294 128)	28 618 065
Comprising:		
Restructure reserve	(4 064 912)	(4 064 912)
Foreign currency translation reserve	(1 229 216)	(638 968)
Foreign currency conversion reserve	-	33 321 945
	(5 294 128)	28 618 065

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 of the change in functional currency from the Zimbabwean dollar to the United States dollar. It represented the residual equity in existence as at the change-over period and was recognised as a non-distributable reserve. During the year ended 30 June 2014, this reserve was recycled to distributable reserves.

Notes To The Financial Statements

21 Distributable reserves

	2014 USD	2013 USD
Opening balance	123 393 018	97 965 286
Retained for the year	60 465 321	38 953 790
Dividends paid (note 7)	(8 665 495)	(9 748 682)
Transactions with owners in their capacity as owners*	(55 988)	(3 777 376)
Transfer of foreign currency conversion reserve from non-distributable reserves	33 321 945	-
Closing balance	208 458 801	123 393 018
Retained in:		
Holding company	106 353 532	22 357 733
Subsidiary companies	96 474 770	73 192 545
Associate companies	5 630 499	27 842 740
	208 458 801	123 393 018

*This relates to the difference between the purchase price and carrying amount of non-controlling interests on acquisitions of non-controlling interests' share in subsidiaries of the Group.

	2014 USD	2013 USD
22 Net deferred tax liabilities		
22.1 Reconciliation		
Opening balance	8 716 183	5 791 716
Charged to profit or loss	401 033	2 717 820
Acquisition of subsidiaries (note 11.4)	13 830 384	160 383
Exchange movements	(111 937)	46 264
Closing balance	22 835 663	8 716 183
22.2 Analysis of net deferred tax liabilities		
Accelerated depreciation for tax purposes	32 739 778	14 799 399
Fair value adjustments on biological assets	93 103	92 935
Tax losses	(10 389 695)	(6 775 350)
Unrealised exchange gains	100 731	104 467
Prepayments	2 275 390	1 425 875
Allowance for credit losses	(1 843 807)	(796 291)
Provision for warranties	(139 837)	(134 852)
	22 835 663	8 716 183
The net deferred tax liabilities are made up as follows:		
Deferred tax assets	(10 389 695)	(7 926 277)
Deferred tax liabilities	33 225 358	16 642 460
	22 835 663	8 716 183

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

Notes To The Financial Statements

		Rate of interest	Year Repayable	2014 USD	2013 USD
23	**Interest-bearing borrowings**				
	Long-term financing				
	Secured				
	Regional Operations	16-24%	2015-2019	1 726 785	1 963 779
	Zimbabwe Operations	-	-	-	417 199
	Unsecured				
	Zimbabwe Operations	7-9%	2016 - 2018	15 536 629	584 414
	Total long-term financing			17 263 414	2 965 392
	Short-term financing				
	Secured				
	Regional Operations	14%	up to 365 days	57 084	44 933
	Zimbabwe Operations	-	-	-	52 985
	Unsecured				
	Regional Operations	-	-	-	1 169 868
	Zimbabwe Operations	3-12%	up to 365 days	21 245 714	31 578 476
	Short-term portion of long-term financing			7 181 581	3 174 487
	Overdraft	7.5-10%	On demand	18 322 286	15 420 174
	Total short-term financing			46 806 665	51 440 923
	Total interest-bearing borrowings			64 070 079	54 406 315

As at 30 June 2014, the Board of Directors had authorised aggregate borrowing limits of USD169 million.

Short-term borrowings form part of the Group's core borrowings and are renewed in terms of ongoing facilities negotiated with the relevant financial institutions.

		2014 USD	2013 USD
24	**Trade and other payables**		
	Trade payables	81 089 985	45 564 897
	Accruals	32 112 846	23 867 179
	Deferred income	2 931 468	2 408 156
	Other payables	9 705 391	7 250 450
		125 839 690	79 090 682

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

		2014 USD	2013 USD
25	**Provisions**		
	Leave pay provision	5 756 182	4 534 503
	Provision for warranty	543 056	523 696
		6 299 238	5 058 199

