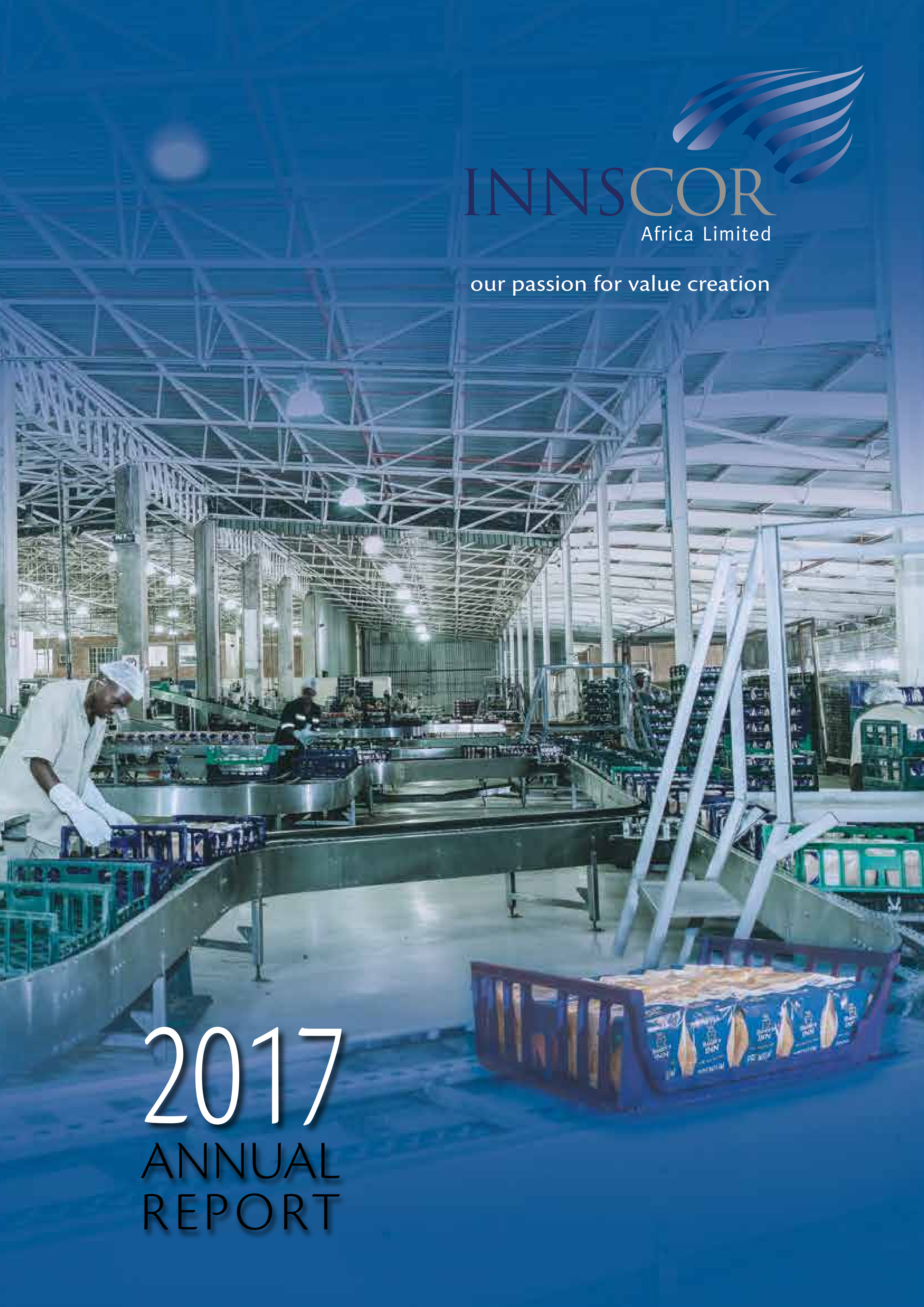


INNSCOR
Africa Limited

our passion for value creation

2017 ANNUAL REPORT

Vision

Our vision is to improve the quality of life of the customers in our chosen target markets and thereby create and unlock value for all our stakeholders. We do this by bringing access to best value consumer staple and durable goods at the lowest relative prices.

Mission

Innscor Africa Limited is a focused group of light manufacturing businesses which produce a number of Zimbabwe's iconic brands in the consumer staple and durable product space.

We manufacture consumer staple and durable goods for the mass market through a managed and where strategically appropriate, integrated portfolio of businesses which:

- benefit from being part of our Group
- have the ability of being lowest cost producers
- have the ability and potential to achieve scale
- have the ability to become market leaders

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

Values

- Passion for value creation
- Entrepreneurial spirit
- Leadership
- Quality in all we do
- Integrity
- Accountability
- Trust
- Collaboration

About Our Report

We are pleased to present the annual report for Innscor Africa Limited, a company listed on Zimbabwe Stock Exchange (ZSE) and for the year ended 30 June 2017. This report integrates both financial and non-financial information necessary to inform our broad range of stakeholders on the performance, prospects and strategy of the Group.

Reporting Frameworks

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Chapter 24:03). In reporting on non-financial information, the Group is guided by:

- The Global Reporting Initiatives (GRI) Guidelines-G4 Sustainability Reporting Guidelines (Core).
- Listing Requirements of the Zimbabwe Stock Exchange (ZSE)
- The Code of Corporate Governance in Zimbabwe (ZIMCODE)
- King IV Code of Corporate Governance in South Africa

Data and Assurance

Our financial statements were audited by Ernst & Young Zimbabwe in accordance with International Standards of Auditing (ISA). The independent auditors' report on the financial statements is contained on **Page 58**. Selected sustainability performance indicators were independently assured by the Group's internal audit services through an internal audit process to provide reasonable assurance on our non-financial information disclosure to our stakeholders.

Forward-looking Statements

This report contains forward looking statements. These statements are based on current estimates and projections by Innscor Africa Limited management and current available information. Future statements are not guarantees of future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. We do not assume any obligation to update the forward-looking statements contained in this report.

We would welcome your feedback on our reporting and any suggestions you may have in terms of improved sustainability reporting. Please contact: Andrew Lorimer or Tracey Stephens on email: andrew.lorimer@innscorafrica.com or tracey.stephens@innscorafrica.com and telephone +263 242 496790/496886

Addington Chinake
Chairman

Julian Schonken
Group Chief Executive Officer

OUR PASSION **FOR VALUE CREATION**

ONLINE

You can find this report and more information about Innscor Africa Limited online at www.innscorafricacom. Our Annual Report along with other relevant documents, can be downloaded at http://www.innscorafrica.com/downloads.

For more information visit www.innscorafrica.com

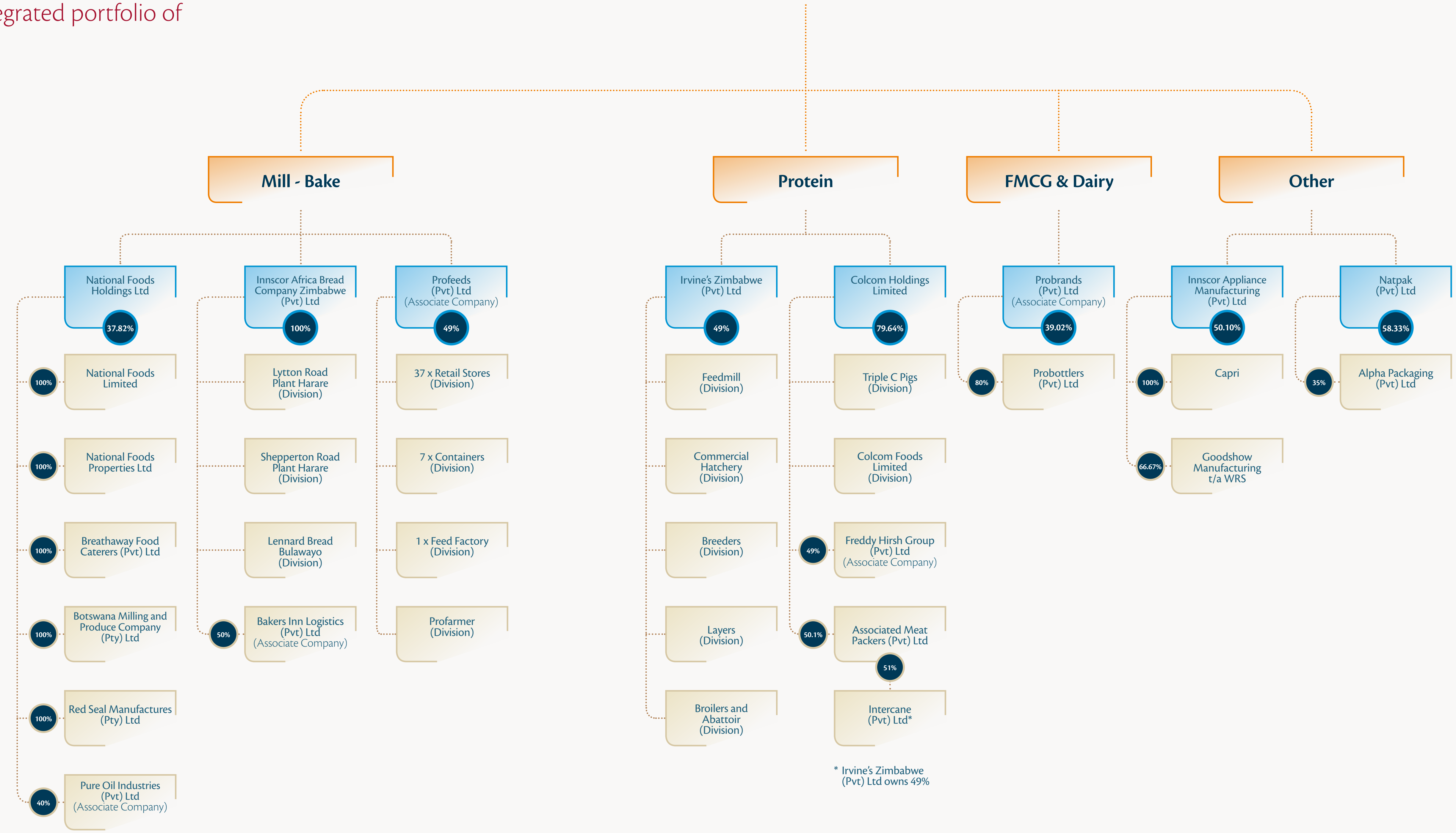
CONTENTS

Group Structure and Profile

Innscor Africa Limited is a manufacturer of consumer staple and durable goods for the mass market through a managed and where strategically appropriate, integrated portfolio of businesses.

The Group commands leading market shares across a range of its categories and over the years has grown organically, through acquisition and by venturing into new categories.

The structure of the Group and the effective shareholding by Group Companies in subsidiaries and associates is illustrated herewith.



History and Evolution of the Group

1987
First Quick Service Restaurant (QSR) branded as Chicken Inn opened on Speke Avenue in Harare.

1993
- Acquired Astra Crocodile Ranching & Shearwater Adventures
- Opened Distribution Group Africa (DGA) and started securing international agencies.

1995
Acquired and commissioned a mechanised bread plant in Harare.

1998
- Acquired Capri Corporation Limited and reverse-listed Innscor on the ZSE (market cap USD70mn)
- Opened QSR outlets namely Chicken Inn, Pizza Inn, Bakers Inn and Creamy Inn in Zambia, Ghana, Kenya, Tanzania, Uganda and Mozambique
- Secured Nando's Franchise and opened the first Nando's store in Avondale, Harare.

1999
- Acquired Spar Eastern Region and opened SPAR branded Corporate Stores in Harare
- Secured Steers franchise and opened the first Steers outlet at Speke Avenue, Harare.
- Acquired a new biscuit line for the Iris Biscuit business
- New packaging machine purchased for the Snacks business

2000
- Concluded an Innscor-Exxon Mobil deal to open Innscor branded QSR outlets in Exxon Mobil forecourts across Africa.

2002
- Opened QSR outlets in Nigeria and Senegal on Exxon Mobil forecourts
- Opened franchised QSR outlets in Malawi and Angola
- Opened the first SPAR Corporate store in Zambia.

2003
Acquired shareholding in National Foods Holdings Limited (NTFD.zw), a leading supplier of Zimbabwean FMCGs (www.nationalfoods.co.zw)

2004
Acquired shareholding in Colcom Holdings Limited (COLC.zw), a leading manufacturer of pork products in Zimbabwe (www.colcomfoods.com)

2005
- Commenced construction of a third crocodile farm in Kariba
- Expanded QSR footprint into 12 African countries, 7 company operated and 5 franchised.

2006
- Increased equity in Colcom Holdings Limited (COLC.zw) to 79.64% and started consolidating Colcom into Innscor results.

2007
- Major refurbishment of the Bakery line at Simon Mazorodze Road Site, Harare
- Opened 2 additional SPAR stores in Lusaka and Livingstone, with a total of 6 stores now in operation in Zambia
- Increased the number of franchised QSR outlets in the Nigerian market.

2008
- Invested into a new Timber processing plant for our Bakaya Hardwoods business
- A new SPAR branded corporate store opened in Chawama, Zambia.

2009
Acquired shareholding in Irvine's Zimbabwe (Private) Limited, a leading Zimbabwean poultry producer (www.irvineschicken.co.zw)

2010
Unbundled through a dividend in-specie, the crocodile ranching operation and listed this separately on the ZSE as Padenga Holdings Limited (PHL.zw) (www.padenga.com)

2011
- Acquired Shepperton Road property in Harare, with space to accommodate 5 breadlines and started consolidation of Bakery operations onto one site
- Secured Galito's Franchise.

2013
- Franchised Chicken Inn, Pizza Inn, Creamy Inn and Galito's branded QSR outlets in Swaziland and Lesotho
- Grew QSR network in the Zimbabwean, Kenyan & Zambian markets
- Opened QSR outlets in the Democratic Republic of Congo (DRC)

2015
Unbundled QSR operations through a dividend in-specie and listed it separately on the ZSE as Simbisa Brands Limited (SIM.zw), (www.simbisabrands.com)

2015
Acquired a non-controlling interest in a leading stockfeeds business, Profeeds (Private) Limited (www.profeeds.co.zw)

2016
- Acquired automotive retail business Transerv
- Started re-organisation of the Group into a light manufacturing business.

2016
Disposed the Group's interest in non-core SPAR Corporate Retail stores, Distribution operations and Tourism operations of Shearwater Adventures.

2016
Acquired a non-controlling interest in an FMCG manufacturing and downpacking of basic commodities business, Probrands (Private) Limited, (www.probrands.co.zw)

2016
Unbundled Speciality Retail businesses and listed it separately on the ZSE as Axia Corporation Limited (AXIA.zw)

2017
- The journey of the new Innscor Africa comprising of Light Manufacturing businesses begins
- Disposed SPAR Zambia Limited and The River Club.

Our Products and Brands

Maize

PEARLENTA
Red Seal
Better Buy

Flour

Gloria
Red Seal
Snow White

Stockfeed and Petfood

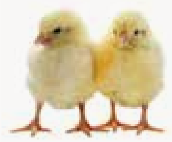
National Foods Stockfeeds
PROfeeds
Irvine's
BowWow
Kenergy
Colcom

Chicken

Irvine's
Texas Meats
Texas Chicken

Table Eggs

Irvine's



Day Old Chicks

Cobb Africa
H&N International

Bread

Baker's Inn

Pies

Baker's Inn
Colcom

Pork and Beef

Colcom
Colcom Tastee
Danmeats
Oscars
amp Meats
Prime Brand
Texas Meats
Texas Pork
Texas Beef

FMCG and Dairy

Red Seal
Ma-Hat-Ma
Zimgold
Better Buy
PRObrands
masi
Sun Sana
Life
Royal
fizzi
Bally House
St. Clairs

Biscuits and Snacks

Iris
ZapNax
King Kurls
Momo Naks
Shooters

Other

NatPak
Capri

Five Year Performance Highlights

	LIGHT MANUFACTURING GROUP			CONGLOMERATE	
	2017	**2016**	**2015**	**2014**	**2013**
Financial Performance (USD)					
Revenue – Continuing operations	580 303 226	586 910 708	554 288 478	1 010 916 667	656 332 118
Operating profit before impairment, depreciations, amortization and fair value adjustments – continuing operations	65 518 624	55 026 751	43 550 254	80 558 376	80 558 376
Profit before tax – continuing operations	41 628 800	39 001 068	31 178 345	92 415 554	59 369 440
Profit for the year attributable to equity holders of the parent - continuing operations	23 915 544	17 318 026	8 598 647	60 465 321	38 953 790
Cash generated from operating activities	16 266 561	53 053 564	66 849 325	106 822 736	54 161 610
Net Assets	285 458 779	264 282 029	331 938 137	316 850 331	192 806 096
Share Performance (cents) (All from continuing operations)					
Basic earnings per share – cents	4.43	3.20	1.59	11.16	7.19
Headline earnings per share	4.74	3.40	1.64	4.11	6.36
Ordinary Share dividends declared during the year					
Interim Dividend per share	0.70	0.30	0.55	0.60	0.80
Final dividend per share (prior year)	0.60	0.55	0.70	1.00	1.00
Class "A" ordinary share dividend recognized and paid since reporting date	220 000	148 000	148 000	351 500	—
Market Price per share – 30 June (cents)	72.00	17.30	60.00	74.00	91.02
Number of shares in issue at 30 June	541 593 440	541 593 440	541 593 440	541 593 440	541 593 440
Market capitalization at 30 June	389 947 277	93 695 665	324 956 064	400 779 146	492 958 349

	2017	**2016**
Sustainability performance		
Environmental Performance		
• Water Usage (m^3)	▼ 4%	▼ 22%
• Solid Waste (Tons)	▼ 46%	▼ 36%
• Energy – Fuel for Ovens (litres)	▲ 29%	▼ 3%
Social Performance		
• Employees	▼ 19%	▼ 7%
• Number of Injuries	▼ 23%	▼ 3%
• Safety Training	▲ 73%	▲ 4%

NatPak
The Future's In The Bag

Chairman's Statement and Review of Operations

PRObrands

Operating Environment

Following the successful completion of the Group's unbundling processes, this reporting period marks the first full year that the Group has operated in its reconfigured structure, focusing on its core manufacturing activities.

Profit before tax

US$41.629 million

Overall profit before tax at $41.629m was 7% above that recorded in the prior year.

Trading conditions remained extremely challenging during the year under review, and whilst several product categories within the Group recorded improved capacity utilisation following Government's welcome introduction of policies to increase local production, and to reduce the country's dependence on imports; delays in obtaining the requisite foreign currency to fund the import of key raw materials, and at times to obtain the necessary import permits, resulted in periodic production bottlenecks. Cost increases in raw materials were also experienced, as suppliers reduced credit terms on the basis of perceived higher risk, and this had the effect of reducing margins in a number of cases as the Group's business units continued striving to keep the pricing of products at affordable levels for customers and consumers.

The ability of the Group to adequately manage its foreign creditor position going forward remains its primary risk. In this regard, we look forward to continuing to work with our commercial banking partners and the Reserve Bank of Zimbabwe in mitigating this risk.

Chairman's Statement and Review of Operations (continued)

Financial Performance

The Group's continuing operations posted revenue of US$580.303m in the year under review, being a marginal decline from the prior year, with margin dollars following a similar trend.

Cost benefits were realised both at operating unit level, following the various restructure programmes initiated over the past year, and also at Head Office level, as a result of a much more streamlined, and focused management structure. The lower level of operating expenditure incurred was the principal driver in the improvement recorded at operating profit level, which at US$65.519m was a 19% increase on the prior year; this was a very pleasing result.

Below the operating profit level, and of significance, was the impairment charge of US$7.284m which resulted from the outbreak of Avian Influenza at Irvine's (**Note 9.2**). This charge relates to the value of livestock culled as a result of the outbreak and to prevent further infections from taking place. An unfavourable variance in the Group's fair value adjustment was mitigated by an improvement in the collective performance of the Group's associate entities. Overall profit before tax at $41.629m was 7% above that recorded in the prior year.

The profit after tax for the period from discontinued operations of US$0.984m is largely a result of the profit recorded on the disposal of the SPAR Zambia operation and The River Club which took effect from 30 November 2016 and 30 June 2017 respectively (**Note 14.6**). The discontinued operations' profit after tax is not comparable to that of the prior year due to the differing combination of business units in each period.

The Group's headline earnings per share, which excludes the impairment charges incurred at Irvine's as a result of Avian Influenza, increased by 39% to 4.74 US Cents over the prior year; this was a very satisfying result with the operation benefitting from renewed focus and energy in its reconfigured format.

In order to adapt to the prevailing conditions, significant focus was placed on reducing the Group's foreign creditor positions in the second half of the year under review, and this, coupled with the migration from imported maize supply to local maize supply following a successful local agricultural season, saw a cash flow increase in the Group's working capital position of US$47.702m. This change in working capital strategy resulted in reduced cash being generated from operations and a marginal increase in the net gearing of continuing operations to 15.32% on the back of increased usage of local borrowing facilities.

Capital expenditure for the period amounted to US$16.556m and was limited to critical maintenance and expansion projects. The overall statement of financial position remained strong.

As previously reported, the Group still has an amount outstanding of US$2.550m relating to the payment it made into trust in 2014 pending determination of its case with the Competition and Tariff's Commission (CTC). This amount is included in working capital. The High Court has ruled in favour of the Group, and the Group awaits repayment of this amount, although the CTC has taken the matter on appeal to the Supreme Court where judgement is pending.

Sustainability Reporting

As part of our commitment to ensuring the sustainability of our business and stakeholders, the Group continues to apply the Global Reporting Initiatives (GRI)'s Sustainability Reporting Guidelines. During the year under review, the Group aligned its Sustainability Reporting using GRI-G4 with corresponding Sustainable Development Goals (SDGs) demonstrating the Group's commitment and contribution to sustainable development within the environments we operate. The Group will continue to strengthen practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

Operations Review

The Group's **Bakery Operations** continued to produce improved results. Loaf volumes showed marginal growth over the prior year, with the new half-loaf and family-loaf offerings being well received in the market, whilst pie volumes increased by 150% following a re-positioning and re-launch of the product.

The business refurbished a previously dormant line in Harare and another line, previously based in Harare, was transferred and commissioned in Bulawayo at the beginning of the 2018 financial year. This consolidation of bread operations to one site in each of Harare and Bulawayo, ensured that production efficiencies, product quality and capacities continued to be enhanced and resulted in good operating profit growth.

Notwithstanding the solid performance recorded, the outlook for the business remains challenging, with some margin erosion being experienced in the second half of the financial year. Focus in the coming year will be directed toward the ongoing pricing management of key raw materials as well as the main conversion and distribution overhead cost buckets.

Chairman's Statement and Review of Operations (continued)

National Foods delivered a subdued performance for the year under review. Volumes at 507,000mt were 10% below the prior year and were largely impacted by the poor performance of the Maize Division, which saw volumes reduce by 39% as the Grain Marketing Board continued to price its commercial offering very aggressively, resulting in a loss of US$0.770m being recorded in this division. Conversely, the Flour Division performed strongly, achieving an all-time volume high, driven by strong demand from the major plant bakeries, reduced finished product imports and the recent extensive plant upgrades which improved efficiencies.

A reduction in overall operating expenditure helped to mitigate reduced margin dollars and operating profits were similar to those recorded in the prior year. Whilst significant progress was made in reducing foreign creditor positions in the second half of the financial year, foreign credit terms tightened and the management of raw material flow and cost will thus remain a critical focus area in the year ahead.

Volumes at **Colcom** increased by 13% over the prior year on the back of a 14% increase in pork produced by its pig production units and a 34% increase in the volume of pies. The continued shift in sales mix from processed products to fresh lines, combined with the market's inability to absorb price adjustments across all protein categories required to keep pace with increased raw material cost, limited revenue growth to 10% and dollar margin growth to 3%. Operating expenditure increased by 5% over the prior year predominantly on account of increases in selling costs associated with the opening of additional stores and other administration costs. Operating profit was similar to that recorded in the prior year, whilst a negative variance in the fair value adjustments on biological assets resulted in a 9% decline in profit before tax.

The business has commenced the redevelopment of an additional piggery which is expected to increase pig production by 28% at full capacity; the first off-take from this project will be received in the latter part of the coming financial year. Additional investment will also take place in expanding the Group's "Texas" retail platform and in securing its beef supply chain.

Irvine's recorded revenue growth of 5% over the prior year, driven mainly by an 11% increase in table egg volumes and a marginal improvement in average yield prices in the second half of the financial year. Raw material costs, however, remained significantly higher than the prior year resulting in reduced margins and an overall reduction in profitability.

In May 2017, a case of Avian Influenza was detected on one of the operation's farms, resulting in a preventative and precautionary cull-out of all the birds on this particular site. During the latter part of July, notwithstanding normal mortality levels, routine sampling revealed further positive cases of Avian Influenza and the Department of Veterinary Services deemed it prudent, and recommended a de-population exercise of this entire farm. This exercise resulted in impairment charges of US$7.284m being processed to the income statement in the year under review (**Note 9.2**).

The farm is now undergoing sanitation procedures in readiness for restocking, and full production from the operation's own sources is expected to be reached by the beginning of the second half of the ensuing financial year. In the interim, production levels are being sustained by the importation of hatching eggs.

Capri produced a much improved result with a 44% revenue growth over the prior year being driven by a 57% increase in volumes. Volume growth was largely export-based, and exports now account for almost one-third of total volumes.

Margins however reduced, mainly due to increased raw material costs, and the need to counter the aggressive pricing policies employed by regional manufacturers exporting into Zimbabwe, where at times, prices have been half of their domestic market retail prices.

The introduction of policies to support local manufacture has been a positive development for the business and the export incentive scheme introduced through the Reserve Bank of Zimbabwe has provided some cushion to the business. Overall a strong increase in profitability was recorded, albeit off a low base.

The business continues to develop new products and variants and will be launching these in the near future. Given constrained local trading conditions, export markets represent the biggest growth opportunity for the operation.

At **Natpak**, revenue and volume's surged 25% on the back of strong growth in the new flexible packaging division. Margins, however, narrowed during the year as a result of an increase in key commodity prices, whilst operating expenditure increased as a result of pre-operating charges incurred on the set up of the flexible packaging unit; overall operating profits increased by 5% over the prior year.

Chairman's Statement and Review of Operations (continued)

With full capacity being quickly attained in the flexible packaging operation, additional equipment was commissioned in the final quarter of the financial year creating further capacity and capability opportunities for the operation and ensuring the positive growth trajectory in the business will be maintained.

Profeeds, an associate company of the Group, recorded a 9% decline in both feed and chick volumes over the prior year, translating to a 5% decrease in revenue. This decline was however countered by improvements in operating, production and distribution efficiencies and a 7% reduction in operating expenditure, ensuring a marginal improvement in operating profit.

The business continues to pursue opportunities to extract production efficiencies and innovate its product offering. Renewed focus and participation in its small-scale farmer program also represent exciting growth opportunities.

Probrands, another business in which the Group has a non-controlling interest, experienced good volume growth in many of its FMCG products, and revenue increased by 18% over the prior year as a result. A change in strategy to outsource the operation's distribution function saw margins declining, but this was mitigated by a reduction in related operating expenditure; with operating profit increasing 88%.

After a number of delays in making the necessary final foreign currency payments, the operation's UHT plant finally commenced commercial production in the last quarter of the year under review, with initial volumes being extremely encouraging. The ProBottlers operation continued its good results in both the carbonated and cordial ranges, and additional investment in both these categories is scheduled for the new financial year.

Discontinued and Discontinuing Operations

The Group successfully concluded the disposal of its interest in SPAR Zambia Limited and The River Club during the period under review, with these transactions being effective from 30 November 2016 and 30 June 2017 respectively. Included in the profit after tax from discontinued operations are trading results from these businesses together with the consolidated profit on disposal of US$2.698m (**Note 14.6**) realised from the transactions.

