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AFRICAN DISTILLERS LIMITED
COMPANY PROFILE
30 JUNE 2009

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 (Bulawayo) Limited was registered and, in 1946, this Company changed its name to African Distillers (Rhodesia) Limited. In 1951 African Distillers became a public quoted company.

Initially, its activities centred around the sale and distribution of imported spirits, liqueurs and wines. In 1946 a distillery was acquired in Mutare, and the local production of a range of spirits commenced.

In 1974, the Company moved to its present headquarters at Stapleford. This complex, just outside Harare, houses production, warehousing and distribution facilities.

Six depots at Bulawayo, Harare, Kwekwe, Masvingo, Mutare and Victoria Falls and 22 stockists, ensure a first-class distribution service. These outlets are supplemented by 'Cash and Carry' operations in Bulawayo, Mutare and Harare.

MISSION AND CORE VALUES

Mission

African Distillers Limited is committed to market leadership in the wines and spirits industry in Zimbabwe through the provision of high quality, branded products as well as to the principle of adding value for our customers and shareholders.

The Company's portfolio includes international and regional brands from its major stakeholders which are produced locally under licence. A range of local wines and spirits is also produced. Many of the brands marketed by the Company have been produced in the country for many years and have become household names.

We will seek to provide superior service at all times and will work closely with our suppliers to ensure mutual understanding.

We will invest in our staff to ensure that they are equipped to deliver a superior level of service in all aspects of the Company's activities and in order to retain critical skills.

Core values

1. Brand Building **-** The Company's prime responsibility is to build brands for the long term. This will be achieved by actively supporting its brands and by constant attention to detail.

2. Service and Quality **-** In all aspects of the Company's activities, we will ensure on-going enhancement of service and quality and will actively build lasting relationships with our shareholders, principals, suppliers and customers.

3. Working Environment **-** We will continue to employ high quality personnel at all levels on an equal opportunity basis and maintain a working environment which is conducive to job security, satisfaction and a high level of motivation.

4. Ethical Standards - The highest ethical standards will be maintained in all dealings. These will be consistently applied and will not be compromised.

5. Honesty and Integrity **-** The Company recognises that its strength lies in shared visions and commitment while the principles of honesty, integrity and respect for others will weave the moral fabric of our business.

6. Community Care **-** The Company will play a proactive role in the development of society. We will also continue to serve the community through our commitments to education, conservation, charity and through our business linkages.

7. Innovation **-** The Company is committed to continued development and innovation in new products to keep abreast of world trends.

SAFETY, HEALTH AND ENVIRONMENTAL COMMITMENTS

The Company is committed to responsible environmental practices for the long term benefit of the community at large.

The practical demonstration of this commitment is evidenced by the following:

- environmental impact assessments are conducted on all capital developments;
- wherever possible, materials are recycled and reprocessed. Factory and other effluent is recycled through a comprehensive constructed wetland system;
- emissions are handled with the best available technology;
- targets have been set for energy and water consumption;
- awareness and responsibility are promoted amongst staff and the community;
- the Company supports and actively participates in a number of environmentally orientated organisations;
- the Company also recognises that the welfare of its workforce impinges directly on productivity and profitability. In this regard, the Company has adopted proactive policies to ensure the safety and health of its employees. It also operates an active system of communication through its Works Council;
- Hazard Analysis Critical Control Points (HACCP) certification reinforces the Company’s commitment to the safe production of its products.

AFRICAN DISTILLERS LIMITED
CHAIRMAN'S STATEMENT
30 June 2009

Overview

The year has undoubtedly been the most difficult in the Company's history. Sales volumes fell by 58%. There were numerous factors that contributed to this significant decline. During the first seven months of the trading year, hyperinflation, particularly in the latter months, resulted in normal business activity coming to a virtual standstill. The speed of the cycle between acquiring raw materials, (often at a premium from informal traders), then manufacturing, distributing, selling and collecting cash, was so rapid that input costs could not be recovered. National inflation figures for the majority of the period were not available and the level of inflation experienced was so high that it became immeasurable. In addition, there were numerous and widely varying exchange rates used to convert foreign currencies. As a result, production and hence sales were restricted to covering overheads only.

With the advent of dollarisation in the final five month period, wines and spirits were being imported into the country excise duty free. Simultaneously, the Company was obliged to pay excise on all its manufactured products, rendering them uncompetitive with the imported products.

Electricity and coal supplies were erratic over the entire period resulting in a considerable increase in overhead costs. Production was also constrained by a critical shortage of bottles.

Financial Performance

The first seven trading months of the year were accounted for in the now defunct Zimbabwe dollar (ZWD). The latter five months of trading in United States dollars (USD) was, in itself, distorted in that several expenses which were incurred in the previous periods, such as leave provisions and routine monthly accruals, had to be included or re-accrued at the year end in USD despite the fact that the related income was reflected in prior periods as ZWD. The rationalisation of the ledger therefore became subjective.

Consequently, conversion of the ZWD period into USD or the production of partial USD income statement would be so misleading as to render them of no value. The income statement has therefore been omitted and all comparative figures have also been omitted.