Reconciliation of provisions	Provision for leave pay USD	Provision for warranties USD	Total USD
At 1 July 2012	3 801 656	469 982	4 271 638
Charge for the year	1 834 002	238 424	2 072 426
Exchange differences	(9 243)	-	(9 243)
Acquisition of subsidiaries (note 11.4)	127 020	-	127 020
Less paid	(1 218 932)	(184 710)	(1 403 642)
At 30 June 2013	4 534 503	523 696	5 058 199
Charge for the year	1 597 122	121 005	1 718 127
Exchange differences	(24 643)	-	(24 643)
Acquisition of subsidiaries (note 11.4)	2 019 342	-	2 019 342
Less paid	(2 370 142)	(101 645)	(2 471 787)
At 30 June 2014	5 756 182	543 056	6 299 238

		2014 USD	2013 USD
26	**Capital expenditure commitments**		
	Authorised and contracted	11 099 665	15 918 435
	Authorised but not yet contracted	32 592 658	17 836 777
		43 692 323	33 755 212

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

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

The Group has entered into commercial leases on certain properties and motor vehicles. These leases have varying terms with renewable options included in some of the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals or lease charges payable under non-cancellable operating leases at 30 June are as follows:

	2014 USD	2013 USD
Payable within one year	13 851 839	13 706 654
Payable between two and five years	37 788 792	40 821 536
Payable after five years	28 376 388	29 736 483
	80 017 019	84 264 673

Notes To The Financial Statements

28 Segmental analysis

Management has determined the Group's operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently with that in the reported consolidated financial statements.

Business Segments

The reporting structure is summarised as follows:

Bakeries and Fast Foods

This operating segment comprises the Group's Bakery operations which are based in Zimbabwe as well as all the Fast Food operations across the African Continent.

Milling and Protein

This operating segment consists of National Foods Holdings Limited, Colcom Holdings Limited and Irvine's Zimbabwe (Private) Limited. National Foods Holdings Limited is involved in the milling of flour and maize, the manufacture of stockfeeds, edible oils, bakers' fats and sale of other general household products. The business of Colcom Holdings Limited involves the production, processing and marketing of pork and related food products. Irvine's Zimbabwe (Private) Limited is involved in the production of chicken, table eggs and day-old chicks.

Distribution Group Africa

This segment consists of the Distribution Group Africa operations which operate in Zimbabwe, Zambia and Malawi. Business units in this segment represent principals who own brands of fast moving consumer goods and these units distribute the principals' products to the retail and wholesale market across these countries.

SPAR

This reporting segment consists of the SPAR Corporate Store retail operations in Zimbabwe and Zambia, as well as the SPAR Distribution Centre in Harare. The SPAR Corporate Store retail operations consist of a number of corporate supermarkets operating under the SPAR brand in both Zimbabwe and Zambia; whilst the SPAR Distribution Centre facilitates the purchase, warehousing and distribution of goods to both corporate and independent SPAR supermarkets in Zimbabwe.

Household Goods

This operating segment consists of TV Sales & Home and Capri. Business operations in this segment manufacture and/or retail household goods and appliances.

Other Businesses

This segment consists of business operations from an associate company and other smaller business units. It comprises of Shearwater, Natpak, Bedra Enterprises and The River Club.

Corporate Services

This segment contains businesses which provide support functions such as treasury, internal audit and company secretarial services to the Group's operations.

Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe (note 14.16).

Notes To The Financial Statements

28.1 Business segments - continued

	Bakeries and Fast Foods USD	Milling & Protein USD	Distribution Group Africa USD
Revenue			
30 June 2014	261 993 131	488 569 195	92 730 082
30 June 2013	269 056 704	60 782 481	93 629 104
Operating profit/(loss) before impairment, depreciation, amortisation and fair value adjustments			
30 June 2014	25 240 253	41 509 166	8 018 362
30 June 2013	33 269 171	4 807 631	8 946 633
Depreciation and amortisation			
30 June 2014	11 608 224	6 786 051	951 932
30 June 2013	8 519 220	1 603 612	864 729
Equity accounted earnings			
30 June 2014	158 877	236 294	34 493
30 June 2013	143 842	232 898	-
Profit/(loss) before tax			
30 June 2014	11 668 716	35 739 199	6 726 506
30 June 2013	23 492 228	2 249 054	7 832 898
Segment assets			
30 June 2014	129 175 493	233 679 086	41 356 791
30 June 2013	102 190 684	37 258 306	35 988 919
Segment liabilities			
30 June 2014	74 878 300	85 456 887	20 420 969
30 June 2013	52 005 029	10 525 927	19 042 302
Capital expenditure			
30 June 2014	25 792 498	14 762 249	808 878
30 June 2013	40 640 120	2 825 596	1 536 859

