



AFRICAN DISTILLERS  
LIMITED

# Annual Report 2014



## **VISION**

To be the most dynamic and preferred manufacturer and marketer of quality branded beverages for every occasion in Zimbabwe.

## **MISSION**

To sustainably grow the profitability and value of our business by providing branded quality beverages for our consumers.



	<b>Page</b>
Company profile	2
Financial highlights	4
Chairman's statement	5
Review of operations	7
Directors' report	12
Corporate governance	14
Directors' responsibility statement	15
Report of the independent auditors	17
Statement of profit or loss and other comprehensive income	18
Statement of financial position	19
Statement of cash flows	20
Statement of changes in shareholders' equity	21
Notes to the financial statements	22
Directorate	43
Shareholders' analysis	44
Corporate information and shareholders' calendar	45
Notice to shareholders and proxies	46



### **Core Business**

The core business of African Distillers Limited is the manufacture, distribution and marketing of branded wines and spirits for the Zimbabwean market and for export.

### **Historical Profile**

In April 1944, P. J. Joubert Limited was registered in Bulawayo. In 1946, this Company changed its name to African Distillers (Rhodesia) Limited. Initially, its activities were centred around the sale and distribution of imported spirits, liqueurs and wines. During the same year a distillery was acquired in Mutare, and the local production of a range of spirits commenced. In 1951 African Distillers became a public quoted Company. In 1974, the Company moved to its present headquarters at Stapleford, a complex just outside Harare which houses production, warehousing and distribution facilities.

The Company has five depots in Bulawayo, Harare, Kwekwe, Masvingo and Mutare which ensure a first-class distribution service. These outlets are supplemented by Customer Collection Depots countrywide.



Our people are our greatest strength

- Our people are crucial to the achievement of our business goals.
- We provide a great place to work where each and every one of our people is inspired to be the best they can be.
- We believe that our organisation is stronger for having people of diverse backgrounds, traits and paradigms.
- We interact with each other and with all our stakeholders with trust, mutual respect and integrity.
- We value human life above all else and manage risks accordingly

We believe in the power of working in teams.

- Our success is team-driven.
- We believe in sharing knowledge and knowhow throughout our organisation.
- We work in teams that demonstrate discipline, commitment and dedication.
- We encourage everyone to participate and collaborate with each other.
- We act with a sense of ownership and strive for excellence.

We hold ourselves accountable for the commitments we make as individuals and as teams.

- We ensure that all employees' roles are clearly defined and that all deliverables are accounted for.
- We ensure that our mission, goals and objectives are aligned and clearly articulated.
- We value performance management as the way to effectively drive individual and business performance.
- We balance short and long term results.
- We conduct ourselves with passion and seriousness of purpose in our pursuit of our goals.

We value openness and frankness in all our communications with each other.

- We encourage our people to express different views and opinions.
- We communicate with openness and frankness with each other.

- We communicate sincere feedback to each other without offensive intent.
- Honesty and integrity are characteristic of all our communications and social interactions.
- We keep our promises.

We foster an entrepreneurial spirit to enhance continuous improvement and innovation in all our work.

- We are a learning organisation that believes in life-long-learning.
- We anticipate and respond to changing customer, consumer, employee and community needs.
- We demand, recognise and reward excellence.
- We invest in our people, empower them and realise the potential of everyone through appropriate training and development.

We care for our customers, consumers and communities.

- Our success is founded on an intimate understanding of our customers, consumers and communities.
- We believe that we succeed only when we exceed the expectations of our consumers.
- We strive to refresh our consumers, reward our stakeholders and enhance the lives of our local communities.
- We have a passion for responsibly serving our customers with excellence.

We are responsible corporate citizens.

- We avoid conflicts of interest but will declare situations where they may occur.
- We endeavour to ensure the use of safe and reliable materials and services in all our processes.
- We are committed to and encourage responsible marketing and consumption of alcoholic beverages.
- We comply with the laws of the countries in which we do business.
- We are an equal opportunity employer.
- We endeavour to make a positive difference to our communities.
- We commit to respect our environment - we subscribe to the principle of sustainable development.

SUMMARY	2014	2013	2012	2011	2010
	USD	USD	USD	USD	USD
Revenue	23 952 028	22 091 417	19 547 604	15 030 013	12 050 383
Operating income	2 996 504	1 660 912	1 163 444	230 686	(2 415 516)
EBITDA	3 342 513	1 763 347	2 069 175	(291 118)	(2 154 110)
Profit/(loss) before taxation	2 802 851	1 213 127	1 665 795	(972 171)	(2 464 040)
Profit/(loss) attributable to shareholders	2 077 531	808 767	1 143 683	(932 200)	(1 536 798)
Headline earnings/(loss)	2 137 037	795 176	1 151 865	(832 510)	(1 484 892)
Interest bearing debt	-	2 882 523	1 431 620	899 999	543 424
Net cash on hand	448 589	(2 793 698)	(1 355 256)	(711 539)	207 575
Total Assets	19 501 397	13 930 330	11 648 554	11 915 879	11 568 192
<b>SHARE PERFORMANCE</b>					
Number of ordinary shares in issue (millions)	111	95	95	95	95
Market capitalisation	33 406 507	31 417 275	10 472 425	13 328 541	13 545 174
Number of ordinary share holders	786	827	813	862	890
Middle market price (cents)	30	33	11	14	14
Attributable earnings/(loss) per share (cents)	2.01	0.85	1.20	(0.98)	(1.62)
Headline earnings/(loss) per share (cents)	2.07	0.90	1.21	(0.88)	(1.56)
Diluted earnings/(loss) per share (cents)	1.96	0.83	1.20	(0.98)	(1.62)
Dividend per share (cents)	0.45	-	-	-	-
Net Asset Value per share (cents)	11.73	6.25	5.31	4.04	5.03
<b>FINANCIAL STATISTICS</b>					
Return on shareholders' equity (%)	16	14	23	(24)	(32)
Dividend cover (times)	4.16	-	-	-	-



I am pleased to present my report for the year ended 30 June 2014.

### Introduction

The Company's financial results are very pleasing, spurred by volume growth, cost management and improved productivity. This strong performance has been achieved in a very difficult trading environment characterised by a slow-down in consumer spending and tight liquidity conditions. The company continues on a path to sustainable growth as it asserts itself in the market as the leader in the fine spirits, ciders and wines segment. The product portfolio has been expanded with the addition of ready to drink offerings such as the recently launched Esprit.

### Operations review

The year's volumes at 6,1 million litres grew 10% on prior year. Local product portfolio contributed 71%, up from 58% last year. Growth was driven by firm demand for brown spirits in the second half of the year.

### Financial Performance

Turnover for the year amounted to \$35 million which is 18% above prior year. This is on a volume growth of 10%. Earnings before interest and tax grew by 80% to \$3 million. Gross margin improved to 47%. This is a result of a favourable product mix dominated by a significant increase in brown spirits volume. EBIT margin improved from 7% last year to 13%, indicating strong retention of value created. Net finance costs were 30% below last year due to improved cash holdings during the latter half of the year. Earnings per share grew to 2.01 cents from 0.85 cents.

Recapitalisation of the Company through a rights issue was successfully undertaken in January 2014, and an additional 15 451 174 shares were issued at a price of \$0.3236. The funds raised are for a project to localise the production of ciders. Production is expected to commence in September this year.

### Dividend

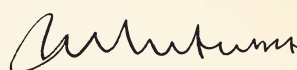
The Board has recommended a dividend of 0.45 cents per share.

### Outlook

Trading conditions are expected to be difficult however the company will continue to focus on volume and revenue growth whilst containing costs and improving efficiencies in order to continue creating value for the shareholders. It is pleasing to note that the dividend of 0.45 cents will be funded from existing operations and the company looks forward to generate more revenue from the new investment.

### Appreciation

The Board pays tribute to the company's management and employees for their effort and commitment and producing an excellent result in face of a tough trading environment.



**J. S. Mutizwa**  
**CHAIRMAN**

21 August 2014





Our brands are our passion.





[ Our long term  
success depends on  
our ability to continuously  
build and develop brands to  
meet everchanging  
consumer needs. ]

Performance for the year under review was achieved in a difficult environment characterised by declining disposable incomes exerting immense pressure on aggregate demand. Despite the tough market conditions that prevailed, the company's performance was commendable with total sales volumes growing by 10% to 6.1 million litres.

The competitive environment was dictated by issues of product affordability and typically, price remained a major consideration in consumers' purchasing decisions ahead of brand loyalty. This was more evident on the mainstream and value product segments. The premium brands benefited from their very strong positions in the market and remained significant contributors to the overall business performance.