Nevertheless, it is the opinion of the Directors that the year end balance sheet, as reported, represents a factual and accurate picture of the Company's position on that date and reflects a sound basis for going forward.

Analysis of the five month USD period shows sales volumes steadily increasing over each month until May 2009 when a particularly severe bottle supply constraint hindered production. This problem was overcome in mid-July 2009. The sales revenue of USD3 700 000, at a margin of 41% for the five months, was however insufficient to cover overheads. Dollarisation of the economy resulted in an immediate and significant increase in employment costs without the proportionate increase in revenues. The Company incurred a net loss of approximately USD360 000 which included a large doubtful debt provision.

Risk Management

The Audit Committee is satisfied that all internal risks have been monitored and controlled. There has been a shift in business risk from the overwhelming risk associated with a deteriorating and highly uncertain macro environment to the more normal concerns of business such as cost control, monitoring of purchasing procedures, cash control, competition from competitors and so on.

Insurance is now in place and premiums have been paid on a quarterly basis. Disaster insurance has been re-established at a level satisfactory to the Audit Committee. Insurance continues to be expanded to cover all aspects of the business when cash resources permit.

The Company is certified by the Standards Association of Zimbabwe as HACCP compliant. Compliance with their food safety standard confirms production of products that meet international standards.

Directorate

The Board consists of five non-executive directors and four executive directors. All directors are subject to re-election by shareholders on a rotational basis. Mr. R G Whaits resigned from the Board in February 2009 and was replaced by Mr. G J Schooling in May 2009. The Company's Articles of Association require that he retire at the Annual General Meeting but, being eligible, he offers himself for election.

In terms of Article 99 of the Company's Articles of Association, Messrs J S Mutizwa, C Z Guyo and M J Hollingworth retire from the Board by rotation but, being eligible, offer themselves for re-election.

Dividend

It was agreed that no dividend was feasible.

Future Prospects

The Board is confident of a rapid transformation of fortunes going forward. The Company is driven by brands, rather than commodities. All brands have been maintained and this will result in a major competitive advantage as stability grows. The management team and skills base required for the future prosperity of the Company is intact.
The capital infrastructure, including the nationwide depot network, is still sound. Production and distribution facilities are adequate to meet market requirements without the need for any further investment.
The anomaly of one-sided excise duty on imports versus locally manufactured products was removed in July 2009. The Company is now importing finished products for resale at very competitive prices. This is providing new and profitable trading opportunities. With the ability to import competitively, the Company has been able to drop production of unsustainable and unprofitable lines such as wines and certain spirits. The resultant well balanced product portfolio of locally manufactured and imported product will ensure that market share is fully recovered.
Bottle constraints have been largely overcome which will ensure that demand for locally produced product is met.
The first two months of the new trading year have been profitable and projections for the year ahead are encouraging.

Appreciation

It has been an exceptionally difficult year. Both management and staff are to be congratulated on the remarkable job of maintaining the Company in a position where it could take immediate advantage of the dollarisation of the economy. I extend my sincere thanks to them and to my Board colleagues.

J. S. Mutizwa
CHAIRMAN
1 September 2009

AFRICAN DISTILLERS LIMITED
DIRECTORS' REPORT
30 June 2009

The Directors present their fifty ninth annual report to shareholders together with the audited financial statements for the year ended 30 June 2009.

FINANCIAL REPORTING

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting.

The inflation indices applicable to the Zimbabwe dollar (ZWD) were not published from 31 July 2008. Estimates by economists, of ZWD inflation in the period post 31 July 2008 were wide ranging and extremely high (percentages in excess of hundreds of trillions to quadrillions, in some cases). It was impossible to reliably measure inflation in Zimbabwe during this period because the rate of change of inflation on a daily basis was extremely high. Any attempt to measure inflation was subject to various limitations because reliable and timely price data was not available. The inability to reliably measure inflation was also exacerbated by the existence of multiple exchange rates, the use of foreign currency for some transactions and the existence of multiple pricing criteria for similar products based on the mode of settlement.

However, on 29 January 2009 the Monetary and Fiscal authorities authorised the use of multiple foreign currencies for trading in Zimbabwe. This resulted in a change in the functional currency for most entities reporting in Zimbabwe. In accordance with the requirements of International Financial Reporting Standards (IFRS), entities are required to convert their financial statements into the new functional currency at the date of changeover. The Company has not been able to convert its ZWD transactions into the new functional currency for reasons explained in Note 3.

As a result of these uncertainties and inherent limitations, the Directors decided not to disclose all comparative information, the income statement, cash flow statement and statement of changes in equity as these would have been misleading, inaccurate and distorted. The Directors believe that the balance sheet that has been presented is a fair reflection of the assets and liabilities of the Company and therefore a fair reflection of the shareholders' equity.

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. Going concern issues are addressed in Note 18 to the financial statements.

