



African Distillers Limited

(Incorporated in Zimbabwe)



DIRECTORS' STATEMENT IN RESPECT OF THE AUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2012

SALIENT FEATURES

- Sales volumes grew by 28, 3% to 4,7 million litres
- Revenues grew by 31, 9% to \$25,7 million
- Gross margin increased by 2% to 31%.
- Operating income grew by 404% to 1,16 million.
- EBITDA for the year under review was \$2,06 million compared to a prior year loss.
- EPS for the year under review were \$0, 01 compared to a prior year loss of \$0, 01.
- Local production grew by 64% to 2,7 million litres and accounted for 62, 4% of total revenue.
- Factory capacity utilization grew by 29% to 41%.

FUTURE PROSPECTS

The Company is geared to deliver value to all stakeholders:-

- Strategic focus will remain on production efficiencies and entrenching market leadership.
- Growth in the more profitable brown spirit market will see margins maintained or improved.
- Extended supplier credit will be cleared by September 2012 and this will release cash resources to fund working capital requirements in time for the festive season.
- Standardized packaging and product upgrades will enhance the image of both Afdis and its brands and will also lead to production efficiencies.

DIVIDEND

Growth is still being restricted by working capital constraints and this will remain the position until the extended supplier credit position is normalized at the end of September 2012

Further, sales forecasts highlight the need for investment to complete basic upgrades to the Company's production facilities in order to meet the expected increase in demand.

For these reasons the Board has resolved that no dividend be paid for the year ended 30 June 2012.

BY ORDER OF THE BOARD
LMUTAMUKO
SECRETARY

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

| | Notes | 2012 Audited \$ | 2011 Audited \$ |
|------------------------------------------------|-------|------------------|------------------|
| Gross sales | | 25 701 742 | 19 483 655 |
| Excise duty & discounts | | (6 154 138) | (4 453 642) |
| Revenue | | 19 547 604 | 15 030 013 |
| Cost of sales | | (11 477 261) | (9 360 314) |
| Gross profit | | 8 070 343 | 5 669 699 |
| Other income | | 32 334 | 54 423 |
| Distribution costs | | (536 014) | (188 825) |
| Administrative expenses | | (901 819) | (837 324) |
| Other operating expenses | | (5 501 400) | (4 467 287) |
| Operating income | 4 | 1 163 444 | 230 686 |
| Reorganisational costs | | - | (742 404) |
| Net finance income/(cost) | 5 | 502 351 | (460 453) |
| Profit/(loss) before taxation | | 1 665 795 | (972 171) |
| Taxation (expense)/credit | 6 | (522 112) | 39 971 |
| Profit/(loss) for the year | | 1 143 683 | (932 200) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 1 143 683 | (932 200) |
| Earning/(loss) per share (Cents) : | | | |
| Attributable | | 1. 20 | (.98) |
| Headline | | 1. 21 | (.88) |
| Diluted | | 1. 20 | (.98) |

STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

| | June 2012 Audited \$ | June 2011 Audited \$ |
|--------------------------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 4 496 241 | 4 359 833 |
| Long term loans | 414 439 | 211 858 |
| | 4 910 680 | 4 571 691 |
| Current Assets | | |
| Inventories | 2 822 296 | 3 933 148 |
| Trade and other receivables | 3 839 214 | 3 222 580 |
| Cash and cash equivalents | 76 364 | 188 460 |
| | 6 737 874 | 7 344 188 |
| Total Assets | 11 648 554 | 11 915 879 |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves | | |
| Shareholders' equity | 5 050 681 | 3 844 450 |
| Non - Current liabilities | | |
| Deferred taxation | 1 009 236 | 487 124 |
| Current Liabilities | | |
| Overdrafts | 931 620 | - |
| Bank borrowings | 500 000 | 899 999 |
| Trade and other payables | 4 157 017 | 6 684 306 |
| | 5 588 637 | 7 584 305 |
| Total Liabilities | 6 597 873 | 8 071 429 |
| Total Equity and Liabilities | 11 648 554 | 11 915 879 |
| Ordinary shares in issue (Actual) (millions) | 95 | 95 |
| Ordinary shares in issue (Weighted average) (millions) | 95 | 95 |
| Interest bearing debt to shareholders' equity (%) | 28.35 | 23.41 |
| Current ratio (: 1) | 1.21 | 0.97 |
| Shareholders' equity per share (Cents) | 5.32 | 4.05 |
| Middle market price (Cents) | 11.00 | 13.00 |

STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

| | Notes | 2012 Audited \$ | 2011 Audited \$ |
|-----------------------------------------------------------------|-------|------------------|------------------|
| Cash Flow from Operating Activities | | | |
| Cash generated from/(utilised in) trading after non-cash items | | 2 139 905 | (567 285) |
| Changes in working capital | | (2 033 071) | 579 417 |
| Cash generated from operations | | 106 834 | 12 132 |
| Interest expenditure | 5 | (170 153) | (84 596) |
| Net Cash Outflow from Operating Activities | | (63 319) | (72 464) |
| Cash Flow from Investing Activities | | | |
| Property, plant and equipment | | (377 817) | 47 582 |
| Long term loans | 7 | (202 581) | (143 233) |
| Net Cash used in Investing Activities | | (580 398) | (95 651) |
| Net Cash Outflow from Investing and Operating Activities | | (643 717) | (168 115) |
| Cash Flow from Financing Activities | | | |
| Increase in short term borrowings | | 531 621 | 149 000 |
| Net movement in cash and cash equivalents | | (112 096) | (19 115) |
| Cash and cash equivalents at beginning of the year | | 188 460 | 207 575 |
| Cash and cash equivalents at end of the year | | 76 364 | 188 460 |
| Comprising:- | | | |
| Bank balances and cash | | 76 364 | 188 460 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 June 2012

| | 2012 Audited \$ | 2011 Audited \$ |
|------------------------------------------------------|------------------|------------------|
| Shareholders' equity at beginning of the year | 3 844 450 | 4 776 650 |
| Recognition of share based payment expense | 62 548 | - |
| Total comprehensive income/(loss) for the year | 1 143 683 | (932 200) |
| Shareholders' equity at end of the year | 5 050 681 | 3 844 450 |

NOTES

For the year ended 30 June 2012

- Accounting Policies:**
The principal accounting policies of the Company have been consistently applied in all material respects and do conform with International Financial Reporting Standards and interpretations thereto as well as the Companies Act (Chapter 24:03). There is no significant impact arising from new and revised International Financial Reporting Standards applicable for the year ended 30 June 2012
- Currency of Reporting:**
The Financial Statements are presented in United States Dollars which is the functional currency of the Company.
- Forward exchange contracts**
Included in current liabilities are Rand denominated payables of R13 924 214 of which 66.45% are covered under forward exchange contracts at an average rate of US\$1 - R8.28. These agreements extend to September 2012.
- Operating Income**
This is stated after charging:
Depreciation 233 227 220 600
- Net Finance (income)/costs**
Interest expenditure 170 153 84 596
Exchange (gain)/losses (672 504) 375 857
(502 351) 460 453
- Taxation**
Current income tax expense - -
Deferred tax - Arising on current year temporary differences 522 112 (39 971)
522 112 (39 971)
- Property, Plant and Equipment:**
Acquisition of property, plant and equipment (381 121) (112 418)
Proceeds on disposal 3 304 160 000
(377 817) 47 582
- Commitments for Capital Expenditure:**
The Company has no firm capital commitments.
- Audit Opinion**
The external auditors have expressed an unqualified opinion on the full set of financial statements for the year ended 30 June 2012 from which this financial information is derived.



DIRECTORATE

J S Mutizwa BSc (Hons) MBA (Chairman), *C Z Guyo BSc (Hons) MBA,
*M J Hollingworth B. Compt. CA (Z) (Managing), S W Klopper B.Acc. Hons. CA (SA),
*A Chitapi B-Tech Mgt (Hons), R H M Maunsell B. Bus. Sc., CA (SA), CA (Z), M Valela B.Tech (Accounts); CA (Z)
S V Rushwaya BSc (Soc), G J Schooling (B. Comm).
* Executive Directors