In addition to the above businesses, the comparative information disclosed under discontinued operations also includes three month's trading of the Group's former Quick Service Restaurants (unbundled by way of a dividend in-specie in October 2015, and listed as Simbisa Brands Limited on the ZSE in November 2015), (**Note 14.5**), nine months trading of the Group's former Speciality Retail and Distribution businesses (unbundled by way of a dividend in-specie in April 2016, and listed as Axia Corporation Limited on the ZSE in May 2016) (**Note 14.5**) and results from the SPAR Zimbabwe businesses disposed in 2016.

As a result of the different mix of businesses and varying lengths of trading, the overall profit or loss disclosed under discontinued operations is not comparable.

Prospects

Notwithstanding the challenging and fluid trading conditions as well as the Avian Influenza outbreak at Irvine's, the results achieved in the year under review are very pleasing, with renewed focus and energy being enabled by a simpler business structure and a more cost-efficient and effective leadership structure.

Many of the manufacturing processes within the Group require a high level of imported raw material and hence there is a large requirement for foreign currency. The successful local maize harvest will reduce this requirement in the coming year, however there will still be a large foreign requirement in respect of other key raw materials as well as capital items which can further enhance efficiencies in the production of existing and new import-substitute products. We will continue to minimise foreign creditor positions and will engage with our commercial banking stakeholders as well as the Reserve Bank of Zimbabwe in order to meet our external payment requirements and to ensure uninterrupted supply of locally produced goods to the market.

As far as existing operations are concerned, there are a number of units which remain cost-heavy and it is vital for the Group's management teams to continue with the initiatives to improve efficiencies in order to achieve the goal of becoming lowest-cost producers.

Chairman's Statement and Review of Operations (continued)

Initiatives will include reducing fixed, "above-site" costs, improving focus and cost efficiency at the core conversion stage and pursuing variable-costed sales and distribution models. There remain a number of cases of duplicated function and process within the Group and so focus will also be directed toward rationalising these as necessary and re-structuring businesses as an enabler for better focus and to achieve sustainable, long-term growth.

In addition to optimising existing operations, the Group will continue to look at opportunities to expand existing categories and to add synergistic and adjacent products and businesses in the consumer staple space both locally and regionally. Integration opportunities will also be examined.

Dividend

The Board is pleased to declare a final dividend of 0.90 US cents per share payable in respect of all ordinary shares of the Company. The dividend is payable in respect of the financial year ended 30 June 2017 and will be paid in full to all shareholders of the Company registered at the close of business on the 13th of October 2017. The payment of this dividend will take place on or about the 27th October 2017. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 6th of October 2017 and ex-dividend as from the 9th of October 2017.

The Board has also declared a final dividend totalling US$220,000 to Innscor Africa Employee Share Trust (Private) Limited.

The Group's final cash dividend of 0.90 US cents per share together with the interim cash dividend of 0.70 US cents per share brings the total dividend paid for the financial year under review to 1.60 US cents per share.

Appreciation

I wish to record my appreciation to the executive Directors, management and staff for their ongoing effort, in extremely challenging conditions, during the period 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.

A.B.C. CHINAKE
Chairman
28 September 2017

Corporate Governance

Group Governance & Management Approach

Innscor Africa Limited strives for strong corporate governance practices and values. We continue to monitor and evaluate best practices critical for the sustainability and transformation of our Group. Critical to our corporate governance values is ensuring that we observe principles and ethical practices benchmarked on international best practices. We continue to monitor and align codes of corporate practices and conduct with local and international corporate governance code's such as the National Code of Corporate Governance in Zimbabwe (ZIMCODE) and the King IV Code of Corporate Governance in South Africa.

Our management philosophy is vested on the need to conduct the affairs of the Group with transparency, integrity, accountability and in accordance with generally accepted corporate governance practices, in the interests of our stakeholders and shareholders. This enables our stakeholders and shareholders and to derive assurance that, in sustaining and adding value to the Group's financial, natural, intellectual, manufactured, relational and human capital investment, the Group is being managed ethically, according to prudently determined parameters and in compliance with best international practices.

Corporate Governance (continued)

Mechanisms for Communication with Stakeholders

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

Board and Management Ethics

We believe that it is the responsibility of our Board and Management to lead by observing ethical business values and conduct. All our Directors and Management are required to declare interests which might be deemed in conflict of their roles and responsibilities and to declare any interest in agenda items at each board meeting.

Declaration of Directors'

During the year under review, no Directors had any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of Directors and their families in the shares of Innscor Africa Limited are presented in **Note 23.4**.

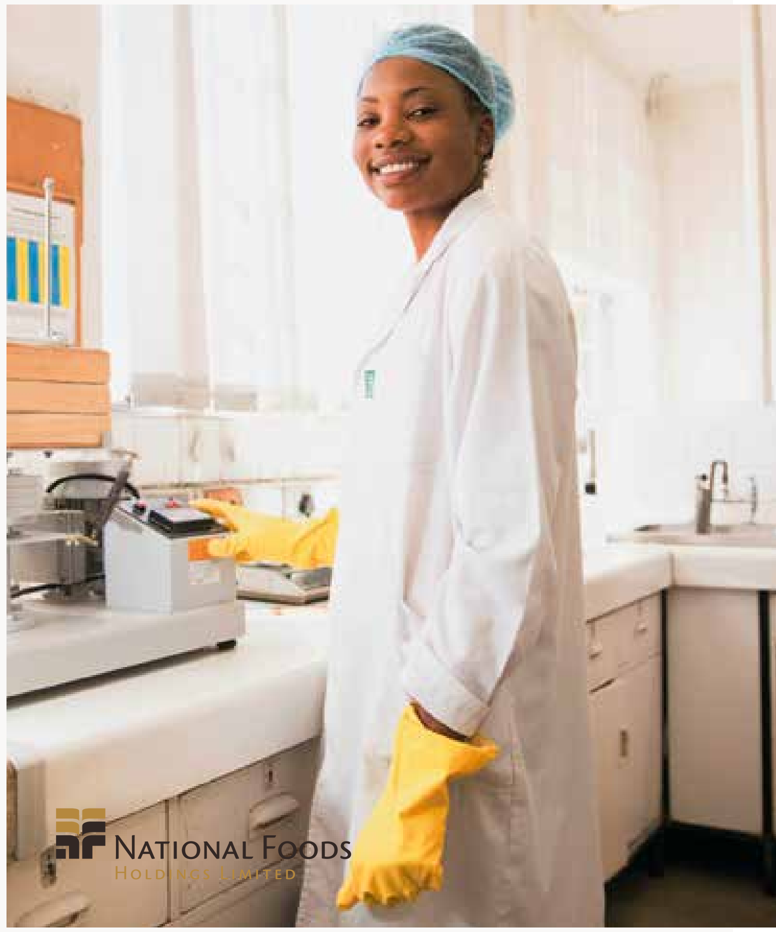
Share Dealings

Directors, management and all Group staff are not permitted to deal directly or indirectly in the shares of the Group or companies during:

- The period from the end of the interim or annual reporting periods to the announcement of the interim and annual results or
- Any period when they are aware of any negotiations or details which may affect the share price, or
- Any period when they are in possession of information, the effects of which may affect the share price.

Professional Advice

The Group's policy where justifiable, entitle Directors to seek independent professional advice at the Group's expense on matters in the furtherance of their duties or advancement of the Group's business objectives.



Board Structure

In view of our long term strategic positioning, the Group has been evolving over the last few years and has seen some companies being unbundled and/or disposed to unlock value for shareholders. These changes also meant that some Directors have had to be reassigned to the unbundled companies. As such, the Group continues to align the Board composition in line with governance policy and international best practices of corporate governance. During 2017, our Board consisted of 2 Executive Directors, 2 Independent Non-executive Directors and 2 Non-independent Non-executive Directors.

The Chairman and Non-Executive Directors bring a significant amount of experience and intuition to guide an active and ambitious executive management team. The Board meets at least quarterly to monitor the performance of the Group and its management and to deliberate on the strategic direction of its operations. Short biographies of the Group's Directors are disclosed on page **24 and 25**.

Corporate Governance (continued)

The Group operates a decentralized structure reporting to the Group's Board of Directors. Each individual business has a formal Board of Directors, with clearly defined responsibilities and objectives, for the day-to-day running of its operations. A comprehensive management reporting system ensures that each business is brought to account on a monthly basis on operational, governance, sustainability and financial matters.

Directors' Remuneration

Remuneration packages for the Group's Executive Directors are determined by the Group's Remuneration and Nominations Committee. These packages include a guaranteed salary as well as a short-term performance related incentive linked to the achievement of pre-set targets which take into account the needs of the Group from time to time.

The Group also operates a long-term incentive scheme designed to retain employees in the medium to long-term, to focus their attention on longer-term strategic goals and ensure sustained growth of the Group. In this regard, on 7 December 2016, the Group granted certain senior management share options, under the "2016 Innscor Africa Limited Share Option Scheme". **Note 23.3** provides further details on share options.

As at 30th June 2017, there were no loans from the Group to any Director.

Summarized below is the Board Structure and the members of the various board committees and the responsibilities of each committee

Sub-Committes:

Committee	Members	Summary Roles & Responsibilities
Executive	J.P. Schonken (Chairman – appointed 21.8.2016) G. Gwainda M.J.R. Lashbrook C. Tumazos R. Nyamuziwa (M.J.R. Lashbrook, C. Tumazos, R. Nyamuziwa: Appointed 01.10.2016)	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The committee meets monthly. The committee is composed of two Group Executive Directors, two CEOs from the Group's listed subsidiaries and the Group Treasurer.

Corporate Governance (continued)

Committee	Members	Summary Roles & Responsibilities
Audit	T.N. Sibanda (Chairman) A.B.C. Chinake M.J. Fowler	The Audit Committee assists the Board in the fulfilment of its duties. The Audit Committee deals, inter alia, with compliance, internal control and risk management. The committee comprises of two independent, non-executive Directors and one non-independent, non-executive Director. An independent 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 independence and the objectivity of their findings and the scope of their work.
Remuneration & Nominations	A.B.C. Chinake (Chairman) M.J. Fowler T.N. Sibanda	The Remuneration and Nominations Committee comprises an independent, non-executive Chairman and two non-executive Directors 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 to the sustainable growth and success of each of the businesses in which the Group operates. Packages primarily include basic salaries, performance-related bonuses and long-term, share-based incentives. The Committee considers the composition of the Board and its Committees, and makes appropriate recommendations to the Board regarding the retirement, appointment and replacement of Directors.
Finance & Investment	G. Gwainda (Chairman) J.P. Schonken R. Nyamuziwa	The Finance and Investment Committee is mandated by the Board to set, approve and monitor overall borrowing limits for Innscor Africa Limited Group and that of 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. The committee is composed of two Group Executive Directors and the Group Treasurer. The committee meets on a monthly basis to consider banking facilities, borrowing positions, capital expenditure, investment opportunities and such other business as may be directed by the Board.

Corporate Governance (continued)

Name	Year of Appointment to Main Board	Main Board (5 Meetings)	Executive (10 Meetings)	Audit (3 Meetings)	Remuneration & Nominations (2 Meetings)	Finance & Investment (10 Meetings)
Mr A B C Chinake	2015	5	N/A	3	2	N/A
Mr T N Sibanda	2005	5	N/A	3	2	N/A
Mr M J Fowler	1994	3	N/A	2	1	N/A
Mr Z Koudounaris	1996	3	N/A	N/A	N/A	N/A
Mr J P Schonken	2007	5	10	N/A	N/A	10
Mr G Gwainda	2015	5	10	N/A	N/A	10
Mr C Tumazos	N/A	N/A	10	N/A	N/A	N/A
Mr M J R Lashbrook	N/A	N/A	10	N/A	N/A	N/A
Mr R Nyamuziwa	N/A	N/A	10	N/A	N/A	10

BAKER'S INN
Better taste, more value

BAKER'S INN
Better taste, more value

Corporate Governance (continued)

Board of Directors

Addington Chinake
1 Independent Non-Executive Chairman (Appointed January 2015)

Addington is a legal practitioner by profession, with more than twenty-one years of experience in legal services in Zimbabwe. He has extensive experience in all manner of legal practice in Zimbabwe. Over the past thirteen years, his area of specialisation has been corporate and commercial law including mining law, competition law, mergers and acquisitions, Leveraged Buy Outs (LBO's) and capital raising. Addington has been involved in a number of significant FDI transactions and a number of other multi-million dollar acquisitions and disposals by foreign companies of equity on Zimbabwe Stock Exchange listed entities and major greenfield mining projects. He has acted for a number of public companies on the Zimbabwe Stock Exchange and has also been a Non-Executive Director of five Zimbabwe Stock Exchange listed companies including Art Corporation, Phoenix Consolidated Industries and Murray and Roberts Zimbabwe Limited (Deputy Chairman). Addington is currently the Chairman of Astra Industries Limited and Simbisa Brands Limited. He is a member of the Group's Audit and Nomination and Remuneration Committees.

Julian Schonken
2 Chief Executive Officer (Appointed Director October 2007 and CEO September 2016)

Julian 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 a Chartered Accountant (Zimbabwe) with Deloitte, Julian joined Innscor and 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. He also sits on the boards of Colcom Holdings Limited and National Foods Holdings Limited and chairs the Group's Executive Committee and is a member of the Finance and Investment Committee. In January 2015, Julian accepted appointment as Executive Director for the Light Manufacturing Division and in September 2016, was appointed as Chief Executive Officer for the Group.

Godfrey Gwainda
3 Group Financial Director (Appointed January 2015)

Godfrey is a Chartered Accountant with more than seventeen years of accounting and financial experience in the accounting profession and the business sector in Zimbabwe. Godfrey completed his articles of clerkship with KPMG and qualified as a Chartered Accountant (Zimbabwe) in 2000. In September 2001 he joined Innscor, and has held a number of financial and managerial positions. In January 2015, Godfrey was appointed to the main Board of Innscor as Group Financial Director. Godfrey is a member of the Group's Executive Committee and chairs the Finance and Investment Committee. He also sits on the boards of Colcom Holdings Limited and National Foods Holdings Limited.

Corporate Governance (continued)

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

Michael 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 the Group Chief Executive Officer. Michael was a key driver behind the Group's investment into its now unbundled crocodile ranching operations (Padenga Holdings Limited) 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 and Nomination Committees and Audit Committee.

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

Themba 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, Chartered Accountants (Zimbabwe). Themba currently chairs the Group's Audit Committee and is also a member of the Remuneration and Nomination Committees. 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, Axia Corporation Limited and Pretoria Portland Cement Limited.

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

Zed 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 also sits on the boards of Simbisa Brands Limited and Axia Corporation Limited.

Directorate and Management

Board of Directors

Independent,
Non-Executive Directors
Addington Chinake (Chairman)
Thembinkosi Sibanda

Non-Independent,
Non-Executive Directors
Michael Fowler
Zinona (Zed) Koudounaris

Executive Directors
Julian Schonken
Godfrey Gwainda

AUDIT COMMITTEE

Thembinkosi Sibanda (Chairman)
Addington Chinake
Michael Fowler

REMUNERATION & NOMINATIONS COMMITTEE

Addington Chinake (Chairman)
Thembinkosi Sibanda
Michael Fowler

EXECUTIVE COMMITTEE

Julian Schonken (Chairman)
Godfrey Gwainda
Michael Lashbrook
Constantine Tumazos
Raymond Nyamuziwa

GROUP EXECUTIVES

Julian Schonken	**Group Chief Executive Officer**
Godfrey Gwainda	**Group Chief Financial Officer**
Raymond Nyamuziwa	**Group Treasurer**
Andrew Lorimer	**Group Company Secretary**

FINANCE & INVESTMENT COMMITTEE

Godfrey Gwainda (Chairman)
Julian Schonken
Raymond Nyamuziwa

DIVISIONAL MANAGEMENT
CORPORATE SERVICES

Corporate & Treasury

Priti Da Silva	**Group Services Executive**
Farai Machodo	**Group Financial Manager**
Ronald Gumbo	**Group Tax Officer**
Tanya Chitaukire	**Treasury Financial Manager**

Providence Human Capital

Chipo Ndudzo	**Managing Director**

INNSCOR Africa Limited
OUR PASSION FOR VALUE CREATION

Directorate and Management (continued)

LIGHT MANUFACTURING

National Foods Holdings Limited

Michael Lashbrook	Chief Executive Officer
Lovejoy Nyandoro	Finance Director
Workmore Chimweta	Sales and Marketing Director
Richard Mann	Operations Director
Rosseweater Usayi	Human Resources Executive
Leigh Howes	Group Company Secretary
Wynand Bosch	Managing Executive - Stockfeeds (Acting)
Mutali Chawanda	Managing Executive - Flour Milling
Chipo Nheta	Managing Executive - Maize Milling
Nigel Weller	Managing Executive - MCG

Pure Oils Industries (Private) Limited

Sanjiv Mathur	Chief Executive Officer
Vikash Agarwal	Head Finance
Rodreck Musiyiwa	Head Operations

Innscor Africa Bread Company Zimbabwe (Private) Limited

Ngoni Mazango	Chief Executive Officer
Mandla Nkosi	Financial Director
Ngoni Chamanga	Human Resources Executive
Caleb Musodza	Sales and Marketing Executive

Profeeds (Private) Ltd

Nigel Philp	Chief Executive Officer
Tidings Chimphondah	Executive Director
Sean Reid	Head of Factory Operations
Herbert Ratisai	Finance Executive
John Mtelela	HR Executive
Ross Whiting	Head of Retail Operations
Fungayi Mungate	Managing Director - Profarmer

Colcom

Constantine Tumazos	Group Chief Executive Officer
Mandy Mutiro	Group Finance Director (appointed 1 January 2017)
Norita Adams	Group Sales and Marketing Director
Jan Van As	Group Operations Director
Zvitendo Matsika	Group Human Resources Executive
Ian Kennaird	Chief Executive - Triple C Pigs
Lester Jones	Chief Executive - Associated Meat Packers (Private) Limited

Irvine's Zimbabwe (Private) Limited

David Irvine	Managing Director
George Economou	Commercial Director
Lovemore Manatsa	Sales Director
Zita Matonda	Finance Director
David Hasluck	Administration Executive
Rutendo Dzangai	Finance Manager

Probrands (Private) Limited

Calum Philp	Managing Director
Nqobani Mthethwa	Finance Director
Onward Nyabadza	Operations Executive
Stacey Jackson	Procurement Executive
Dave Kirtikumar	Dairy Operations Executive
Tendai Hofisi	Finance Manager

Probottlers (Private) Limited

Christo Botha	Managing Director
Chris Strydom	Operations Manager
Tafadzwa Karimupfumbi	Finance Manager

Appliance Manufacturing

Gary Watson	Chief Executive Officer
Simba Muchatukwa	Financial Director
Jan Van Der Westhuizen	Research & Development Director
Tony Simoes	Marketing Manager

Natpak (Private) Limited

Guy Martell	Managing Director
Rodney Finnigan	Finance Director
Tamuka Kunaka	Operations Director

Alpha Packaging (Private) Limited

Michael Ferreira	Managing Director
Michael Dunn	Operations Director


Life
Full Cream
Milk
PRObrands

Sustainability Strategy & Governance

Group Strategic Approach

Sustainability is being firmly embedded into the Group's corporate strategy and organization. We recognise that sustainability is a significant driver to how we manage operational risk and drive the strategic positioning of the Group for long term business success. By integrating sustainability in our operational decision making and business strategy, we are able to identify potential risks and opportunities. Our sustainability strategy is to ensure that we minimize negative impacts and related costs on the business and on our stakeholders particularly those related to the environment and society through ensuring that there is good balance with economic success.

Our sustainability strategy is executed through implementing Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines and standards which requires us to identify, measure and manage our material impacts wherever they are happening in the Group and within our control. We do this, by engaging with our Stakeholders, which assists us in identifying potential issues and how to respond to them. Such information forms the basis for identifying performance indicators for reporting. Since 2016, we have matched our sustainability performance indicators with Sustainable Development Goals (SDGs) which the Group contributed towards. As of 2017, we have added our consideration for climate change by aligning some of the performance indicators with Carbon Disclosure Project (CDP) standards by calculating our carbon footprint for the first time. We remain driven by the spirit of inclusivity, responsiveness and accountability in the way we operate. It is our goal that the next report is prepared using the new GRI Standards.

Sustainability Strategy & Governance (continued)

Governance

Our sustainability management is structured into two levels starting at company level all the way to the Group. We have been setting up sustainability teams in our companies, tasked with identification, evaluation and assisting in managing our sustainability impacts on economic, environmental and social issues. In addition, the teams are responsible for monitoring and evaluating systems from which data is collected, to ensure quality and reliability.

Inclusivity and Responsiveness

We continue to integrate stakeholder engagement in the overall corporate and risk management strategy of our businesses. Our approach is achieving sustainable business success driven by sustainable relations with all our stakeholders as business partners.

Maintaining sustainable stakeholder relationships based on shared values of honesty, inclusivity and responsiveness contribute to trust and strong relational capital for the Group. Our stakeholder engagement strategy is a responsibility that is shared among all employees and management and is embedded in how we interface with our stakeholder in our day-to-day activities.

Supply Chain

Our corporate strategy is to maintain a sustainable supply chain which thrives on shared values. Supply chain management is a critical component in our business value chain and sustains our brand name and image. Therefore, we provide systems which ensure that all suppliers are screened based on their track record and consideration of sustainability issues such as environmental, social, behaviour, corruption, statutory compliance and human rights practices. We try by all means to ensure that most of our suppliers share our common values for sustainability in our value chain. Irvine's Zimbabwe (Private) Limited, Colcom Holdings Limited, Profeeds (Private) Limited, Probrands (Private) Limited, Associated Meat Packers (Private) Limited and National Foods Holding Limited provide opportunities for disadvantaged groups, small scale farmers, youths and the less privileged to be part of the supply chain as their contribution to economic empowerment of the society in the places of our operation. Appropriate training and support are provided to ensure that quality and standards are met.

Sustainable Capital Management

We recognize that it is critical to apply integrated thinking in the manner in which we manage the capitals of our business. We consider natural, human, intellectual, financial, manufacturing and social relations as capital input into our business model. Therefore, sustainable management of these capitals remains a critical aspect of our business strategy formulation and execution, for creating and sustaining business value for our shareholders and stakeholders in the short and long term.

External and Independent Assurance of Data

In providing assurance to our stakeholders and readers of this report, the information contained in this annual report is independently assured. In this case, this report was prepared with external oversight of the Institute for Sustainability Africa for compliance with GRI – G4 Sustainability Reporting Guidelines while data on environmental and social performance indicators was assured by Instinct Advisory Services; an internal audit services company. Financial information making up part of this report was assured by our independent external auditors, Ernst and Young Chartered Accountants (Zimbabwe) in the audit of financial statements and accompanying information.

Managing Material Issues and Reporting

Our Strategy on Managing Material Issues

We apply a collective approach in determining material issues identified by our stakeholders during engagement and assessment processes in our business units. Material issues are identified and prioritized using a multi-stage process which starts at business unit level to Group Level. At business unit level, the operation's material issues and topics are identified and their relevant impacts assessed at business level as well as shared with our stakeholders. At Group level, all material issues and topics are assessed for their relevance and impacts on our broad stakeholders, corporate strategy and national context in relation to economic, environmental and social aspects. The Group's Sustainability Team consolidate material topics as part of the Board Packages for the Directors' evaluation during their meetings.

The material topics and issues considered at Group Level for the year, are issues considered at government level to have significant impacts on our stakeholders. Key material issues considered included economic growth, climate change, poverty alleviation, supply chain, sustainable development, energy scarcity and environmental impacts. Our assessments were based on the fact that Zimbabwe signed up to the Paris Agreement (2016) on climate change and committed to the UN supported Sustainable Development Goals (SDGs).

At a national level, Zimbabwe has a National Climate Change Strategy while a Climate Change Policy is being finalised for launch possibly in 2017. In addition, the country prioritized 10 of the 17 SDGs for implementation in the following order: Goal 8 (Economic Growth), Goal 7 (Energy), Goal 2 (Agriculture, Food security and Nutrition), Goal 9 (Infrastructure), Goal 6 (Water and Sanitation), Goal 17 (Partnership), Goal 3 (Health), Goal 4 (Education), Goal 13 (Combating Climate Change), and Goal 5 (Gender and Women Empowerment). As such, these national developments goals have impacts in the way we operate and manage risk. Therefore, material issues and topics at Group level were significantly influenced by how the Group was responding to the above sustainable development goals in creating and sustaining value for our stakeholders.

At company level, material issues were identified by company based Sustainability Teams and Coordinators through feedback from our stakeholder engagement processes. The teams/coordinators report to company management which evaluate and address material issues at that level in line with Group and Company policies. The Group's Management evaluate the issues and their impact on the business and stakeholders for action, response and accountability to the stakeholders.

Report Boundary

In defining the reporting boundaries, we focused on identified material impacts and from companies where the impacts occurred. While sustainability reporting is still being fully implemented and developed in some of our companies, we opted to define reporting boundaries by considering key Group companies with high and material impacts on environmental and social aspects. However, Sustainability performance indicators provided in this report were drawn from all our subsidiaries and associate companies.

Stakeholder Capital and Engagement

Our Strategy

Stakeholder Engagement is an integral part to the long-term value creation and sustainability of the Group. Transparency, constant dialogue and communication with our stakeholders regarding our activities are our key priorities for us and management endeavor to ensure that suggestions, guidance and the relevant recommendations are addressed. The Group's Stakeholder Engagement strategy is integrated with our risk and business development management. We consider the dialogue with our stakeholders as a critical function of our business value chain. Our stakeholders who includes our employees, customers, suppliers, regulators, society, shareholders and investors are regarded as partners in the business. Stakeholder engagement is a day to day operation and the responsibility of all employees and management within each of the Group Companies.

Engaging with our stakeholders ensures that we are able to identify and verify material issues arising from our business operations which need our attention.

Our stakeholders play a role in materiality assessment and risk management. Engagement with stakeholders is conducted at company and Group level. Material issues at the company level are firstly assessed and evaluated before being consolidated with those at Group level to inform corporate strategy and responses.

In keeping with our corporate strategy, we try our best to give attention to material issues raised by our stakeholders whether they are economic, environmental or social issues. Material issues identified through company management and their sustainability teams are first evaluated and addressed at company level in line with our corporate strategy. Material issues of a policy nature or strategy are dealt with at the Group level.

Key stakeholders engagement activities during the year and actions considered on material issues raised are presented below:

Stakeholder	Material Issues Raised or Stakeholder Concern	Mitigation Measures	Communication Channels
Employees/Staff	• Fair treatment • Engagement and inclusion • Safe workplace • Competitive pay and Remuneration • Death Benefits • Employee benefits • Professional and continuing education and development • Regular communication • Labour unions	• Development, implementation and monitoring of human resource policy and procedures • Training	• Incentive programs • Internal communications • Tip Offs Anonymous • Suggestions to Head Office • Code of ethics • Environment protection • Training and development • Safety policy procedures and program • Engagement activities • Health and Safety reviews
Suppliers	• Timely Payment • Ethical business practices • Growth opportunities	• Supplier audit • Supplier screening • Supplier contracts	• Face to face meetings • Code of conduct • Supplier shows and events • Tip Offs Anonymous

Stakeholder Capital and Engagement (continued)

Stakeholder	Material Issues Raised or Stakeholder Concern	Mitigation Measures	Communication Channels
Industry	• Animal disease control • Training and development • Fair pricing • Fair competition.	• Interaction with the Department of Veterinary Services Zimbabwe	• Zimbabwe Poultry Association (ZPA) • Grain Millers Association of Zimbabwe(GMAZ) • Zimbabwe Textile Manufacturers Association (ZITMA) • Confederation of Zimbabwe Industries (CZI)
Government & Regulators	• Regulatory compliance • Transparent reporting • Job creation • Import substitution • Foreign currency generation.	• Compliance with regulations	• Face to Face meetings • Content reporting feedback
Shareholders and Potential Investors	• Competitive return • Regulatory Compliances • Sound Governance • Proactive Risk management • Accurate Financial reporting	• Improved profitability and returns year on year • Enhanced and governance oversight by the Board	• Integrated annual report • Annual General Meeting • Investor road survey • Bi-annual results release • Website updates • Face to face meetings
Customers and Consumers	• Safe quality products • Nutritious option • Competitive and affordable pricing • Innovative products	• Rigorous quality checks and balances • Continuous product development • Compliance with legislation	• Food safety standards compliance • Regular meetings with key accounts contact • Customer events • Consumer survey • Customer care hotlines & helplines • Websites • Tip Offs Anonymous
Local Communities	• Economic development • Environmental Protection • Employment opportunities • Supply opportunities	• Compliance with legislation	• Regular interaction with Local Authorities • Corporate social responsibility

Sustainability in Our Value Chain

Supply Chain Management

Our objective is to ensure that the Group procures raw materials in a sustainable way that minimises business risk. Our suppliers are an important stakeholder of our business value chain.