FINANCIAL HIGHLIGHTS

Balance Sheet Ratios (:1)		**30 June 2009**
Current ratio		3.97
Acid test ratio		0.77
Interest bearing debt to shareholders' equity (%)		0.83
Share Performance:		
Ordinary shares in issue		94 183 850
Middle market price	(cents)	26
Market capitalisation	(USD)	25 429 640
ZSE industrial index		154.42

Dividends
The Directors have recommended to pass the final dividend in respect of the year ended 30 June 2009.

SHARE CAPITAL

Authorised:
At 30 June 2009, the authorised share capital of the Company remained unchanged at 100 000 000 ordinary shares.

Issued and fully paid up shares
The issued share capital at 30 June 2009 is 94 183 850 ordinary shares (2008: 90 678 850 shares).

Options:
In terms of an Employees' Share Option Scheme, options of 870 000 shares were held by employees as at 30 June 2009 (2008: 4 480 000 shares) and a further 751 000 are available for allocation as at that date. (2008: 751 000 shares).

PROPERTY, PLANT AND EQUIPMENT

Capital expenditure for the year to 30 June 2009 was USD69 487 while receipts from disposal of property, plant and equipment were nil.

BORROWING POWERS

The details of the Company's borrowing powers appear in Note 14 to the financial statements.

POST BALANCE SHEET EVENTS

No material developments to the understanding of the Board have occurred between the end of the financial period and the date of this report.

DIRECTORS AND THEIR INTERESTS

Mr. R G Whaits resigned from the Board in February 2009 and was replaced, in May 2009, by Mr. G J Schooling. The Company's Articles of Association require that he retire at the Annual General Meeting but, being eligible, he offers himself for re-election.

In terms of Article 99 of the Company's Articles of Association, Messrs J S Mutizwa, C Z Guyo and M J Hollingworth retire from the Board by rotation but, being eligible, offer themselves for re-election.

At 30 June 2009, the Directors held, directly and indirectly, 3 579 590 (2008: 1 372 922) shares being 3.8% (2008: 1.51%) of the issued share capital of the Company. This holding is detailed in Note 9.4 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.

DIRECTORS' EMOLUMENTS

Members will be asked to confirm the Directors' fees of USD3 338 for the five month period ended 30 June 2009 and to approve the recommendations of the remuneration committee for the fees for the year ending 30 June 2010. The Directors forfeited the fees for the seven month period from 1 July 2008 to 30 January 2009.

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 USD60 000 for the financial year ended 30 June 2009.

ANNUAL GENERAL MEETING

The fifty ninth Annual General Meeting of the Company will be held at 11am on Wednesday 4 November 2009, at the registered office of the Company.

By Order of the Board

J S Mutizwa	**K G Jarvis**	**M J Hollingworth**
Chairman	**Managing Director**	**Financial Director**

1 September 2009
Harare

AFRICAN DISTILLERS LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
30 June 2009

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 pages 9 to 10. 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 (Chaapter 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, the Directors have been unable to comply with all requirements of the Zimbabwe Companies Act (Chapter 24:03) and International Financial Reporting Standards (IFRS) in the current year for the reasons set out in the Directors' Report and Note 3 to the financial statements.

The Directors have reviewed the Company's budget and cash flow forecast for the year to 30 June 2010. 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 executive directors have signed a representation letter on this compliance.

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. While within the Company it may be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the Directors in respect of the period under review.

These annual financial statements for the year ended 30 June 2009 which appear on pages 11 to 22 have been approved by the Board of Directors on 1 September 2009 and signed on their behalf by:

J S Mutizwa	**K G Jarvis**	**M J Hollingworth**
Chairman	**Managing Director**	**Financial Director**

1 September 2009
Harare

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
AFRICAN DISTILLERS LIMITED

We have audited the financial statements of African Distillers Limited for the year ended 30 June 2009.

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 Zimbabwe Companies Act (Chapter 24:03). 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 (ISA), except for the modifications to the auditors' report and the manner in which we report on the compliance of the financial statements with provisions of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/99), as set out in the guidance and recommendations issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Stock Exchange and the Zimbabwe Accounting Practices Board in August 2009. 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.

Basis for adverse opinion on all comparative information; income statement; cash flow statement; and the statement of changes in equity

<u>Non-compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies" and IAS 21 "The Effects of Changes in Foreign Exchange Rates"</u>

The Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. These statements have not been prepared in conformity with IFRS in that the requirements of IAS 29 and IAS 21 have not been complied with for the following reasons as explained in the Directors' Report and Note 3.3:

- the inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive in the Zimbabwean economic environment; and
- the inability to adjust items that are recorded in the currency of a hyperinflationary economy (i.e. the Zimbabwe dollar) into a unit of measure that is current at the remeasurement date.

<u>Non-compliance with IAS 1 "Presentation of financial statements"</u>

The Directors have not presented an income statement, a cash flow statement and a statement of changes in equity for the financial year ended 30 June 2009 as explained in Note 3.1. The Directors have also not presented any comparative information as required by IAS 1 because they believe the information will be misleading for reasons stated in Note 3.4.