Notes To The Financial Statements

SPAR USD	Household Goods USD	Other Businesses USD	Corporate Services USD	Intersegment Adjustments USD	Total USD
159 696 009	53 158 563	20 212 708	1 885 103	(67 328 124)	1 010 916 667
167 003 848	51 888 736	12 215 963	1 755 282	-	656 332 118
(4 907 091)	9 853 822	1 699 783	(855 919)	-	80 558 376
2 596 500	11 480 326	1 688 590	4 607 690	-	67 396 541
2 491 092	515 861	694 215	325 062	-	23 372 437
2 506 486	483 025	542 211	322 730	-	14 842 013
-	-	101 178	1 810 555	-	2 341 397
-	-	9 289 139	2 080 740	-	11 746 619
(9 561 505)	8 744 665	569 332	38 528 641	-	92 415 554
(547 486)	10 282 523	9 922 807	6 137 416	-	59 369 440
44 765 746	44 061 900	12 442 744	110 721 739	(67 955 135)	548 248 364
46 377 736	39 768 087	49 755 402	71 287 003	(34 050 501)	348 575 636
35 705 680	19 016 674	6 623 032	57 251 626	(67 955 135)	231 398 033
28 981 743	19 072 691	3 380 503	56 811 846	(34 050 501)	155 769 540
3 249 959	2 931 350	1 215 129	174 579	-	48 934 642
1 788 328	3 373 812	491 998	66 126	-	50 722 839

Notes To The Financial Statements

28.2 Geographical segments

	Revenue USD	Profit before tax USD	Total assets USD	Total liabilities USD
Zimbabwe				
30 June 2014	886 860 724	84 056 934	493 134 128	207 380 549
30 June 2013	533 379 483	51 617 248	297 692 550	131 027 829
Regional				
30 June 2014	124 055 943	8 358 620	55 114 236	24 017 484
30 June 2013	122 952 635	7 752 192	50 883 086	24 741 711

29 Pension funds

Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 2000. Membership is compulsory for employees of the Group who are not members of other occupational penison funds. Contributions are at the rate of 14% of pensionable emoluments less NSSA of which members pay 7% .

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%.

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%.

National Foods Pension Fund

This is a defined contribution fund, administered by an insurance company which covers eligible employees of National Foods Limited and Natpak (Private) Limited. Contributions are at the rate of 17.5% of pensionable emoluments of which members pay 7%.

Colcom Pension Fund

This is a self-administered, defined contribution fund where all permanent employees are eligible to become members. Contributions are at the rate of 22.5% of pensionable emoluments less NSSA contributions of which members contribute 7.5% for all those who joined the fund prior to 1 June 2012. Contributions for new entrants after 1 June 2012 are at the rate of 15% with members contributing 7.5%.

National Social Security Authority Scheme (NSSA)

The scheme was established, and is administered, in terms of statutory Instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is USD700. A total monthly contribution of USD 49 is therefore the maximum per employee.

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.

Pension costs recognised as an expense for the year:	2014 USD	2013 USD
Innscor Africa Limited Pension Fund	1 281 685	1 530 197
SPAR Harare Pension Fund	204 105	249 841
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	1 299 876	1 040 060
Catering Industry Pension Fund	193 270	185 995
National Foods Pension Fund	703 120	-
Colcom Pension Fund	470 548	521 082
Other Schemes	-	77 665
	4 152 604	3 604 840

Notes To The Financial Statements

30 Related party transactions

30.1 Trading transactions

Related party activities consist of transactions between Innscor Africa Limited's consolidated entities and its associates.

Related party transactions are summarised as follows:

Name of related party	sales USD	purchases USD	rent received USD	interest (received)/ paid USD	trade & other receivables USD	trade & other payables USD
National Foods Holdings Limited						
30 June 2014	-	-	-	-	-	-
30 June 2013	43 263 602	4 905 489	153 660	97 961	2 545 584	217 951
Irvine's Zimbabwe (Private) Limited						
30 June 2014	-	-	-	-	-	-
30 June 2013	13 566 588	278 386	-	-	906 937	5 779
Shearwater Adventures (Private) Ltd						
30 June 2014	-	-	-	87 877	-	-
30 June 2013	-	-	-	-	-	-
Breathaway Food Caterers (Private) Ltd						
30 June 2014	3 942 574	774 836	-	75 293	-	-
30 June 2013	8 504 265	-	-	-	1 556 073	-
Baobab (Private) Limited						
30 June 2014	716 198	478 757	3 500	-	30 272	54 079
30 June 2013	-	-	-	-	-	-
Hat On (Private) Limited						
30 June 2014	596 639	613 545	1 000	(63 438)	217 373	-
30 June 2013	-	-	-	-	-	-
Afrigrain Trading Ltd						
30 June 2014	137 487 615	-	-	-	8 715 913	-
30 June 2013	-	-	-	-	-	-
Paperhole Investments (Private) Limited						
30 June 2014	69 112 337	31 908 834	-	255 241	19 623 247	3 598 519
30 June 2013	-	-	-	-	-	-