Our Strategy

In managing the supply chain, our strategy is to ensure that all procurement is conducted in a professional and transparent manner, meeting prescribed standards and quality. We also seek to ensure that our supply chain objectives are delivered in a sustainable manner. Therefore, we count on sustainable relationships with our suppliers as business partners. We expect our suppliers to operate in accordance with our values, adhering to national laws, health and safety standards and ethics. Suppliers are engaged through supplier briefings, meetings, audits and trainings.

We create economic opportunities for small scale and previously disadvantaged group of suppliers in our supply chain. Appropriate training is provided to ensure small scale and previously disadvantaged group of suppliers meet expected quality and standards. In managing risk, our suppliers are introduced to global standards requirements and evaluation criteria so as to sustain our brands and reputation.

Raw Materials

Our key products are manufactured and produced from maize, soya beans, soya meal, wheat, chicken, table eggs, mealie meal and stock feeds. These require high quality standards to be met. In 2017, our consumption of key raw materials were as follows:

Sustainability in Our Value Chain (continued)

Materials Used	Unit	2017	2016
Maize	Tons	272 711	363 629
Soya Meal and Beans	Tons	60 461	78 925
Wheat	Tons	242 196	277 610
Meats – Pigs, Birds and Cattle	Tons	1 231	1 411
		576 599	**721 575**

Percentage of materials used that are recycled input materials

Materials	Unit	2017	2016
Overall Material recycled	%	17	6

Environmental Stewardship

As a Group, environment stewardship is a key responsibility of our management which carries both financial and physical risks. This necessitates the Group to take appropriate measures to minimise the effects on the environment while being proactive to monitor our impacts.

Our Strategy

In upholding our responsibility on the environment as natural capital, the Group ensures that operations are in compliant with environmental laws, voluntary and international best practices and standards. Our strategy is to identify waste and effluent from our factories, evaluate potential risk and take appropriate measures to control or ensure appropriate disposal is undertaken with minimum impacts on ecosystem. We observe environmental standards procedures within the Group to minimise our impacts on the ecosystem, biodiversity and climate.

Waste And Effluent

Managing waste and its disposal is a critical function which requires appropriate attention to ensure disposal methods meet environmental laws, statutory and international best practices and standards. Our Safety, Health, Environmental and Quality (SHEQ) officers across our businesses, pay particular attention to appropriate disposal methods, monitor ongoing compliance with approved disposal methods and ensure that the methods are in line with our environmental stewardship values, statutory and international best practises and standards.

Waste Type	Disposal Method	Unit	2017	2016
Solid Wastes	Landfill and Compost	Tons	1 030	1 897
Chicken manure	Grass pasture spread	Tons	6 075	6 543
Maturation (rich with Phosphate)	Pond Irrigation	Cubic ml	52 156	48 987
Sweepings and Bread Waste	Containerway disposal	Tons	561	118
Polyethylene Plastics	Sold for recycling	Tons	629	699

The Group continues to ensure that most waste is disposed appropriately and in a responsible manner. Efforts will continue to be made to improve the measurement and reporting of data on this performance.

Sustainability in Our Value Chain (continued)

Energy, Water and Climate Change

Achieving energy efficient and sustainable water consumption remains a priority for the Group. As a light manufacturing group, energy and water are fundamental in our operations. The El Nino phenomena experienced in prior year affected a number of countries in the region, emphasizing the issue of water efficiency as a priority of the Group. The Group continues to recognize its role in responding to climate change.

Our Strategy

The Group is committed to the principle of energy and water efficiency measures in its value chain. We recognise climate change mitigation within our business operations is fundamental. To this end, we have started measuring the impact of our fuel consumption on carbon emission for the first time in 2017. Our goal is to extend carbon emission monitoring across all business units.

Energy

The Group operates in the Southern Africa Region which has been facing energy supply challenges, therefore achieving energy efficiency and innovation remains a critical priority. To this end, the Group ensures that all new equipment installation in its manufacturing operations are energy efficient. We continue to explore potential clean energy sources through our capital investment projects. Our employees across our operations continue to be reminded to conserve energy. The table below shows the Group's energy consumption accross our operations, during the reporting period.

Energy Consumption - Within the Organisation

Energy Type	Unit	2017	2016
Electricity	MWH	87 115	64 888
Heating (Coal)	Tons	2 637	3 997
Fuel for Ovens	Litres	3 533 330	2 746 268

Energy Consumption - Outside the Organisation

Energy Type	Unit	2017	2016
Diesel	Litres	7 459 780	6 890 361
Petrol	Litres	655 754	503 623

Water Resource

Water is a fundamental resource in our manufacturing process and operations, and is applied in our core processes as a cleaning agent, solvent, boiler steam, coolant and in product manufacturing. We are committed to responsible use of this resource along our entire value chain by ensuring that we constantly monitor the water we draw from the different sources and consumption thereof.

We aim to use water as sparingly as possible and avoid pollution of water sources. We require our business units to measure and report on water usage as part of the sustainable water management within the Group. In order to ensure accountability on water, we considered Carbon Disclosure Project (CDP) for reporting on our impact on water resources. Below is the distribution of the sources of water and quantifies withdrawn from each sources.

Sustainability in Our Value Chain (continued)

Source	Unit	2017	2016
Surface (from dams)	m^3	262 833	138 671
Ground Water (Borehole)	m^3	693 531	807 544
Municipal Water Supplies	m^3	97 665	146 514

Climate Change

We recognise that our operations contribute to climate change in some way. It is our responsibility that we respond to climate change protection and mitigation calls. We have taken the initiative to start monitoring and disclosing our carbon emission footprint from fuel consumption in our value chain. We have considered the Carbon Disclosure Project Standards (CDP) linked to Global Reporting Initiatives (GRI) G4 guidelines. We converted our fuel and electricity consumption into carbon emission.

As a Group, we support climate protection by recognising that we have a part to play. Climate change impacts some of our businesses that heavily rely on water usage and on agricultural inputs. Our goal is to report our carbon footprint across the value chain of our business. Our calculation of carbon emission are based on the Department for Environment, Food and Rural Affairs (DEFRA) (United Kingdom) Emission Factors on fuel usage and Ecometrica Emission factor for Zimbabwe on electricity. Usages shown below are our initial carbon footprint measurements:

Emissions Sources	Unit	2017	2016
Fuel (Petrol, Diesel and Coal)	kg CO_2e/Litre	36 525 410	35 936 329
Electricity	Kg CO_2/kWh	57 851 364	43 090 849

Biodiversity

We recognise that biodiversity is critical in sustainability of the ecological system. Two of our businesses operate farms which interact with biodiversity. The Group considers how best to manage the interaction between its operations and nature.

Community Empowerment and Development

The Group takes community empowerment and development to be of significant business value in the places we operate. Our main focus is creating sustainable partnerships with communities in ways that bring long-term impact and sustainable benefits to ourselves and those communities. The Group supports communities within the places it operates as part of its commitment to good corporate citizenship.

Our Strategy

The Group's community empowerment and development strategy is to ensure that the Group plays a critical role in empowering communities through economic opportunities within the Group's business value chain that help alleviate poverty and contribute towards better conditions of life for the community and individuals therein. The Group supports corporate and social responsibility areas such as hospitals and health facilities, access to education for the disadvantaged, initiatives that reach out to many bodies as well as communities with its people in mind and with a view to sustaining long term benefit and sustainable impacts. We work with the disabled, orphans and senior citizens in improving their living conditions. The Group has committed to fostering areas in art, culture and sports around the communities we operate as well as supporting animal welfare. Our communities also include those communities within which our employees and their families live.

Sustainability in Our Value Chain (continued)

Community Empowerment and Development (continued)

In 2017, The Group's corporate and social investments were deployed towards community development and charity support. Below are some of the initiatives which we supported:

Community Development Support

	Beneficiaries	Support
Education	St Francis Primary School Shamva, Bryden Country School, Maringore Primary Darwendale, Kumbarami Primary Murehwa, Sharon School Harare, Lomagundi College, Derbyshire and Ardno Schools, Kapneck Trust.	Cement, Stationery, School Magazine, Prize Giving Gifts, Teachers Incentives, Schools Rehabilitation.
Community Infrastructure and empowerment support	Bindura Share Community Ownership Trust, Profeeds Centers, Harare Round Table, Lanark Women's Club, Shingirirai Trust Derbyshire Womens' Club, Ekumhumuleni Nursing Home, Shingirirai Trust, Hwange Municipality	Bulldozer Fees, Training on animal Husbandry, Tree planting, donation of fire engine
Sport	Tag Rugby, ZRP High School, Triple 'C' Soccer and Netball Teams, Rural Communities, XP Horn, Irvine's Soccer and Netball Teams.	Products, Affiliation Fees, Registration Fees, Netball Kits, Rugby Kits, Referees fees, Police, Transportation.

Sustainability in Our Value Chain (continued)

Charity Support

	Beneficiaries	Support/Materials
Disability support	Jairos Jiri Waterfalls, Jairos Jiri Southerton, Danhiko Centre, ZIMCARE Trust, Homefields Care Center, Emerald Hill Children's Home, Morgenster School for the Deaf, Nyathi Family, Epilepsy Centre, Kidzcan.	• Weekly supply of eggs, chicken, meat, mealie meal, wheat, bread etc. • Weekly drugs support for support and funds.
Orphanages	Yambiro AIDS Awareness, Harare Children's Home, SOS Children's Villages, St Joseph's Home of Boys, Nhaka Yevana, Put a Smile on a Child, Rose Home Orphan Ministry, Keepers Alert, Pavana Centre, Bezer Ophanage, Ringararo Children's Home, Durall School, St Johns House of Boys, Mushawevana Children's Home Marondera, Kukura Neshungu Institute Marondera, Mother of Peace Mutoko, Isaiah Children's Home Plumtree, St Agnes Children's Home, Midlands Children's Home, Vulnerable Children of Gutu, Mola Hostels, Come Unto me Children's Home, Kambuzuma Orphanage, Ruvimbo Special School, Felly Orphanage, Nazareth Home, Runyararo Children's Home, St Joseph's Home of Boys, Zambuko House, Good Shepherd Trust, Rekayi Tangwena Children's Home, Rose of Charity Children's Home, Good Hope Mother's Trust.	• Weekly supply of products such as eggs, chicken, meat, salt, mealie meal, flour, bread etc. • Supply of fridge and freezer. • Installation of water geyser and heater. • Supply of blankets. • Maintenance of shelters.
Old People's Home	Makoni Old People's Home, Athol Evans Old People's Home, Harare Senior Citizens Club, Waterfalls Trust, Fairways Home, Mucheke Old People's Home, Marlvern House Trust, Place of Safety.	As above
Arts, Social and Region	Mr. & Miss. Zimbabwe National Federation, Harare Culinary Institute, St Johns College Pipe Band, Flying Bantu Music Group, Own Your Own Rubbish, Vocational Training Center.	• Funding budget expenses • Funding travel and accommodation • Advertising
Animal Welfare	Airforce of Zimbabwe, SPCA, Horse Racing, Friend Animal Foundation, ZNSPCA, ZRP Waterfall Dog Section, Zambezi Society, Therapeutic Rehabilitation.	• Supply of Animal Feed • Budget support • Supply of Fridges • Anti-Poaching Vehicle

Sustainability in Our Value Chain (continued)

Human Capital

The Group's employees deliver on our tagline which is 'Passion for Value Creation'. We thrive to attract and retain talented and passionate people for our business and support them in their skills and knowledge development. We create a working environment which makes our employees feel that they are partners in fulfilling the Group's mission, founded on mutual trust, respect and dedication to performance, quality, respect for each other and undying passion for value creation.

Our Strategy

The Group consists of highly motivated executives, management and support teams that help the Group achieve its corporate strategy and goals. To achieve this, we focus on creating working conditions that inspire our employees to achieve set targets. We are strongly committed to labour and social standards that attract and retain excellent people and leaders whom we continue to develop through long life learning and support.

Employee Engagements and Turnover

The Group provides economic opportunities to many people through various employment opportunities that include short-term contracts, casual positions, fixed term contracts and full time or permanent positions.

Employees Base (Permanent & Contracts & Outsourcing)

Total Employees	Unit	2017	2016
Male	Count	5 534	6 707
Female	Count	1 205	1 641
Total Employees		**6 739**	**8 348**

During the year, the Group recruited 729 employees (492 males and 237 female). 890 Individuals (710 male and 180 female) left the Group through ending of short term and causal position contracts.

Work Related Accidents/Injuries

The Group considers health and safety in our work place critical to all our businesses. Any incidences are treated seriously and receive the necessary attention. Regular audits are conducted to ensure safety measures are in place at all times and appropriate training conducted to ensure that all employees are aware of health and safety issues. The Group's policy is to ensure incidences are kept as low as possible.

	Unit	2017	2016
Total Number of Injuries	Incidence	266	344
Number of work related fatalities	Incidence	1	0
Safety Training (days)	Days	242	140

During the course of the year, we were saddened by the loss life of one of employees at one of our factories in a work-related incident. Additional measures were taken to ensure that such incidents do not reoccur.

Our total number of injuries was down by 23% from 2016, in line with increased number of safety training days which increased by 73% in 2017.

Sustainability in Our Value Chain (continued)

Healthy and Safety topics covered in formal agreements with Trade Unions

The Group's commitment to health, safety and welfare all of its employees requires all businesses to ensure that they adopt and apply best practices at all times. Our employees' workers council works with trade unions on key topics and standards practices on health and safety observed in our factories and operations. Our employees are members to several trade unions. During the year, major topics discussed at various employees sessions are presented below:

Employees Wellness Program

The Group continues to support and prioritise safety, health and well-being of employees, and their families through Group's the Wellness Program. The Group's Wellness programmes provide employees and their dependents with opportunities to foster a lifestyle sensitive and responsive to all the dimensions of total wellbeing. Our wellness interventions which include counselling and coaching have continued to help manage and mitigate some adverse effects on our employees. Statistics of our Wellness activities showed a positive influence on the health and wellness behaviours of our employees and their families. Our employees and their dependents have access to the Group's Primary Health Care facilities in Harare, Bulawayo and Kariba. The Harare Innscor Total Wellness Centre is also an HIV Testing and Anti-Retroviral Treatment (ART) Centre. All our centres are manned by experienced and trained personnel. The table overleaf summarises Wellness activities conducted during the year:

Sustainability in Our Value Chain (continued)

Programmes	Activities & Outcomes
Annual Wellness Day	• 6 years running the day event. • Event activities included cancer awareness, stress management and body massage, general health check, men's sexual reproductive health, eye testing, dental check-up, VCT, blood typing, BP check, BMI; glucose testing and counselling. • Employees across the country participated in sport activities which include soccer, netball, volleyball and other sports. • Wellness passports introduced on the day were a resounding success with most employees visiting 80% of the check points.
Outreaches	• Employees participated in various events which included 'General Wellness Talk' and stress management. • Outreach activities were conducted across Zimbabwe.
Individual Meetings	• Encouraged employees and their dependents to utilise the facilities in Harare, Bulawayo and Kariba, that provide both counselling facilities and primary health services. • Gym classes were started in Harare to improve the general health condition of our employees. • Employees encouraged to visit independent health providers for full health check-ups. • Feedback system introduced for employees yielding positive results and proving to be a good mode of communication.
Lectures and Workshop	• Conducted workshops for Innscor Wellness Centre for Employees and dependents. • 90% Participation rate recorded in the meetings.
Breast Cancer Awareness	• Initiated workplace based breast cancer awareness. • Breast Cancer Awareness breakfast meetings held in Bulawayo, Mutare, Masvingo and Kariba targeting employees and dependents.
Typhoid Alert	• Printed posters for employees to be aware of the disease and how to practice good hygiene for prevention.
Safety, Health, Environment and Quality (SHEQ)	• Educated employees on emergency preparedness, risks and hazards in the workplace and conducted audits. • Recorded less injuries in the work place from accidents due to the good reception and implementation by employees
Wellness Staff Development	• Skills and knowledge development of staff on training, team building, HIV Counselling & testing, coaching and mentorship.

Sustainability in Our Value Chain (continued)

Wellness Programs Attendance

For the year under review, our wellness attendance and participation during our Annual Wellness day was as follows:

Activity	Unit	2017	2016
BMI/BP/BL SUGAR	Counts	298	264
Massage & Wellness	Counts	82	68
Men's Health	Counts	192	180
HIV Testing	Counts	423	370
Counselling	Counts	182	170
Blood Typing	Counts	114	98
Cancer Awareness talks	Counts	472	397
Dental Checks	Counts	289	235
Visual Screening	Counts	189	154
Total		2 241	1 936

Staff Development

We consider learning and development a critical aspect of the Group's philosophy. We invest in our employees skills and knowledge development that keeps them motivated, technically sound and equipped to provide efficient and effective customer service and quality production. The table below presents the average employee training time invested by the Group:

Average Training hours per Employee – Internal Training	Unit	2017	2016
Male	Hours	43	35
Female	Hours	69	29

Production

We try by all means to ensure that our production facilities maintain the highest of standards that do not compromise on the quality and safety of our consumers and employees. We take comprehensive preventative measures to ensure that our production facilities meet the highest standards.

Products Stewardship

We monitor and review the safety of our products through our quality control units all the way to our customers. We work continuously to ensure that our products pose no risk to our customers, consumers, employees and the environment and that they are seen to be used responsibly and in the manner intended. Our Strategy is to ensure that high standards are applied in the manufacturing and distribution process. During the year under review, our companies retained their ISO9001, ISO17025, ISO22000 and FSS22000 certifications.

Sustainability in Our Value Chain (continued)

Sustainable Development

Sustainable Development Goal (SDGs) Contribution

Sustainable development is critical in all our business. Our vision is to 'Improve the quality of life of the customers in our chosen markets' which is in line with the United Nations supported Sustainable Development Goals (SDGs). These goals have been incorporated into the way we operate, therefore, it is important for our Group to contribute to their achievement. We do this by ensuring that sustainability actions also highlight the corresponding contribution to the SDG as shown below:

SDG	Theme	Our Business Response(s)
6 CLEAN WATER AND SANITATION	'Ensure availability and sustainable management of water and sanitation'.	• The Group enhanced the utilization of water resources in its operation by effectively managing the resource in a way that meets regulatory requirements and avoids harming water sources.
7 AFFORDABLE AND CLEAN ENERGY	'Sustainable and modern energy '.	• The Group monitors energy utilization and continues to work towards clean energy in business operations.
8 DECENT WORK AND ECONOMIC GROWTH	'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.	• The Group enhanced its production efficiency for materials used to minimise waste, production energy and waste disposal.
	'Employment and decent work for all'.	• Created and sustained employment and decent working conditions through health and safety, and wellness programmes.
	'Promote sustained, inclusive and sustainable economic growth	• Distributed economic value created to support economic growth through taxes paid to government, employee welfare, supporting community development and local supply chain support in our business activities.
16 PEACE AND JUSTICE STRONG INSTITUTIONS	'Promote peaceful and inclusive societies for sustainable development.	• Provided support to our employees and their families through wellness programmes. • Financial investment in various social, community development and charities. • Provided employees with training and education.

Sustainability in Our Value Chain (continued)

Economic Performance

We are operating in an economic environment heavily constrained by domestic and global challenges which impact on our business performance. The global economic slowdown in major economies including the Southern African region requires that the Group continues to take appropriate measures as well as explores alternative opportunities for improvement.

Our Strategy

We are committed to building a resilient Group of businesses that will continue to create and deliver sustainable value for our shareholders and stakeholders. Our approach is to ensure that our experienced teams with industry expertise, deep market knowledge and entrepreneurial creativity continue to manage all capitals deployed for value creation and sustaining in the short and long term.

Defined Contribution Pension Plan

Our pension schemes are managed through self-administered defined contribution pensions for qualifying employees. We manage the Innscor Africa Limited Pension Fund, National Foods Pension Fund and Colcom Pension Fund under the Group. Compulsory external schemes comprised of the National Social Security Authority Scheme, Workers Compensation Insurance Fund and the Catering Industry Pension Fund. The total contributions to the schemes for the year is presented below:

	Unit	2017	2016
Pension Contribution	US$	4 446 408	3 230 270

Economic Value Distributed

Economic value generated is distributed through different forms that include operating costs, employment, procurement, taxes and capital investment which is presented in detail through our financial statements. However, in this section, we present distributions considered significant and material to our stakeholders.

Valued Added Statement 2017

Economic Value Generation	**Unit**	**2017**	**2016**
Value Generated*	US$	210 019 919	207 930 097
Other Income and Interest	US$	4 527 464	5 905 253
Equity Accounted Earnings	US$	6 223 551	4 760 760
	US$	**220 770 934**	**218 596 110**
Economic Value Distribution			
Other Operating Costs	US$	(81 622 545)	(83 600 705)
Staff Costs and benefits	US$	(66 088 198)	(72 183 166)
Impairment and related charges	US$	(9 908 385)	(1 708 921)
Depreciation and Amortisation	US$	(15 289 432)	(15 974 415)
Providers of Capital	US$	(6 233 574)	(6 127 835)
Provisions for Taxes	US$	(7 940 188)	(8 523 652)
Value Added	**US$**	**33 688 612**	**30 477 416**

*Value Generated is derived from Revenue less Costs of generating the revenue

Sustainability in Our Value Chain (continued)

Payments to Government

Our payments to Government are through taxes, licences and fees paid by our operations. Below is a summary of taxes paid by continuing operations:

	Unit	2017	2016
Corporate Tax - Associates	US$	1 084 357	1 148 496
Corporate Tax - Subsidiaries	US$	6 562 720	11 548 556
Value Added Tax (VAT)	US$	6 624 349	5 855 393
Import Duty	US$	4 359 389	5 124 560
Other Taxes	US$	5 259 775	5 718 613
Grand Total	**US$**	**23 890 950**	**29 395 618**

Business Association Memberships

The Group and its businesses are involved in a number of bodies and associations or have employees that belong to these bodies and associations.

Our businesses are members of recognized industry associations. Depending on the business, the membership is to the following bodies:

General

- Confederation of Zimbabwe Industries (CZI)
- Zimbabwe National Chamber of Commerce (ZNCC)
- Business Council for Sustainable Development Zimbabwe (BCSDZ)

Industry

- National Bakers Association of Zimbabwe (NBAZ)
- Zimbabwe Textile Manufacturers Association (ZITMA)
- Federation of Master Printers of Zimbabwe (FMPZ)
- Association of Meat Importers & Exporters (AMIE)
- Stock Feeds Manufacturers Association (SMA)
- Pig Producers Association of Zimbabwe (PPAZ)
- Live Stock and Meat Advisory Council (LSMAC)
- Livestock Identification Trust (LIT)
- Grain Millers Association of Zimbabwe (GMAZ)
- Zimbabwe Poultry Producers Association (ZPA)
- African Swine Fever Accreditation
- Buy Zimbabwe

Other

- Institute of Chartered Accountants Zimbabwe (ICAZ)
- Association of Chartered Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)

STANDARDS & CERTIFICATIONS

We act according to values and standards prescribed in our business value chain to deliver high quality products and services. We strive to uphold national laws and regulations while taking into account global best practices and standards. The Group subscribes to the following international and local standards:

- ISO9001 [SABS]
- ISO22000 [SABS]
- ISO17025 [SABS]
- FSSC 22000
- Agricultural Marketing Authority Certification(AMA)
- Ministry of Health Certification
- Health Professions Authority of Zimbabwe (HPA)
- Standards Association of Zimbabwe (SAZ)
- South African National Accreditation System (SANAS)

Recognition & Awards

Group Awards

The Group received the following awards during the period.

- **1st Prize – "Best Governed Company on the ZSE"** – Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)'s National Corporate Governance Awards 2016.
- **1st Prize – "Best Stakeholders Practices and Sustainability Reporting for ZSE Listed Company"** - Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ) 's National Corporate Governance Awards 2016.
- **3rd Prize – "Best Shareholder Treatment for a Company Listed on the ZSE"** – Institute of Chartered Secretaries and Administrators in Zimbabwe (ICSAZ)'s National Corporate Governance Awards 2016.
- **Special Mention Merit Award** for Innscor – Financial Gazette & Old Mutual Top Companies Survey 2017 Awards.

Businesses Awards

- **20 of the Group Brands & Products were listed in the Top 100 Zimbabwe** Megafest Brands Survey 2016.

The following companies received specific accolades.

National Foods

- Zimbabwe Independent Quoted Company Survey - **Best Food processing company and the overall company of the year.**
- Financial Gazette Top Companies Survey - **Top Company 2016.**
- Institute of People Management (IPMZ) - **2nd Place award for People Development.**
- Zimbabwe International Trade Fair 2017 - **2nd Place Best Zimbabwean Exhibitor.**

Colcom Holdings

- 2017 Financial Gazette Top Companies Survey - **2nd Runner up for Top ZSE Listed Companies on Earning Performance.**
- 2017 Financial Gazette Top Companies - **2nd Runner up for Top Companies on Financial Health.**
- 2016 Financial Gazette Top Companies Survey - **1st Runner up of the Top Listed Companies.**

Irvine's

- TM Pick N Pay - **Best Supplier.**
- Buy Zimbabwe - **Insignia Award.**
- Super Brands Awards - **Business to consumer brand award.**
- Buy Zimbabwe 2017 - **Top Brand Certificate "20th position" at the Top 100 Local Brand**

Bakery Operations

- 2017 Megafest Business Awards prestigious award of **'Leader in Manufacturing'.**
- 2017 Megafest National Business Awards award for **'Investing In People'**
- **2017 ZNCC** Corporate Social **Responsibility Award**
- Superbrands Award - **2nd Place, Business to Consumer 2016**


NatPak
The Future's In The Bag

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 and 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 2017, which appear on pages **65** to **149,** have been approved by the Board of Directors and are signed on its behalf by:

A B C CHINAKE
Chairman
Harare
28 September 2017

G GWAINDA
Executive Director

Company Secretary's Certification

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 Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

A D LORIMER
Company Secretary
Harare
28 September 2017

Report of Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2017.

Share Capital
At 30 June 2017 the authorised share capital of the Company 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. The issued share capital was at USD 5 415 934 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	41 628 800
Tax	(7 940 188)
Profit for the year	**33 688 612**
Profit after tax from discontinuing operations	983 931
Non-controlling interests	(8 955 104)
Profit for the year attributable to equity holders of the parent	**25 717 439**

Dividends
Ordinary shares
The Board declared an interim dividend of 0.70 US cents per share and a final dividend of 0.90 US cents per share. This brings the total dividend in respect of the 2017 financial year to 1.60 US cents per share.

Non-voting class "A" ordinary shares
The Board declared an interim dividend of USD 160 000 and a final dividend of USD 220 000 to the Innscor Africa Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2017 financial year to USD 380 000.

Directors and their Interests
In terms of the Company's Articles of Association, Messrs Z. Koudounaris and G. Gwainda retire from office by rotation at the Company's Annual General Meeting of Shareholders on 6th December 2017 and being eligible offer themselves for re-election as Directors. The beneficial interests of the Directors in the shares of the Company are disclosed in **note 23.4** 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 2017 (**note 10.1**).