Adverse opinion on non-compliance with International Financial Reporting Standards on all comparative information, the income statement, the cash flow statement and statement of changes in equity

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements do not give a true and fair view of the results of the Company's operations and cash flows for the year ended 30 June 2009 in accordance with International Financial Reporting Standards.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
AFRICAN DISTILLERS LIMITED (continued)

Unqualified opinion on the balance sheet

In our opinion, the balance sheet, in all material respects, gives a true and fair view of the financial position of African Distillers Limited at 30 June 2009 in accordance with the guidance and recommendations issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Stock Exchange and the Zimbabwe Accounting Practices Board in August 2009.

Report on legal and regulatory other requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies set out in Note 4. They do not comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/99) in that a profit and loss account for the financial year has not been presented as explained in Note 3.5.

In our opinion, the Company has complied, in all material respects with the guidance issued by the Public Accountants and Auditors Board and the Zimbabwe Accounting Practices Board in August 2009. This guidance was issued to assist preparers of financial statements in converting their financial statements from Zimbabwe dollars into their new functional currency in a manner that is consistent with the principles of IFRS, in as far as is practicable, in the Zimbabwean economic environment, at the date of the change of the presentation and functional currency.

Emphasis of matter

Without further qualifying our opinion, we draw your attention to the following matters which indicate that the Company is operating in an uncertain economic environment.

Going concern assumption

The operations of the Company have been significantly affected, and may continue to be affected for the foreseeable future, by the adverse effects of the country's unstable economic environment which has resulted in a significant downturn in economic activity. The ability of the Company to continue operating as a going concern, in such an environment, is subject to continual assessment. Refer to the Directors' Report, Directors' Responsibility Statement and to Note 18.

Fair value determination for assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and the estimation uncertainties have been disclosed in Note 5 to these financial statements.

Deloitte & Touche
Harare
30 September 2009

AFRICAN DISTILLERS LIMITED
BALANCE SHEET
30 June 2009

	Notes	2009 USD
ASSETS		
Non-Current Assets		
Property, plant and equipment	6	5 023 509
		5 023 509
Current Assets		
Inventories	7	3 266 128
Trade and other receivables	8	669 025
Cash and cash equivalents		121 667
		4 056 820
Total Assets		**9 080 329**
EQUITY AND LIABILITIES		
Capital and reserves	9	6 604 611
Non-Current Liabilities		
Deferred taxation	10	1 454 337
Current Liabilities		
Bank borrowings	11	54 962
Trade and other payables	12	966 419
Current tax liabilities		-
		1 021 381
Total Liabilities		2 475 718
Total Equity and Liabilities		**9 080 329**

Prior year comparatives have not been presented for the reasons disclosed in Note 3.4

J S Mutizwa	**K G Jarvis**	**M J Hollingworth**
Chairman	**Managing Director**	**Financial Director**

1 September 2009
Harare

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. CHANGE IN FUNCTIONAL CURRENCY

The Company changed its functional currency from Zimbabwe dollars (ZWD) to United States dollars (USD) with effect from 1 February 2009 following the approval of a multi-currency regime. Accordingly, the accounting records for the first seven months to 31 January 2009 are denominated in ZWD, and from 1 February to 30 June 2009, in USD.

3. DEVIATIONS FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AND COMPANIES ACT [Chapter 24:03]

The financial statements have not been prepared in conformity with International Financial Reporting Standards (IFRS) nor the Zimbabwe Companies Act (Chapter 24:03). The requirements of International Accounting Standard (IAS) 1 "Presentation of Financial Statements" have not been complied with materially as the Directors are of the opinion that complying with this standard would not result in fairly presented financial statements and would not be of any value to the users of the financial statements. The details of the non-compliance with IAS 1 "Presentation of Financial Statements" is further explained below, together with other significant deviations from IFRS.

3.1 Non-disclosure of Income Statement, Cash Flow Statement and Statement of Changes in Equity

The Directors are of the opinion that any attempt to convert the first seven months of trading from ZWD to USD, will produce statements which are misleading, inaccurate and distorted. This is mainly due to the unavailability of reliable inflation data for the period and the volatility and multiplicity of foreign exchange rates in the financial markets as further explained in the Directors' Report.

An income statement in the new functional currency of USD will also not be produced for the final five month period because the Directors are of the opinion that the statement would carry significant distortions relating to mismatched incomes and expenses emanating from the ZWD era, which would render it inaccurate and unreliable for use in making significant financial decisions by the financial statement users.
The cash flow statement and statement of changes in equity have also not been presented as these can only be produced by subjective and retrospective calculations which are limited in terms of accuracy and reliability by the issues addressed above.

3.2 Non-Compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates"

The Company's functional currency changed during the course of the financial period from ZWD to USD. The Company has chosen to report its transactions in USD because it is the new functional currency applicable to all current transactions.

The Company has not been able to comply with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates" because this standard requires that all transactions that are in the currency of a hyperinflationary economy be adjusted to a unit of measure current at the measurement date before conversion to an alternative presentation currency. The Company has not been able to adjust its ZWD transactions to comply with IAS 29 "Financial Reporting in Hyperinflationary Economies" as more fully explained in Note 3.3.