30.2 Compensation of key personnel to the Group

	2014 USD	2013 USD
Short -term employee benefits (note 9.6)	9 461 622	7 533 717

30.3 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.

	2014 USD	2013 USD
Lease payments	2 034 813	1 850 521
Loans from Directors	9 164 535	6 380 396

Notes To The Financial Statements

31 Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing borrowings, overdrafts, financial assets, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short-term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board reviews and agrees policies for managing each of these risks and 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.

Effect on profit before tax	2014 USD	2013 USD
Increase of 3%	(506 137)	(413 383)
Decrease of 3%	506 137	413 383

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of significant 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 2014

Currency	Liabilities	Assets	Net position
South African Rand	(119 370 113)	21 086 368	(98 283 745)
Great Britain Pound	-	117 617	117 617
Botswana Pula	(631 046)	-	(631 046)
Euro	(37 416)	34 941	(2 475)

30 June 2013

Currency	Liabilities	Assets	Net position
South African Rand	(253 454)	5 901 163	5 647 709
Kenyan Shilling	(399 571 235)	662 461 833	262 890 598
Ghanaian Cedi	(2 107 741)	4 272 914	2 165 173
Senegalese Franc	(415 795 751)	291 172 631	(124 623 120)
Malawian Kwacha	(1 410 630 569)	1 579 997 476	169 366 907
Zambian Kwacha	(81 250 997)	96 653 918	15 402 921

Notes To The Financial Statements

31 Financial risk management objectives and policies (continued)

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 2014	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	578 557	1 423 192
	-10%	(737 218)	(1 769 550)
Great Britain Pound	+10%	(9 710)	(27 938)
	-10%	12 917	35 196
Botswana Pula	+10%	3 076	9 674
	-10%	(4 167)	(12 232)
Euro	+10%	154	461
	-10%	(206)	(582)

30 June 2013	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(133)	(52 003)
	-10%	133	52 003
Kenyan Shilling	+10%	(114 944)	(278 545)
	-10%	114 944	278 545
Ghanaian Cedi	+10%	(30 485)	(96 042)
	-10%	30 485	96 042
Senegalese Franc	+10%	(3 550)	22 470
	-10%	3 550	(22 470)
Malawian Kwacha	+10%	(7 357)	(44 484)
	-10%	7 357	44 484
Zambian Kwacha	+10%	(145 661)	(255 892)
	-10%	145 661	255 892

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure 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.

There is no concentration risk as the Group trades with a wide range of customers with different risk profiles. Credit limits are set by the Group to avoid exposure to a single customer.

Where it sees fit, the Group can from time to time ask for collateral security from debtors. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be properties, listed shares or other assets.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and held for trading financial assets, the Group's Finance and Investment Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

The maximum exposure arising from default equals the carrying amount less the market value of any security held.

Notes To The Financial Statements

31 Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings.

The table below summarises the maturity profile of the Group's financial assets and liabilities:

30 June 2014	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(19 273 584)	(30 593 720)	(18 946 663)	(68 813 967)
Trade and other payables	(121 886 743)	(3 952 947)	-	(125 839 690)
Total	(141 160 327)	(34 546 667)	(18 946 663)	(194 653 657)
Assets				
Cash and cash equivalents	37 118 340	-	-	37 118 340
Trade and other receivables excluding prepayments	78 272 592	7 741 082	-	86 013 674
Investments in associates and financial assets	558 946	2 693 496	13 246 843	16 499 285
Total	115 949 878	10 434 578	13 246 843	139 631 299

30 June 2013	Within 3 months USD	Between 4-12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(40 216 454)	(12 518 969)	(3 893 553)	(56 628 976)
Trade and other payables	(73 493 689)	(5 596 993)	-	(79 090 682)
Total	(113 710 143)	(18 115 962)	(3 893 553)	(135 719 658)
Assets				
Cash and cash equivalents	23 183 804	-	-	23 183 804
Trade and other receivables excluding prepayments	52 099 584	4 811 419	-	56 911 003
Investments in associates and financial assets	469 025	2 422 956	51 697 131	54 589 112
Total	75 752 413	7 234 375	51 697 131	134 683 919

Equity price risk

The Group is exposed to movement in fair value of quoted equities. Investments in quoted equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's equity investments to fair value risk. The carrying value of such quoted equities at reporting date was not material.