Auditors
Members will be asked to approve the remuneration of the auditors for the financial year ended 30 June 2017 and to reappoint Ernst & Young Chartered Accountants (Zimbabwe) as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

A B C CHINAKE
Chairman
Harare
28 September 2017

A D LORIMER
Company Secretary

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INNSCOR AFRICA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Innscor Africa Limited and its subsidiaries ("the Group) set out on pages 65 to 149, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

A member firm of Ernst & Young Global Limited

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
1. Fair valuation of the biological assets	
Biological assets accounted for 1.9% (2016: 3.5%) of total assets and the fair valuation of biological assets represents an area of significant judgment. The valuation of biological assets is dependent on the weight ranges and cold dressed mass (CDM) of pigs at each age, market prices of layers and cattle at the nearest active market and costs incurred in rearing birds. The valuation models need to take into account numerous factors and judgements as well as use of unobservable inputs such as age, weight and mortality details, that directly affect the value of the biological assets produced. The disclosures relating to biological assets are included in Notes 20.1 and 20.2 to the consolidated financial statements and relating non-current biological assets and inventory biological assets respectively.	Our key procedures included the following: · Evaluated the reasonableness of management's assumptions by comparing to the requirements of International Financial Reporting Standards, specifically International Accounting Standard (IAS) 41: *Agriculture*. · Assessed the consistency with prior year of application of the valuation model. · Independently calculated a range of fair values per farm and per age band taking into account the different locations and feeding systems. · Compared the valuation model inputs to internal and external data. · Re-performed the valuation process using management's model.
2. Inventory existence	
A dominant part of the Group business involves milling of flour and maize as well as manufacture of stockfeed which processes require procurement and storage of large quantities of raw materials and finished goods.	Our procedures included among others; · Updated our understanding of the relevant system of internal control for inventory storage, management and measurement. · Attended the year end physical inventory counts, observing the counting and quantity estimation processes and compared the inventory count results to underlying stock records.

The Group uses its own and leased silos for storage of bulk inventory and which typically need to be calibrated for the specific types of products stored. In determining quantities in stock on a periodic basis, management performs validation checks through silo dipping from which quantity measurement estimations are computed and corroborated through checks with the detailed records maintained including throughput reconciliations. Variances arising are benchmarked to expectations set as part of the business model. The estimation process used to determine the existence of maize, flour and stockfeed inventory was considered significant to our audit of the existence of inventories as it required considerable reliance on management procedures. As disclosed in Note 21 to the consolidated financial statements, raw materials amounted to $45,870,209 representing 10% and 21% of total assets and current assets respectively.	· Tested management's controls in place including a key process whereby periodically they empty silos and reconcile to the perpetual inventory records. · Assessed the estimated inventory quantities by reviewing the models and processes including silo calibration and compared it to prior periods. · Compared estimated inventory quantities to throughput reconciliations and other inventory records. · Enquired of management on inventory movements, quantities, measurement and obtained representations thereon.
3. Inventory valuation	
As the Group's main business is production and manufacturing, the inventory valuation of manufactured finished goods involves the use of standard and absorption costing valuation models. These models are complex, involve large pieces of data derived from operating and accounting computer systems, allocation of costs to processed inventory which is subjective and involves significant management assumptions as well as consideration of operating capacities, historical trends and unique production models. As a result, the valuation of finished goods was considered a key audit matter due to the magnitude of the account balance of $15,857,188 representing 3% of the assets	For our audit, the key procedures involved ; · Updated our understanding of the costing models and key inputs including conversions costs. · Involved IT Risk Assurance experts on the audit team to test the configuration of the inventory system to assess the system computed unit costs for processed meat based on the approved recipes for each finished product. ·Evaluated the models in use based on applicable accounting conventions and the Group's production processes. · Tested the costing of a sample of the inputs to internal and external documentation and records. · Evaluated re-computations on selected product lines and assessed the Group's application of the valuation policy based on the lower of cost and net realisable value.

on the consolidated statement of financial position and the complex costing model which required extensive validation of inputs and recomputations. Inventory details are disclosed in Note 21 to the consolidated financial statements.	· Considered the consistency of the application of the valuation method to prior year processes.
4. Allowance for credit losses	
A significant part of the Group's revenue from sales of goods is derived from credit sales to varied customers including large wholesalers and retailers. Accordingly, the Group is exposed to credit risk which is currently high in view of the adverse economic environment. This risk is managed at an operational level through credit evaluations, collateral security arrangements, monitoring of the debtors book and stratification thereof into defined grading categories from which decisions on the allowance for credit losses are derived. The process of both managing the debtors' book and determining allowance for credit losses involves considerable management time and decisions including judgements on accounts and amounts to be booked as doubtful from time to time. The Group's net trade receivables at 30 June 2017 amounted to $52,423,132 (11% of total assets and 24% of current assets) after accounting for an allowance for credit losses of $7,691,100 (or 13% of gross trade receivables). Related disclosures are included in Note 22 to the consolidated financial statements. The determination of the adequacy of the allowance for credit losses on trade receivables was significant to our audit due to the significant amount of effort devoted in evaluating management's processes, estimates and judgements and reviewing supporting evidence from different sources.	Our audit procedures included among others; · Updated our understanding of the estimation and risk management processes relating to management of receivables and related allowance for credit losses. · Evaluated evidence supporting trade receivables which were past due but not impaired such as collateral security arrangements in place, payments plans and post year end movements. · Recalculated the allowance for credit losses based on the group wide model and taking account of specific circumstances unique to some of the customers. · Reviewed external lawyers' confirmations and internal legal correspondence for matters handled during the year in relation to customer accounts for consideration in the allowance for credit losses. · Obtained management representations on the allowance for credit losses booked as at 30 June 2017. · Assessed the Group's disclosures by comparing it to the accounting policies and the requirements of International Financial Reporting Standards.

Other Information

Other information consists of the Chairman's Statement and Review of Operations, Director's Responsibility and Approval of Financial Statements, Report of Directors and the Company Statement of Financial Position and does not include the consolidated financial statements and our auditors report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practising Certificate Number 132).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

28 September 2017

Group Statement of Profit or Loss and Other Comprehensive Income

	Note	2017 USD	2016 USD
Continuing Operations			
Revenue	8	580 303 226	586 910 708
Cost of sales		(370 283 307)	(378 980 611)
Gross profit		210 019 919	207 930 097
other income	9.1	3 209 448	2 880 525
operating expenses	10	(147 710 743)	(155 783 871)
Operating profit before impairment, depreciation, amortisation and fair value adjustments		65 518 624	55 026 751
impairment and derecognition of plant and equipment and intangible assets	9.3	—	(1 708 921)
financial (loss)/income	9.2	(9 908 385)	1 421 888
depreciation and amortisation		(15 289 432)	(15 974 415)
fair value adjustments on biological assets	20.4	(321 170)	312 053
Profit before interest, equity accounted earnings and tax		39 999 637	39 077 356
interest income	11.1	1 639 186	1 290 787
interest expense	11.2	(6 233 574)	(6 127 835)
equity accounted earnings	17.1	6 223 551	4 760 760
Profit before tax		41 628 800	39 001 068
tax expense	12.1	(7 940 188)	(8 523 652)
Profit for the year from continuing operations		33 688 612	30 477 416
profit for the year attributable to equity holders of the parent	6.4	23 915 544	17 318 026
profit for the year attributable to non-controlling interests		9 773 068	13 159 390

Group Statement of Profit or Loss and Other Comprehensive Income (continued)

	Note	2017 USD	2016 USD
Discontinued and Discontinuing Operations			
Profit/(loss) after tax for the year from discontinued and discontinuing operations	13	983 931	(3 668 010)
profit after tax for the year from operations	13	734 437	963 957
recycling of foreign exchange differences arising on disposal/unbundling of foreign operations	24	249 494	(4 631 967)
Profit for the year from continuing, discontinued and discontinuing operations		34 672 543	26 809 406
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		26 228	(3 218 376)
recycling of foreign exchange differences arising on disposal/unbundling of foreign operations	24	(249 494)	4 631 967
Other comprehensive income for the year, net of tax		(223 266)	1 413 591
Total comprehensive income for the year		34 449 277	28 222 997
Profit for the year from continuing, discontinued and discontinuing operations attributable to:			
equity holders of the parent	25	25 717 439	11 067 972
non-controlling interests	25.1	8 955 104	15 741 434
		34 672 543	26 809 406
Total comprehensive income for the year continuing, discontinued and discontinuing operations attributable to:			
equity holders of the parent		25 489 657	13 409 063
non-controlling interests		8 959 620	14 813 934
		34 449 277	28 222 997
Earnings per share (cents)			
Basic earnings per share - continuing and discontinuing operations	6.7	4.76	2.05
Basic earnings per share - continuing operations	6.4	4.43	3.20
Headline earnings per share - continuing and discontinuing operations	6.7	4.57	3.11
Headline earnings per share - continuing operations	6.4	4.74	3.40
Diluted basic earnings per share - continuing and discontinuing operations	6.7	4.75	2.05
Diluted basic earnings per share - continuing operations	6.4	4.42	3.20
Diluted headline earnings per share - continuing and discontinuing operations	6.7	4.56	3.11
Diluted headline earnings per share - continuing operations	6.4	4.73	3.40

Group Statement of Financial Position

	Note	2017 USD	2016 USD
ASSETS			
Non-current assets			
property, plant and equipment	15	166 731 014	170 421 762
intangible assets	16	38 952 509	38 980 447
investments in associates	17	28 426 278	21 947 735
other financial assets	19	7 093 139	215 921
biological assets	20.1	1 626 343	1 607 026
deferred tax assets	26.2	7 905 502	4 408 712
		250 734 785	237 581 603
Current assets			
other financial assets	19	100 266	3 811 658
biological assets	20.2	7 329 155	14 457 091
inventories	21	76 967 363	81 421 194
trade and other receivables	22	107 531 553	66 812 012
cash and cash equivalents		30 254 403	25 743 731
		222 182 740	192 245 686
Assets of disposal group classified as held for sale	13	—	23 233 326
		222 182 740	215 479 012
Total assets		472 917 525	453 060 615
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23.2	5 415 934	5 415 934
class "A" ordinary share capital	23.2	10	10
other reserves	24	(2 866 055)	(3 038 009)
distributable reserves	25	183 872 413	168 973 752
attributable to equity holders of the parent		186 422 302	171 351 687
non-controlling interests	25.1	99 036 477	92 930 342
Total equity		285 458 779	264 282 029
Non-current liabilities			
deferred tax liabilities	26.2	28 201 694	26 460 839
interest-bearing borrowings	27.1	11 966 016	3 116 673
		40 167 710	29 577 512
Current liabilities			
interest-bearing borrowings	27.1	69 920 969	59 317 315
trade and other payables	28	75 023 977	85 382 711
provisions and other liabilities	29	2 294 717	2 453 127
current tax liabilities	30	51 373	491 735
		147 291 036	147 644 888
Liabilities directly associated with the assets classified as held for sale	13	—	11 556 186
		147 291 036	159 201 074
Total liabilities		187 458 746	188 778 586
Total equity and liabilities		472 917 525	453 060 615

A B C CHINAKE
Chairman
Harare
28 September 2017

G GWAINDA
Executive Director

Group Statement of Changes in Equity

As at 30 June 2017

		Attributable to equity holders of the parent											
				Other Reserves									
	Note	Ordinary Share Capital USD	Class "A" Ordinary Share Capital USD	Restructure reserve USD	Foreign currency translation reserve USD	Translation reserves of disposal group classified as held for sale USD	Treasury Shares USD	Share-based payment reserve USD	Total Other Reserves USD	Distributable Reserves USD	Total attributable to equity holders of the parent USD	Non-controlling Interests USD	Total Shareholders Equity USD
Balance at 1 July 2015		5 415 934	10	(4 064 912)	(1 964 355)	—	—	—	(6 029 267)	217 050 477	216 437 154	115 500 983	331 938 137
Profit for the year		—	—	—	—	—	—	—	—	11 067 972	11 067 972	15 741 434	26 809 406
Other comprehensive income	24	—	—	—	2 341 091	—	—	—	2 341 091	—	2 341 091	(927 500)	1 413 591
Dividends paid	7.1 & 7.3	—	—	—	—	—	—	—	—	(4 832 545)	(4 832 545)	(9 463 532)	(14 296 077)
Simbisa Dividend in Specie	14.5	—	—	—	—	—	—	—	—	(29 468 288)	(29 468 288)	—	(29 468 288)
Axia Dividend in Specie	14.5	—	—	—	—	—	—	—	—	(27 754 800)	(27 754 800)	—	(27 754 800)
Transactions with owners in their capacity as owners		—	—	650 167	—	—	—	—	650 167	2 910 936	3 561 103	(27 921 043)	(24 359 940)
Transfer of translation reserves to disposal group classified as held for sale		—	—	—	(238 210)	238 210	—	—	—	—	—	—	—
Balance at 30 June 2016		5 415 934	10	(3 414 745)	138 526	238 210	—	—	(3 038 009)	168 973 752	171 351 687	92 930 342	264 282 029
Profit for the year		—	—	—	—	—	—	—	—	25 717 439	25 717 439	8 955 104	34 672 543
Other comprehensive income	24	—	—	—	19 091	(246 874)	—	—	(227 783)	—	(227 783)	4 515	(223 268)
Dividends paid	7.1 & 7.3	—	—	—	—	—	—	—	—	(7 275 412)	(7 275 412)	(6 394 444)	(13 669 856)
Acquisition of treasury shares	24	—	—	—	—	—	(1 298 255)	—	(1 298 255)	—	(1 298 255)	—	(1 298 255)
Transactions with owners in their capacity as owners	24	—	—	622 763	—	8 664	905 212	—	1 536 639	(3 543 366)	(2 006 727)	3 540 960	1 534 233
Contributions from owners		—	—	—	—	—	—	—	—	—	—	2 041 256	2 041 256
Distribution to owners	25 & 25.1	—	—	—	—	—	—	—	—	(3 803 453)	(3 803 453)	345 454	(3 457 999)
Derecognition of subsidiaries on disposal	25 & 25.1	—	—	622 763	—	8 664	—	—	631 427	—	631 427	1 371 882	2 003 309
Utilisation of treasury shares	24	—	—	—	—	—	946 400	—	946 400	1 053 600	2 000 000	—	2 000 000
Other transactions with owners in their capacity as owners	25 & 25.1	—	—	—	—	—	(41 188)	—	(41 188)	(793 513)	(834 701)	(217 632)	(1 052 333)
Share-based payment charge for the year	24	—	—	—	—	—	—	217 310	217 310	—	217 310	—	217 310
Deferred tax on share-based payment charge	24 & 26.2	—	—	—	—	—	—	(55 957)	(55 957)	—	(55 957)	—	(55 957)
Balance at 30 June 2017		5 415 934	10	(2 791 982)	157 617	—	(393 043)	161 353	(2 866 055)	183 872 413	186 422 302	99 036 477	285 458 779

Group Statement of Cash Flows

	Note	2017 USD	2016 USD
Cash generated from operating activities	14.1	16 266 561	53 053 564
interest income - continuing and discontinuing operations	11.1	1 640 121	1 862 694
interest expense - continuing and discontinuing operations	11.2	(6 613 468)	(7 977 620)
tax paid - continuing and discontinuing operations	14.2	(6 562 720)	(11 548 556)
Total cash available from operations		4 730 494	35 390 082
Investing activities	14.3	(7 697 170)	(30 794 938)
Net cash flow before financing activities		(2 966 676)	4 595 144
Financing activities		5 147 174	(10 368 426)
dividends paid by holding company	7.1	(7 275 412)	(4 832 545)
dividends paid by subsidiaries to non-controlling interests	7.2	(6 394 444)	(9 463 532)
proceeds from borrowings - continuing and discontinuing operations	27.2	29 168 113	67 179 839
repayment of borrowings - continuing and discontinuing operations	27.2	(9 636 085)	(59 976 006)
purchase of treasury shares	24	(1 298 255)	—
cash received from/(paid to) non-controlling interests		583 257	(3 276 182)
Net increase /(decrease) in cash and cash equivalents		2 180 498	(5 773 282)
Cash and cash equivalents at the beginning of the year		28 073 905	33 847 187
Cash and cash equivalents at the end of the year		30 254 403	28 073 905
Cash and cash equivalents comprise:			
cash and cash equivalents attributable to continuing operations		30 254 403	25 743 731
cash and cash equivalents attributable to discontinuing operations		—	2 330 174
		30 254 403	28 073 905

Notes to the Financial Statements

1 Corporate Information

The consolidated financial statements of Innscor Africa Limited for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 18 September 2017. 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 that of the light manufacturing 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 Standards Board (IASB). The consolidated financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03) and Zimbabwe Stock Exchange (ZSE) listing rules.

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 have been prepared on a historical cost basis, except for equity investments and biological assets that have been measured at fair value. The consolidated financial statements are presented in United States of America Dollar (USD) and all values are rounded to the nearest dollar, except where otherwise indicated.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017. 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.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Financial Statements (continued)

3 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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. 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

New and Amended IFRSs adopted

The accounting policies adopted are consistent with previous years. The pronouncements and amendments which became effective on 1 July 2016 did not have a material effect on the Group's financial statements.

Standards and interpretations in issue not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

AIP IAS 28 Investment in Associates and Joint Ventures- Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

IFRS 12 'Disclosure of Interests in Other Entities IFRS 12' clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraph B10 –B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 'Non-current Asset Held for Sale and Discontinued Operations.'

The amendments are effective for annual financial statements for periods beginning on or after 1 January 2018. The Group will consider the amendments, if applicable, when they become effective.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

The amendments are effective for annual financial statements for periods beginning on or after 1 January 2018. The Group will consider the amendments, if applicable.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

IAS 40 Investment Property: Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

The amendments are effective for annual financial statements for periods beginning on or after 1 January 2018. The Group does not have investment properties hence the amendment will not have impact on the Group.

IFRS 9 Financial Instruments – classification and measurement

On 24 July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement' and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39. IFRS 9 stipulates that financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted.

The Group will adopt the standard when it becomes effective.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 Effective for annual periods beginning on or after 1 January 2018.

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4. When applying the temporary exemption, entities must still provide extensive disclosure required in other aspects of IFRS.

The amendment has no impact to the Group since it's not an insurance entity.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' replaces all existing IFRS 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 nonfinancial 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 2018, but early adoption is permitted. The Group will adopt the standard when it becomes effective.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 'Business Combinations.' Any gain or loss resulting from the sale or contribution of assets that does not constitute a business , however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

Effective date of this amendment was postponed indefinitely and the Group is currently assessing the impact of the proposed amendment.

IFRS 12 Disclosure of Interests in Other Entities

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments are effective from 1 January 2017 and must be applied retrospectively. The Group applied the requirements of this improvement.

IFRS 17 Insurance Contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model f or insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods starting on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Board decided on a retrospective approach for estimating the CSM on the transition date.

IFRS 17, together with IFRS 9, will result in a profound change to the accounting in IFRS financial statements for insurance companies. This will have a significant impact on data, systems and processes used to produce information for financial reporting purposes. The new model is likely to have a significant impact on the profit and total equity of some insurance entities, resulting in increased volatility compared to today's models. Key performance indicators will also likely be affected.

The amendments are effective for annual financial statements for periods beginning on or after 1 January 2021. This amendment will not have an impact on the Group.

IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (continued)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

The standard is effective for annual periods beginning on or after 1 January 2017. The Group applied the requirements of this amendment.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The standard is effective for annual periods beginning on or after 1 January 2017. Early application is permitted. The Group will assess the impact to this proposed amendment in presenting financing activities within the cash flow statement and adopt where applicable.

IFRS 2 Classification and Measurement of Share-Based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted.

This standard is effective for annual periods beginning on or after 1 January 2018 and early application is permitted. The Group will assess the impact to this proposed amendment to its existing share options and adopt where applicable.

IFRS 16 Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Notes to the Financial Statements (continued)

4 Changes in accounting policy and disclosures (continued)

IFRS 16 Leases (continued)

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

The standard is effective for annual periods beginning on or after 1 January 2019 and early application is permitted. The Group will assess the impact of the proposed amendment and adopt where applicable.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The interpretation become effective beginning on or after 1 January 2018. The Group will apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after the interpretation effective date.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:
1. Whether an entity considers uncertain tax treatments separately
2. The assumptions an entity makes about the examination of tax treatments by taxation authorities
3. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
4. How an entity considers changes in facts and circumstances

The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

The Group is will apply this Interpretation when it becomes effective.

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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Leases (continued)

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 to the closing rate by two. Where there are drastic movements between the opening and closing rates of exchange, the statement of comprehensive income results are translated on a month on-month basis using the average rate of exchange for each month. Differences on exchange arising from re-translation of the opening net investment in subsidiaries and associated companies and from the translation of the results of those entities at average rates, are recognised in other comprehensive income.

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 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Business combinations and Goodwill (continued)

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 (continued)

5 Summary of significant accounting policies (continued)

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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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.

Loans to associates are also included as part of net investment in associates.

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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Investments in associates (continued)

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.

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

All regular 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Held-to-maturity investments (continued)

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.

Trade and other receivables

Trade and other accounts 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.

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

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

De-recognition of financial assets

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

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

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

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

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. Refer to note 20.3 on determination of fair value of biological assets.

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.

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

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

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.

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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Deferred income tax (continued)
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.

Non-current assets held for distribution to equity holders of the parent and discontinued operations
The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

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

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Non-current assets held for distribution to equity holders of the parent and discontinued operations (continued)

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
  Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 23.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Further details are given in note 6.

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 26 to 27 of the annual report.

Key estimates, uncertainties and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on page 79 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.

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Fair valuation of biological assets

Pigs

The Group estimates the slaughter weights of the pig grower head based on a 22 week profile. Pigs aged between 0 - 5 weeks are not fair valued and are stated at cost at the reporting date. The Group also estimates average slaughter weights for the breeding head. Refer to note 20.3 for fair value determination.

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.

Refer to notes 20.2 and 20.3 for the carrying amount of biological assets and the estimates and assumptions used to determine fair value.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that future 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. Refer to note 26 for the carrying amount of deferred tax assets and the evidence supporting recognition.

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. Refer to note 16 for the assumptions applied in testing cash generating units and goodwill for impairment.

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

For the following investments (in both current and prior year), the Group has determined that it does/did not have control over these entities as defined by such IFRS 10 and as these investments were equity accounted: Shearwater Adventures (Private) Limited (sold), Freddy Hirsch Group (Private) Limited, Paperhole Investments (Private) Limited, Baobab (Private) Limited (unbundled), Hat On (Private) Limited (unbundled), Harlock Management Services Limited (unbundled), Afrigrain Trading Limited, Pure Oil Industries (Private) Limited, Probrands (Private) Limited and Profeeds (Private) Limited.

Share Based Payments

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Notes to the Financial Statements (continued)

5 Summary of significant accounting policies (continued)

Share Based Payments (continued)

Shares awarded to employees in terms of the rules of the 2016 Innscor Africa Limited Share Option Scheme are measured by reference to the fair value at the date on which they are granted. Estimating the fair value for share-based payments transactions requires determining the most appropriate inputs to the valuation model, which is dependent on the terms and conditions of the grant. The estimates also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, dividend yield and making assumptions about them. The fair value was determined by an external valuer using the Binomial Tree model, further details of which are provided in **note 23.3**.

The cost of equity settled transactions is recognised, together with the corresponding increase in equity, over the period in which the services conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised reflects the extent to which the vesting period has expired and the Group's best estimates of the number of equity instruments that will ultimately vest. The income statement charge for the period represents the movement in the cumulative expense at the beginning and end of that period.

Accounting for Indigenisation Compliance Transactions

Where equity instruments are issued in compliance to the Indigenisation rules at less than fair value, the instruments are accounted for as a share-based payments in terms of the stated policy. Any difference between the fair value of the equity instruments issued and the consideration received is accounted for as an expense in the income statement.

Treasury Shares

Shares in Innscor Africa Limited held by and within the Group are classified within total equity as treasury shares. Treasury shares are treated as a deduction from the issued share capital and weighted average number of shares for earnings per share and headline earnings per share purposes, and the cost price of the shares is reflected as a separate component of capital and reserves in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.

No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares. Consideration received or paid in respect of treasury shares is recognised in equity.

6 Earnings per share

6.1 Basic earnings basis

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

6.2 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 for potential conversion of share options. The potential conversion is possible when the average market price of ordinary shares during the year exceeds the exercise price of such options.

The share options arising from the Group's indigenisation transaction with Benvenue Investments (Private) Limited had no dilutive effect at the end of the financial year.

The share options relating to the Innscor Africa Limited Employee Share Trust had a dilutive effect on the earnings per share calculation, in that the employees could exercise a portion of the options at the 60 day volume weighted average price of Innscor Africa Limited shares over the 60 days preceding year end. Refer to **note 6.4, 6.5** and **6.6** for the dilutive effect.

The share options arising from the Innscor Africa Limited 2016 Employee Share Option Scheme had no dilutive effect at the end of the financial year.

Notes to the Financial Statements (continued)

6 Earnings per share (continued)

6.3 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 the respective tax effects and share of non-controlling interests, as applicable. The effect of the Avian Influenza outbreak has been excluded from headline earnings.