3.3 Non-Compliance with IAS 29 "Financial Reporting in Hyperinflationary Economies"

Inflation indices have not been published since July 2008. Subsequent estimates by economists are quoted at between trillions and quadrillions of ZWD. The use of foreign currency and multiple pricing also distorts the process of measuring inflation. Official inflation indices, when available, were only issued at month-ends. The use of assumptions to determine inflation in the intervening periods rendered the information presented susceptible to estimation errors. The Directors therefore decided not to disclose transactions and balances denominated in ZWD, and their related comparatives. In these circumstances, inflation adjusted data for the purposes of converting to USD has not been prepared as required by IAS 29, "Financial Reporting in Hyperinflationary Economies".

3. DEVIATIONS FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AND COMPANIES ACT [Chapter 24:03] (continued)

3.4 Comparative Information

The Directors have not presented comparative information because they believe that it will be misleading. Due to the prevailing economic environment in the previous year as described in the Directors' Report, it is not possible to convert financial statements into USD in a manner consistent with IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies" as described above.

3.5 Non-compliance with Companies Act [Chapter 24:03]

Due to the absence of an income statement in these financial statements, (because of the reasons highlighted in Note 3.1 above), the financial statements do not comply with section 142 of the Companies Act (Chapter 24:03).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

These are stated at their deemed cost less related depreciation and 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 deemed cost less depreciation but any 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 income.

4.2 Inventories

Inventories are valued at the lower of deemed 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	Weighted average cost
Maturing wines, spirits and finished goods	Weighted average cost. Where applicable, an appropriate share of overhead expenses is included. Out of bond inventories also include excise and customs duties.

4.3 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 charged against revenue and the credit is recorded in a share options reserve which forms part of equity. The fair value is calculated using the Black-Scholes option pricing model. The expected life used in the model is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods, and behavioural considerations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Taxation

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

4.4.1 Current Income 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.

4.4.2 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 liability 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 balance sheet 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 is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

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.

4.5 Foreign Currency Transactions and Balances

Transactions in other foreign currencies are translated to USD at the rate of exchange prevailing at dates of transactions. Exchange gains or losses are dealt with in the income statement. Assets and liabilities in other foreign currencies are translated to USD at the official rates ruling at balance sheet date.

4.6 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.

4.7 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 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 the profit and loss in the year to which they relate. The Company also participates in the National Social Security Authority Scheme (NSSA). 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.

4.9 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.

4.10 Impairment of Assets

At each balance sheet 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. Where 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generated 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 (cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

4.11 Financial Instruments

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

4.11.1 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".

4.11.2 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11.3 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet 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.

4.11.4 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.

4.11.5 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.

4.11.6 Derecognition of Financial Liabilities

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY’S ACCOUNTING POLICIES

In the application of the Company’s accounting policies, which are described in Note 4, 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 balance sheet date.

5.1 Change in Functional Currency

On the date of change in functional currency, IFRS requires that each entity should establish its opening balance sheet. Because it was not possible to strictly follow the requirements of IAS 29 and IAS 21 for the reasons stated in Note 3, the Public Accountants and Auditors Board (PAAB), the Zimbabwe Accounting Practices Board (ZAPB) and the Zimbabwe Stock Exchange (ZSE) jointly released guidance in August 2009 on the translation of balance sheet items summarised below:

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (continued)

5.1 Change in Functional Currency (continued)

Assets

- Assets carried at fair value should be fair valued at the date of change of the functional currency and carried at their fair values in the new functional currency, and;
- Assets carried at historical cost less depreciation or amortisation should be valued at deemed cost.

Liabilities

- Liabilities carried at fair value should be fair valued at the date of change of functional currency
- Liabilities carried at amortised cost should be recorded at deemed cost.

Equity

- The balance sheet should be completed by recognizing equity as the residual of assets less liabilities. This equity figure should be treated as a non-distributable reserve until clarity has been obtained on the legal position with respect to the treatment of share capital. Further clarification of reserves should be pursued after the legal considerations attendant to share capital have been addressed

For non-monetary assets, the deemed costs were determined using the best available market related rates or blend of rates to best approximate the USD equivalent of the related ZWD balances. The Directors underwent a procedure of comparing the converted balances to the replacement costs and fair market values of similar assets to assess the reasonableness of amounts computed in determining the deemed cost of non-monetary assets. All other assets and liabilities were reflected at their fair values, and the residual from conversion was recorded in equity as a non-distributable reserve.

5.2 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 tech nology changes. The useful lives are set out in Note 4.

5.3 Share Based Payments

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. Further assumptions as per Note 9.7 have been made in the valuation of share options in the prior years.