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

Notes To The Financial Statements

32 Fair value of financial instruments

The estimated net fair values of all financial instruments, including instalment debtors, 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 2014.

	Carrying amount 2014 USD	Fair value 2014 USD
Financial assets		
Cash and cash equivalents	37 118 340	37 118 340
Trade and other receivables excluding prepayments	86 013 674	86 013 674
Held for trading investments	7 712 581	7 712 581
	130 844 595	130 844 595
Financial liabilities		
Interest-bearing borrowings	64 070 079	64 070 079
Trade and other payables	125 839 690	125 839 690
	189 909 769	189 909 769

	Carrying amount 2013 USD	Fair value 2013 USD
Financial assets		
Cash and cash equivalents	23 183 804	23 183 804
Trade and other receivables excluding prepayments	56 911 003	56 911 003
Held for trading investments	4 397 532	4 397 532
	84 492 339	84 492 339
Financial liabilities		
Interest-bearing borrowings	54 406 315	54 406 315
Trade and other payables	79 090 682	79 090 682
	133 496 997	133 496 997

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

Notes To The Financial Statements

33 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 2014 and 30 June 2013. The Group manages capital using a gearing ratio, which is calculated as total liabilities divided by the sum of total liabilities and equity.

	2014 USD	2013 USD
Total Liabilities	231 398 033	155 769 540
Total Equity	316 850 331	192 806 096
Gearing ratio	0.42	0.45

34 Translation rates

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

	2014 FX : USD 1	2013 FX : USD 1
South African Rand	10.61	9.87
Kenyan Shilling	87.50	85.80
Ghanaian Cedi	3.29	2.05
Senegalese Franc	482.20	504.20
Malawian Kwacha	411.50	346.12
Zambian Kwacha	6.26	5.47

35 Contingent liabilities

	2014 USD	2013 USD
Guarantees	13 400 000	10 200 000

The contingent liabilities relate to bank guarantees provided in respect of associate companies as at 30 June 2014.

The Competition and Tariff Commission of Zimbabwe (CTC) is seeking to penalise the Group for not formally notifying it when the Group became the largest single shareholder in National Foods Holdings Limited, an event which took place in 2003. The amount being sought as a penalty by the CTC is USD 3 135 387. The Directors are of the opinion that the penalty being sought is unjustified and inappropriate, and the matter is currently before the courts.

36 Events after reporting date

There have been no significant events after the reporting date.

Company Statement of Financial Position

as at 30 June 2014

	Notes	COMPANY 2014 USD	COMPANY 2013 USD
ASSETS			
Non-current assets			
property, plant and equipment		17 647 226	1 162 269
intangible assets		6 253	20 256
investments	A	142 521 230	120 211 119
deferred tax asset		1 078 080	2 145 435
		161 252 789	123 539 079
Current assets			
inventories		1 590 485	954 894
trade and other receivables		4 396 087	2 676 528
cash and cash equivalents		1 819 527	2 680 169
		7 806 099	6 311 591
Total assets		169 058 888	129 850 670
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	19	5 415 934	5 415 934
class A ordinary share capital	19	10	-
non distributable reserves		-	45 835 667
distributable reserves	21	106 353 532	22 357 733
Total equity		111 769 476	73 609 334
Current liabilities			
interest-bearing borrowings		39 497 713	42 789 937
trade and other payables		16 789 464	13 128 946
provisions		1 002 235	322 453
		57 289 412	56 241 336
Total liabilities		57 289 412	56 241 336
Total equity and liabilities		169 058 888	129 850 670

D L L MORGAN
Chairman

J P SCHONKEN
Executive Director

Harare

10 October 2014

A. Investments

Investments in associates	1 038 896	20 780 779
Quoted investments	343 801	290 750
Property unit trusts	687 500	687 500
Investments in subsidiaries (refer to note 14.15)	93 263 761	39 567 555
Other	3 232 409	3 031 370
Amounts due from group companies	43 954 863	55 853 165
	142 521 230	120 211 119