The following reflects the income and share data used in the basic, headline and diluted earnings per share computations, for continuing and discontinuing operations:

	Note	2017 USD	2016 USD
6.4 Continuing Operations			
Net profit attributable to equity holders of the parent		23 915 544	17 318 026
Number of shares in issue:			
Number of ordinary shares in issue	23.2	541 593 440	541 593 440
Less: Weighted Average Number of Treasury Shares		(1 213 651)	—
Weighted average number of ordinary shares		540 379 789	541 593 440
Weighted Average number of ordinary shares in issue			
Weighted Average number of ordinary shares for basic and headline earnings per share		540 379 789	541 593 440
Effect of dilution:			
Share Options		1 296 958	—
Weighted average number of ordinary shares adjusted for the effect of dilution		541 676 747	541 593 440
Reconciliation of basic earnings to headline earnings:			
Profit for the year attributable to equity holders of the parent		23 915 544	17 318 026
Adjustment for capital items (gross of tax):			
Profit on disposal of investments in associates	9.2	—	(240 372)
Impairment and derecognition of plant and equipment and intangible assets	9.3	—	1 708 921
Profit on disposal of property, plant and equipment and intangibles	9.2	(948 997)	(169 583)
Loss on disposal of subsidiary		—	166 671
Exceptional charges to livestock	9.2	7 284 546	—
Tax effect on adjustments		(1 877 134)	(333 540)
Non-controlling interests' share of adjustments		(2 761 808)	(44 647)
Net reconciling items		1 696 607	1 087 450
Headline earnings attributable to equity holders of the parent		25 612 151	18 405 476
Basic earnings per share (cents)		4.43	3.20
Headline earnings per share (cents)		4.74	3.40
Diluted basic earnings per share (cents)		4.42	3.20
Diluted headline earnings per share (cents)		4.73	3.40

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
6 Earnings per share (continued)			
6.5 Continuing Operations - after distribution to owners in their capacity as owners			
Net profit attributable to equity holders of the parent			
Attributable earnings before distribution to owners in their capacity as owners		23 915 544	17 318 026
Less distribution to owners in their capacity as owners		(3 457 999)	—
Attributable earnings after distribution to owners in their capacity as owners		20 457 545	17 318 026
Reconciliation of basic earnings to headline earnings:			
Net reconciling items	6.4	1 696 607	1 087 450
Headline earnings attributable to equity holders of the parent		22 154 152	18 405 476
Basic earnings per share (cents)		3.79	3.20
Headline earnings per share (cents)		4.10	3.40
Diluted basic earnings per share (cents)		3.78	3.20
Diluted headline earnings per share (cents)		4.09	3.40
6.6 Discontinuing Operations			
Profit/(loss) for the year attributable to equity holders of the parent before recycling		1 552 401	(1 618 086)
Recycling of foreign exchange differences arising on disposal/unbundling of foreign operations, net of tax	24	249 494	(4 631 967)
Total profit/(loss) attributable to equity holders of the parent	13	1 801 895	(6 250 053)
Reconciliation of basic earnings to headline earnings:			
Adjustment for capital items (gross of tax):			
Impairment and derecognition of plant and equipment and intangible assets	9.3	—	1 431 198
Profit on disposal of property, plant and equipment		(12 736)	(571 821)
Recycling of foreign exchange differences arising on unbundling of foreign operations	24	(249 494)	4 631 967
Loss on restructure of associate		—	166 671
Profit on disposal of subsidiaries	14.7	(2 448 815)	—
Tax effect on adjustments		3 057	(228 670)
Non-controlling interests' share of adjustments		(1 699)	(746 622)
Net reconciling items		(2 709 687)	4 682 723

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
6 Earnings per share (continued)			
6.6 Discontinuing Operations (continued)			
Headline earnings attributable to equity holders of the parent		(907 792)	(1 567 330)
Basic earnings per share (cents) - before recycling of translation differences		0.29	(0.30)
Basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Basic earnings per share (cents) - after recycling of translation differences		0.34	(1.15)
Headline earnings per share (cents)		(0.17)	(0.29)
Diluted basic earnings per share (cents) - before recycling of translation differences		0.29	(0.30)
Diluted basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Diluted basic earnings per share (cents) - after recycling of translation differences		0.34	(1.15)
Diluted headline earnings per share (cents)		(0.17)	(0.29)
6.7 Total Operations			
Profit for the year attributable to equity holders of the parent before recycling		25 467 945	15 699 939
Recycling of foreign exchange differences arising on disposal/unbundling of foreign operations, net of tax	24	249 494	(4 631 967)
Total profit/(loss) attributable to equity holders of the parent		25 717 439	11 067 972
Adjustment for capital items (gross of tax):			
Profit on disposal of investments in associates	9.2	—	(240 372)
Impairment and derecognition of plant and equipment and intangible assets	9.3	—	3 140 119
Recycling of foreign exchange differences arising on unbundling of foreign operations	24	(249 494)	4 631 967
Loss/(profit) on disposal of property, plant and equipment		(961 733)	(761 151)
Loss on restructure of associates		—	166 671
Profit on disposal of subsidiary	14.7	(2 448 815)	—
Livestock impaired through culling	9.2	7 284 546	—
Tax effect on adjustments		(1 874 077)	(557 425)
Non-controlling interests' share of adjustments		(2 763 507)	(628 791)
Net reconciling items		(1 013 080)	5 751 018
Headline earnings attributable to equity holders of the parent		24 704 359	16 818 990
Basic earnings per share (cents) - before recycling of translation differences		4.71	2.90
Basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Basic earnings per share (cents) - after recycling of translation differences		4.76	2.05
Headline earnings per share (cents)		4.57	3.11
Diluted basic earnings per share (cents) - before recycling of translation differences		4.70	2.90
Diluted basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Diluted basic earnings per share (cents) - after recycling of translation differences		4.75	2.05
Diluted headline earnings per share (cents)		4.56	3.11

Notes to the Financial Statements (continued)

		2017 USD	2016 USD
6 Earnings per share (continued)			
6.8 Total Operations - after distribution to owners in their capacity as owners			
Profit for the year attributable to equity holders of the parent before recycling		25 467 945	15 699 939
Recycling of foreign exchange differences arising on disposal/unbundling of foreign operations, net of tax	24	249 494	(4 631 967)
Attributable earnings before distribution to owners in their capacity as owners		25 717 439	11 067 972
Less distribution to owners in their capacity as owners		(3 457 999)	—
Attributable earnings after distribution to owners in their capacity as owners		22 259 440	11 067 972
Net reconciling items	6.7	(1 013 080)	5 751 018
Headline earnings attributable to equity holders of the parent after distribution to owners in their capacity as owners		21 246 360	16 818 990
Basic earnings per share (cents) - before recycling of translation differences		4.07	2.90
Basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Basic earnings per share (cents) - after recycling of translation differences		**4.12**	**2.05**
Headline earnings per share (cents)		**3.93**	**3.11**
Diluted basic earnings per share (cents) - before recycling of translation differences		4.06	2.90
Diluted basic earnings per share (cents) - effect of recycling of translation differences		0.05	(0.85)
Diluted basic earnings per share (cents) - after recycling of translation differences		**4.11**	**2.05**
Diluted headline earnings per share (cents)		**3.92**	**3.11**

Notes to the Financial Statements (continued)

7.0 Dividends

7.1 Dividends Paid

Dividends paid per share are based on the ordinary shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. The final dividend declared with respect to 2016 of 0.60 US cents per share (FY2015: 0.55 US cents per share) was paid during the current year. In addition, a current year interim dividend of 0.70 US cents per share (FY2016: 0.30 US cents per share) was declared and paid to ordinary shareholders whilst USD 148 000 (FY2016: USD 148 000) was declared and paid to Innscor Africa Employee Share Trust (Private) Limited with respect to the prior year and USD 160 000 (FY2016: USD 81 000) in respect of the current year interim dividend.

No dividend was paid with respect to Treasury shares.

	2017 USD	2016 USD
Prior year final dividend	3 214 639	2 978 764
Current year interim dividend	3 752 773	1 624 781
Prior year class "A" ordinary share dividend recognised in current year	308 000	229 000
Total dividend paid	**7 275 412**	**4 832 545**

On 18 September 2017, the Board declared a final dividend of 0.90 US cents per share in respect of the year 2017 (FY2016: 0.60 US cents per share) to shareholders registered in the books of the Company by close of business on 13 October 2017. This brings the total dividend in respect of the 2017 financial year to 1.60 US cents per share (FY2016: 0.90 US cents per share).

The Board, on the 18th of September 2017, also declared a final dividend totalling USD 220 000 to the Innscor Africa Employee Share Trust (Private) Limited which brings the total dividend in respect of the 2017 financial year to USD 380 000 (2016: USD 229 000).

7.2 Dividends paid by subsidiaries to non-controlling interests

	2017 USD	2016 USD
National Foods Holdings Limited	4 438 269	4 031 828
Irvine's Zimbabwe (Private) Limited	1 326 000	—
Colcom Holdings Limited	346 175	778 072
Callcape Investments (Private) Limited	106 200	104 000
Associated Meat Packers (Private) Limited	99 800	119 760
Innscor Appliance Manufacturing (Private) Limited t/a Capri	78 000	78 000
Geribran Services (Private) Limited t/a Transerv (unbundled in April 2016)	—	2 325 990
Innscor Credit Retail (Private) Limited t/a TV Sales & Home (unbundled in April 2016)	—	1 266 667
Innscor Retail & Distribution Limited t/a DGA (unbundled in April 2016)	—	600 000
Gredal Enterprises (Private) Limited	—	159 215
Total dividends paid	**6 394 444**	**9 463 532**

Notes to the Financial Statements (continued)

		Note	2017 USD	2016 USD
8	**Revenue**			
	Sale of goods		580 303 226	586 910 708
9	**Other income**			
9.1	Other income			
	Sundry income and sales		929 543	910 249
	Rebates		263 056	346 975
	Rent received		275 911	386 860
	Management fees		700 517	450 814
	Insurance claims		237 585	74 970
	Other		802 836	710 657
			3 209 448	2 880 525
9.2	Financial (loss)/income			
	Exchange (losses)/gains - realised		(3 578 797)	574 089
	Exchange (losses)/gains - unrealised	14.1	(135 611)	88 210
	Profit on disposal of associates	6.4	—	240 372
	Profit on disposal of property, plant and equipment and intangibles	6.4	948 997	169 583
	Exceptional charges to livestock arising from Avian Influenza	20.2	(7 284 546)	—
	Other		141 572	349 634
			(9 908 385)	1 421 888
9.3	Impairment of property, plant and equipment and intangible assets			
	Impairment of property, plant and equipment - continuing operations	14.1	—	1 708 922
	Impairment of property, plant and equipment - discontinuing operations		—	691 361
	Impairment of intangibles - discontinuing operations		—	739 837
	Total discontinuing operations	14.1	—	1 431 198
	Total impairment of property, plant and equipment and intangible assets		—	3 140 120

Notes to the Financial Statements (continued)

		Note	2017 USD	2016 USD
10	**Operating expenses**			
	Staff costs		66 088 198	72 183 166
	Audit fees and expenses	10.2	528 373	707 187
	Operating lease charges- fixed		1 396 136	4 679 932
	Operating lease charges- variable		4 159 294	2 364 058
	Distribution costs		31 365 231	25 351 362
	Repairs and maintenance		6 656 481	7 221 228
	Electricity, water and rates		7 704 705	11 316 490
	Fuel		2 860 288	3 271 649
	Advertising and marketing		5 418 585	5 381 151
	Security		2 014 688	2 473 065
	Insurance and licenses		1 185 186	2 539 621
	Inventories written off	21	1 484 323	1 422 995
	Other		16 849 255	16 871 967
			147 710 743	155 783 871
10.1	Included in staff costs are key management's emoluments comprising:			
	Independent, non-executive directors - fees		112 130	112 303
	Non-independent, non-executive directors - fees, emoluments and other services		528 281	396 902
	Executive directors - total emoluments		968 236	1 369 901
	Other management remuneration**		6 782 059	8 657 452
	Total continuing operations		8 390 706	10 536 558
	Discontinuing operations		—	1 285 313
	Total continuing and discontinuing operations		8 390 706	11 821 871
	Other management includes executives and senior management of the Group's subsidiary companies and divisions as shown on **pages 26 and 27.			
10.2	Audit fees and expenses			
	Current year		474 933	520 547
	Prior year under/(over)-provision		7 219	(18 761)
	Fees for other services		46 221	205 401
		10	528 373	707 187

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
11 Interest income and expense			
11.1 Interest income			
Continuing operations		1 639 186	1 290 787
Discontinuing operations	13	935	571 907
		1 640 121	1 862 694
Interest income was earned from positive bank balances and advances to associates			
11.2 Interest expense			
Continuing operations		(6 233 574)	(6 127 835)
Discontinuing operations	13	(379 894)	(1 849 785)
		(6 613 468)	(7 977 620)
Interest expense arose from bank overdrafts, bank loans and other borrowings.			
12 Tax expense			
12.1 Tax expense			
Continuing operations			
Current income tax charge	30	5 802 075	6 185 192
Withholding tax	30	240 769	235 989
Deferred tax	26.1	1 897 344	2 102 471
Total continuing operations		7 940 188	8 523 652
Discontinuing operations			
Current income tax charge	30	258	6 638 569
Deferred tax - QSR operations		—	(363 254)
Deferred tax - SRD operations and Other Businesses	26.1	—	(1 271 088)
Total discontinuing operations		258	5 004 227
12.2 Tax rate reconciliation		%	%
Statutory rate of taxation, inclusive of AIDS levy		25.75	25.75
Adjusted for:			
Excess pension		0.13	0.18
Donations, fines and legal expenses		0.46	0.45
Profit on sale of investments		(0.69)	(0.41)
Depreciation on excess cost of passenger motor vehicles		0.19	0.10
Tax on associates income		(3.81)	(3.09)
Effect of assets transferred and/or disposed		(2.11)	(0.95)
Other		(0.85)	(0.18)
Effective tax rate		19.07	21.85

Notes to the Financial Statements (continued)

13 Discontinued and Discontinuing Operations

During the year, the Group concluded the disposal of SPAR Zambia Limited and Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia. Both operations were classified as held for sale as at 30 June 2016. The results of these operations (six months for SPAR Zambia and 12 months for The River Club) are included in discontinued operations. Refer to **note 14.6** for further information on the disposal of Spar Zambia and The River Club.

The prior year results take into account the following:
The unbundling of the Group's QSR businesses into a separate entity called Simbisa Brands Limited (SIM.zw) effective 1 October 2015 and distribution of this business to the Group's shareholders via a dividend-in-specie on the 30th of October 2015. SIM.zw successfully listed on the ZSE on the 6th of November 2015. The QSR businesses unbundled comprise all the fast food operations in Zimbabwe and across Africa and are reported for three months to 30 September 2015 in the comparative results.

The unbundling of the SRD businesses into a separate entity called Axia Corporation Limited (AXIA. zw) effective 1 April 2016 and distribution of this business to the Group's shareholders via a dividend-in-specie on the 6th of May 2016. AXIA.zw successfully listed on the ZSE on the 17th of May 2016. The businesses within SRD on 1 April 2016 were TV Sales & Home, Distribution Group Zimbabwe and Region and Transerv. SRD results are reported for nine months to 31 March 2016 in the comparative results.

The Group disposed of its interest in SPAR Corporate Retail Stores and Shearwater Adventures (Pvt) Ltd with effect from 1 January 2016. The Group closed the SPAR DC operations with effect from 28 February 2016.

The abridged consolidated results for the above-mentioned unbundled, discontinued and discontinuing operations are as follows:

	Note	2017 USD	2016 USD
Revenue		13 421 385	249 076 528
Operating profit before depreciation and amortisation		(930 019)	12 036 075
impairment and derecognition of plant and equipment and intangibles	9.3	—	(1 431 198)
profit on sale of subsidiaries	6.6	2 448 815	—
other (loss)/income		(131 804)	842 721
depreciation and amortisation	14.1	(273 338)	(4 163 085)
Operating profit before interest and fair value adjustments		1 113 654	7 284 513
fair value adjustments on listed equities	19.2	—	(38 623)
Profit before interest and tax		1 113 654	7 245 890
interest income	11.1	935	571 907
interest expense	11.2	(379 894)	(1 849 785)
equity accounted earnings	17.1	—	172
Profit before tax		734 695	5 968 184
tax expense		(258)	(5 004 227)
Profit for the year from discontinuing operations		734 437	963 957
recycling of foreign exchange differences arising on disposal/unbundling of foreign operations	24	249 494	(4 631 967)
Profit/(loss) from operations for the year from discontinuing operations		983 931	(3 668 010)

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
13 Discontinued and Discontinuing Operations (continued)			
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations, net of tax		5 761	(3 220 932)
recycling of foreign exchange differences arising on disposal/unbundling of foreign operations	24	(249 494)	4 631 967
Other comprehensive (loss)/income for the year, net of tax		(243 733)	1 411 035
Total comprehensive income/(loss) for the year		740 198	(2 256 975)
Profit/(loss) for the year attributable to:			
equity holders of the parent	6.6	1 801 895	(6 250 057)
non-controlling interests		(817 964)	2 582 047
		983 931	(3 668 010)
Total comprehensive income/(loss) for the year attributable to:			
equity holders of the parent		1 555 021	(3 909 933)
non-controlling interests		(814 823)	1 652 958
		740 198	(2 256 975)
Earnings per share (cents)			
Basic earnings per share (cents) - before recycling of translation reserves	6.6	0.29	(0.30)
Basic earnings per share (cents) - effect of recycling of translation reserves	6.6	0.05	(0.85)
Basic earnings per share (cents) - discontinuing operations		0.34	(1.15)
Headline earnings per share (cents) - discontinuing operations	6.6	0.17	(0.29)
Basic earnings per share (cents) - before recycling of translation reserves	6.6	0.29	(0.30)
Basic earnings per share (cents) - effect of recycling of translation reserves	6.6	0.05	(0.85)
Basic earnings per share (cents) - discontinuing operations		0.34	(1.15)
Diluted headline earnings per share (cents) - discontinuing operations	6.6	0.17	(0.29)
The major classes of assets and liabilities of the Other Businesses Segment classified as held for sale as at 30 June 2016 are as follows:			
Assets			
property, plant and equipment	15.1	—	3 514 527
intangible assets	16	—	183 943
other financial assets	19.1	—	918
deferred tax assets	26.2	—	4 076 179
inventories	21	—	2 403 893
trade and other receivables	22	—	10 723 692
cash and cash equivalents		—	2 330 174
Assets of disposal group classified as held for sale		—	23 233 326
Liabilities			
deferred tax liabilities	26.1	—	174 444
interest-bearing borrowings	27.2	—	3 560 990
trade and other payables	28	—	7 687 920
provisions	29	—	132 832
Liabilities directly associated with the assets classified as held for sale		—	11 556 186
Net assets of disposal group classified as held for sale		—	11 677 140

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
14 Cash flow information			
14.1 Cash generated from operating activities			
Profit before interest, equity accounted earnings and tax from continuing operations		39 999 637	39 077 356
Profit before interest, equity accounted earnings and tax from discontinued and discontinuing operations	13	1 113 654	7 245 890
Profit before interest, equity accounted earnings and tax		41 113 291	46 323 246
Depreciation - continuing operations	15	15 275 939	15 960 872
Depreciation and amortisation - discontinued and discontinuing operations	13	273 338	4 163 085
Amortisation of intangible assets - continuing operations	16	13 493	13 543
Other movements in biological assets - continuing operations		—	278 960
Unrealised exchange losses/(gains) - continuing operations	9.2	135 611	(88 210)
Unrealised exchange losses/(gains) - discontinued and discontinuing operations		936	(388 831)
Inventories written off and provisions charged to income statement - continuing operations	10	1 484 323	1 422 995
Inventories written off and provisions charged to income statement - discontinued and discontinuing operations	21	—	1 304 021
Allowance for credit losses - continuing and discontinuing operations	22	449 138	4 276 722
Bad debts written off - continuing operations		152 713	1 004 073
Bad debts written off - discontinued and discontinuing operations		4 026	2 201 485
Increase in provision for leave pay and warranty charges - continuing operations		655 143	435 387
(Decrease)/increase in provision for leave pay and warranty charges - discontinued and discontinuing operations		(1 558)	327 912
Fair value adjustment on FECs - discontinued and discontinuing operations		—	74 779
Fair value adjustment on biological assets - continuing operations	20.4	321 170	(312 053)
Impairment of plant and equipment - continuing operations	9.3	—	1 708 922
Impairment of plant and equipment and intangibles - discontinued and discontinuing operations	9.3	—	1 431 198
Profit on disposal of property, plant and equipment and intangibles - continuing operations	9.2	(948 997)	(169 583)
Profit on disposal of property, plant and equipment - discontinued and discontinuing operations		(12 736)	(591 574)
Bad debts recovered - discontinued and discontinuing operations		—	(796)
Profit on disposal of subsidiaries	14.6	(2 488 815)	—
Share based payment charge	24	217 310	—
Fair value adjustment on listed equity investments - discontinued and discontinuing operations	19.2	—	38 623
Profit on disposal of unquoted investments - continuing operations	9.2	—	(240 372)
Loss on restructure of associate		—	166 672

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
14 Cash flow information (continued)			
14.1 Cash generated from operating activities (continued)			
Exceptional charges to livestock arising from Avian Influenza	20.2	7 284 546	—
Decrease/(increase) in inventories		3 335 176	(234 917)
Increase in current biological assets		(309 705)	(1 419 944)
Increase in trade and other receivables		(35 731 174)	(19 893 074)
Decrease in trade and other payables		(14 159 444)	(1 361 773)
Decrease in provisions and other liabilities		(837 163)	(3 377 804)
		16 266 561	53 053 564
14.2 Tax paid			
Opening balance		(491 735)	(556 550)
Opening balance directly associated with assets classified as held for distribution		—	(135 132)
Current tax charged to profit or loss - continuing operations	30	(5 802 075)	(6 185 192)
Withholding tax charged to profit or loss - continuing operations	12	(240 769)	(235 989)
Charged to profit or loss - discontinued and discontinuing operations	30	(258)	(6 638 569)
Acquisition of subsidiaries	14.4	—	(164 682)
Disposal of subsidiaries	14.6	(118 766)	11 984
Unbundling of Operations	14.5	—	1 697 138
Exchange and other non-cash movements	30	39 510	166 701
Closing balance - continuing and discontinuing operations	30	51 373	491 735
	30	(6 562 720)	(11 548 556)
14.3 Investing activities			
Expenditure on property, plant and equipment - continuing operations	15	(16 312 801)	(16 599 455)
To maintain operations		(7 504 569)	(11 057 622)
To expand operations		(8 808 232)	(5 541 833)
Expenditure on property, plant and equipment - discontinued and discontinuing operations		(243 522)	(6 866 327)
To maintain operations		(197 245)	(2 593 037)
To expand operations		(46 277)	(4 273 290)
Proceeds on disposal of property, plant and equipment and intangibles - continuing operations		5 688 126	440 357
Proceeds on disposal of property, plant and equipment - discontinued and discontinuing operations		44 446	7 682 985
Purchase of intangible assets	16	—	(9 476)
Purchase of unquoted and quoted investments	19.2	(929 883)	(152 616)
Capitalised interest	19.2	(55 746)	(6 098)
Purchase of associates	17.2	—	(9 551 939)

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
14 Cash flow information (continued)			
14.3 Investing activities (continued)			
Loans (advanced to)/repaid by associates	17.2	(1 289 992)	703 260
Dividends received from associates - continuing operations	17.2	1 035 000	1 100 573
Movement in non-current biological assets		(187 400)	(108 766)
Proceeds on disposal of quoted investments	19.2	—	172 522
Cash flow on disposal of subsidiaries - net of cash disposed	14.6	1 421 901	69 142
Purchase of subsidiaries	14.4	—	(4 321 319)
Establishment of subsidiaries		—	(10 200)
Unbundling of operations	14.5	—	(7 894 284)
Proceeds on disposal of associates	17.2	—	2 100 000
Proceeds on disposal of unquoted investments	19.2	3 132 701	2 456 703
		(7 697 170)	(30 794 938)

14.4 Net cash flow arising on the acquisition of subsidiary companies/conversion of associate company to subsidiary

In 2016, as part of the Group's restructuring and reconfiguration strategy, on 1 July 2015, the Group acquired an effective 26.01% interest in Geribran Services (Private) Limited t/a Transerv, through Moregrow Enterprises (Private) Limited which owned a 51% interest in Transerv. The acquisition resulted in goodwill amounting to USD 4 068 623 being recognised by the Group. This subsidiary was unbundled through a dividend-in-specie as part of the Specialty Retail and Distribution Segment (AXIA. zw) in May 2016, together with the goodwill.

In addition, on 1 July 2015, the Group acquired an effective 37.51% in Mukwa Distribution Zambia Limited through Innscor Distribution Africa Limited. The acquisition resulted in a net cash outflow of USD 123 541 for the Group. This subsidiary was unbundled through a dividend-in-specie as part of the Specialty Retail and Distribution Segment (AXIA.zw) in May 2016.

The non-controlling interests in Geribran Services (Private) Limited and Mukwa Distribution Zambia Limited were recognised at the proportionate share of the net asset values at the date of acquisition.

The Group consolidated Harlock Management Services Limited t/a Galitos with effect from 1 July 2015 due to change in governance structures. The entity was previously an associate and as at the date of first time of consolidation, the Group's associate carrying amount was USD 335 112. This subsidiary was unbundled through a dividend-in-specie as part of the Quick Service Restaurants Segment (SIM.zw), in October 2015.

Notes to the Financial Statements (continued)

14 Cash flow information (continued)

14.4 Net cash flow arising on the acquisition of subsidiary companies/conversion of associate company to subsidiary (continued)

The net cash flow arising from the acquisitions / restructuring is shown below.

	Note	Acquisition of Geribran Services (Pvt) Ltd t/a Transerv USD	Acquisition of Mukwa Distribution Zambia Limited USD	Restructure of Harlock Management Services Limited t/a Galitos USD	2016 Total USD
Property, plant and equipment	15	(1 760 978)	(33 597)	—	(1 794 575)
Intangible assets	16	(1 600)	—	—	(1 600)
Inventories		(6 906 937)	(217 043)	—	(7 123 980)
Trade and other receivables		(350 831)	(1 575 101)	(310 410)	(2 236 342)
Cash and cash equivalents		—	(29 856)	—	(29 856)
Trade and other payables		2 789 444	1 620 285	12 061	4 421 790
Provisions	29.1	1 251 090	1 645	—	1 252 735
Interest-bearing borrowings	27.2	4 401 000	18 176	—	4 419 176
Deferred tax (assets)/liabilities	26.1	(73 008)	1 540	—	(71 468)
Current tax liabilities	14.2	155 261	9 421	—	164 682
Fair value of net (assets)/liabilities of subsidiaries at date of recognition/acquisition		(496 559)	(204 530)	(298 349)	(999 438)
Less non-controlling interests share therein		367 404	51 133	149 175	567 712
Fair value of net (assets)/liabilities recognised/acquired		(129 155)	(153 397)	(149 174)	(431 726)
Fair value of equity interest in associate at the date of conversion to subsidiary	17.1	—	—	335 112	335 112
Goodwill		(4 068 623)	—	(185 938)	(4 254 561)
Cash consideration		(4 197 778)	(153 397)	—	(4 351 175)
Add cash and cash equivalents acquired		—	29 856	—	29 856
Net cash outflow	14.3	(4 197 778)	(123 541)	—	(4 321 319)

Shown below are the results of the entities acquired during the year up to the point they were disposed:

2017				
Revenue	—	—	—	—
Profit after tax	—	—	—	—
2016				
Revenue	27 637 679	6 202 862	—	33 840 541
Profit after tax	3 489 042	2 392	—	3 491 434

Notes to the Financial Statements (continued)

14 Cash flow information (continued)

14.5 Net cash flow from the unbundling of operations

In 2016, the Group unbundled its Quick Service Restaurants (QSR) and Specialty Retail & Distribution (SRD) operations effective 1 October 2015 and 1 April 2016 respectively. The operations were unbundled through a dividend-in-specie to the shareholders. The consolidated net assets of the operations unbundled, at effective date is as follows:

	Note	Quick Service Restaurants Segment USD	Specialty Retail and Distribution Segment USD	2016 Total USD
Property, plant and equipment		47 461 665	8 697 262	56 158 927
Intangible assets		595 712	4 213 286	4 808 998
Investments		59 555	2 621 839	2 681 394
Inventories		4 993 041	29 878 957	34 871 998
Trade and other accounts receivable		7 143 043	44 647 427	51 790 470
Cash and cash equivalents		4 311 550	10 204 193	14 515 743
Trade and other accounts payable		(16 776 521)	(30 664 956)	(47 441 477)
Provisions		(1 072 261)	(863 893)	(1 936 154)
Interest-bearing borrowings		(13 722 858)	(17 661 418)	(31 384 276)
Deferred tax asset/(liability)		(3 160 311)	(1 864 320)	(5 024 631)
Current tax liabilities	14.2	(364 327)	(1 332 811)	(1 697 138)
Net assets of subsidiary at date of disposal		29 468 288	47 875 566	77 343 854
Non -controlling interests share therein		—	(20 120 766)	(20 120 766)
Attributable net assets disposed		29 468 288	27 754 800	57 223 088
Dividend in-specie		(29 468 288)	(27 754 800)	(57 223 088)
Cash consideration		—	—	—
Less cash at bank unbundled	14.3	(4 311 550)	(3 582 734)	(7 894 284)
Net cash outflow		(4 311 550)	(3 582 734)	(7 894 284)

Notes to the Financial Statements (continued)

14 Cash flow information (continued)

14.6 Net cash flow from the disposal of subsidiaries

During the financial year, The Group disposed of its interest in Spar Zambia Limited effective 1 December 2016 and its interest in Atuleo Amanzi (Zambia) (Pvt) Ltd t/a The River Club Zambia effective 30 June 2017. The net assets disposed of, for the two subsidiaries, are as shown below in the comparative period.

In 2016, the Group disposed of its interest in Yamiya Trading (Private) Limited effective 1 October 2015. The net assets disposed of were as shown below.