6. PROPERTY, PLANT AND EQUIPMENT

	Land and Improvements	Buildings	Plant and Machinery	Motor Vehicles	Office Equipment	Capital work in progress	Total
30 June 2009	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Deemed cost	736 084	2 906 721	3 398 086	2 581 917	269 788	44 468	9 937 064
Accumulated depreciation	-	(600 460)	(2 039 157)	(2 120 922)	(153 016)	-	(4 913 555)
Carrying Value	**736 084**	**2 306 261**	**1 358 929**	**460 995**	**116 777**	**44 468**	**5 023 509**

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost of additions made during the year ended June 2009 were worth USD69 487 and the net book value of disposals during this period was USD119 010 distributed as follows:

	Additions (Actual Cost) USD	Disposals (Net book value) USD
Plant and Machinery	22 935	-
Motor Vehicles	34 670	(117 739)
Office Equipment	11 882	(1 271)
	69 487	(119 010)

There are no firm commitments at year end relating to capital expenditure.

7. INVENTORIES

	2009 USD
Finished products	957 073
Maturing spirits and wines	377 608
Raw materials	1 949 796
	3 284 477
Allowance for obsolete inventory	(55 979)
.	3 266 128

8. TRADE AND OTHER RECEIVABLES

Trade receivables	714 793
Allowance for doubtful receivables	(107 652)
	607 141
Prepayments and other receivables	61 884
	669 025

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 36 days.

Included in the Company's trade receivables are debtors with a carrying amount of USD448 355 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 does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables	2009 USD
21 – 90 days	372 403
91 – 120 days	74 028
120 + days	1 924
	448 355

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	2009 USD
21 – 90 days	4 951
91 – 120 days	102 701
120 + days	-
	107 652

9. CAPITAL AND RESERVES

This is the residual figure of assets and liabilities and consists of share capital, share premium, share option reserve, non distributable and distributable reserves.

9.1 Authorised Share Capital

100 000 000 ordinary shares (2008: 100 000 000 shares).

9.2 Issued and Fully Paid Share Capital

94 183 850 ordinary shares (2008: 90 678 850 shares)

9.3 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 5 816 150 ordinary shares (2008: 9 321 150 ordinary shares).

9.4 Directors' Interests:

At 30 June 2009 the Directors held, directly and indirectly, the following ordinary shares:

	DIRECT		INDIRECT		Total 2009	2008
	Beneficial	Non-beneficial	Beneficial	Non-beneficial		
C Z Guyo	778 663	100	-	-	778 763	278 763
M J Hollingworth	900 000	308	-	-	900 308	400 308
K G Jarvis	1 175 000	100	-	-	1 175 100	575 100
R H M Maunsell	75 000	100	-	-	75 100	75 100
P Moyo	500 000	100	-	-	500 100	40 100
J S Mutizwa	-	100	147 668	-	147 768	1 100
S V Rushwaya	2 151	100	-	-	2 251	2 251
G J Schooling	-	100	-	-	100	-
V D Toros	-	100	-	-	100	100
R G Whaits	n/a	n/a	n/a	n/a	n/a	100
	3 430 814	1 108	147 668	-	3 579 590	1 372 922

The holding, directly and indirectly, of the Directors in the issued share capital is 3.8% (2008 – 1,51%).

9.5 Employees' Share Option Scheme - shares under option

Date of Grant	Number of Options 2009	2008
At beginning of year	4 480 000	4 480 000
Exercised during the year	(3 505 000)	-
Forfeited during the year	(105 000)	-
At end of year	870 000	4 480 000

9.6 Options Exercised

Options were granted at the middle price ruling on the Zimbabwe Stock Exchange on the day on which the options were granted. Each option must be exercised within ten years of the date on which the option was granted.

9. CAPITAL AND RESERVES (continued)

9.7 Share Based Payment Computation

In terms of the Company's Share Option Scheme, options were granted on 19 June 2006. The estimated fair value of the options granted on that date is USD240 600. The options can only be exercised after 3 years of service. No options were granted in the current year.

Expected volatility was determined by calculating the historical volatility of the Company's shares. The expected life is based on experience over a ten year period, but the 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.

10. DEFERRED TAXATION

	2009
Arising from the following:	**USD**
Property, plant and equipment	1 477 390
Other assets	(819)
Liabilities	(11 679)
Current year assessed loss	(10 555)
	1 454 337

11. BANK BORROWINGS

The bankers acceptances at year end were structured as follows:

Bank	**Amount USD**	**Interest Rate**	**Maturity Date**
MBCA Bank Ltd	54 962	6.5% p.a.	3 July 2009

12. TRADE AND OTHER PAYABLES

Trade payables	575 808
Accruals	390 611
	966 419

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchases is 14 days.

13. RELATED PARTY TRANSACTIONS

Distell Ltd (SA) and Delta Corporation Ltd have an effective shareholding of 28.72% each in the Company.

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)	**USD**
Purchase of raw materials – for the year	325 860
Purchase of property, plant and equipment and spares – for the year	21 382
	347 242
Delta Corporation Limited	
Purchase of raw materials – 1 Feb 2009 to 30 June 2009	452 687
Year-end Balances Payable	
Delta Corporation Ltd	26 260
Distell Ltd (SA) – raw materials	299 597
Distell Ltd (SA) – property, plant and equipment	21 382

13. RELATED PARTY TRANSACTIONS (continued)

13.1 Compensation of Key Management Personnel

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	182 821
Post employment benefits	36 556
Total - five months period 1 February to 30 June 2009	219 377

13.2 Directors' Emoluments

	2009 USD
Fees as Directors	3 338
Managerial Services	142 729
Total - five months period 1 February to 30 June 2009	146 067

14. BORROWING POWERS

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.