Shareholders' Analysis and Calendar

Size of Shareholding			Number of Shareholders	Shareholders %	Issued Shares	Shares %
1	-	10 000	3 588	84.51	3 988 105	0.73
10 001	-	25 000	211	4.97	3 470 067	0.64
25 001	-	50 000	122	2.87	4 532 663	0.84
50 001	-	100 000	84	1.98	6 028 232	1.11
100 001	-	200 000	79	1.86	11 672 278	2.16
200 001	-	500 000	74	1.74	22 179 285	4.10
500 001	-	and over	88	2.07	489 722 810	90.42
			4 246	100.00	541 593 440	100.00

Trade Classification				
Companies	555	13.08	294 613 528	54.39
Insurance Companies	66	1.55	39 456 538	7.29
Investment Companies	42	0.99	221 482	0.04
Trust Nominees	296	6.97	34 689 206	6.41
Pension Funds	313	7.37	57 517 220	10.62
Private Individuals	2 827	66.58	10 154 154	1.87
New Non- Residents	147	3.46	104 941 312	19.38
	4 246	100.00	541 593 440	100.00

Top Ten Shareholders		
ZMD Investments (Pvt) Ltd	102 829 853	18.99
HM Barbour (Pvt) Ltd	100 000 000	18.46
Stanbic Nominees (Pvt) Ltd	42 808 782	7.90
Old Mutual Group	34 275 077	6.33
Standard Chartered Nominees (Pvt) Ltd	33 952 860	6.27
Sarcor Investments (Pvt) Ltd	22 484 058	4.15
Pharaoh Limited	12 939 921	2.39
FED Nominees (Pvt) Ltd	12 124 007	2.24
Muzika Rubi Holdings (Pvt) Ltd	11 045 944	2.04
City & General Holdings (Pvt) Ltd	9 822 598	1.81
Other	159 310 340	29.42
	541 593 440	100.00

Shareholders' Calendar

Eighteenth Annual General Meeting	21 November 2014
Financial Year End	30 June
Interim Reports	
6 months to December 2014	March 2015
12 months to 30 June 2015	September 2015
Annual Report Published	November 2015
Nineteenth Annual General Meeting	November 2015

Registered Office

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

Transfer Secretaries

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

Notice to Members

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Friday 21 November 2014 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 2014 together with the reports of the Directors and Auditors thereon.

2. To note the resignation at the conclusion of this Annual General Meeting of Mr. D. L. L. Morgan who has advised of his intention to retire from the Board as the Chairman and a Director after 16 years of service.

3. To re - elect retiring Directors: Mr. J. Koumides and Mr. T. N. Sibanda who retire by rotation and being eligible offer themselves for re-election.

4. To approve the appointment of Mr. A. Fourie who was appointed as a Director of the Company with effect from 22 September 2014, and who in terms of the Articles of Association of the Company is required to retire from the Board at the Annual General Meeting and being eligible, offers himself for re-election.

5. To approve Directors' fees for the financial year ended 30 June 2014.

6. To approve the remuneration of the auditors for the financial year ended 30 June 2014 and re-appoint Ernst & Young of Harare as auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

7. To resolve as an ordinary resolution, with or without amendments: "That the Company be and is hereby authorised to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

Any Other Business

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

Proxies

Members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not be a member of the Company.

Proxy forms must reach the Company's registered office not less than 48 hours before the meeting.

By order of the Board

INNSCOR AFRICA LIMITED

A D Lorimer
Company Secretary
Harare
10 October 2014

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
CABS
CBZ Bank Limited
MBCA
Standard Chartered Bank Zimbabwe Limited

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

Form of Proxy

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

I / We (Block Letters) ____________________

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 Eighteenth Annual General Meeting of the Company to be held on Friday 21 November 2014 at 08.15 hours and at any adjournment thereof.

Signed this ________ day of ____________ 2014.

Signature of member ____________________

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

ANNUAL REPORT 2014
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 ____________________

INNSCOR

OUR PASSION FOR **VALUE CREATION**

The Company Secretary
Innscor Africa Limited
P O Box A88
Avondale
Harare
Zimbabwe

INNSCOR

OUR PASSION FOR **VALUE CREATION**

The Company Secretary
Innscor Africa Limited
P O Box A88
Avondale
Harare
Zimbabwe

INNSCOR
Africa Limited

w w w . i n n s c o r a f r i c a . c o m