	Note	2017			2016
		Spar Zambia Limited USD	Atuleo Amanzi (Zambia) (Private) Limited USD	Total USD	Yamiya Trading (Private) Limited USD
Property, plant and equipment		3 421 341	39 309	3 460 650	44 457
Intangible assets	16	183 943	—	183 943	—
Investments		—	—	—	27 183
Inventories		2 025 705	11 450	2 037 155	87 032
Trade and other accounts receivable		137 432	67 914	205 346	55 477
Cash and cash equivalents		(276 825)	4 924	(271 901)	9 730
Trade and other accounts payable		(4 789 887)	(72 602)	(4 862 489)	(93 907)
Provisions		(101 497)	(1 034)	(102 531)	(5 422)
Interest-bearing borrowings	27.2	(3 624 341)	(11 564)	(3 635 905)	—
Deferred tax asset/(liability)		134 554	61 714	196 268	5 736
Current tax liabilities	14.2	(277)	119 043	118 766	(11 984)
Net (liabilities)/assets of subsidiary at date of disposal		**(2 889 852)**	**219 154**	**(2 670 698)**	**118 302**
Non-controlling interests share therein		1 444 926	(73 043)	1 371 883	(39 430)
Attributable net (liabilities)/assets disposed		**(1 444 926)**	**146 111**	**(1 298 815)**	**78 872**
Cumulative translation differences recycled to profit or loss	14.7	(275 093)	25 599	(249 494)	—
Adjusted attributable fair value of net (liabilities)/assets disposed		**(1 720 019)**	**171 710**	**(1 548 309)**	**78 872**
Profit on disposal of subsidiaries	14.7	1 720 019	978 290	2 698 309	—
Proceeds from sale		**—**	**1 150 000**	**1 150 000**	**78 872**
Less cash at bank disposed		276 825	(4 924)	271 901	(9 730)
Net cash inflow	14.3	**276 825**	**1 145 076**	**1 421 901**	**69 142**

14.7 Profit on disposal of subsidiaries

	Note	Spar Zambia Limited USD	Atuleo Amanzi (Zambia) (Private) Limited USD	Total USD	Yamiya Trading (Private) Limited USD
Profit on disposal	14.6	1 720 019	978 290	2 698 309	—
Cumulative translation differences recycled to profit or loss	14.6	(275 093)	25 599	(249 494)	—
Net profit on disposal of subsidiaries		**1 444 926**	**1 003 897**	**2 448 815**	**—**

Notes to the Financial Statements (continued)

15 Property, plant and equipment

	Note	Freehold property USD	Leasehold improvements USD	Plant, Fittings & Equipment USD	Motor vehicles USD	Total USD
Cost						
At 1 July 2015		62 306 052	10 080 255	170 072 886	30 645 718	273 104 911
Additions		2 439 696	351 432	14 230 752	2 655 629	19 677 509
Disposals		—	(3 461 599)	(10 148 468)	(2 978 595)	(16 588 662)
Impairment		(2 398)	—	(1 717 197)	(1 504 107)	(3 223 702)
Acquisition of subsidiaries	14.4	—	28 383	1 565 965	200 227	1 794 575
Disposal of subsidiaries		—	(37 609)	(61 492)	(12 600)	(111 701)
Unbundling of SRD and QSR operations		(2 535 019)	(923 584)	(7 217 972)	(5 194 860)	(15 871 435)
Discontinuing operations		(277 309)	(1 125 415)	(6 138 511)	(193 225)	(7 734 459)
Exchange movements		(1 187 866)	(501 902)	(2 188 382)	(524 728)	(4 402 879)
At 30 June 2016		**60 743 156**	**4 409 961**	**158 397 581**	**23 093 459**	**246 644 157**
Additions	14.3	1 381 418	43 817	12 827 707	2 059 859	16 312 801
Disposals		(916 403)	(67 949)	(4 409 242)	(7 329 619)	(12 723 213)
Exchange movements		2 209	—	—	—	2 209
At 30 June 2017		**61 210 380**	**4 385 829**	**166 816 046**	**17 823 699**	**250 235 954**
Depreciation						
At 1 July 2015		7 058 679	2 312 830	51 970 658	19 531 295	80 873 462
Disposals		—	(1 545 007)	(5 373 254)	(2 346 728)	(9 264 989)
Charge for the year	15.1	954 194	706 790	13 236 644	3 542 097	18 439 725
Impairment		(801)	—	(821 030)	(1 589)	(823 420)
Unbundling of SRD and QSR operations		(643 027)	(250 954)	(3 501 046)	(2 779 147)	(7 174 174)
Disposal of subsidiaries		—	(37 609)	(24 595)	(5 040)	(67 244)
Discontinuing operations		(122 281)	(619 785)	(3 183 758)	(294 108)	(4 219 932)
Exchange movements		(84 355)	(179 506)	(956 685)	(320 487)	(1 541 033)
At 30 June 2016		**7 162 409**	**386 759**	**51 346 934**	**17 326 293**	**76 222 395**
Disposals		(28 875)	(58 469)	(1 909 366)	(5 996 684)	(7 993 394)
Charge for the year	15.1	1 347 467	115 268	11 682 114	2 131 090	15 275 939
At 30 June 2017		**8 481 001**	**443 558**	**61 119 682**	**13 460 699**	**83 504 940**
Net carrying amount						
At 30 June 2017		**52 729 379**	**3 942 271**	**105 696 364**	**4 363 000**	**166 731 014**
At 30 June 2016		**53 580 747**	**4 023 202**	**107 050 647**	**5 767 166**	**170 421 762**

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
15 Property, plant and equipment			
15.1 Reconciliation of opening and closing carrying amounts			
Opening net carrying amount		170 421 762	192 231 449
Cost	15	246 644 157	273 104 911
Accumulated depreciation and impairment losses	15	(76 222 395)	(80 873 462)
Movement in net carrying amount for the year:			
Additions at cost	14.3	16 312 801	19 677 509
Disposals		(4 729 819)	(7 323 673)
Depreciation charge for the year	15	(15 275 939)	(18 439 725)
Impairment - continuing and discontinuing operations	9.3	—	(2 400 282)
Acquisition of subsidiaries	14.4	—	1 794 575
Disposal of subsidiaries	14.6	—	(44 457)
Unbundling of SRD Operations	14.5	—	(8 697 262)
Discontinuing operations	13	—	(3 514 527)
Exchange movements		2 209	(2 861 845)
Closing net carrying amount	15	166 731 014	170 421 762
Cost	15	250 235 954	246 644 157
Accumulated depreciation and impairment losses	15	(83 504 940)	(76 222 395)

15.2 Impairment loss on plant and equipment

The impairment loss of USD 2 400 282 in 2016 represents the write-down of certain property, plant and equipment to net recoverable amount. The original carrying amount was USD 4 533 120 and the recoverable amount was USD 2 132 838.

Continuing operations

An impairment loss of USD 1 708 921 was recognised in the statement of profit or loss as an expense in respect of continuing operations in 2016. The recoverable amount of USD 2 132 838 as at 30 June 2016 was based on fair value less cost of disposal and was determined at the Cash Generating Unit (CGU) level. Refer to **note 33.1** for the impairment loss by segment.

Discontinuing operations

An impairment loss of USD 691 361 was recognised, with respect to discontinuing operations in 2016.

Notes to the Financial Statements (continued)

15 Property, plant and equipment (continued)

15.2 Impairment loss on plant and equipment (continued)

Valuation technique

The valuation technique employed to assess property, plant and equipment for impairment purposes was as follows:

Valuation technique	Significant unobservable inputs
Fair market price of a similar asset in a similar condition	• the estimated market values of similar make/model • number of years from first use • kilometres travelled to date in respect of vehicles • physical condition • the estimated remaining useful life

Fair Value hierarchy

The recoverable amount for the impaired property, plant and equipment from continuing operations was determined using fair value as follows:

Asset Category	Level 3 2016	Impairment Loss 2016
Property, Plant and Equipment	2 132 838	1 708 921

Notes to the Financial Statements (continued)

16 Intangible assets

	Note	Goodwill on acquisition of subsidiaries USD	Other intangible assets USD	Total USD
Net carrying amount 1 July 2015		**39 197 479**	**2 099 822**	**41 297 301**
Gross carrying amount		39 197 479	2 535 190	41 732 669
Accumulated amortisation and impairment losses		—	(435 368)	(435 368)
Purchase of intangible assets	14.3	—	9 476	9 476
Derecognition of intangibles*		—	(2 032 810)	(2 032 810)
Amortisation	14.1	—	(13 543)	(13 543)
Goodwill on acquisition of Geribran Services (Private) Limited	14.4	4 068 623	—	4 068 623
Acquired through acquisition of subsidiary	14.4	—	1 600	1 600
Unbundling of SRD Operations	14.5	(4 210 595)	(2 691)	(4 213 286)
Classified as held for sale	13	(183 943)	—	(183 943)
Exchange movements		—	47 029	47 029
Net carrying amount 30 June 2016		**38 871 564**	**108 883**	**38 980 447**
Gross carrying amount		38 871 564	557 794	39 429 358
Accumulated amortisation and impairment losses		—	(448 911)	(448 911)
Amortisation	14.1	—	(13 493)	(13 493)
Net carrying amount of intangibles disposed		—	(14 445)	(14 445)
Net carrying amount 30 June 2017		**38 871 564**	**80 945**	**38 952 509**
Gross carrying amount		38 871 564	543 349	39 414 913
Accumulated amortisation and impairment losses		—	(462 404)	(462 404)

Other intangible assets consist of computer software and brand rights. These are deemed to have a finite useful life and are amortised over a period of up to 4 years.

* In 2016, intangible assets relating to SPAR Western region rights were derecognised following the disposal and closure of SPAR DC.

For the impairment test of computer software, the Group considers the usage and the remaining useful life. As at 30 June 2017, there were no indications that the computer software was impaired.

Notes to the Financial Statements (continued)

16 Intangible assets (continued)

16.1 Impairment testing of Goodwill

Goodwill impairment assessment is performed every year.

The Group performed an annual impairment test as at 30 June 2017. 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 value in use that takes into account the present value of future cash flows from the cash generating units using a pre-tax discount rate.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the discount rates.

Discount rates

The pre-tax discount rate applied to the future cash flow projections is 8.5% (2016: 8.5%). This assessment showed that there was no impairment required on the goodwill for the period.

Discount rates represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 14% (i.e. +5.5%) would not result in an impairment.

Period of Projected Cash Flows

The annual impairment assessment was performed by considering cash flows for a period of 5 years beyond the reporting date (FY2018 to FY2022). A perpetual growth rate of 5% was assumed at the end of the 5 year period and the results indicate that the goodwill is not impaired.

Notes to the Financial Statements (continued)

17 Investments in associates

17.1 Movements in investments in associates

Associate	Note	Opening balance	Loan advanced /(repaid)	Purchase of investment	Axia/ Simbisa unbundling	Restructure	Conversion to subsidiary	Dividend received	Proceeds on sale of investment	Profit/(loss) on disposal of investment	Profits - continuing operations	Profits - discontinuing operations	Closing balance
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
	Note		14.3	14.5	17.2	17.2	14.5	14.1	14.3				
Freddy Hirsch Group (Private) Limited	17.3	1 735 511	—	—	—	—	—	—	—	—	296 427	—	2 031 938
Paperhole Investments (Private) Limited	17.4	1 739 043	—	—	—	—	—	(300 000)	—	—	298 833	—	1 737 876
Profeeds (Private) Limited	17.5	9 035 973	—	—	—	—	—	(735 000)	—	—	1 455 072	—	9 756 045
Probrands (Private) Limited	17.6	723 342	—	—	—	—	—	—	—	—	301 449	—	1 024 791
Pure Oil Industries (Private) Limited	17.7	2 854 400	—	—	—	—	—	—	—	—	1 831 471	—	4 685 871
Bakers Inn Logistics (Private) Limited	17.8	925 900	638 612	—	—	—	—	—	—	—	182 649	—	1 747 161
Afrigrain Trading Limited	17.9	4 933 566	651 380	—	—	—	—	—	—	—	1 857 650	—	7 442 596
Total Continuing Operations		21 947 735	1 289 992	—	—	—	—	(1 035 000)	—	—	6 223 551	—	28 426 278
TOTAL JUNE 2016		15 081 073	(703 260)	9 551 939	(2 568 058)	(879 578)	(335 112)	(1 100 573)	(2 100 000)	240 372	4 760 760	172	21 947 735

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
17 Investments in associates (continued)			
17.2 Reconciliation of movements in associates			
Balance at the beginning of the year		21 947 735	14 686 405
Opening balance classified as held for distribution		—	394 668
Total balance at the beginning of the year	17.1	21 947 735	15 081 073
Purchases at cost	14.3 & 17.1	—	9 551 939
Equity accounted earnings - continuing operations	17.1	6 223 551	4 760 760
Equity accounted earnings - discontinuing operations	13	—	172
Dividends received - continuing operations	14.3	(1 035 000)	(1 100 573)
Loans advanced to / (repaid by)	14.3	1 289 992	(703 260)
Unbundling of Operations	17.1	—	(2 568 058)
Proceeds on disposal	14.3	—	(2 100 000)
Profit on disposal	14.1	—	240 372
Conversion of Harlock Management Services Limited to subsidiary	17.1	—	(335 112)
Restructure of Afrigrain Trading Limited and Freddy Hirsch Group (Private) Limited	17.3 & 17.9	—	(879 578)
Balance at the end of the year		28 426 278	21 947 735

The Group has the following investments in the associates:

17.3 Freddy Hirsch Group (Private) Limited

Freddy Hirsch Group (Private) Limited is an entity involved in the manufacture and retail of spices and packaging. The Group holds an effective 39.02% shareholding in Freddy Hirsch Group (Private) Limited (Colcom Holdings Limited owns 49% in the company, which is the portion that the Group equity accounts).

	2017 USD	2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 735 511	1 620 458
Equity accounted earnings	296 427	224 860
Dividends received	—	(116 573)
Restructure of reserves	—	6 766
Balance at the end of the year	2 031 938	1 735 511
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	4 146 812	3 551 395
49% Share of net assets	2 031 938	1 735 511
Carrying amount of Investment	2 031 938	1 735 511

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.4 Paperhole Investments (Private) Limited

Paperhole Investments (Private) Limited is an entity involved in the procurement of grain. The Group holds an effective 50% shareholding.

	2017 USD	2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	1 739 043	1 381 971
Equity accounted earnings	298 833	557 072
Dividends received	(300 000)	(200 000)
Balance at the end of the year	1 737 876	1 739 043
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	3 475 752	3 478 086
50% Share of net assets	1 737 876	1 739 043
Carrying amount of Investment	1 737 876	1 739 043

17.5 Profeeds (Private) Limited

Profeeds (Private) Limited is an entity involved in the manufacture and retail of stock feeds and the retail of day old chicks. The Group has an effective 49% shareholding in Profeeds (Private) Limited.

	2017 USD	2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	9 035 973	4 002 057
Purchases at cost	—	5 500 000
Equity accounted earnings	1 455 072	1 138 845
Dividend received	(735 000)	(784 000)
Loans repaid	—	(820 929)
Balance at the end of the year	9 756 045	9 035 973
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	13 522 421	12 052 886
49% Share of net assets	6 625 986	5 905 914
Goodwill	3 130 059	3 130 059
Carrying amount of investment	9 756 045	9 035 973

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.6 Probrands (Private) Limited

Probrands (Private) Limited is an entity involved in down-packing, manufacture and retail of a number of grocery products such as rice, dairy, candles and beverages. The Group holds an effective 39.02% in Probrands (Private) Limited.

	2017 USD	2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	723 342	—
Purchases at cost	—	784 000
Equity accounted earnings	301 449	(60 658)
Balance at the end of the year	**1 024 791**	**723 342**
Reconciliation of share of net liabilities to carrying amount of the investment		
Net liabilities	(3 123 445)	(3 895 995)
39.02% Share of net liabilities	**(1 218 768)**	**(1 520 217)**
Goodwill	2 243 559	2 243 559
Carrying amount of investment	**1 024 791**	**723 342**

17.7 Pure Oil Industries (Private) Limited

Pure Oil Industries (Private) Limited is an entity involved in the manufacture of household cooking oil as well as protein oil cakes which are used in the production of animal feed. The Group has an effective 15.13% in Pure Oil Industries (Private) Limited (National Foods Holdings Limited holds 40% in the company, which is the portion that the Group equity accounts).

	2017 USD	2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	2 854 400	—
Purchases at cost	—	2 400 000
Equity accounted earnings	1 831 471	454 400
Balance at the end of the year	**4 685 871**	**2 854 400**
Reconciliation of share of net assets to carrying amount of the investment		
Net Assets	11 714 678	7 136 000
40% Share of net assets	**4 685 871**	**2 854 400**
Carrying amount of investment	**4 685 871**	**2 854 400**

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.8 Bakers Inn Logistics (Private) Limited

Bakers Inn Logistics (Private) Limited is a logistics company which handles distribution of bread and other products for the Group's Bakery Operations. The Group has an effective 50% equity interest in Bakers Inn Logistics (Private) Limited.

	Note	2017 USD	2016 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year		925 900	—
Purchases at cost		—	863 941
Equity accounted earnings		182 649	61 959
Loans advanced	17.1	638 612	—
Balance at the end of the year		**1 747 161**	**925 900**
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets		2 217 155	1 851 800
50% Share of net assets		**1 108 577**	**925 900**
Loan advanced		638 584	—
Carrying amount of investment		**1 747 161**	**925 900**

17.9 Afrigrain Trading Limited

Afrigrain Trading Limited is an entity involved in the procurement of grain. The Group holds 40% equity interest in this entity.

	Note	2017 USD	2016 USD
Reconciliation of the investment in associate;			
Balance at the beginning of the year		4 933 566	3 583 299
Equity accounted earnings		1 857 650	2 232 610
Restructure		—	(882 343)
Loans advanced	17.1	651 380	—
Balance at the end of the year		7 442 596	4 933 566
Reconciliation of share of net assets to carrying amount of the investment			
Net Assets		16 978 040	12 333 915
40% Share of net assets		**6 791 216**	**4 933 566**
Loan advanced		651 380	—
Carrying amount of investment		**7 442 596**	**4 933 566**

Notes to the Financial Statements (continued)

	2017 USD	2016 USD
17 Investments in associates (continued)		

17.10 Shearwater Adventures (Private) Limited

Shearwater Adventures (Private) Limited is a company involved in offering tour packages to tourists. The Group disposed of its 50% interest in Shearwater Adventures (Private) Limited with effect from 1 January 2016.

Reconciliation of the investment in associate;	2017 USD	2016 USD
Balance at the beginning of the year	—	959 987
Equity accounted earnings	—	(26 281)
Proceeds on disposal	—	(1 300 000)
Profit on disposal	—	366 294
Balance at the end of the year	—	—

17.11 Baobab (Private) Limited

Baobab (Private) Limited is involved in the distribution of principal's products to the retail and wholesale market as well as clearing agency services. The Group unbundled its effective 33.33% shareholding in Baobab (Private) Limited as part of SRD unbundling effective 1 April 2016.

Reconciliation of the investment in associate;	2017 USD	2016 USD
Balance at the beginning of the year	—	(14 309)
Equity accounted earnings	—	2 297
Unbundled through SRD dividend-in-specie	—	12 012
Balance at the end of the year	—	—

17.12 Hat On (Private) Limited

Hat-On (Private) Limited is involved in the distribution of principal's products to the retail and wholesale market. The Group unbundled its effective 33.33% shareholding in Hat On (Private) Limited as part of SRD unbundling effective 1 April 2016.

Reconciliation of the investment in associate;	2017 USD	2016 USD
Balance at the beginning of the year	—	2 378 689
Equity accounted earnings	—	24 156
Loans advanced	—	117 669
Unbundled through SRD dividend-in-specie	—	(2 520 514)
Balance at the end of the year	—	—

Notes to the Financial Statements (continued)

	2017 USD	2016 USD
17 Investments in associates (continued)		

17.13 Fast Foods - Regional Operations

Due to changes in management agreements, the Group consolidated its effective 50% shareholding in Harlock Management Services Limited with effect from 1 July 2015, from which date it became a dormant company. The Group unbundled this subsidiary including an effective 50% shareholding in Nungu Trading 49 (Pty) Limited as part of the QSR unbundling with effect from 1 October 2015.

Reconciliation of the investment in associate;	2017 USD	2016 USD
Balance at the beginning of the year	—	394 668
Conversion to subsidiary	—	(335 112)
Unbundled through QSR dividend-in-specie	—	(59 556)
Balance at the end of the year	—	—

17.14 Zambezi Tourism Investments Limited

The Group disposed of its effective 50% shareholding in Zambezi Tourism Investments Limited with effect from 1 January 2016.

Reconciliation of the investment in associate;	2017 USD	2016 USD
Balance at the beginning of the year	—	774 253
Equity accounted earnings	—	151 671
Proceeds received on disposal	—	(800 000)
Profit on disposal	—	(125 924)
Balance at the end of the year	—	—

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.15 Summarised financial information of associates

	Note	Revenue USD	Profit after tax USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD	Equity USD
Freddy Hirsch Group (Private) Limited	17.3							
30 June 2017		5 765 789	604 954	427 732	4 547 843	68 907	775 509	4 146 812
30 June 2016		6 515 600	458 897	663 477	3 512 153	76 478	547 757	3 551 395
Paperhole Investments (Private) Limited	17.4							
30 June 2017		111 240 696	597 666	12 101 009	24 132 503	151 628	32 515 080	3 475 752
30 June 2016		149 633 338	1 114 144	3 035 031	28 551 068	376 124	27 731 889	3 478 086
Profeeds (Private) Limited	17.5							
30 June 2017		76 886 793	2 971 835	12 056 528	26 487 224	5 417 356	19 601 680	13 522 421
30 June 2016		81 067 670	2 851 659	12 842 036	24 138 907	9 403 197	15 524 860	12 052 886
Probrands (Private) Limited	17.6							
30 June 2017		38 653 581	772 550	7 704 906	9 862 210	6 044 657	14 194 410	(3 123 445)
30 June 2016		22 606 645	(351 729)	4 198 575	5 115 381	10 310 615	2 899 338	(3 895 997)
Pure Oil Industries (Private) Limited	17.7							
30 June 2017		110 821 220	4 578 678	19 070 729	18 607 783	11 585 535	14 378 299	11 714 678
30 June 2016		24 359 068	1 136 000	19 815 552	16 116 614	10 220 299	18 575 867	7 136 000

Notes to the Financial Statements (continued)

17 Investments in associates (continued)

17.15 Summarised financial information of associates (continued)

	Note	Revenue USD	Profit after tax USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD	Equity USD
Bakers Inn Logistics (Private) Limited	17.8							
30 June 2017		13 771 627	365 298	5 534 976	2 583 983	4 127 189	1 774 615	2 217 155
30 June 2016		2 268 667	123 472	5 662 462	1 797 759	4 652 231	956 190	1 851 800
Afrigrain Trading Limited	17.9							
30 June 2017		159 906 753	4 644 125	3 847 186	23 207 729	—	10 076 875	16 978 040
30 June 2016		139 848 435	5 581 624	309 086	37 621 424	—	25 596 595	12 333 915
Shearwater Adventures (Private) Limited	17.10							
30 June 2017		—	—	—	—	—	—	—
30 June 2016		5 076 605	(52 562)	—	—	—	—	—
Baobab (Private) Limited	17.11							
30 June 2017		—	—	—	—	—	—	—
30 June 2016		4 602 529	6 892	—	—	—	—	—
Hat On (Private) Limited	17.12							
30 June 2017		—	—	—	—	—	—	—
30 June 2016		5 626 243	72 475	—	—	—	—	—
Zambezi Tourism Investments Limited	17.14							
30 June 2017		—	—	—	—	—	—	—
30 June 2016		662 323	303 342	—	—	—	—	—

Notes to the Financial Statements (continued)

18 Group investments

Listed below is the Group's effective ordinary shareholding in each of the companies excluding dormant companies.

Light Manufacturing	
National Foods Holdings Limited	37.82%
Colcom Holdings Limited	79.64%
Associated Meat Packers (Private) Limited #	39.90%
Freddy Hirsch Group (Private) Limited **	39.02%
Great Rift Delight (Private) Limited #	79.64%
Intercane (Private) Limited #	44.36%
Irvine's Zimbabwe (Private) Limited	49.00%
Lennard Manufacturing (Private) Limited t/a Innscor Bread Bulawayo	100.00%
Innscor Africa Bread Company Zimbabwe (Private) Limited t/a Innscor Bread Harare	100.00%
LSS Investments (Private) Limited	100.00%
Innscor Appliance Manufacturing (Private) Limited t/a Capri	50.10%
Goodshow Manufacturing (Private) Limited t/a WRS #	33.40%
Natpak (Private) Limited	58.33%
Natpak Mauritius (Private) Limited	58.33%
Bedra Enterprises (Private) Limited	50.10%
Profeeds (Private) Limited *	49.00%
Pure Oil Industries (Private) Limited **	15.13%
Breathaway Food Caterers (Private) Limited t/a Innscor Snacks Manufacturing #	37.82%
Bakers Inn Logistics (Pvt) Limited **	50.00%
Probrands (Pvt) Limited *	39.02%
Other Businesses	
Spar Harare (Private) Limited t/a SPAR DC #	65.00%
Camelbags (Private) Limited	100.00%
Unibax Investments (Private) Limited t/a Arundel Village SPAR	100.00%
Scopeserve Investments (Private) Limited	100.00%
Spearhead Sales (Private) Limited	100.00%
Swissmart Investments (Private) Limited	100.00%
Katrice Investments (Private) Limited #	50.00%
Innscor Zambia Holdings Limited	100.00%
Innscor Africa (Zambia) Limited	100.00%
Head Office Services	
Innscor (Private) Limited	100.00%
Innscor International Limited	100.00%
Innscor South Africa (Pty) Limited	100.00%
Callcape Investments (Private) Limited	50.00%
Capri Signs (Private) Limited	100.00%
Yeldam Investments (Private) Limited #	35.00%
Botanegra (Private) Limited #	35.00%
Capri Corporation (Private) Limited	100.00%
Paperhole Investments (Private) Limited *	50.00%
Ajax Finance (Private) Limited	100.00%
Afrigrain Trading Limited *	40.00%
Rafferty Investments (Private) Limited t/a Providence Human Capital	70.00%
Syntegra Solutions (Private) Limited	50.00%

* Associates # Subsidiaries of subsidiaries ** Associates of a subsidiary

Notes to the Financial Statements (continued)

18 Group investments (continued)

18.2 Country of incorporation

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

Company	Country of incorporation
Innscor International Limited	Mauritius
Innscor South Africa (Proprietary) Limited	South Africa
Innscor Africa (Zambia) Limited	Zambia
Innscor Zambia Holdings Limited	Zambia
Afrigrain Trading Limited	Mauritius
Natpak Mauritius Limited	Mauritius

18.3 Non-controlling interests in significant subsidiaries

The Group has the following subsidiaries that have significant non-controlling interests:

		National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Principal place of business		Zimbabwe	Zimbabwe
Proportion of ownership interests held by non-controlling interests		62.18%	51.00%
Profit/(loss) allocated to non-controlling interests for the year ended:	30-Jun-17	8 521 534	(1 365 687)
	30-Jun-16	8 875 310	2 465 475
Accumulated non-controlling interests of the subsidiary as at:	30-Jun-17	59 031 941	17 497 424
	30-Jun-16	54 940 781	20 189 111
The summarised financial information of these subsidiaries based on amounts before inter-company eliminations is provided below:			
Year ended 30 June 2017:			
Revenue		289 508 168	107 755 421
Profit/(loss) after tax		13 704 622	(2 677 817)
Current assets		104 536 184	28 955 312
Non-current assets		53 386 789	24 487 031
Current liabilities		(44 156 485)	(14 651 179)
Non-current liabilities		(18 829 304)	(4 482 488)
Cash flows from operating activities		6 466 497	5 009 340
Cash flows from investing activities		(1 787 037)	(1 379 057)
Cash Flows from financing activities		(2 415 599)	(1 970 895)
Dividends paid to non controlling interests		4 438 269	1 326 000

Notes to the Financial Statements (continued)

18 Group investments (continued)

18.3 Non-controlling interests in significant subsidiaries (continued)

	National Foods Holdings Limited	Irvine's Zimbabwe (Private) Limited
Year ended 30 June 2016:		
Revenue	330 642 303	102 509 815
Profit after tax	14 273 576	4 834 265
Current assets	89 704 357	35 030 917
Non-current assets	50 288 195	24 823 813
Current liabilities	(36 201 486)	(10 235 926)
Non-current liabilities	(15 433 429)	(10 032 311)
Cash flows from operating activities	16 084 803	10 113 257
Cash flows from investing activities	(12 074 652)	(3 815 410)
Cash Flows from financing activities	(2 107 488)	(7 760 752)
Dividends paid to non controlling interests	4 031 828	—
Loan repaid to non controlling interests	—	3 890 000

19 Other Financial Assets

Financial assets consist of investments in equity, unit trusts, term deposits and long term interest bearing receivables.