15. BANK FACILITIES

	2009 USD
Bank borrowing facilities	100 000
Facilities utilised (see Note 11)	(54 962)
Unutilised facilities	45 038

16. PENSION FUNDS

All employees contribute to one or more of the following independently administered pension funds.

16.1 African Distillers Pension Fund

All 230 employees as at 30 June 2009 are members of the African Distillers Pension Fund. The fund is an independently administered defined contribution scheme and is, accordingly, not subject to actuarial valuation.

16.2 National Social Security Scheme

This is a defined benefit scheme promulgated under the National Social Security Authority Act 1989. The Company's obligations under the scheme are limited to specific contributions legislated from time to time. These are presently 4% of pensionable emoluments per month for each employee.

17 FINANCIAL RISK MANAGEMENT

17.1 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.

17.2 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.

17.3 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.

17.4 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 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:

		2009
	CURRENCY	**USD**
Payables	ZAR	320 979
Receivables	ZAR	311
Receivables	GBP	1 347

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 USD29 286 increase in profit before tax where the USD strengthens 10% against the relevant currency and vice versa.

17.5 Fair Values of Financial Instruments

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

17.6 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.

18. GOING CONCERN

The Directors have assessed the ability of the Company to continue operating as a going concern and believe that at the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the Company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The management has however assessed the cash flows and performance of the company and are satisfied that the company will be able to pay its debts when they fall due.

AFRICAN DISTILLERS LIMITED
DIRECTORS
30 JUNE 2009

NON-EXECUTIVE DIRECTORS

J S Mutizwa (Chairman) B.Sc. (Hons), MBA *
Chief Executive, Delta Corporation Limited.
Appointed as alternate director in 1995 ,director in November 2001 and Chairman in 2003.

R H M Maunsell B. Bus. Sc., CA (SA), CA (Z)#
Executive Director Finance, Delta Corporation Limited.
Appointed as director in August 2003

S V Rushwaya B.Sc (Soc)#*
Managing Director, Aberfoyle Holdings Limited
Appointed as director in October 1997.

V D Toros B.Eng (Mech), MBA *
Director Operations, Distell Group, South Africa
Appointed as director in February 2005.

R G Whaits B.Sc (Eng), MBL #
General Manager/ Africa, Distell Group, South Africa
Appointed as director in November 2005 and resigned in February 2009.

G J Schooling B.Comm. #
Group General Manager: Africa, Distell Group, South Africa
Appointed as director in May 2009.

EXECUTIVE DIRECTORS

K G Jarvis B.A., DMS # *
Managing Director.
Joined the Company in 1981 and appointed as director in 1992.
Appointed to present position in July 2002.

C Z Guyo B.Sc. (Hons), MBA
Operations Director.
Joined the Company in 1986.
Appointed as director in May 2001.

M J Hollingworth B. Compt., CA (Z)
Financial Director.
Joined the Company in February 2003.
Appointed as director in June 2003.

P Moyo B.Sc (Mech. Eng) Hons
Sales, Marketing and Distribution Director.
Joined the Company in September 2003.
Appointed as director in February 2006.

COMPANY SECRETARY

E A English B.A. Grad.CE
Appointed in July 1999.

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.

AFRICAN DISTILLERS LIMITED
SHAREHOLDERS' ANALYSIS
30 June 2009

2009

	Shareholders		Shares Held	
Size of Shareholding	**No**	**%**	**No**	**%**
1 - 5000	682	71.64	433 865	0.46
5001 - 10000	80	8.40	607 694	0.65
10001 - 25000	77	8.09	1 261 069	1.34
25001 - 50000	32	3.36	1 106 706	1.18
50001 - 100000	29	3.05	2 127 120	2.26
100 001 - 500 000	36	3.78	7 365 452	7.82
500 001 - 1000000	6	0.63	4 039 165	4.28
Above 1000000	10	1.05	77 242 779	82.01
Total	**952**	**100.00**	**94 183 850**	**100.00**
Classification Breakdown				
Residents				
Companies	141	14.81	60 933 145	64.70
Insurance Companies	13	1.37	13 651 383	14.49
Pension Funds	27	2.84	5 150 579	5.47
Individuals	579	60.82	8 484 113	9.01
Nominees	63	6.62	2 818 513	2.99
Investments and Trusts	75	7.88	1 919 275	2.04
Other Organisations	22	2.32	468 661	0.50
	920	**96.62**	**93 425 669**	**99.20**
Non-Resident				
Companies	7	0.75	515 960	0.54
Individuals	25	2.63	242 221	0.26
	32	**3.38**	**758 181**	**0.80**
Total	**952**	**100.00**	**94 183 850**	**100.00**
Ten Largest Shareholders				
Afdis Holdings (Pvt) Ltd			54 087 379	57.43
Old Mutual Life Assurance Company			11 740 134	12.47
Old Mutual Zimbabwe			2 873 892	3.05
Local Authorities Pension Fund			1 502 500	1.60
Tanvest (Pvt) Ltd			1 450 784	1.54
Jarvis K G			1 175 000	1.25
Mining Industry Pension Fund			1 164 886	1.24
Scaiflow Investments (Pvt) Ltd			1 160 981	1.23
T F S Nominees (Pvt) Ltd			1 054 319	1.12
Amavail Investments (Pvt) Ltd			1 032 904	1.10
			77 242 779	**82.00**
Other			**16 941 071**	**18.00**
Total			**94 183 850**	**100.00**