Product innovation became a key strategic priority for growth during the period under review as two products were successfully introduced to the market namely Esprit and Savanna Dark. Esprit, a new Spirit Cooler range of products, was launched in September 2013 to a positive marketplace acceptance, while Savannah Dark, another cider brand extension offering continues to grow since its introduction.



## Spirits Business

The Spirits business anchored the company's performance as total volumes grew by 26% on prior year, contributing 62% to total volumes. Brown spirits at a growth rate of 49% to prior year more than compensated for the 5% decline in white spirits, whose volume performance was under pressure from affordable low margin competing products. The white spirits segment has increasingly become prone to new entrants as it becomes highly commoditised. The business will strengthen fortification of its key Brown spirit brands while crafting margin enhancing and growth strategies to combat the battle for market share in the white spirits segment.



Whisky | Brandy | Amarula | Rum | Bitters



Vodka | Gin | Cane

Exciting times lie  
ahead as local  
production of  
Ciders is awaited.



### Ciders and Spirit Coolers (Ready To Drink) Business

Overall volumes declined by 10% largely due to a 29% decline in Cider volumes following a 25% increase in consumer prices in response to the escalation of surtax and duties on these products. The Spirit cooler product portfolio was expanded with the introduction of the exciting Esprit, a fruit flavoured product. Further growth opportunities will be investigated in this segment targeting new entrants into the alcoholic beverage market.

Exciting times lie ahead as local production of Ciders is awaited. A rights issue was undertaken raising a total of \$5 million dollars required to fund the new plant which will enable local production of the flagship cider brands, Hunters and Savanna. The plant is expected to be fully operational during the second quarter of F15.



Spirit Coolers



Ciders



## Wines Business

Volumes declined by 6% on prior year as the overall economic conditions deteriorated. In addition, this sector witnessed proliferation of new imported wine brands as the nation turns to trading. It is pleasing to note that Still wines grew by 3% and contributed 68% of the total wine business. Focus will be on growing volumes through wider distribution of these products and exploiting the on-consumption outlets as depicted by restaurants. The local Green valley brand will witness a 'facelift' in the form of a label and pack upgrade during the new trading year.

On trade activities targeted at product trial as well as improved merchandising techniques will assist volume performance in the outlook period.



Still Wines



Fortified Wine | Sparkling Wine | Sparkling Juice



The Directors present their sixty fourth annual report to shareholders together with the audited financial statements for the year ended 30 June 2014.

## FINANCIAL RESULTS

	30 June 2014 USD	30 June 2013 USD
Operating income	2 996 504	1 660 912
Reorganisation costs	-	(265 373)
Interest expenditure	(198 834)	(286 541)
Exchange gains	5 181	104 129
Profit before taxation	2 802 851	1 213 127
Taxation expense	(725 320)	(404 360)
Profit for the year	2 077 531	808 767
Other comprehensive income	-	-
Total comprehensive income for the year	2 077 531	808 767

## FINANCIAL HIGHLIGHTS

### Statement of Financial Position Ratios (:1)

Current ratio	2.34	1.23
Acid test ratio	1.22	0.60
Interest bearing debt to shareholders' equity (%)	-	48.42

### Share Performance:

Ordinary shares in issue	111 355 024	95 203 850
Middle market price (cents)	30	33
Market capitalisation (USD)	33 406 507	31 417 275
ZSE industrial index	186.56	211.19

### Dividends

A dividend of 0.45 cents per share has been proposed for the year ended 30 June 2014.

## SHARE CAPITAL

### Authorised

At 30 June 2014, the authorised share capital of the Company was increased to 150 000 000 (2013:100 000 000) ordinary shares of US\$0.01.

### Issued and fully paid up shares

The issued share capital at 30 June 2014 is 111 355 024 ordinary shares (2013: 95 203 850 shares).

### Options

In terms of an Employees' Share Option Scheme, options outstanding at 30 June 2014 were 3 951 000 (2013 – 4 651 000). There are nil (2013 – nil) unallocated options at year end.

## RESERVES

The movements in the reserves of the Company are shown in the Statement of Changes in Shareholders' Equity.

## PROPERTY, PLANT AND EQUIPMENT

Capital expenditure for the year ended 30 June 2014 was \$1 756 568 (2013 – \$445 235), while receipts from disposal of property, plant and equipment were \$173 481 (2013 – \$5 645).

### Borrowing Powers

The details of the Company's borrowing powers appear in Note 21 to the financial statements.

### Directors and their interests

In terms of Article 99 of the Company's Articles of Association, Messrs S W Klopper, R. H. M. Maunsell, S. V. Rushwaya and M. Valela retire from the Board by rotation but, being eligible, offer themselves for re-election.

At 30 June 2014, the Directors held, directly and indirectly, 6 012 582 (2013: 4 871 396) shares being 5.40% (2013: 5.11%) of the issued share capital of the Company. This holding is detailed in Note 13.4 of the financial statements. No change in the interest of Directors has taken place between the financial year-end and the date of this report.

### Board Committee Meetings Attendance

Details of attendance by the Directors at Board and Committee meetings during the financial year ended 30 June 2014 are set out below:

Name of Director	Main Board		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
J S Mutizwa	4	4			2	2
M J Hollingworth	4	4				
C Gombera	4	4	2	2	2	2
A Chitapi	4	4				
C Guyo	4	4				
S W Klopper	3	4				
R H Maunsell	4	4	2	2		
M Ndachena	4	4	2	2		
S V Rushwaya	4	4	2	2	2	2
G J Schooling	2	4	1	2	1	2
M Valela	4	4	1	2	2	2

### DIRECTORS' EMOLUMENTS

Members will be asked to confirm the Directors' fees of \$80 650 (2013 - \$63 405) for the year ended 30 June 2014, and to approve the recommendations of the remuneration committee for the fees for the year ending 30 June 2015.

### AUDITORS

Members will be asked to re-appoint Messrs Deloitte & Touche as auditors of the Company for the ensuing year and to fix their remuneration, excluding value added tax, of \$77 600 (2013 - \$74 000) for the financial year ended 30 June 2014.

### ANNUAL GENERAL MEETING

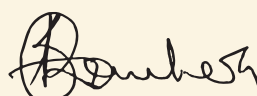
The sixty fourth Annual General Meeting of the Company will be held at 11am on Wednesday 05 November 2014, at the registered office of the Company.

By Order of the Board



**J. S. Mutizwa**  
Chairman

21 August 2014  
Harare



**C. Gombera**  
Managing Director

African Distillers Limited follows the principles and general guidelines set out by the King Reports on Corporate Governance. The Company also complies with the Zimbabwe Stock Exchange requirements and other regulatory authorities.

#### Afdis Code

African Distillers Limited personnel are committed to a long-published code of ethics. This incorporates the Company's operating, financial and behavioural policies in a set of integrated values, which include the ethical standards required of members of the Afdis family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place covering the regulation and reporting of transactions in securities of the Company by directors and officers.

#### Directorate

The Board of Directors comprises seven non executive directors and four executive directors who meet at least quarterly. These directors are subject to retirement by rotation and re-election by Shareholders at least once every three years in accordance with the Company's Articles of Association. Appointments of new directors, approved by the Board are subject to ratification by shareholders. The Board is chaired by a non executive director.

#### Directors' Interests

As provided by the Companies Act (Chapter 24:03) and the Company's Articles of Association, the Directors are bound to declare during the year, in writing, whether they have material interests in any contracts of significance with the Company which could give rise to conflict of interest. No such conflicts were reported this year.

#### Audit Committee

##### R. H. M. Maunsell – Chairman

The Audit Committee comprises four non executive directors and the Managing Director. A non executive director chairs the committee which meets twice a year. External auditors review accounting, auditing, financial reporting, internal control and risk management issues. The external auditors are appointed each year based on recommendations of the Audit Committee. An internal audit function is also in place.

#### Remuneration Committee

##### J. S. Mutizwa - Chairman

The Remuneration Committee is chaired by a non executive director. The Committee is responsible for reviewing the organisational structure in line with the strategy and make recommendations to the Board. It also recommends the remuneration of executive directors and senior executives.

#### Risk Management

The risk management process at African Distillers Limited involves the identification, assessment and prioritisation of risk that may impact the achievement of strategic business objectives. The environment in which the Company operates is subject to change and regular assessment of risk is necessary.

The Board, through the Audit Committee is ultimately responsible for maintaining risk management strategies for the Company and monitoring performance through regular assessment. The Board Audit Committee meets twice a year to consider issues relating to financial and accounting controls as well as risk management.