	2017 USD	2016 USD
Non-current other financial assets		
Property unit trust	687 500	—
Quoted equity investments	918	—
Unquoted investments	221 936	215 921
Trade and other receivables	6 182 785	—
Total non-current other financial assets	7 093 139	215 921
Current other financial assets		
Fixed deposit	—	3 082 970
Quoted equity investments	100 266	41 188
Property unit trust	—	687 500
Total current other financial assets	100 266	3 811 658
Total other financial assets	7 193 405	4 027 579

Notes to the Financial Statements (continued)

19 Other Financial Assets (continued)

19.1 Reconciled as follows:

	Note	2017 USD	2016 USD
Balance at the beginning of the year		4 027 579	7 017 312
Additional purchases at cost - unquoted and quoted investments	14.3	929 883	152 616
Quoted equity instruments received in lieu of receivables		100 266	—
Loss on disposal of investments		—	(238 394)
Proceeds on disposal of quoted investments	14.3	—	(172 522)
Proceeds on disposal of unquoted investments	14.3	(3 132 701)	(2 456 703)
Fair value adjustments through profit or loss	14.1	—	(38 623)
Fair value adjustments on forward exchange contracts		—	(100 870)
Capitalised interest	14.3	55 746	6 098
Disposed through unbundling of operations		—	(140 417)
Transfer from trade and other receivables		5 252 902	—
Transferred to treasury shares	24	(41 188)	—
Transferred from/(to) assets of disposal group classified as held for sale	13	918	(918)
Balance at the end of the year		7 193 405	4 027 579

19.2 Other financial assets are analysed as follows:

	Note	Held at fair value through profit or loss USD	Other financial assets at cost USD	Total USD
Opening balance -1 July 2015		665 653	6 351 659	7 017 312
Purchases at cost	14.3	41 188	111 428	152 616
Loss on disposal of unquoted investments		(238 394)	—	(238 394)
Proceeds on disposal of investments		(172 522)	(2 456 703)	(2 629 225)
Fair value adjustments through profit or loss	13	(38 623)	—	(38 623)
Fair value adjustments on forward exchange contracts		(74 779)	(26 091)	(100 870)
Disposed through unbundling of operations		(140 417)	—	(140 417)
Capitalised interest	14.3	—	6 098	6 098
Transferred to discontinuing operations	13	(918)	—	(918)
Closing balance - 30 June 2016		41 188	3 986 391	4 027 579
Purchases at cost	14.3	—	929 883	929 883
Quoted equity instruments received in lieu of receivables		100 266	—	100 266
Proceeds on disposal of investments	14.3	—	(3 132 701)	(3 132 701)
Transferred to treasury shares	24	(41 188)	—	(41 188)
Capitalised interest	14.3	—	55 746	55 746
Transfer from trade and other receivables		—	5 252 902	5 252 902
Transferred from discontinuing operations		918	—	918
Closing balance - 30 June 2017		101 184	7 092 221	7 193 405

Notes to the Financial Statements (continued)

19 Other Financial Assets (continued)

19.3 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets:

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 that have a significant effect on the recorded fair value and 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 2017				
Short-term financial assets	100 266	—	—	100 266
Long-term financial assets	918	—	—	918
	101 184	—	—	101 184
30 June 2016				
Short-term financial assets	41 188	—	—	41 188
	41 188	—	—	41 188

20 Biological assets

20.1 Non-current biological assets

	Note	2017 USD	2016 USD
At Cost:			
Opening balance		—	267 288
Reclassification to breeders held at fair value		—	(267 288)
Closing balance		—	—
At Fair Value:			
Opening balance		1 607 026	1 344 672
Increase due to purchases and sales	14.3	187 391	193 588
Reclassified from breeders held at cost		—	267 288
Transfer from current biological assets	20.2	73 119	—
Fair value loss		(241 193)	(198 522)
Closing balance		1 626 343	1 607 026

At 30 June 2017, the Group held the following number of living animals (pigs) within non-current biological assets:

	2017	2016
Number of living animals	4 761	5 017
Live weight estimates (kg)	680 530	791 425

During 2016, non-current biological assets held at cost were reclassified to non-current biological assets held at fair value as the Group could determine fair value reliably.

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.2 Current biological assets

	Note	Birds USD	Hatching Eggs USD	Cattle USD	Pigs USD	Total USD
At 1 July 2015		10 999 557	136 493	48 730	1 629 953	12 814 733
Purchases		3 921 862	2 277 209	—	155 457	6 354 528
Feed costs		37 419 599	—	—	9 175 699	46 595 298
Sales		(8 404 451)	(2 308 275)	—	—	(10 712 726)
Slaughter		—	—	—	(8 561 497)	(8 561 497)
Harvest		(32 269 677)	—	—	—	(32 269 677)
Fair value adjustments		247 344	—	(9 758)	(1 154)	236 432
At 30 June 2016		**11 914 234**	**105 427**	**38 972**	**2 398 458**	**14 457 091**
Purchases		3 453 512	1 981 722	—	—	5 435 234
Feed costs		34 514 349	—	—	11 080 182	45 594 531
Sales		(3 001 858)	(1 781 467)	—	—	(4 783 325)
Slaughter		(35 210 954)	—	—	(10 725 780)	(45 936 734)
Exceptional charges to livestock arising from Avian Influenza	9.2	(6 978 864)	(305 682)	—	—	(7 284 546)
Transfer to non-current biological assets	20.1	—	—	—	(73 119)	(73 119)
Fair value adjustments		122 139	—	4 921	(207 037)	(79 977)
At 30 June 2017		4 812 558	—	43 893	2 472 704	7 329 155

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

30 June 2017

	Birds	Hatching Eggs	Cattle	Pigs
Number of living animals	1 401 117	n/a	97	30 932
Live weight estimates (kg)	n/a	n/a	24 377	1 939 094

30 June 2016

	Birds	Hatching Eggs	Cattle	Pigs
Number of living animals	1 837 377	141 963	127	35 797
Live weight estimates (kg)	n/a	n/a	25 566	1 056 650

No biological assets have been pledged as collateral for borrowings.

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.3 Valuation Process

1. The Group engages independent consultants to determine the estimated cold dressed mass (CDM) of live pigs at each age. The fair value of pigs is calculated by applying the market price per kg to the CDM.
2. The value of cattle 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.
4. Layers are valued at fair market price less selling costs. Fair market price is the price the Group sells point of lay and end of lay birds to the market.

Valuation Technique

Type		Valuation Technique	Significant Unobservable Inputs	2017 Unobservable Inputs Range	2016 Unobservable Inputs Range
Birds -	Broiler Breeders - Grandparents	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Eggs Average Average replacement cost per bird Average egg laying days left	10% 12% 65 weeks to slaughter 129	14% 10% 65 weeks to slaughter 94
	Broiler Breeders - Parents	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Eggs Average Average replacement cost per bird Average egg laying days left	10% 12% 65 weeks to slaughter 170	10% 12% 65 weeks to slaughter 151
	Layer Breeders - Parents	Cost Approach	Rearing Mortality Production Mortality Age of birds Hen House Eggs Average Average replacement cost per bird Average egg laying days left	10% 20% 70 week to slaughter 200	10% 20% 70 week to slaughter 200
	Layers	Fair Market Price	Average replacement cost per bird	—	—
	Broilers	Cost Approach	Mortality Kill Age	5% 33 days	6% 33 days

Notes to the Financial Statements (continued)

20 Biological assets (continued)

Valuation Technique (continued)

Type	Valuation Technique	Significant Unobservable Inputs	2017 Unobservable Inputs Range	2016 Unobservable Inputs Range
Cattle - Comprising of bulls, cows, weaner heifers, weaner steers, bulling heifers, steers and calves	Nearest Market Approach	—	—	—
Pigs - Comprising of piglets, weaners, growers, gilts, sows and boars	Income approach. The valuation model is based on the price per kg of pork multiplied by the Cold Dressed Mass (CDM).	Price per kg, CDM discounting factor Age of pigs 22 weeks Weight of pigs	\$1.62 - \$2.71 62% - 76% 4 weeks - 22 weeks 7kgs - 150kgs	\$1.54 - \$2.58 62% - 76% 4 weeks - 21 weeks 7kgs - 150kgs
Pigs - Comprising imported breeders	Replacement cost of the breeders	Cost of a breeder of similar type	\$2 594 per breeder	\$2 146 per breeder

20.4 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of biological assets:

Level 1: quoted (unadjusted) prices in active markets for identical assets.
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.

30 June 2017	Level 1	Level 2	Level 3	Total	Fair value gain/(loss)
Pigs	—	—	4 099 045	4 099 045	(448 229)
Cattle		43 889	—	43 889	4 920
Birds	—	2 392 136	2 420 422	4 812 558	122 139
Total	—	2 436 025	6 519 467	8 955 492	(321 170)
30 June 2016					
Pigs	—	—	4 005 483	4 005 483	(9 758)
Cattle	—	38 972	—	38 972	74 467
Birds	—	6 251 875	5 662 359	11 914 234	247 344
Total	—	6 290 847	9 667 842	15 958 689	312 053

Notes to the Financial Statements (continued)

20 Biological assets (continued)

20.4 Fair Value Hierarchy (continued)

The table below presents the sensitivity of profit or loss before tax due to changes in weight (pigs and cattle) and market price (layer birds). 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%	116 346
Cattle		
Fair value less costs to sell - meat	5%	1 858
Layers		
Fair value less costs to sell - birds	10%	563 406

Significant increases/(decreases) in price per kg in isolation would result in a significantly higher or lower fair value measurement. Significant increases/(decreases) in weight of pigs in isolation would result in a significantly higher or lower fair value measurement. Significant increases/(decreases) in replacement cost per breeder would result in a significantly higher or lower fair value measurement of breeder pigs.

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 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, bio-security monitoring, vaccination to prevent infections, regular and routine disease tests and regular evaluation of prices.

In May 2017, a case of Avian Influenza was detected on one of the operation's farms, resulting in a preventative and precautionary cull-out of all the birds on this particular site. During the latter part of July, notwithstanding normal mortality levels, routine sampling revealed further positive cases of Avian Influenza and the Department of Veterinary Services deemed it prudent, and recommended a de-population exercise of this entire farm. This exercise resulted in exceptional charges of US$7 284 546 being processed to the income statement in the year under review. Of this amount, USD5 090 199 related to an adjusting event in terms of IAS 10 "Events After the Reporting Date".

Notes to the Financial Statements (continued)

		Note	2017 USD	2016 USD
21	**Inventories**			
	Consumable stores		13 728 729	13 337 346
	Finished products, net of allowance for obsolescence		15 857 188	22 957 357
	Raw materials and packaging		45 870 209	47 228 805
	Goods in transit		1 207 623	9 139
	Work in progress		303 614	292 440
			76 967 363	83 825 087
	Discontinuing operations (note 13)		—	(2 403 893)
	Inventories - continuing operations		76 967 363	81 421 194

The amount of inventories recognised as an expense in cost of sales is USD 370 283 307 (2016: USD 378 980 611). The amount of inventories written down in respect of obsolescence expense for continuing operations is USD 1 484 323 (2016: USD 1 422 995 from continuing operations and USD 1 304 021 from discontinuing operations). Some of the Group's inventories have been pledged to secure borrowings in certain of the Group's entities, as shown on note 27.

		Note	2017 USD	2016 USD
22	**Trade and other receivables**			
	Trade receivables		60 114 232	45 492 526
	Prepayments		30 515 548	20 860 939
	Rental deposits		40 350	73 563
	VAT Receivable		4 776 606	2 021 552
	Other receivables		19 775 917	16 661 739
			115 222 653	85 110 319
	Allowance for credit losses		(7 691 100)	(7 574 615)
			107 531 553	77 535 704
	Discontinuing operations (note 13)		—	(10 723 692)
	Trade and other receivables - continuing operations		107 531 553	66 812 012
	Reconciliation of allowance for credit losses is as follows:			
	Opening balance		7 574 615	6 506 873
	Charge for the year - continuing and discontinuing operations	14.1	449 138	4 276 722
	Disposed through sale of subsidiaries and unbundling of operations		(332 653)	(3 208 980)
	Closing balance		7 691 100	7 574 615

Credit terms vary per business unit, but do not exceed 90 days. Interest is charged on overdue accounts at varying rates and above the cost of borrowing for the business concerned.

Some of the Group's trade and other receivables, in certain entities, have been pledged to secure part of those entities' borrowings. Refer to note 27.

Notes to the Financial Statements (continued)

22 Trade and other receivables (continued)

As at 30 June 2017, the age analysis of trade and other receivables (excluding prepayments) was as follows:

			Past due before impairment	
Group	Total USD	Neither past due nor impaired USD	60-90 days USD	More than 90 days USD
Continuing and discontinued operations				
30 June 2017	84 707 105	48 841 255	3 083 254	32 782 596
30 June 2016	64 249 380	47 918 641	2 179 748	14 150 991

Note 36 on credit risk of trade receivables explains how the Group manages and measures the credit quality of trade receivables that are neither past due nor impaired.

	2017 USD	2016 USD
23 Ordinary share capital		
23.1 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	10
	8 000 010	8 000 010
23.2 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	10

There were no changes in Authorised and Issued share capital during the current year.

23.3 Share Options

As at 30 June 2017, Innscor Africa Limited had the following Share Option agreements:

1) Benvenue Investments (Private) Limited (Benvenue).

This is an option held by an indigenous partner in terms of the Indigenisation and Economic Empowerment Act Chapter 14:33. The terms of the Benvenue Share Option are as follows:

Commencement date:	January 2014
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 0.70 per share and for the second five years, USD 1.03 per share.

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

At the end of the year, the scheme had a remaining contractual life of six and a half years but no shares had been issued to Benvenue.

As at 30 June 2017, these options were exercisable.

2) Innscor Africa Limited Employee Share Trust.

This is an option held by the Innscor Africa Limited Employee Trust (Private) Limited in terms of the Indigenisation and Economic Empowerment Act Chapter 14:33. The terms of the Innscor Africa Limited Employee Share Trust Option are as follows:

Commencement date:	January 2014
Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years
Pricing:	The volume weighted average price of Innscor Africa Limited shares over the previous 60 trading days.

At the end of the year, the scheme had a remaining contractual life of six and a half years.

The share options arising from the Group's Employee Share Trust had a dilutive effect at the end of the financial year. Refer to **notes 6.4, 6.5** and **6.6** for the dilutive effect.

As at 30 June 2017, these options were exercisable.

3) 2016 Innscor Africa Limited Share Option Scheme
Certain senior employees are entitled to receive options based on conditions set by the board. The conditions include Headline Earnings per Share targets over a three year vesting period, with a cumulative target at the end of the three years. The share option scheme is an equity scheme and the terms of the scheme are as follows:

Maximum Number of shares available under the scheme:	54 159 344
Vesting Period:	3 years from grant date
Exercise Price:	The Higher of: The 45-day volume weighted average price of Innscor Africa Limited shares immediately preceding the grant date and the nominal value of the shares.
Expiry:	7 December 2021

Options are conditional on the employee completing three years' service (the vesting period). The options are exercisable starting three years from the grant date, subject to the Group achieving its target growth in headline earnings per share over the period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Financial Statements (continued)

23 Ordinary share capital (continued)

23.3 Share Options (continued)

3) 2016 Innscor Africa Limited Share Scheme (continued)

Movements in the number of share options outstanding is as follows:

	Number of share options outstanding
As at 1 July 2016	—
Granted during the period	5 400 000
As at 30 June 2017	5 400 000

Details of outstanding share options are as follows:

Number of share options	Financial year of option grant	Financial year in which options vest	Exercise price in US cents per share option	Option fair value at grant date in US cents per share option
5 400 000	June 2017	June 2020	29.94	21.48

The fair value of options granted during the period was determined using the Binomial Tree model. The significant inputs into the model were average share price of 29.94 US cents at the grant date, exercise price shown above, volatility of 50%, dividend yield of 2%, an expected option life of three years and an annual risk-free interest rate of 1.71%. The expected volatility of the share price was determined by giving consideration to the historical volatility of the Innscor Africa Limited share price.

The share option expense included in profit or loss for the year amounts to USD 217 310 (2016: USD nil).

As at 30 June 2017, these options were not exercisable as the vesting period had not lapsed. The share options were not dilutive as at the end of the year as the cumulative performance criteria has not been satisfied.

23.4 Directors' shareholdings

At 30 June 2017, the company Directors held directly and/or indirectly the following number of shares:

	2017	2016
M J Fowler	109 973 843	108 066 827
Z Koudounaris	109 566 827	108 473 843
J P Schonken	1 528 820	1 528 820
G Gwainda	1 035	1 035
	221 070 525	218 070 525

There has been no material change in the company Directors' interests from 30 June 2017 to the date of this report.

Notes to the Financial Statements (continued)

24 Other reserves

	Note	Restructure reserve USD	Foreign currency translation reserve USD	Share based payment reserve USD	Translation reserve of disposal group held for sale USD	Treasury shares USD	Total other reserves USD
Opening balance 30 June 2015		(4 064 912)	(1 964 355)	—	—	—	(6 029 267)
Restructure reserve relating to unbundled operations		650 167	—	—	—	—	650 167
Total other comprehensive income for the year		—	2 341 091	—	—	—	2 341 091
*Translation reserve relating to unbundled operations recycled to profit or loss**	13	—	4 631 967	—	—	—	4 631 967
Exchange differences arising on translation of foreign subsidiaries		—	(2 290 876)	—	—	—	(2 290 876)
Translation reserves transferred to held for sale		—	(238 210)	—	238 210	—	—
Closing balance 30 June 2016		(3 414 745)	138 526	—	238 210	—	(3 038 009)
Transactions with owners in their capacity as owners		622 763	—	—	8 664	905 212	1 536 639
Disposal of Spar Zambia Limited and The River Club		622 763	—	—	8 664	—	631 427
Utilisation of treasury shares		—	—	—	—	946 400	946 400
Transferred from other financial assets	19.1	—	—	—	—	(41 188)	(41 188)
Total other comprehensive income for the year		—	19 091	—	(246 874)	—	(227 783)
*Translation reserve relating to disposed subsidiary recycled to profit or loss**	13	—	—	—	(249 494)	—	(249 494)
Exchange differences arising on the translation of foreign operations		—	19 091	—	2 620	—	21 711
Purchase of treasury shares		—	—	—	—	(1 298 255)	(1 298 255)
Share based payment charge for the year	23.3	—	—	217 310	—	—	217 310
Deferred tax on share based payment for the year	26.2	—	—	(55 957)	—	—	(55 957)
Closing balance 30 June 2017		(2 791 982)	157 617	161 353	—	(393 043)	(2 866 055)

* Arising from the disposal of Spar Zambia Limited and The River Club (2016: Arises from the unbundling of QSR and SRD Operations)

Notes to the Financial Statements (continued)

24 Other reserves (continued)

Nature and purpose of reserves

Restructure reserve

The restructure reserve is used to record restructure transactions.

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 and associates.

Share Based Payment Reserve

The reserve is in respect of equity based transactions. Refer to **note 23.3**.

Treasury Shares

This reserve records Innscor Africa Limited ordinary shares held by the holding company and its subsidiaries. The shares are recorded at the cost at which they were acquired. As at 30 June 2017, the Group held 1 820 477 of its own shares.

	Note	2017 USD	2016 USD
25 Distributable reserves			
Opening balance		168 973 752	217 050 477
Profit for the year		25 717 439	11 067 972
Dividends paid	7.1	(7 275 412)	(4 832 545)
Dividend in specie - Simbisa	14.5	—	(29 468 288)
Dividend in specie - Axia	14.5	—	(27 754 800)
Distribution to owners		(3 803 453)	—
Utilisation of treasury shares		1 053 600	—
Other transactions with owners in their capacity as owners		(793 513)	2 910 936
Closing balance		183 872 413	168 973 752
Retained in:			
Holding company		85 570 937	88 104 256
Subsidiary companies		83 213 085	70 969 656
Associate companies		15 088 391	9 899 840
		183 872 413	168 973 752
25.1 Non-controlling interests			
Opening balance		92 930 342	115 500 983
Profit for the year		8 955 104	15 741 434
Dividends paid	7.2	(6 394 444)	(9 463 532)
Disposal of subsidiaries	14.6	1 371 882	(39 430)
Unbundling of SRD Operations	14.5	—	(20 081 336)
Unbundling of QSR Operations		—	(5 783 384)
Other comprehensive income for the year		4 515	(927 500)
Contributions from non-controlling interests		2 041 256	—
Distributions to non-controlling interests		345 454	—
Other transactions with non-controlling interests		(217 632)	(2 016 893)
Closing balance		99 036 477	92 930 342

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
26 Net deferred tax liabilities			
26.1 Reconciliation			
Opening balance		22 052 127	19 358 863
Charged to profit or loss - continuing operations	12.1	1 897 344	2 102 471
Charged to profit or loss - discontinuing operations	12.1	—	(1 271 088)
Acquisition of subsidiaries	14.4	—	(71 468)
Disposal of Yamiya Trading (Private) Limited	14.6	—	5 736
Unbundling of operations - SRD Operations	14.5	—	(1 864 320)
Arising from discontinuing operations - deferred tax assets	13	—	4 076 179
Arising from discontinuing operations - deferred tax liabilities	13	—	(174 444)
Transferred from assets classified as held for sale		(3 653 279)	—
Exchange movements		—	(109 802)
Closing balance		20 296 192	22 052 127
26.2 Analysis of net deferred tax liabilities			
Accelerated depreciation for tax purposes		21 546 081	23 427 069
Fair value adjustments on biological assets		846 698	846 698
Tax losses - continuing operations		(7 905 502)	(4 408 712)
Tax losses - discontinuing operations		—	(5 110 358)
Unrealised exchange gains		34 920	(22 716)
Prepayments		7 857 754	5 371 692
Allowance for credit losses		(1 980 458)	(1 950 463)
Provision for warranties		(47 344)	(55 301)
Deferred tax on share based payments reserve	24	(55 957)	—
Transfer to disposal group held for sale			
Deferred tax assets	13	—	4 076 179
Deferred tax liabilities		—	(121 961)
		20 296 192	22 052 127
The net deferred tax liabilities are made up as follows:			
Deferred tax assets		(7 905 502)	(4 408 712)
Deferred tax liabilities		28 201 694	26 460 839
		20 296 192	22 052 127

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.

As at 30 June 2017, the Group had an amount of USD 14 187 491 (2016: USD 14 187 491) of unutilised tax losses from two of its subsidiaries, SPAR Harare and SPAR Retail, which will expire in 2021 and 2022.

As at 30 June 2017, the Group had an amount of USD 3 467 044 (2016: USD 3 489 258) of unrecognised tax losses from its subsidiaries.

Management has implemented strategies around restructuring the Group to ensure that all tax losses are utilised. These strategies are expected to generate sufficient profitability to utilise all the accumulated losses before they expire.

Notes to the Financial Statements (continued)

	Rate of interest	Years repayable	2017 USD	2016 USD
27 Interest-bearing borrowings				
27.1 Interest-bearing borrowings				
Long-term financing				
Secured				
Regional Operations	16 - 30%	2018- 2019	—	1 791 640
Zimbabwe Operations	6.5 - 9%	2018 - 2019	11 966 016	3 116 673
Total long-term financing			11 966 016	4 908 313
Discontinuing operations (note 13)			—	(1 791 640)
Total long-term financing - continuing operations			11 966 016	3 116 673
Short-term financing				
Regional Operations	14%	up to 365 days	—	1 769 350
Zimbabwe Operations	3-10%	up to 365 days	37 655 259	41 835 183
Short-term portion of long-term financing			—	2 383 329
Overdraft - Zimbabwe Operations	6.5 - 9%	On demand	32 265 710	14 036 309
Overdraft - Regional Operations	20 - 30%	On demand	—	1 062 494
Total short-term financing			69 920 969	61 086 665
Discontinuing operations (note 13)			—	(1 769 350)
Total short-term financing - continuing operations			69 920 969	59 317 315
Total interest-bearing borrowings - continuing operations			81 886 985	62 433 988

As at 30 June 2017, the Board of Directors had authorised aggregate borrowing limits of USD 152.2 million (2016: USD 141.6 million).

Short term borrowings are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The facilities expire at different dates and are reviewed and renewed when they mature. Certain facilities are secured by a cession of movable assets, receivables and inventory worth USD 13 500 000.

As at 30 June 2017, the Group's undrawn facilities amounted to USD 70.3 million (2016: USD 71.6 million)

Notes to the Financial Statements (continued)

	Note	2017 USD	2016 USD
27 Interest-bearing borrowings (continued)			
27.2 Reconciliation of Opening and Closing carrying amounts			
Interest Bearing Borrowings			
Opening balance		62 433 988	67 608 009
Opening balance classified as held for sale/distribution	13	3 560 990	6 586 294
Drawdowns - continuing and discontinuing operations		29 168 113	67 179 839
Repayments - continuing and discontinuing operations		(9 636 085)	(59 976 006)
Acquisition of subsidiaries	14.4	—	4 419 176
Disposal of subsidiaries	14.6	(3 635 905)	—
Unbundling of SRD operations		—	(18 960 846)
Exchange movements		(4 116)	(861 488)
Discontinuing operations	13	—	(3 560 990)
Closing balance		81 886 985	62 433 988
28 Trade and other payables			
Trade payables		24 452 582	49 222 167
Accruals		10 789 457	9 543 567
Other payables		39 781 938	34 304 897
		75 023 977	93 070 631
Discontinuing operations	13	—	(7 687 920)
Trade and other payables - continuing operations		75 023 977	85 382 711

Trade payables are non-interest bearing and are normally settled within 7 - 90 days.
Other payables are non-interest bearing and have varying settlement terms.

	Note	2017 USD	2016 USD
29 Provisions and other liabilities			
Leave pay provision		2 110 855	2 371 199
Provision for warranty		183 862	214 760
Discontinuing operations	13	—	(132 832)
		2 294 717	2 453 127

Notes to the Financial Statements (continued)

	Note	Provision for leave pay USD	Provision for warranties USD	Total USD
29 Provisions and other liabilities (continued)				
29.1 Reconciliation of provisions and other liabilities				
At 1 July 2015		4 012 020	536 892	4 548 912
Charge for the year		650 563	96 901	747 464
Exchange differences		(30 795)	—	(30 795)
Discontinuing operations	13	(132 832)	—	(132 832)
Unbundling of SRD Operations	14.5	(627 316)	(236 577)	(863 893)
Acquisition of subsidiaries	14.4	1 252 735	—	1 252 735
Disposal of subsidiary	14.6	(5 422)	—	(5 422)
Less paid		(2 880 586)	(182 456)	(3 063 042)
At 30 June 2016		2 238 367	214 760	2 453 127
Charge for the year	14.1	686 041	(30 898)	655 143
Less paid		(813 553)	—	(813 553)
At 30 June 2017		2 110 855	183 862	2 294 717

	Note	2017 USD	2016 USD
30 Current tax liabilities			
Opening balance		491 735	556 550
Opening balance classified as held for distribution		—	135 132
Current tax charged to profit or loss - continuing operations	12.1	5 802 075	6 185 192
Withholding tax charged to profit or loss - continuing operations	12.1	240 769	235 989
Charged to profit or loss - discontinuing operations	12.1	258	6 638 569
Acquisition of subsidiaries	14.4	—	164 682
Disposal of subsidiaries	14.6	118 766	(11 984)
Unbundling of operations	14.5	—	(1 697 138)
Exchange and other non cash movements	14.2	(39 510)	(166 701)
Tax paid - continuing operations and discontinuing operations	14.2	(6 562 720)	(11 548 556)
Closing balance	14.2	51 373	491 735
31 Capital expenditure commitments			
Authorised and contracted		3 436 143	5 611 978
Authorised but not yet contracted		20 859 574	19 267 091
		24 295 717	24 879 069

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

Notes to the Financial Statements (continued)

32 Future lease commitments

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:

	2017 USD	2016 USD
Payable within one year	3 139 132	4 387 914
Payable between two and five years	13 367 320	12 996 574
Payable after five years	4 587 856	3 217 243
	21 094 308	20 601 731

33 Segmental analysis

Management 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 and are in accordance with what has been reported in the consolidated financial statements.

Business Segments
The Group's continuing operating segments comprise those of the Light Manufacturing business and the Group's Head Office Services.

The discontinued and discontinuing segments reports the results of SRD, QSR and Other Businesses.

Significant Customers
The Group does not have any significant customers to which it sells more that 10% of its total revenue.

Continuing Operations

Light Manufacturing
The main operations in this reporting segment are National Foods Holdings Limited, Colcom Holdings Limited, Irvine's Zimbabwe (Private) Limited, Bakeries, Appliance Manufacturing (t/a Capri), Natpak (Private) Limited, Profeeds (Private) Limited and Probrands (Private) Limited.