2008

	Shareholders		Shares Held	
Size of Shareholding	**No**	**%**	**No**	**%**
1 - 5000	492	63.04	658 549	0.73
5001 - 10000	91	11.64	684 689	0.76
10001 - 25000	82	10.61	1 358 769	1.51
25001 - 50000	37	4.73	1 282 632	1.41
50001 - 100000	25	3.20	1 721 074	1.90
100 001 - 500 000	40	5.12	8 440 210	9.31
500 001 - 1000000	8	0.77	3 773 797	4.16
Above 1000 000	7	0.90	72 759 130	80.24
Total	**782**	**100.00**	**90 678 850**	**100.00**
Classification Breakdown				
Residents				
Companies	125	15.98	60 531 626	66.75
Insurance Companies	11	1.40	13 901 294	15.33
Pension Funds	27	3.45	4 979 623	5.49
Individuals	445	56.91	4 150 884	4.58
Nominees	61	7.80	3 266 711	3.60
Investments and Trusts	68	8.70	2 759 419	3.04
Other Organisations	14	1.79	337 878	0.38
	751	**96.03**	**89 927 435**	**99.17**
Non-Resident				
Companies	6	0.77	514 960	0.57
Individuals	25	3.20	236 455	0.26
	31	**3.97**	**751 415**	**0.83**
Total	**782**	**100.00**	**90 678 850**	**100.00**
Ten Largest Shareholders				
Afdis Holdings (Pvt) Ltd			54 075 258	59.63
Old Mutual Life Assurance Company			11 837 934	13.05
Old Mutual Zimbabwe			2 873 892	3.17
Local Authorities Pension Fund			1 505 100	1.66
Tanvest (Pvt) Ltd			1 436 784	1.58
Scaiflow Investments (Pvt) Ltd			1 035 262	1.14
Edwards Nominees (Pvt) Ltd			1 101 271	1.21
Mining Industry Pension Fund			762 796	0.84
Belgroom Investments (Pvt) Ltd			690 320	0.76
Amavail Investments (Pvt) Ltd			632 761	0.70
			75 951 378	**83.74**
Other			**14 727 472**	**16.26**
Total			**90 678 850**	**100.00**

AFRICAN DISTILLERS LIMITED
NOTICE TO SHAREHOLDERS AND PROXIES
For the year ended 30 June 2009

Notice is hereby given that the fifty ninth Annual General Meeting of the Company will be held in the boardroom at the Head Office, St. Marnock's, Lomagundi Road, Stapleford, Harare, Zimbabwe at 11am on Wednesday 4 November 2009, for the following purposes:

1. To receive and adopt the financial statements for the year ended 30 June 2009 with the Reports of the Directors and Auditors.

2. To appoint directors:
   Mr R G Whaits resigned from the Board in February 2009 and was replaced, in May 2009, by Mr G J Schooling. The Company's Articles of Association require that he retire at the Annual General Meeting but, being eligible, he offers himself for election.

   In terms of Article 99 of the Company's Articles of Association, Messrs J S Mutizwa, C Z Guyo and M J Hollingworth retire from the Board by rotation but, being eligible, offer themselves for re-election.

3. To confirm the fees of Directors for the five months ended 30 June 2009 of USD3 338, and approve the recommendations of the Remuneration Committee for the fees for the year ending 30 June 2010.

4. To appoint Auditors for the current year and approve their remuneration for the past year ended 30 June 2009 of USD 60 000.

By Order of the Board

E A ENGLISH
Company Secretary

St Marnock's
Stapleford
Harare
Zimbabwe

9 October 2009

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.

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
Facsimile: 263-4-2915483
E-mail: headoffice@afdis.co.zw

Auditors
Deloitte & Touche
Kenilworth Gardens
1 Kenilworth Road
Highlands
Harare

P O Box 267
Harare

Telephone: 263-4-746248
Facsimile: 263-4-746255

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
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SHAREHOLDERS' CALENDAR

30 June 2009
Financial year end

1 September 2009
Final approval on audited results for the year ended
30 June 2009

4 November 2009
Fifty ninth Annual General Meeting

* 14 February 2010
Interim announcement on unaudited results
for six months ended 31 December 2009

* 19 March 2010
Interim dividend payable

30 June 2010
Financial year end

*19 August 2010
Final announcement on audited results for the year ended
30 June 2010

*24 September 2010
Final dividend payable

* 3 November 2010
Sixtieth Annual General Meeting

***** Anticipated dates