### To the Members of African Distillers Limited:

The Directors of the Company are responsible for the preparation and integrity of the annual financial statements and the related financial information included in this report. The Company's external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 17. The external auditors are responsible for independently auditing and reporting on these financial statements in conformity with international standards.

The Company's Directors are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit and cash flows for the period. In preparing the accompanying financial statements, International Financial Reporting Standards (IFRS) have been followed, suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the Company accounting philosophy.

The Directors have reviewed the Company's budget and cash flow forecast for the year to 30 June 2015. On the basis of this review and in the light of the current financial position and existing borrowing facilities, the Directors are satisfied that, notwithstanding the uncertainty resulting from recent economic policy decisions, African Distillers Limited is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Company's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Company's internal financial control process.

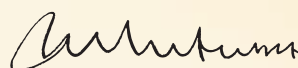
The Board and management are responsible for the Company's systems of internal control and, in order to comply with these responsibilities, management is required to maintain accurate accounting records and to ensure that adequate systems of internal control are in place. The control systems include accounting and control policies and procedures, defined lines of accountability and delegation of authority and comprehensive financial reporting and analysis. These systems are designed to provide reasonable but not absolute assurance, as to the integrity and reliability of the financial information and also to safeguard, verify and maintain accountability of its assets. They are also designed to minimise fraud and loss. The responsibility for operating the systems is delegated to the Executive Directors who confirm they have reviewed their effectiveness.

The Directors have satisfied themselves that these systems and procedures have been implemented, maintained and monitored by appropriately trained personnel with suitable segregation of authority, duties and reporting lines. The senior executives have signed a representation letter on this compliance. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these internal controls, procedures and systems has occurred during the period under review.

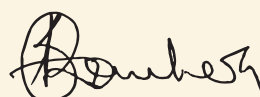
The Company's external auditors have reviewed and tested appropriate aspects of internal financial control systems during the course of their statutory examinations of the Company.

The Company's Audit Committee has met the external auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas and no breakdowns involving material loss have been reported to the Directors in respect of the year under review.

These annual financial statements for the year ended 30 June 2014 which appear on pages 18 to 42 have been approved by the Board of Directors on 21 August 2014 and signed on their behalf by:



**J. S. Mutizwa**  
Chairman



**C. Gombera**  
Managing Director

21 August 2014  
Harare



# ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2014

[ Our long term

success depends on

our ability to continuously

build and develop brands to

meet everchanging

consumer needs. ]



### Report on the financial statements

We have audited the accompanying financial statements of African Distillers Limited as set out on pages 18 to 42, which comprise the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

### Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ( IFRS ) and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of African Distillers Limited as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Report on other legal and regulatory requirements

In our opinion, the financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

*Deloitte & Touche*

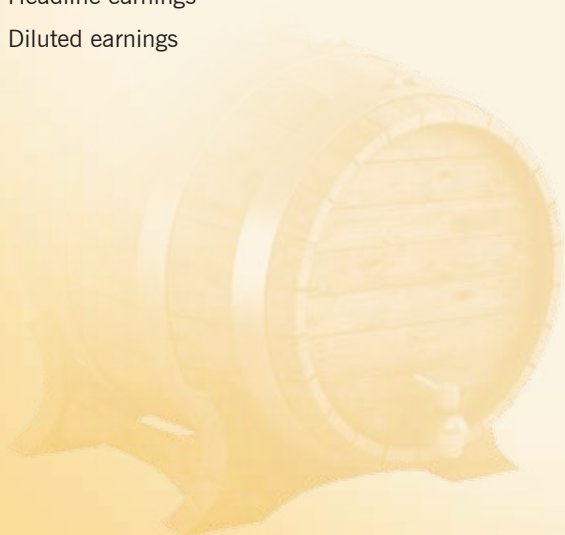
**Deloitte & Touche**  
**Chartered Accountants**  
**(Zimbabwe)**

21 August 2014



STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
For the year ended 30 June 2014

	Notes	2014 USD	2013 USD
Revenue	5	23 952 028	22 091 417
Cost of sales		(12 645 307)	(12 435 958)
Gross profit		11 306 721	9 655 459
Other income		38 294	67 643
Distribution costs		(739 866)	(707 479)
Administrative expenses		(1 168 604)	(1 232 512)
Other operating expenses		(6 440 041)	(6 122 199)
<b>Operating income</b>	<b>6</b>	<b>2 996 504</b>	<b>1 660 912</b>
Reorganisation costs		-	(265 373)
Interest expenditure		(198 834)	(286 541)
Exchange gains		5 181	104 129
Profit before taxation		2 802 851	1 213 127
Taxation expense	7	(725 320)	(404 360)
Profit for the year		2 077 531	808 767
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2 077 531</b>	<b>808 767</b>
<b>Weighted average number of shares in issue (millions)</b>		<b>103</b>	<b>95</b>
<b>Earnings per share (Cents):</b>			
Attributable earnings	8.1.2	2.01	0.85
Headline earnings	8.2.2	2.07	0.90
Diluted earnings	8.3.3	1.96	0.83

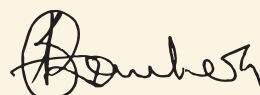


	Notes	2014 USD	2013 USD
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	5 735 381	4 557 805
Long term loans	10	443 833	574 901
		6 179 214	5 132 706
<b>Current Assets</b>			
Inventories	11	6 405 745	4 457 967
Trade and other receivables	12	6 467 849	4 250 832
Bank balances and cash		448 589	88 825
		13 322 183	8 797 624
<b>Total Assets</b>		19 501 397	13 930 330
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	13	1 113 550	952 039
Share premium		4 787 101	-
Share option reserve		212 708	156 268
Non-distributable reserves		5 361 409	5 361 409
Accumulated profit/(loss)		1 589 227	(516 548)
		13 063 995	5 953 168
<b>Non-Current Liabilities</b>			
Deferred taxation	14	740 438	898 473
<b>Current Liabilities</b>			
Overdrafts	15	-	1 832 702
Bank borrowings	16	-	1 049 821
Trade and other payables	17	5 576 171	4 075 785
Current tax liability		120 793	120 381
Total Current Liabilities		5 696 964	7 078 689
<b>Total Liabilities</b>		6 437 402	7 977 162
<b>Total Equity and Liabilities</b>		19 501 397	13 930 330



**J. S. Mutizwa**  
Chairman

21 August 2014



**C. Gombera**  
Managing Director

	Notes	2014 USD	2013 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating income before finance costs and taxation	18.1	2 996 702	1 468 235
Adjustments for non-cash items	18.2	495 182	503 179
Cash generated from operations after non-cash items		3 491 884	1 971 414
Changes in working capital	18.3	(553 867)	(2 128 521)
Cash generated from/(used in) operations		2 938 017	(157 107)
Interest expense paid		(198 834)	(286 541)
Income tax paid	18.4	(882 943)	(394 742)
<b>Net Cash In/(Out)flow from Operating Activities</b>		<b>1 856 240</b>	<b>(838 390)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment	18.5	(1 583 091)	(439 590)
Capital prepayments		(2 110 542)	-
Decrease/(Increase) in long term loans		131 068	(160 462)
<b>Net Cash Outflow from Investing Activities</b>		<b>(3 562 565)</b>	<b>(600 052)</b>
<b>Net Cash Outflow from Investing and Operating Activities</b>		<b>(1 706 325)</b>	<b>(1 438 442)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Decrease)/Increase in short term borrowings		(2 882 523)	1 450 903
Increase in shareholder funding	18.6	4 948 612	-
<b>Net Cash Inflow from financing Activities</b>		<b>2 066 089</b>	<b>1 450 903</b>
<b>Net Movement in Cash and Cash Equivalents</b>		<b>359 764</b>	<b>12 461</b>
<b>Cash and Cash Equivalents at the Beginning of Year</b>		<b>88 825</b>	<b>76 364</b>
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>448 589</b>	<b>88 825</b>
<b>Comprising:-</b>			
Bank balances and cash		448 589	88 825

STATEMENT OF CHANGES  
IN SHAREHOLDERS' EQUITY  
For the year ended 30 June 2014

	Share Capital USD	Share Premium USD	Share Option Reserve USD	Non- Distributable Reserve USD	Accumulated (Loss) /Profit USD	Total USD
<b>Balance at 30 June 2012</b>	<b>952 039</b>	<b>-</b>	<b>62 548</b>	<b>5 361 409</b>	<b>(1 325 315)</b>	<b>5 050 681</b>
Recognition of share based payment expense	-	-	93 720	-	-	93 720
Total comprehensive income for the year	-	-	-	-	808 767	808 767
<b>Balance at 30 June 2013</b>	<b>952 039</b>	<b>-</b>	<b>156 268</b>	<b>5 361 409</b>	<b>(516 548)</b>	<b>5 953 168</b>
Recognition of share based payment expense	-	-	84 684	-	-	84 684
Issue of shares under employees share option plan	7 000	84 000	-	-	-	91 000
Transfer from share option reserve	-	-	(28 244)	-	28 244	-
Issue of shares to shareholders	154 511	4 845 488	-	-	-	4 999 999
Rights issue expenses	-	(142 387)	-	-	-	(142 387)
Total comprehensive income for the year	-	-	-	-	2 077 531	2 077 531
<b>Balance at 30 June 2014</b>	<b>1 113 550</b>	<b>4 787 101</b>	<b>212 708</b>	<b>5 361 409</b>	<b>1 589 227</b>	<b>13 063 995</b>





## 1. NATURE OF BUSINESS

The main business of the Company is the manufacture, importation and wholesale distribution of spirits and wines. The Company is incorporated in Zimbabwe and is a subsidiary of Afdis Holdings (Private) Limited, a company which is also incorporated in Zimbabwe.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 2.1 New and revised IFRS with no material effect on current reporting

In the current year, the Company adopted the following new and revised IFRS and annual improvements to IFRSs with no significant impact on the operating results or financial position.

- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Amendments in terms of Government loans with a below market interest when transitioning to IFRS.
- IFRS 7 – Financial Instruments: Disclosures- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IFRS 10 – Consolidated Financial Statements: The standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements.
- IFRS 11 – Joint Arrangements: The standard replaces IAS 31 and establishes principles for financial reporting by entities that have an interest in joint arrangements.
- IFRS 12 – Disclosure of Interests in Other Entities: The standard deals with the disclosure requirements regarding an entity's interests in subsidiaries, joint arrangements, investment in associates or other unconsolidated structured entities.
- IFRS 13 – Fair Value Measurement: The standard provides a single framework, within which fair value is defined, provides guidelines on how to measure the fair value and also provides guidelines on the required disclosures.
- IAS 19 – Employee Benefits: The amendment deals with various aspects ranging from modification of accounting for termination benefits to enhanced disclosures about defined benefit plans.
- IAS 28 – Investments in Associates and Joint Ventures: The revised standard prescribes the accounting for investment in associates, and also sets out the requirements for the equity method when accounting for investments in associate and joint ventures.
- IAS 27 – Separate Financial Statements: The revised standard deals with the accounting and disclosure of an entity's interest in subsidiaries, joint ventures and associates in the entity's separate financial statements.



## 2.2 New and revised IFRS in issue, but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective nor applied by the Company:

- IFRS 7 – Financial Instruments: Disclosures-Amendments requiring disclosures about the initial application of IFRS 9 (effective for annual financial statements for periods beginning on or after 1 January 2015).
- IFRS 9 – Financial Instruments – applicable to annual periods beginning on or after 1 January 2015.
- Revised IAS 32-Financial Instruments: Presentation- Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual financial statements for periods beginning on or after 1 January 2014)
- IFRS 10 – Consolidated Financial Statements: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 – Disclosures of Interests in Other Entities: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 19 – Employee Benefits: Amendments clarifying the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective for annual periods beginning on or after 1 January 2014).
- IAS 27 – Separate Financial Statements: Amendments that relate specifically to investment entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 – Financial Instruments: Presentation: Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014).
- IAS 36 – Impairment of Assets: Amendments arising from recoverable amount disclosures to non-financial assets (effective for annual periods beginning on or after 1 January 2014).
- IAS 39 – Financial Instruments: Recognition and Disclosure: Amendments to novations of derivatives (effective for annual periods beginning on or after 1 January 2014).
- IAS 39 – Financial Instruments: Recognition and Disclosures: Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the ‘own use’ scope exception (effective when IFRS 9 is applied).
- IFRIC 21 – Levies: Provides guidance on when to recognise a liability for a levy imposed by a government (effective for annual periods beginning on or after 1 January 2014).

The Directors have not quantified the impact that the adoption of these standards and interpretations in future periods will have on the Financial Statements of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of Compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Boards (IASB). The financial statements have been prepared in compliance with Zimbabwe Companies Act (Chapter 24:03) and the relevant statutory instruments (SI33/99) and SI62/96).

#### 3.2 Basis of Preparation

The financial statements of the Company are prepared under the historical cost convention, except for the fair valuation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

#### 3.3 Property, Plant and Equipment

These are stated at their cost less related accumulated depreciation and accumulated impairment losses. The estimated useful lives, residual values, and depreciation method are reassessed each year, with the effect of any changes in estimate accounted for on a prospective basis.

Computer hardware is stated at cost less accumulated depreciation. Software up-grades are written off in the year of purchase.

Depreciation is not provided on freehold land, or capital work in progress. It is provided on other property, plant and equipment as is deemed appropriate, so as to reduce carrying amounts to their residual values over their estimated useful lives as stated below.

Asset Category	Method	Estimated Useful Lives
Buildings	Straight line	40 years
Plant & Machinery	Straight line	2 – 20 years
Motor Vehicles	Straight line	3 – 40 years
Office Equipment	Straight line	3 – 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.4 Inventories

Inventories are valued at the lower of cost and net realisable value, allowance being made for obsolescence and deterioration. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost is determined on the following basis:

#### Raw materials

Maturing wines, spirits and finished goods

#### Weighted average cost

Weighted average cost. Where applicable, an appropriate share of overhead expenses is included. Out of bond inventories also include excise and customs duties.

### 3.5 Share Based Payments

The Company issues share options to certain employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value is calculated using the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations. The value transferred to the share options reserve is amortised to retained earnings as the related share options are exercised or forfeited.

### 3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 3.6.1 Current Taxation

Current income taxation charge is determined by applying the current rate of income taxation to income for the year, after taking into account allowances on capital expenditure, income that is not subject to taxation, disallowable expenditure and losses brought forward from prior years. Capital gains tax is determined on the profit arising on the sale of specified assets at the current rate of capital gains tax.



### 3.6.2 Deferred Taxation

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### 3.6.3 Current and Deferred Taxation for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 3.7 Foreign Currency Transactions and Balances

These Financial Statements are presented in United States Dollars (USD), which is also the functional currency of the Company. Transactions in other foreign currencies are translated to USD at the rate of exchange prevailing at dates of transactions. Exchange gains or losses on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur (therefore forming part of the net investment in the foreign operation,) which are recognised initially in other comprehensive income and reclassified from equity to profit or loss repayment of the monetary items.

Assets and liabilities in other foreign currencies are translated to USD at the official rates ruling at reporting date.



### 3.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if 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.

#### Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### 3.9 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business, net of discounts, value added tax and excise and customs duties. Sales of goods are recognised when goods are delivered and title has passed.

Revenue relating to barter transactions is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### 3.10 Retirement Benefit Costs

The Company operates a defined contribution plan for all eligible employees. The scheme is funded by payments from employees and by the Company, and the assets are held in various funds which are independently administered. The Company's contributions are charged to profit or loss in the year to which they relate. The Company also participates in the National Social Security Authority (NSSA) scheme. Payments made to NSSA are dealt with as payments to defined contribution plans, where the Company's obligations under the plans are

equivalent to those arising in a defined contribution retirement benefit plan.

### 3.11 Borrowing Costs

Borrowing costs which relate to funds raised specifically for the acquisition of property, plant and equipment are capitalised until such time as the assets are substantially ready for intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying asset, is deducted from the borrowing costs eligible for capitalisation.

### 3.12 Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing 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 the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

### 3.13 Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

### 3.13.1 Financial Assets

Financial assets of the Company are classified as “loans and receivables” as they do not fall into the other financial asset categories as defined under IAS 39 “Financial Assets: Recognition and Measurement”.

### 3.13.2 Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

### 3.13.3 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired if there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

### 3.13.4 Derecognition of Financial Assets

The Company derecognises financial assets only when the contractual rights to the cash flows from the assets expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### 3.13.5 Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

### 3.13.6 Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### Derivative Financial Instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, namely forward exchange contracts.

Derivatives are initially recognised at fair value at the date the derivatives contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of profit or loss depends on the nature of the hedge relationship.

### 3.13.7 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of any entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of

the revision and future periods, if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date.

#### **Useful Lives and Residual Values of Property, Plant and Equipment**

During the year, management assessed the residual values of property, plant and equipment. Residual values of each asset category have been assessed using the fair value of the asset after taking into account age, usage and obsolescence. These residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is diminution in value.

Management assesses useful lives of property, plant and equipment each year taking into account past experience and technology changes. The useful lives are set out in Note 3.3.