National Foods Holdings Limited is involved in the milling of flour and maize, the manufacture of stockfeeds 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.

The Group's Bakery operations are based in Zimbabwe, whilst Appliance Manufacturing manufactures and retails household goods and appliances.

Natpak (Private) Limited produces a variety of bags for packaging such as the open mouth bags; general purpose bags; carrier bags and BOPP bags.

Profeeds (Private) Limited is involved in the manufacture of stock feeds and the retail of day old chicks and stockfeeds.

Probrands (Private) Limited is involved in the down-packing and manufacture of a number of grocery products such as rice, dairy, candles and beverages.

Notes to the Financial Statements (continued)

33 Segmental analysis (continued)

Continuing Operations (continued)

Group Head Office Services

This segment reports the Group's shared services function namely treasury, internal audit, legal, company secretarial services and Providence Human Capital. The commodity broking associates of Paperhole (Private) Limited and Afrigrain (Private) Limited are also reported as part of the Group's Head Office Services.

Discontinued Operations

Speciality Retail and Distribution (SRD) - unbundled on 1 April 2016.

This segment consisted of the Distribution Group Africa operations which operate in Zimbabwe, Zambia and Malawi. The businesses are involved in the distribution of FMCG products through agency agreements with multi-nationals and other significant blue chip manufacturers. The services offered include sales, warehousing, distribution, clearing and merchandising.

Also included in the business segment were TV Sales & Home and Transerv. TV Sales & Home is involved in credit retail of household goods and appliances. Transerv is involved in the retail, wholesale and distribution of automotive spares and accessories plus onsite vehicle fitment centres across a countrywide network of stores, fitment centres, a diesel pump room (ADCO) and a Clutch and Brake Specialists (CBS).

These operations were unbundled with effect from 1 April 2016 through a dividend-in-specie to Innscor Africa limited shareholders as disclosed under **note 13**, and listed on the Zimbabwe Stock Exchange as Axia Corporation Limited (AXI.zw).

Quick Service Restaurants (QSR) - unbundled 1 October 2015.

This operating segment comprised the Group's Quick Service Restaurants and franchise operations across the African continent.

These operations were unbundled with effect from 1 October 2015 through a dividend-in-specie to the Innscor Africa Limited shareholders as disclosed under note 13, and listed on the Zimbabwe Stock Exchange as Simbisa Brands Limited (SIM.zw).

Operations disposed of: Other Businesses

This reporting segment consisted of the SPAR Corporate Store Retail operations in Zimbabwe and Zambia and 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.

Also included in the prior year in this segment are tourism associates of Shearwater (Pvt) Ltd and Zambezi Tourism Investments Limited, and a subsidiary company, Atuleo Amanzi Zambia Ltd t/a The River Club.

The Group disposed of its interest in SPAR Corporate Retail Stores and Shearwater Adventures (Pvt) Ltd with effect from 1 January 2016. The Group also closed the SPAR DC operations with effect from 28 February 2016. The Group successfully concluded the disposal of its interest in SPAR Zambia Limited and The River Club during the period under review, with these transactions being effective from 30 November 2016 and 30 June 2017 respectively.

Geographical Segments

The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe (**note 18.2**)

Notes to the Financial Statements (continued)

33 Segmental analysis (continued)

33.1 Business segments

	Light Manufacturing USD	Head Office Services USD	Other Businesses USD	Unbundling/ Inter-segment Adjustments USD	Total Continuing Operations USD	Total Discontinuing Operations USD
Revenue						
30 June 2017	579 192 018	1 111 208	—	—	580 303 226	13 421 385
30 June 2016	586 910 708	—	—	—	586 910 708	249 076 528
Operating profit/(loss) before impairment, depreciation, amortisation and fair value adjustments						
30 June 2017	62 676 980	2 841 644	—	—	65 518 624	(930 019)
30 June 2016	56 194 696	(1 167 945)	—	—	55 026 751	12 036 075
Impairment and derecognition of PPE and intangible assets						
30 June 2017	—	—	—	—	—	—
30 June 2016	1 708 921	—	—	—	1 708 921	1 431 198
Depreciation and amortisation						
30 June 2017	14 666 432	623 000	—	—	15 289 432	273 338
30 June 2016	15 316 068	658 347	—	—	15 974 415	4 163 085
Equity accounted earnings						
30 June 2017	4 067 070	2 156 481	—	—	6 223 551	—
30 June 2016	1 819 407	2 941 353	—	—	4 760 760	172
Profit/(loss) before tax						
30 June 2017	38 086 576	3 542 224	—	—	41 628 800	984 189
30 June 2016	39 334 995	(333 927)	—	—	39 001 068	5 968 184
Segment assets						
30 June 2017	426 842 418	36 913 898	12 042 057	(2 880 848)	472 917 525	—
30 June 2016	397 553 963	34 472 028	—	(2 198 702)	429 827 289	23 233 326
Segment liabilities						
30 June 2017	109 604 596	29 535 402	1 098 484	47 220 264	187 458 746	—
30 June 2016	105 901 613	42 354 682	—	28 966 105	177 222 400	11 556 186

Notes to the Financial Statements (continued)

33 Segmental analysis (continued)

33.1 Business segments (continued)

	Light Manufacturing USD	Head Office Services USD	Other Businesses USD	Unbundling/ Inter-segment Adjustments USD	Total Continuing Operations USD	Total Discontinuing Operations USD
Capital expenditure						
30 June 2017	16 304 834	7 966	—	—	16 312 800	243 523
30 June 2016	16 560 491	38 964	—	—	16 599 455	6 866 327
Cash flow from operating activities						
30 June 2017	10 286 425	6 503 894	—	(229 237)	16 561 082	(294 521)
30 June 2016	37 348 302	4 168 978	—	(3 808 431)	37 708 849	(2318 767)
Investing activities						
30 June 2017	(12 482 523)	3 901 258	—	72 823	(8 508 442)	811 291
30 June 2016	(21 386 008)	(8 529 802)	—	(3 622 500)	(33 538 310)	2 743 372
Financing activities						
30 June 2017	5 145 379	(2 762 270)	—	4 380 690	6 763 799	(1616 625)
30 June 2016	(21 454 133)	15 084 477	—	(7 824 449)	(14 194 105)	3 825 679

33.2 Geographical segments

Group	Revenue USD	Profit before tax USD	Total assets USD	Total liabilities USD
Zimbabwe Continuing Operations				
30 June 2017	580 303 225	41 628 800	460 315 069	179 952 756
30 June 2016	586 910 707	37 405 600	419 366 337	177 117 583
Regional Continuing Operations				
30 June 2017	—	—	12 602 456	6 407 506
30 June 2016	—	1 595 468	10 460 952	104 817

Notes to the Financial Statements (continued)

34 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 pension funds. Contributions are at the rate of 14% of pensionable emoluments after NSSA and members pay 7%.

Catering Industry Pension Fund

This is a defined contribution fund which covers employees in specified occupations of the catering industry. Certain employees within the Innscor Bakeries business are members of this fund. Contributions are at the rate of 10% of pensionable emoluments of which members pay 5% after NSSA.

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% after NSSA.

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. The Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from the employers and employees and limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments of which the maximum monthly pensionable salary is USD 700, resulting in a maximum monthly contribution of USD 49 per employee.

Pension costs recognised as an expense for the year:

	2017 USD	2016 USD
Innscor Africa Limited Pension Fund	1 473 919	1 036 700
Catering Industry Pension Fund	—	96 804
National Foods Pension Fund	835 622	929 376
Colcom Pension Fund	669 896	420 076
National Social Security Authority Scheme	1 466 971	1 761 857
	4 446 408	3 944 813
Discontinuing operations	—	(714 543)
Total Pension costs - continuing operations	4 446 408	3 230 270

Notes to the Financial Statements (continued)

35 Related party transactions

35.1 Trading transactions

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

The table below shows transactions and balances from the perspective of the related party and 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
Shearwater Adventures (Private) Limited						
30 June 2017	—	—	—	—	—	—
30 June 2016	—	—	—	11 357	—	—
Freddy Hirsch Group (Private) Limited						
30 June 2017	1 125 247	89 064	—	—	—	—
30 June 2016	1 160 296	—	—	—	73 515	—
Paperhole Investments (Private) Limited						
30 June 2017	80 297 526	38 818 542	—	(404 354)	1 054 797	2 480 883
30 June 2016	127 236 217	13 846 219	4 980	(12 916)	13 228 148	692 443
Profeeds (Private) Limited						
30 June 2017	536 489	8 773 281	—	2 738	22 606	281 250
30 June 2016	2 595 815	6 370 291	—	—	74 515	351 703
Baobab (Private) Limited						
30 June 2017	—	—	—	—	—	—
30 June 2016	491 902	376 079	—	—	18 154	94 871
Hat On (Private) Limited						
30 June 2017	—	—	—	—	—	—
30 June 2016	148 297	328 060	9 000	81 947	—	3 263 324
Afrigrain Trading Limited						
30 June 2017	101 086 139	—	—	(770 204)	12 018 376	135
30 June 2016	107 099 821	—	—	—	22 844 505	—

Notes to the Financial Statements (continued)

35 Related party transactions (continued)

35.1 Trading transactions (continued)

Name of related party	Sales USD	Purchases USD	Rent received USD	Interest (received)/ paid USD	Trade & other receivables USD	Trade & other payables USD
Bakers Inn Logistics (Private) Limited						
30 June 2017	13 771 627	—	(50 796)	(22 739)	—	1 455 761
30 June 2016	2 268 667	—	—	—	909 581	—
Pure Oil Industries (Private) Limited						
30 June 2017	8 656 755	—	—	866 282	—	—
30 June 2016	12 962 400	—	—	—	194 563	—

	2017 USD	2016 USD
35.2 Compensation of key personnel to the Group		
Short - term employee benefits (**note 10.1**)	8 390 706	11 821 871

35.3 Transactions with Directors

The Group leases properties from various companies in which some of the Directors have either a financial or custodial interest. The leases are undertaken on an arm's length basis. The Group also receives loans at arm's length terms from Directors or entities where Directors have a direct or beneficial interest from time to time. The loans from Director related entities are short-term and interest is below the Group's average borrowing rate which was between 6.5% and 8% as at 30 June 2017.

	2017 USD	2016 USD
Lease payments	—	341 136
Loans from Director related entities (shown under other payables - **note 28**)	3 659 361	4 921 469
35.4 Other Related Party Balances		
Other related party balances as at 30 June 2017 are as follows:		
Amount payable to:		
Innscor Africa Limited Employee Share Trust (Pvt) Ltd	1 138 657	789 891
Amount receivable from:		
Innscor Africa Limited Pension Fund	2 306 702	2 538 535

The amounts shown above are long-term in nature and interest accrues at the Group's average borrowing rate which was between 6.5% and 8% as at 30 June 2017.

Notes to the Financial Statements (continued)

36 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 the Group's Management of these are summarised below:

Interest rate risk

The Group's exposure to the risk of 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.

	2017 USD	2016 USD
Effect on profit before tax:		
Increase of 3%	(710 468)	(469 610)
Decrease of 3%	710 468	469 610

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 imports, 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:

Currency	Liabilities USD Equivalent	Assets USD Equivalent	Net position USD Equivalent
30 June 2017			
South African Rand	(2 966 300)	252 121	(2 714 179)
Great Britain Pound	(109 068)	238	(108 830)
Botswana Pula	(4 741)	—	(4 740)
Euro	(355 998)	—	(355 998)
30 June 2016			
South African Rand	(753 468)	13 614	(739 854)
Botswana Pula	(3 113)	—	(3 113)
Euro	(3 966)	—	(3 966)

Notes to the Financial Statements (continued)

36 Financial risk management objectives and policies (continued)

Foreign currency risk (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.

	Change in rate	Effect on profit before tax USD	Effect on equity USD
30 June 2017			
South African Rand	+10%	(19 392)	(266 136)
	-10%	23 701	325 276
Great Britain Pound	+10%	—	22
	-10%	—	(26)
Botswana Pula	+10%	(24)	(455)
	-10%	29	555
Euro	+10%	(109)	(7 527)
	-10%	(1 203)	25 506
30 June 2016			
South African Rand	+10%	37 720	(30 869)
	-10%	(46 102)	37 728
Great Britain Pound	+10%	(4)	(4)
	-10%	5	5
Botswana Pula	+10%	47	(236)
	-10%	(58)	288
Euro	+10%	15	(346)
	-10%	163	1 611

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 managed within acceptable levels. 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 bank guarantees, holding company guarantees, 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.

Notes to the Financial Statements (continued)

36 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 2017	Note	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities					
Interest-bearing borrowings*		(58 604 830)	(11 619 777)	(12 293 516)	(82 518 123)
Trade and other payables	28	(41 850 255)	(33 173 722)	—	(75 023 977)
Total		(100 455 085)	(44 793 499)	(12 293 516)	(157 542 100)
Assets					
Cash and cash equivalents		30 254 403	—	—	30 254 403
Trade and other receivables excluding prepayments	22	72 684 748	4 331 257	—	77 016 005
Financial assets	19	—	100 266	7 093 139	7 193 405
Total		102 939 151	4 431 523	7 093 139	114 463 813
30 June 2016					
Liabilities					
Interest-bearing borrowings*		(49 322 422)	(11 344 772)	(3 666 673)	(64 333 867)
Trade and other payables	28	(68 554 000)	(16 828 711)	—	(85 382 711)
Total		(117 876 422)	(28 173 483)	(3 666 673)	(149 716 578)
Assets					
Cash and cash equivalents		25 743 731	—	—	25 743 731
Trade and other receivables excluding prepayments	22	38 864 708	7 086 365	—	45 951 073
Financial assets	19	—	3 811 658	215 921	4 027 579
Total		64 608 439	10 898 023	215 921	75 722 383

*The maturity value for interest-bearing borrowings includes future interest.

Equity price risk

The Group is exposed to the movement in the 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.

37 Fair value of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

Notes to the Financial Statements (continued)

38 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 2017 and 30 June 2016. The Group manages capital using gross gearing and net gearing ratios. The Gross gearing ratio is calculated as total borrowings divided by the total of borrowings and total shareholders equity. The net gearing ratio adjusts the borrowings in this formula for cash and cash equivalents.

	2017 USD	2016 USD
Total Borrowings	81 886 985	62 433 988
Total Equity	285 458 779	264 282 029
Total Cash and Cash Equivalents	30 254 403	25 743 731
Gross gearing ratio	22%	19%
Net gearing ratio	15%	12%

39 Translation rates

The table below provides the closing translation rates used to translate the statement of financial position of foreign operations.

	2017 FX: USD 1	2016 FX: USD 1
South African Rand	13.06	14.71
Kenya Shilling *	n/a	100.00
Ghanaian Cedi *	n/a	3.97
Senegalese Franc *	n/a	500.00
Malawian Kwacha *	n/a	1,000.00
Zambian Kwacha	9.17	9.90

*During the financial year and as at 30 June 2017, the Group had no foreign operations translated from these currencies.

40 Contingent liabilities

	2017 USD	2016 USD
Guarantees - continuing and discontinuing operations	97 000 000	68 650 000

The contingent liabilities relate to bank guarantees provided in respect of Innscor related companies as at 30 June 2017.
Of the total guarantees USD 70 000 000 (2016: USD 49 200 000) relates to associate companies.

41 Events after reporting date

41.1 Final Divided Declaration

On the 18th of September 2017, the Board declared a final dividend of 0.90 US cents per share payable in respect of all ordinary shares of the Company. The dividend is payable in respect of the financial year ended 30 June 2017 and will be paid in full to all shareholders of the Company registered at the close of business on the 13th of October 2017. The payment of this dividend will take place on or about the 27th October 2017. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of the 10th of October 2017 and ex-dividend as from the 11th of October 2017.

On the same date, the Board also declared a final dividend totalling USD 220 000 to Innscor Africa Employee Share Trust (Private) Limited.

Company Statement of Financial Position

	Note	Company 2017 USD	Company 2016 USD
ASSETS			
Non-current assets			
property, plant and equipment		99 017	187 306
intangible assets		14 989	33 617
investments		131 763 929	138 298 068
deferred tax asset		3 187 936	3 278 330
		135 065 871	141 797 321
Current assets			
trade and other receivables		16 764 442	17 105 672
cash and cash equivalents		3 723 711	183 913
		20 488 153	17 289 585
Total assets		155 554 024	159 086 906
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	23.2	5 415 934	5 415 934
class "A" ordinary share capital		10	10
other reserves		(190 502)	—
distributable reserves	25	85 570 937	88 104 256
Total equity		90 796 379	93 520 200
Current liabilities			
interest-bearing borrowings		41 658 894	46 867 432
trade and other payables		22 972 455	18 559 240
provisions		126 296	140 034
		64 757 645	65 566 706
Total liabilities		64 757 645	65 566 706
Total equity and liabilities		155 554 024	159 086 906

A B C CHINAKE
Chairman
Harare
28 September 2017

G GWAINDA
Executive Director

		Company 2017 USD	Company 2016 USD
Investments			
Investments in subsidiaries		81 481 448	79 579 217
Amounts due from group companies		43 807 620	49 152 907
Investments in associates		4 797 215	5 654 286
Other		990 146	3 182 970
Property unit trusts		687 500	687 500
Quoted investments		—	41 188
		131 763 929	138 298 068

Glossary of Terms

- **Business Theme** – Subject of business action.
- **Core Option** – represents the essential elements of a sustainability report prepared according to G4 Sustainability Reporting Guidelines.
- **G4** – Fourth Generation of sustainability reporting guidelines developed by GRI.
- **Global Reporting Initiative** – the organisation responsible for developing standards for sustainability reporting.
- **Government** – Government of the Republic of Zimbabwe.
- **GRI** – Global Reporting Initiatives.
- **IFRS** – International Financial Reporting Standards.
- **Inclusivity** – taking into account material concerns of stakeholders.
- **Operations** – strategic business units of Innscor Africa Limited.
- **Proxy** – person appointed to act on behalf of a shareholder or rights holder.
- **Responsiveness** – taking action or response to materials issues raised by stakeholders.
- **SDGs** – United Nations supported Sustainable Development Goals.
- **Shareholder** – a holder of equity in the Company or Group.
- **Stakeholders** – persons whom we can impact or who can impact us.
- **Sustainability Reporting** – the practices of measuring, disclosing and being accountable to internal and external stakeholders for organisation performance while working towards the goal of sustainable development.
- **Sustainability Report** – a report that provides a balanced and reasonable representation of the sustainability performance of the reporting organisation, including both positive and negative contributions.
- **Sustainable Business Practices** – business practices that taken into account environmental and social issues in all processes and decision making of the Company.
- **Sustainable Development** – ability to meet current human need or benefits without compromising the ability of future generations to meet their own need or enjoy same benefits.
- **The Group** – Innscor Africa Limited divisions, subsidiaries and associates.
- **ZIMCODE** – the National Code on Corporate Governance Zimbabwe.

GRI Content Index – 'Core'

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE(S)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
G4 – 1	13	Assured
ORGANISATIONAL PROFILE		
G4-3	Cover	Assured
G4-4	4-5, 8 - 9	Not Assured
G4-5	156	Assured
G4-6	4, 121, 139 - 140	Assured
G4-7	120, 155	Assured
G4-8	4, 139 - 140	Assured
G4-9	4-5, 43, 65, 67	Partial
G4-10	43	Not Assured
G4-11	N/A	Not Assured
G4-12	31, 35	Not Assured
G4-13	6, 139 - 140	Assured
G4-14	N/A	Not Assured
G4-15	Scope, 52	Not Assured
G4-16	52	Not Assured
INDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	110 - 120	Assured
G4-18	32	Partial
G4-19	32	Partial
G4-20	32, 110 - 120	Partial, Assured
G4-21	32	Not Assured
G4-22	N/A	Not Assured
G4-23	N/A	Not Assured
STAKEHOLDER ENGAGEMENT		
G4-24	33 - 34	Not Assured
G4-25	33 - 34	Not Assured
G4-26	33 - 34	Not Assured
G4-27	33 - 34	Not Assured
REPORT PROFILE		
G4-28	Scope, 56 - 57	Assured
G4-29	See Scope	Assured
G4-30	Scope, 56 - 57	Assured
G4-31	See Scope	Assured
G4-32	Scope, 31, 152	Assured
G4-33	31	Assured
GOVERNANCE		
G4-34	18 - 27	Not Assured
ETHICS AND INTEGRITY		
G4-56	18 - 20	Not Assured

GRI Content Index – 'Core'

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS: DMA AND INDICATORS	PAGE(S)	OMMISSION	ASSURANCE	SUSTAINABLE DEVELOPMENT GOAL (SDG)	BUSINESS THEME
ECONOMIC					
Economic Performance					
G4-EC1: Direct Economic Value Generated and distributed	49, 65	N/A	Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Economic Performance
G4-EC3: Coverage of the organisation's defined Contribution plan obligation	49, 143	N/A	Assured	N/A	N/A
G4-EC4: Finance Assistance from Government	N/A	N/A	Not Assured	N/A	N/A
ENVIRONMENTAL					
Materials					
G4-EN1: Materials used by weight or volume	36	N/A	Partial	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Material Efficiency
G4-EN2: Percentage of materials used that are recycled input materials	36	N/A	Partial		
Energy					
G4-EN3: Energy consumption within the organisation	37	N/A	Partial	**Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all	Energy Efficiency
G4-EN4: Energy Consumption outside the organisation	37	N/A	Partial		
Water					
G4-EN8: Water withdrawn by source	37, 39	N/A	Partial	**Goal 6:** Ensure availability and sustainable management of water and sanitation for all	Sustainable Water withdrawals
Biodiversity					
G4-EN12: Impacts on biodiversity areas	39	N/A	Not Assured		

GRI Content Index – 'Core'

SPECIFIC STANDARD DISCLOSURES (continued)

MATERIAL ASPECTS: DMA AND INDICATORS	PAGE(S)	OMMISSION	ASSURANCE	SUSTAINABLE DEVELOPMENT GOAL (SDG)	BUSINESS THEME
ENVIRONMENTAL					
Effluent and Waste					
G4-EN23: Total weight of waste by type and disposal method	36	N/A	Partial	**Goal 6:** Ensure availability and sustainable management of water and sanitation for all	Waste
SOCIAL					
Employment					
G4-LA1: Total number and rates of new employee hires and employee turnover	43	N/A	Not Assured	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employment, Occupational health and safety
G4-LA6: Total injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	43	N/A	Partial		
G4-LA8: Health and Safety Topics covered in formal agreements with Trade Unions	44, 45	N/A	Not Assured		
Training and Education					
G4-LA9: Average hours of training per year per employee	47	N/A	Partial	**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Employee Training and Education
Compliance					
G4-SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N/A	N/A	Not Assured	**Goal 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Compliance with law and regulations

Shareholders' Analysis and Calendar

Size of Shareholding	Number of Shareholders	Shareholders %	Issued Shares	Shares %
1 - 10 000	3 373	84.36	3 634 130	0.67
10 001 - 25 000	159	3.98	2 672 656	0.49
25 001 - 50 000	104	2.60	3 748 917	0.69
50 001 - 100 000	85	2.13	5 893 772	1.09
100 001 - 200 000	85	2.13	12 297 247	2.27
200 001 - 500 000	99	2.48	31 678 140	5.85
500 001 - and over	93	2.32	481 668 578	88.94
	3 998	100.00	541 593 440	100.00
Trade Classification				
Companies	642	16.06	293 651 057	54.21
Insurance Companies	46	1.15	50 979 838	9.41
Investment Companies	71	1.79	1 255 216	0.23
Trust Nominees	120	3.01	79 262 334	14.63
Pension Funds	329	8.23	89 013 781	16.44
Private Individuals	2 699	67.48	9 643 055	1.80
New Non- Residents	91	2.28	17 788 159	3.28
	3 998	100.00	541 593 440	100.00
Top Ten Shareholders				
ZMD Investments (Pvt) Ltd			105 249 222	19.43
HM Barbour (Pvt) Ltd			100 024 000	18.47
Stanbic Nominees (Pvt) Ltd			87 140 824	16.09
Old Mutual Life Assurance Company Zimbabwe Limited			77 109 899	14.24
Standard Chartered Nominees (Pvt) Ltd			40 100 432	7.40
Sarcor Investments (Pvt) Ltd			23 846 458	4.40
Pharaoh Limited			22 484 058	4.15
Mining Industry Pension Fund			12 939 921	2.39
Music Ventures (Pvt) Ltd			8 238 931	1.52
General Electronics (Pvt) Ltd			7 465 382	1.38
Other			56 994 313	10.53
			541 593 440	100.00

Shareholders' Calendar

Twenty-First Annual General Meeting	6 December 2017
Financial Year End	30 June
Interim Reports	
6 months to December 2017	March 2018
12 months to 30 June 2018	September 2018
Annual Report Published	November 2018
Twenty-Second Annual General Meeting	November 2018

Registered Office
Innscor Africa Limited
Edward Building, Corner 1st Street/Nelson Mandela Ave
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 Twenty-First Annual General Meeting of members will be held at the Royal Harare Golf Club, 5th Street extension, Harare, on Wednesday, 6 December 2017 at 08h15, for the purpose of transacting the following business: -

Ordinary Business

1. To receive and consider the financial statements for the financial year ended 30 June 2017 together with the reports of the Directors and Auditors thereon.

2. To re - elect retiring Directors: Mr. Z. Koudounaris and Mr. G. Gwainda who retire by rotation and being eligible offer themselves for re-election.

3. To approve Directors' fees for the financial year ended 30 June 2017.

4. To approve the remuneration of the Auditors for the financial year ended 30 June 2017 and re-appoint Messrs. Ernst & Young of Harare as Auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

5. Approval of Share Buy-back

That members authorise in advance, in terms of section 79 of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that:-

i) the authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
ii) acquisitions shall be of ordinary shares which, in the aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital; and
iii) the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (five per centum) above and 5% (five per centum) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
iv) a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a accumulative basis in the period between annual general meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition; and
v) if during the subsistence of this resolution the Company is unable to declare and pay a cash dividend then this resolution shall be of no force and effect.

Note:-

In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The Directors will only exercise the authority if they believe that to do so would be in the best interests of shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

6. Loans to Executive Directors

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

7. Amendment of the Company's Articles of Association

It is intended to replace Article 141 of the Company's Articles of Association and substitute it with a new Article 141 providing for the electronic mailing of Notices and Circulars to Shareholders of the Company as follows:-

"All notices and documents may be given by the Company to any member either in written format or by electronic means (including through the delivery of readable optical disk data), and such notices and documents may be delivered to members either personally, or by electronic transmission to the last electronic mail address provided by the member to the Company, or by sending it by post to the member at his registered postal address. Additionally, such notices and documents shall be posted on the Company's electronic website. Where a member requests a hard copy of any notice or document that is to be sent by the Company to members in terms of these Articles, then in such case the notice or document shall be provided to the member in hard copy format. Any notice or document posted to the last electronic mail address provided by the member to the Company shall be deemed to have been delivered at the time stated on the electronic delivery report. Where a notice or document is sent by post, service of the notice and / or document shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and / or document to the member's registered postal address, and is deemed to have been delivered seventy - two (72) hours after the letter containing the same is posted. Where the Company does not have an up to date electronic mail address or registered postal address provided by the member to the Company, then in such case delivery of a notice and / or document on such a member shall be deemed to have been delivered to such member twenty – four (24) hours after such notice and / or document was posted by the Company on its electronic website".

Note:-

The purpose of this replacement and substitution of an Article of the Company is to allow for the quick and efficient dissemination of important Notices and Circulars to Shareholders of the Company at a time when delivery of Notices and Circulars by mail has become very slow, unreliable and expensive.

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
14 November 2017

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Light Manufacturer of 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;
Dube, Manikai and Hwacha;
Kantor and Immerman

Principal Bankers
Barclays Bank of Zimbabwe Limited
CABS
CBZ Bank Limited
MBCA
Standard Chartered Bank Zimbabwe Limited
Stanbic Bank Zimbabwe

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

Sustainability Advisors
Institute for Sustainability Africa
22 Walter Hill Avenue
Eastlea
Harare, Zimbabwe
Email: admin@insafrica.org

Notes