#### **Share Based Payments**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at that grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. The Company computes the fair value of the scheme using the Black-Scholes option pricing model. Based on the model, with a vesting period of 3 years and extension of 7 more years, the average estimated remaining life is computed. Assumptions applied in the model are set out in Note 13.5.

#### **Allowance for Doubtful Receivables**

The Company makes provision for debtors' balances where it considers the recoverability to be doubtful. A significant degree of judgement is applied by management when considering whether a debtor is recoverable or not.

Factors taken into account, include default of payments, history of the specific customer with the Company, indications of financial difficulties of the specific customer, credit terms specific to the customer and general economic conditions. See Note 12.

	Audited June 2014 US\$	Audited June 2013 US\$
<b>5. REVENUE</b>		
Brown Spirits	18 416 943	12 537 357
White Spirits	6 274 451	6 546 248
Ciders	5 054 019	6 003 285
Still wines	1 872 596	1 731 014
Liqueurs	1 486 364	1 742 088
Spirit Coolers	1 283 398	308 554
Sparkling wines	359 682	412 792
Sparkling juice	193 499	186 190
Fortified wines	157 018	273 133
Exports	51 628	64 643
Excise duties, discounts & royalties	(11 197 570)	(7 713 887)
	<u>23 952 028</u>	<u>22 091 417</u>
<b>6. OPERATING INCOME</b>		
Operating income for the year is stated after:		
<b>6.1</b> Loss on disposal of property, plant and equipment.	59 506	48 975
Employee share option expense	84 684	93 720
Impairment losses recognised on receivables	113 304	226 086
<b>6.2 Depreciation:</b>		
Plant and machinery	156 985	114 258
Motor vehicles	120 935	110 626
Office equipment	68 089	38 795
	<u>346 009</u>	<u>263 679</u>
<b>6.3 Auditors' Remuneration:</b>		
Current year audit fees and expenses	77 600	74 000
<b>6.4 Staff Costs:</b>		
Staff costs	2 968 314	2 867 797
Termination costs	-	265 373
Retirement benefit costs	463 882	387 829
Compensation of directors and key management:		
For services as directors	80 650	63 405
For management services	790 349	911 546
	<u>4 303 195</u>	<u>4 495 950</u>
<b>7. TAXATION EXPENSE</b>		
<b>7.1 Income Taxation:</b>		
Current taxation:	876 255	507 123
Capital gains tax	7 100	8 000
Deferred taxation expense for the year (Note 14)	(158 035)	(110 763)
	<u>725 320</u>	<u>404 360</u>
<b>7.2 Reconciliation of Rate of Income Taxation:</b>		
Standard Rate	25.75%	25.75%
Adjusted for:		
Disallowed expenditure	0.13%	7.58%
Effective rate	25.88%	33.33%



	Audited June 2014 US\$	Audited June 2013 US\$
<b>8. EARNINGS PER ORDINARY SHARE</b>		
<b>8.1 Attributable Earnings Basis:</b>		
<b>8.1.1 Attributable Earnings:</b>		
Profit attributable to shareholders (USD)	2 077 531	808 767
<b>8.1.2 Per Share:</b>		
Earnings per ordinary share (Cents)	2.01	0.85
<b>8.1.3 Basis:</b>		
Calculations are based on the earnings attributable to ordinary shareholders and the weighted average ordinary share capital in issue for the year.		
Weighted Average number of shares in issue (millions)	103	95
<b>8.2 Headline Earnings Basis:</b>		
<b>8.2.1 Headline Earnings:</b>		
Profit attributable to shareholders (USD)	2 077 531	808 767
Loss on disposal of property, plant and equipment	59 506	48 975
	<u>2 137 037</u>	<u>857 742</u>
<b>8.2.2 Per Share:</b>		
Earnings per ordinary share (Cents)	2.07	0.90
<b>8.2.3 Basis:</b>		
Calculations are based on attributable earnings per share adjusted for items of a capital nature (Note 8.2.1) and the average ordinary share capital in issue for the period. (Note 8.1.3)		
<b>8.3 Diluted Earnings Basis:</b>		
Diluted earnings per share evaluates the sensitivity of base earnings with regards to the changes in capital structure of the Company. The calculations are based on the diluted earnings determined below (Note 8.3.1) and the total of weighted average number of shares used for Earnings Per Share (EPS) (Note 8.1.3) and weighted potential number of ordinary shares.		
<b>8.3.1 Diluted Earnings</b>		
Profit attributable to shareholders	2 077 531	808 767
<b>8.3.2 Weighted Average Number of Shares (millions)</b>	106	95
<b>8.3.3 Per Share</b>		
Diluted earnings per share (Cents)	1.96	0.83

	Audited June 2014 US\$	Audited June 2013 US\$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and Improvements</b>		
Cost	612 475	681 084
Accumulated depreciation	-	-
	<u>612 475</u>	<u>681 084</u>
<b>Buildings</b>		
Cost	2 758 972	2 764 998
Accumulated depreciation	(573 247)	(577 409)
	<u>2 185 725</u>	<u>2 187 589</u>
<b>Plant and Machinery</b>		
Cost	3 280 802	3 237 461
Accumulated depreciation	(2 425 404)	(2 398 189)
	<u>855 398</u>	<u>839 272</u>
<b>Motor Vehicles</b>		
Cost	2 083 065	2 037 891
Accumulated depreciation	(1 544 900)	(1 449 385)
	<u>538 165</u>	<u>588 506</u>
<b>Office Equipment</b>		
Cost	441 657	425 387
Accumulated depreciation	(277 161)	(214 681)
	<u>164 496</u>	<u>210 706</u>
<b>Capital Work In Progress</b>		
Cost	1 379 122	50 648
Accumulated depreciation	-	-
	<u>1 379 122</u>	<u>50 648</u>
<b>Total Property, Plant and Equipment</b>	<u>5 735 381</u>	<u>4 557 805</u>
Movement in Net Book Value for the Year		
At the beginning of the year	4 557 805	4 496 241
Additions	1 756 568	445 235
Disposals	(232 983)	(119 992)
Depreciation	(346 009)	(263 679)
<b>At End of the Year</b>	<u>5 735 381</u>	<u>4 557 805</u>

#### 9.1 Capital Work In Progress

Capital work in progress is made up of the total cost of machinery for the RTD project that had been purchased as at 30 June 2014. The total cost of the machinery will be transferred to Plant and Machinery once the project is complete.

	Audited June 2014 US\$	Audited June 2013 US\$
<b>10 LONG TERM LOANS</b>		
Farming operations - Springvale	120 525	120 525
Loans to staff	189 050	291 191
Loans to Directors	134 258	163 185
	<u>443 833</u>	<u>574 901</u>
Loans to staff and Directors are largely loans to purchase vehicles under a new car scheme at an interest rate of 6% p.a. and a tenor of 5 years		
<b>11 INVENTORIES</b>		
Finished products	3 819 357	2 324 729
Maturing spirits and wines	637 571	149 004
Raw materials	1 989 681	1 984 546
	<u>6 445 609</u>	<u>4 458 279</u>
Allowance for obsolete inventory	(40 864)	(312)
	<u>6 405 745</u>	<u>4 457 967</u>
<b>12 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	3 605 045	4 108 550
Allowance for doubtful receivables	(413 381)	(439 422)
	<u>3 191 664</u>	<u>3 669 128</u>
Prepayments RTD Project	2 110 542	-
Other receivables	1 165 543	581 704
	<u>6 467 849</u>	<u>4 250 832</u>

The average credit period on sale of goods is 21 days. No interest is charged on overdue trade receivables.

Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experiences. The estimate of average days in trade receivables is 50 days (2013: 69 days)

Before accepting any new customer, the Company uses a credit scoring system to assess the potential customer's credit quality and defines credit limits for the customer. Limits attributed to customers are reviewed at management discretion and when the customer is showing signs of financial distress.

Included in the Company's trade receivables are debtors with a carrying amount of USD1 517 098 (2013: USD2 455 702) which are past due at the reporting date for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company has nine (9) (2013: 8) secured debtors owing \$194 456 (2013: \$173 370) with security valued at \$350 000 (2013: \$300 000).

Ageing of past due but not impaired trade receivables

21 – 90 days	967 878	1 570 778
91 – 120 days	549 220	12 164
120 + days	-	872 760
	<u>1 517 098</u>	<u>2 455 702</u>

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debt.

Ageing of impaired trade receivables

21 – 90 days	-	1 328
91 – 120 days	-	954
120 + days	413 381	437 140
	<u>413 381</u>	<u>439 422</u>

12	TRADE AND OTHER RECEIVABLES (continued)	Audited June 2014 US\$	Audited June 2013 US\$
	<b>Movement in the allowance for doubtful debts</b>		
	Balance at the beginning of the year	439 422	313 520
	Impairment losses recognised on receivables	113 304	226 086
	Bad debts recovered	-	(8 743)
	Bad debts written off	(139 345)	(91 441)
	<b>Balance at the end of the year</b>	<b>413 381</b>	<b>439 422</b>

### 13. SHARE CAPITAL

#### 13.1 Authorised Share Capital

Authorised share capital comprises of 150 000 000 (2013: 100 000 000) ordinary shares.

#### 13.2 Issued and Fully Paid Share Capital

	2014 Number of Shares	2013 Number of Shares
At the beginning of the year	95 203 850	95 203 850
Issued during the year	16 151 174	-
<b>At the end of the year</b>	<b>111 355 024</b>	<b>95 203 850</b>
	<b>USD</b>	<b>USD</b>
Ordinary shares at nominal value of \$0.01	1 113 550	952 039

#### 13.3 Unissued Share Capital

Subject to the restrictions imposed by the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange (ZSE), the Articles of Association permit the Directors to allocate, at their discretion, the unissued share capital of 38 644 976 ordinary shares (2013: 4 796 150 ordinary shares).

#### 13.4 Directors' Interests:

At end of the year the Directors held, directly and indirectly, the following ordinary shares:

	DIRECT		INDIRECT		2014	Total 2013
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
A Chitapi	-	117	-	-	117	4 543
C Gombera	-	242	-	-	242	208
C Z Guyo	785 000	117	-	-	785 117	785 100
M J Hollingworth	1 680 000	-	-	-	1 680 000	1 030 000
S W Klopper	-	117	-	-	117	100
R H M Maunsell	315 205	117	-	-	315 322	271 587
J S Mutizwa	-	117	5 322	-	5 439	1 100
M Ndachena	103 244	117	-	-	103 361	89 024
M Valela	-	117	3 120 018	-	3 120 135	2 687 383
S V Rushwaya	2 498	117	-	-	2 615	2 251
G J Schooling	-	117	-	-	117	100
	<u>2 885 947</u>	<u>1 295</u>	<u>3 125 340</u>	<u>-</u>	<u>6 012 582</u>	<u>4 871 396</u>

The holding, directly and indirectly, of the Directors in the issued share capital is 5.40% (2013 – 5.11%).

### 13.5 Employees' Share Option Scheme - shares under option

The Directors are empowered to grant share options to certain employees of the Company. These options are exercisable for a period of seven years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day prior to the granting of options. Each employee share option converts into one ordinary share of African Distillers Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The number of shares subject to option is approved by shareholders in General Meeting, and the number of options granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee. The number of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations.

Details of Share Options outstanding during the year are as follows;

Date of Grant	Subscription Price US\$	Number Of Options 2014
6 September 2011	0.10	600 000
2 November 2011	0.13	3 090 000
13 February 2013	0.14	261 000
		<u>3 951 000</u>
Movement in Share Options during the year	<b>2014</b>	<b>2013</b>
Number outstanding at beginning of the year	4 651 000	4 520 000
New options granted during the year	-	261 000
Exercised during the year	(700 000)	-
Forfeited during the year	-	(130 000)
Outstanding at year end	<u>3 951 000</u>	<u>4 651 000</u>
Breakdown as follows:		
Directors	1 861 000	2 561 000
Other key management personnel	1 000 000	1 000 000
Other management	1 090 000	1 090 000
	<u>3 951 000</u>	<u>4 651 000</u>

All options expire, if not exercised ten years after date of grant.

Share options granted under the employee share option scheme carry no rights to dividends and have no voting rights.

The Company recognised total share option expenses of US\$84 684 in respect of share options.

Unallocated share options at year end were nil (2013 – nil).



		Audited June 2014 US\$	Audited June 2013 US\$
<b>14. DEFERRED TAXATION</b>			
Arising from the following:			
Property, plant and equipment		706 384	870 828
Other assets		34 054	27 725
Liabilities		-	(80)
		<u>740 438</u>	<u>898 473</u>
Deferred tax movement for the current year			
At the beginning of the year		898 473	1 009 236
Arising on current year temporary differences		(158 035)	(110 763)
		<u>740 438</u>	<u>898 473</u>
<b>15. OVERDRAFTS</b>			
Floating interest rates		-	1 832 702
The Company borrows from financial institutions to fund its working capital needs and these balances have wide fluctuations which are directly related to the working capital needs at any point in time.			
The average interest rate is about 13% p.a. (2013: 12% p.a.)			
<b>16. BANK BORROWINGS</b>			
The bankers acceptances at year end were structured as follows:			
<b>Bank</b>	<b>Interest Rate p.a</b>		
Standard Chartered Bank	9%	-	740 863
BancABC	13%	-	308 958
		-	<u>1 049 821</u>
<b>17. TRADE AND OTHER PAYABLES</b>			
Trade payables		2 791 870	2 336 729
Accruals		2 784 301	1 722 817
Other financial liabilities (Note 23.4.1 )		-	16 239
		<u>5 576 171</u>	<u>4 075 785</u>
Trade payables and accruals are principally comprised of amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases is 21 days.			
<b>18. CASH FLOW INFORMATION</b>			
<b>18.1 Income before Finance Costs and Taxation:</b>			
Operating income		2 996 504	1 660 912
Reorganisational costs		-	(265 373)
Realised exchange gain		198	72 696
		<u>2 996 702</u>	<u>1 468 235</u>
<b>18.2 Non-Cash Items</b>			
Depreciation (Notes 6.2 & 9)		346 009	263 679
Loss on disposal of property, plant and equipment (Note 6.1)		59 506	114 347
Unrealised exchange gain		4 983	31 433
Share option expense		84 684	93 720
		<u>495 182</u>	<u>503 179</u>

	Audited June 2014 US\$	Audited June 2013 US\$
<b>18.3 Changes in Working Capital:</b>		
Increase in inventories	(1 947 778)	(1 635 671)
Increase in trade and other receivables	(106 475)	(411 618)
Increase/(Decrease) in trade and other payables	1 500 386	(81 232)
	(553 867)	(2 128 521)
<b>18.4 Income Taxation Paid</b>		
Liability at the beginning of the year	120 381	-
Current tax (note 7.1)	883 355	515 123
Liability at the end of the year	(120 793)	(120 381)
	882 943	394 742
<b>18.5 Property, Plant and Equipment:</b>		
Acquisition of property, plant and equipment		
Expand operations	(1 377 944)	(195 927)
Replacements	(378 624)	(249 308)
Proceeds on disposal of property, plant and equipment	173 477	5 645
	(1 583 091)	(439 590)
<b>18.6 Increase in Shareholder funding</b>		
Proceeds of shares issued:		
Share options exercised	91 000	-
Rights issue	4 999 999	-
Rights issue expenses	(142 387)	-
	4 948 612	-
<b>19. DIVIDENDS</b>	<b>US Cents</b>	<b>US cents</b>
Final - Proposed	0.45	-

## 20. RELATED PARTY TRANSACTIONS

Distell Ltd (SA) and Delta Corporation Ltd each have an effective shareholding of 30.25% (2013: 28.41%) in the Company through their shareholding in Afdis Holdings Pvt Ltd.

The following transactions were carried out with related parties at arm's length and in accordance with normal business operations of the Company:

### Distell Ltd (SA)

Purchase of raw materials	1 507 370	1 191 674
Purchase of finished products for resale	4 235 148	6 101 508
Management Fees	-	68 000
Purchase of property, plant and equipment and spares	306 337	70 172
	6 048 855	7 431 354

### Delta Corporation Ltd

Purchase of raw materials	415 446	1 028 934
Management Fees	202 170	68 000
Technical services supplied	-	22 528
	617 616	1 119 462

### Year-end Balances Payable/ (Receivable)

Delta Corporation Ltd –raw materials	167 762	150 402
Delta Corporation Ltd – technical services supplied	-	5 875
Delta Corporation Ltd – Management fees	-	20 000
Distell Ltd (SA) – raw materials	17 816	167 610
Distell Ltd (SA) – finished products	1 479 573	954 530
Distell Ltd (SA) – property, plant and equipment	36 041	1 036
	1 701 192	1 299 453

	Audited June 2014 US\$	Audited June 2013 US\$
<b>20.1 Compensation of Key Management Personnel</b>		
The remuneration of Directors and other members of key management during the period, as determined by the Remuneration Committee, was as follows:		
Short term benefits	676 427	911 546
Post employment benefits	113 922	114 823
Termination cost accrual	-	265 373
	<u>790 349</u>	<u>1 291 742</u>
<b>20.2 Directors' Emoluments</b>		
Fees as directors	80 650	63 405
Managerial services	433 321	575 783
Termination costs	-	265 373
	<u>513 971</u>	<u>904 561</u>
<b>20.3 Loans to Key Management</b>		
Refer to note 10 for terms of the loans	232 268	566 604
<b>21. BORROWING POWERS</b>		
In terms of Article 52 of the Company's Articles of Association, the amount owing at any one time in respect of money borrowed or secured by the Directors, shall not, without the sanction of a general meeting, exceed the aggregate of the issued share capital and capital and revenue reserves of the Company.		
<b>22 PENSION FUNDS</b>		
All employees contribute to one or more of the following independently administered pension funds.		
African Distillers Pension Fund – defined contribution	385 759	370 573
National Social Security Authority Scheme	78 123	17 256
	<u>463 882</u>	<u>387 829</u>
<b>22.1 African Distillers Pension Fund</b>		
As at 30 June 2014 198 employees were members of the African Distillers Pension Fund. The fund is an independently administered defined contribution scheme and is, accordingly, not subject to actuarial valuation.		
<b>22.2 National Social Security Scheme</b>		
This is a defined benefit scheme promulgated under the National Social Security Authority Act 1989. The Company's obligation under the scheme are limited to specific contributions legislated from time to time. These are presently 3.5% (2013: 3.5%) of pensionable emoluments up to a maximum of USD700 (2013: USD700) per month for each employee.		

## 23 FINANCIAL RISK MANAGEMENT

### 23.1 Liquidity Risk Management

The Company manages liquidity risk through the compilation and monitoring of forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables show principal cash flows. All interest rate cash flows are fixed in nature.

	Weighted Average Effective Interest rate	Less than 1 month USD	1 – 3 Months USD	Total USD
<b>30 June 2014</b>				
Fixed interest rate instruments	-	-	-	-
<b>30 June 2013</b>				
Fixed interest rate instruments	10	-	1 049 821	1 049 821

The Company has access to financing facilities of which USD3 000 000 (2013: USD1 117 476) were unused at the end of the reporting period. The Company expects to meet its other obligations from operating cash flows.

#### BANK FACILITIES

	2014 USD	2013 USD
<b>Unsecured bank loan facilities</b>		
Amount used	-	2 882 524
Amount not used	3 000 000	1 117 476
<b>Total facilities</b>	<u>3 000 000</u>	<u>4 000 000</u>

### 23.2 Interest Rate Risk Management

The Company is exposed to interest rate risk as it borrows at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings within market expectations, and the Company adopts a non-speculative approach to managing interest rate risk.

The Company's exposure to interest rate on financial assets and financial liabilities are detailed in Notes 10, 12, 15, 17, 23.1.

#### Sensitivity Analysis

The sensitivity analysis below has been determined based on exposure to interest rates on floating rate liabilities at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at year end was outstanding for the whole year. A 1% increase or decrease is used and represents management assessment of the reasonably possible change in interest rate.

If interest rates had been 1% higher/ lower, and all other variables were held constant, the Company's profit for the year ended 30 June 2014 would decrease/ increase by \$nil (2013: \$18 327).

### 23.3 Credit Risk Management

Financial assets which potentially subject the Company to concentration of credit risk consist of cash, short term deposits and trade receivables. The Company's cash equivalents and short term deposits are placed with high credit quality financial institutions. Credit risk in respect of trade receivables is limited due to a widespread customer base and on-going evaluations of the financial condition of customers. Accordingly the Company has no significant concentration of credit risk.

## 23.4 Foreign Currency Risk Management

The Company undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. Trade related import exposures are managed by the use of the natural hedges arising from export revenue and forward exchange contracts (FECs) arranged with financial institutions and the introduction of a “cash against delivery” system for most major foreign suppliers.

The Company's net foreign liability exposure as at year end determined using the fair market rates is summarised as follows:

	CURRENCY	2014 USD	2013 USD
Payables	ZAR	1 932 006	1 124 186

Using a 10% sensitivity on change in foreign currency rates used to adjust the translation at year end of outstanding foreign currency denominated monetary items, the effect on profit and loss would be \$175 634 (2013:\$12 919) increase in profit before tax where the USD strengthens 10% against the relevant currency and vice versa.

### 23.4.1 Forward Exchange Contracts

There were no outstanding forward exchange contracts as at 30 June 2014.

The following table details the forward exchange contracts outstanding at the end of the reporting period.

	Foreign Currency ZAR	Notional Value USD	Fair value Assets/ (liabilities) USD
<b>Outstanding contracts</b>			
<b>2014</b>			
At fair value			
Less than 3 months	-	-	-
<b>Net asset</b>			-
<b>2013</b>			
At fair value			
Less than 3 months	10 068 059	1 019 964	(16 239)
<b>Net liability</b>			(16 239)

## 23.5 Fair Values of Financial Instruments

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

## 23.6 Capital Risk Management

The entity's capital consists of equity attributable to the shareholders, comprising the issued share capital, reserves and retained income.

The entity's operating target is to maintain operating assets at a level that is higher than the available operating funds at all times in order to restrict recourse on shareholder's equity for operational funding. The objective was met at all times during the course of the year under review.

The Company's primary objectives in managing capital are:

- To guarantee the ability of the entity to continue as a going concern whilst providing an equitable return to the shareholders and benefit to customers and other stakeholders.
- To maintain a strong fallback position which is commensurate with the level of risk undertaken by the entity in the normal course of its business.



## NON-EXECUTIVE DIRECTORS

### **J. S. Mutizwa (Chairman) B.Sc. (Hons), MBA \***

Appointed as alternate director in 1995,  
director in November 2001 and Chairman in 2003.

### **S. W. Klopper B.Acc. (Hons), CA (SA)**

Director Operations, Distell Group South Africa.  
Appointed as director in December 2009.

### **R. H. M. Maunsell B. Bus. Sc., CA (SA), CA (Z)#**

Appointed as director in August 2003

### **S. V. Rushwaya B.Sc (Soc)#\***

Managing Director, Aberfoyle Holdings Limited.  
Appointed as director in October 1997.

### **G. J. Schooling B.Comm#\***

Group General Manager: Africa, Distell Group,  
South Africa.  
Appointed as director in May 2009.

### **M. M. Valela B TECH (Accounts), CA (Z)#\***

Executive Director Finance, Delta Corporation Limited.  
Appointed as director in August 2011

### **M. J. Hollingworth B. Compt., CA (Z)**

Managing Director – effective January 2011  
Joined the Company in February 2003.  
Appointed as director in June 2003.  
Retired as Managing Director – effective 30 June 2013

## EXECUTIVE DIRECTORS

### **C. Z. Gombera B.A (Hons) Business Studies, MBA**

Managing Director  
Joined the Company in October 2012  
Appointed as director in November 2012.  
Managing Director – Effective 1 July 2013

### **M. Ndachena B.Acc. (Hons), CA (Z), MBA**

Finance Director  
Joined the Company in January 2013  
Appointed Director in November 2012

### **C. Z. Guyo B.Sc. (Hons), MBA**

Operations Director.  
Joined the Company in 1986.  
Appointed as director in May 2001.

### **A. Chitapi B-Tech Mgt Hons**

Sales, Marketing and Distribution Director  
Joined the Company in January 2011  
Appointed as director January 2011.

## COMPANY SECRETARY

### **L. Mutamuko B.Acc.(Hons), ACIS**

Appointed as Company Secretary in January 2011

## TERMS OF REFERENCE AND MEMBERSHIP

### **# Audit Committee**

To assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and corporate control.

### **\* Remuneration Committee**

To recommend to the Board the remuneration policies for executive directors and senior management and to determine the remuneration of those executives.

2014					2013				
Shareholders		Shares Held			Shareholders		Shares Held		
Size of Shareholding	Number	%	Number	%	Size of Shareholding	Number	%	Number	%
1 - 5 000	575	73.16	582,179	0.52	1 - 5 000	614	74.24	638,710	0.67
5 001 - 10 000	70	8.91	524,232	0.47	5 001 - 10 000	65	7.86	482,530	0.51
10 001 - 25 000	57	7.25	978,857	0.88	10 001 - 25 000	62	7.50	888,676	0.93
25 001 - 50 000	30	3.82	1,098,890	0.99	25 001 - 50 000	33	3.99	1,004,739	1.06
50 001 - 100 000	20	2.54	1,426,581	1.28	50 001 - 100 000	23	2.78	1,494,709	1.57
100 001 - 200 000	12	1.53	1,657,934	1.49	100 001 - 200 000	11	1.33	1,221,491	1.28
200 001 - 500 000	5	0.64	1,471,960	1.32	200 001 - 500 000	7	0.85	2,044,814	2.15
Above 500 000	17	2.16	103,614,391	93.05	Above 500 000	12	1.45	87,428,181	91.83
<b>Total</b>	<b>786</b>	<b>100</b>	<b>111 355 024</b>	<b>100.00</b>	<b>Total</b>	<b>827</b>	<b>100</b>	<b>95 203 850</b>	<b>100.00</b>
<b>Classification Breakdown</b>					<b>Classification Breakdown</b>				
<b>Residents</b>					<b>Residents</b>				
Companies	125	15.90	74 870 715	67.24	Companies	133	16.08	60 165 829	63.20
Insurance Companies	7	0.89	12 358 701	11.10	Insurance Companies	6	0.73	12 334 426	12.96
Pension Funds	24	3.05	7 821 420	7.02	Pension Funds	26	3.14	7 846 277	8.24
Individuals	505	64.25	5 609 476	5.04	Individuals	533	64.45	6 925 343	7.27
Nominees	40	5.09	159 230	0.14	Nominees	44	5.32	538 557	0.57
Investments and Trusts	36	4.58	594 547	0.53	Investments and Trusts	36	4.35	581 731	0.61
Other Organisations	12	1.53	298 923	0.27	Other Organisations	16	1.93	296 141	0.31
	<b>749</b>	<b>95</b>	<b>101 713 012</b>	<b>91</b>		<b>794</b>	<b>96</b>	<b>88 688 304</b>	<b>93</b>
<b>Non-Resident</b>					<b>Non-Resident</b>				
Companies	15	1.91	8 312 288	7.46	Companies	4	0.48	6 010 938	6.31
Individuals	22	2.80	1 329 724	1.19	Individuals	29	3.51	504 608	0.53
	37	5	9 642 012	9		33	4	6 515 546	7
<b>Total</b>	<b>786</b>	<b>100</b>	<b>111 355 024</b>	<b>100</b>	<b>Total</b>	<b>827</b>	<b>100</b>	<b>95 203 850</b>	<b>100</b>
<b>Ten Largest Shareholders</b>					<b>Ten Largest Shareholders</b>				
Afdis Holdings Pvt Ltd			67,365,390	60.50	Afdis Holdings Pvt Ltd			54,087,379	56.81
Old Mutual Assurance Company			12,223,877	10.98	Old Mutual Assurance Company			12,223,877	12.84
Stanbic Nominees (Pvt) Ltd NNR			7,707,296	6.92	Stanbic Nominees (Pvt) Ltd NNR			5,833,177	6.13
Mining Industry Pension Fund			5,416,867	4.86	Mining Industry Pension Fund			5,416,867	5.69
Amavail Investments (Pvt) Ltd			3,120,018	2.80	Amavail Investments (Pvt) Ltd			2,687,283	2.82
M J Hollingworth			1,680,000	1.51	Local Authorities Pension Fund			1,500,000	1.58
Local Authorities Pension Fund			1,500,000	1.35	Danchen Investments			1,474,507	1.55
Danchen Investments			1,474,507	1.32	K G Jarvis			1,305,000	1.37
K G Jarvis			1,215,000	1.09	M J Hollingworth			1,030,000	1.08
Delta Corporation Limited			1,208,064	1.08	C Guyo			785,000	0.82
			<b>102 911 019</b>	<b>92.42</b>				<b>86 343 090</b>	<b>90.69</b>
<b>Other</b>			<b>8 444 005</b>	<b>7.58</b>	<b>Other</b>			<b>8 860 760</b>	<b>9.31</b>
<b>Total</b>			<b>111 355 024</b>	<b>100.00</b>	<b>Total</b>			<b>95 203 850</b>	<b>100.00</b>

## CORPORATE INFORMATION

### Business Address & Registered Office

St Marnock's  
Stapleford  
Harare

P O Box WGT 890 or WGT 900  
Harare

Telephone: 263-4-2930308/9  
E-mail: headoffice@afdis.co.zw

### Auditors

Deloitte & Touche  
West Block,  
Borrowdale Office Park  
Borrowdale Rd  
Borrowdale  
Harare

P O Box 267  
Harare

Telephone: 263-86777000261  
Facsimile: 263-4-852130

### Transfer Secretaries

Corpserve (Private) Limited  
2nd Floor, ZB Centre  
Kwame Nkrumah Avenue/First Street  
Harare

P O Box 2208  
Harare

Telephone: 263-4-751559  
Facsimile: 263-4-752629  
E-mail: corpserve@corpserve.co.zw

### Bankers

BancABC  
Barclays Bank of Zimbabwe Limited  
MBCA Bank  
Standard Chartered Bank

### Lawyers

Gill, Godlonton and Gerrans  
6th & 7th Floors Beverley Court  
100 Nelson Mandela Avenue  
Harare

Telephone: 263-4-707224  
Facsimile: 263-4-707380

## SHAREHOLDERS' CALENDAR

30 June 2014  
Financial year end

21 August 2014  
Final approval of audited results for the year ended  
30 June 2014

26 September 2014  
Dividend Payable

5 November 2014  
Sixty Fourth Annual General Meeting

5 February 2015  
Interim Announcement on unaudited results for  
six months ended 31 December 2014.

24 March 2015  
Interim Dividend Payable

30 June 2015  
Financial Year End

\* 20 August 2015  
Final approval of audited results for the year ended  
30 June 2015

\* 25 September 2015  
Final dividend payable

\* 4 November 2015  
Sixty Fifth Annual General Meeting

\* Anticipated dates



Notice is hereby given that the sixty fourth Annual General Meeting of Members of African Distillers Limited will be held at the Registered Office of the Company, at Lomagundi Road, Stapleford, Harare, Zimbabwe on Wednesday 05 November 2014, at 1100hrs for the following purposes:

## ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year ended 30 June 2014 with the Reports of the Directors and Auditors.
2. In terms of Article 99 of the Company's Articles of Association, Messrs S. W. Klopper, R. H. M. Maunsell, S. V. Rushwaya and M. Valela retire from the Board by rotation but, being eligible, offer themselves for re-election.
3. To confirm the fees of Directors for the year ended 30 June 2014 of USD80 650, and approve the recommendations of the Remuneration Committee for the fees for the year ending 30 June 2015.
4. To appoint Auditors for the current year and approve their remuneration for the past year ended 30 June 2014 of USD77 600.

## SPECIAL BUSINESS

### 1. SHARE OPTION SCHEME

As a special resolution, to approve an employee share option scheme. "That the Directors of the Company be and are hereby authorised to implement the African Distillers Limited Share Option Scheme (2014) and allocate 3 000 000 African Distillers Limited shares to this scheme".

The rules of the scheme have been approved by the Zimbabwe Stock Exchange and shall be available for inspection at the registered offices of the Company 14 days prior to the date of this Annual General Meeting.

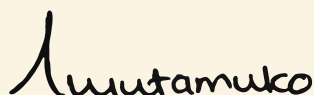
### 2. SHARE BUY BACK

Shareholders will be asked to consider and if deemed fit, to resolve with or without amendments, THAT the Company authorises in advance, in terms of section 79 of the Companies Act (Chapter 24:03), 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:

- a. The authority shall expire on the date of the Company's next Annual General Meeting;
- b. acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.
- c. the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will be not more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5(five) business days immediately preceding the date of purchase of such ordinary shares by the Company.
- d. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.

It will be recorded that, in terms of the Companies Act and the regulations of the Zimbabwe Stock Exchange, it is the intention of the Directors of the Company to utilise this authority at a future date provided the cash resources of the Company are in excess of its requirements and the transaction is considered to be in the best interests of shareholders generally. In considering cash resource availability the Directors will take account of, inter alia, the long term cash needs of the Company, and will ensure the Company will remain solvent after the re-purchase.

By Order of the Board



**L. MUTAMUKO**  
Company Secretary

St Marnock's  
Stapleford  
Harare  
Zimbabwe

1 October 2014

#### **PROXIES**

Members are notified that they are entitled to appoint one or more proxies to act in their alternative, to attend and vote and speak in their place at the meeting. A proxy need not be a member of the Company. Proxies must be lodged at the registered office of the Company at least forty-eight hours before the meeting.











**AFRICAN DISTILLERS  
LIMITED**

22,5km peg Lomagundi Road  
Stapleford: P.O. Box WGT 900

Westgate

Harare

+263 772 235 008-9

+263 4 2930256-7

[headoffice@afdis.co.zw](mailto:headoffice@afdis.co.zw)

[www.africandistillers.com](http://www.africandistillers.com)