



AFRICAN DISTILLERS LIMITED

(Incorporated in Zimbabwe)

AUDITED ABRIDGED FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2013



SALIENT FEATURES

- Sales volumes**
 - Increased by 18%.
- Revenue**
 - Increased by 16%.
- Operating income**
 - Up by 43% to \$1.66 million.
- Earnings per share**
 - Decreased to 0.85 cents from 1.2 cents.
- Government taxes**
 - Total taxes remitted \$10.3 million.
- Net Borrowings**
 - Net funding \$2.8m.

OVERVIEW

The company continues to enjoy growth in volumes, revenues and profits as it regains its position in the spirit and wines market supported by improving operational efficiencies.

Sales volumes grew by 18% whilst revenues were up 16% over prior year. Revenue growth was driven largely by increased sales from locally produced beverages which grew in volume by 21% to 3.2 million litres and accounted for 57.7% of total revenue. Revenue growth was lower than volume growth due to an unfavourable mix from imported products whose growth was largely constrained by two increases in customs duties during the year.

Operating income grew by 43% ahead of revenue growth of 16%, leveraging on improved efficiencies and cost control. Earnings per share were lower due to exchange gains of \$0.67 million in prior year and re-organization costs of \$0.27 million incurred in the current year.

Net working capital went up by \$1.9m and was financed by increased borrowings as the business grew.

FUTURE PROSPECTS

Growth will be driven by:-

- Investing in new and modern manufacturing facilities.
- Increasing the "Ready-to-Drink" product portfolio.
- Strengthening current brands through continuous innovation.
- Improving production efficiencies and capabilities.
- Cost effectiveness throughout the organization.

DIRECTORATE

Mr C Z Gombera was appointed Managing Director with effect from 1 July 2013 following the retirement of Mr M J Hollingworth. Mrs M Ndachena assumed the role of Financial Director with effect from 1 January 2013.

DIVIDEND

No dividend is being recommended for the year ended 30 June 2013, as the Company still requires funds to undertake capital expansion projects.

BY ORDER OF THE BOARD

LMUTAMUKO
SECRETARY

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	June 2013 Audited \$	June 2012 Audited \$
Revenue	4	22 091 417	19 547 604
Cost of sales		(12 435 958)	(11 477 261)
Gross profit		9 655 459	8 070 343
Other income		67 643	32 334
Distribution costs		(707 479)	(536 014)
Administrative expenses		(1 232 512)	(901 819)
Other operating expenses		(6 122 199)	(5 501 400)
Operating income	5	1 660 912	1 163 444
Reorganisational costs		(265 373)	-
Interest expenditure		(286 541)	(170 153)
Exchange gains		104 129	672 504
Profit before taxation		1 213 127	1 665 795
Taxation expense	6	(404 360)	(522 112)
Profit for the year		808 767	1 143 683
Other comprehensive income		-	-
Total comprehensive income		808 767	1 143 683
Earning per share (Cents) :			
Attributable		0.85	1.20
Headline		0.90	1.21
Diluted		0.83	1.20

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

Notes	June 2013 Audited \$	June 2012 Audited \$
ASSETS		
Non-Current Assets		
Property, plant and equipment	4 557 805	4 496 241
Long term loans	574 901	414 439
	5 132 706	4 910 680
Current Assets		
Inventories	4 457 967	2 822 296
Trade and other receivables	4 250 832	3 839 214
Cash and cash equivalents	88 825	76 364
	8 797 624	6 737 874
Total Assets	13 930 330	11 648 554
EQUITY AND LIABILITIES		
Capital and Reserves		
Shareholders' equity	5 953 168	5 050 681
Non - Current liabilities		
Deferred taxation	898 473	1 009 236
Current Liabilities		
Overdrafts	1 832 702	931 620
Bank borrowings	1 049 821	500 000
Trade and other payables	4 075 785	4 157 017
Current tax liabilities	120 381	-
	7 078 689	5 588 637
Total Liabilities	7 977 162	6 597 873
Total Equity and Liabilities	13 930 330	11 648 554
Ordinary shares in issue (Actual) (millions)	95	95
Ordinary shares in issue (Weighted average) (millions)	95	95
Interest bearing debt to shareholders' equity (%)	48.42	28.35
Current ratio (: 1)	1.23	1.21
Shareholders' equity per share (Cents)	6.27	5.32
Middle market price (Cents)	33.00	11.00

STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

Cash Flow from Operating Activities		
Cash generated from trading after non-cash items	1 971 414	2 139 905
Changes in working capital	(2 128 521)	(2 033 071)
Cash (utilised in)/generated from operations	(157 107)	106 834
Interest expenditures	(286 541)	(170 153)
Income tax paid	(394 742)	-
Cash outflow from operations	(838 390)	(63 319)
Net Cash OutFlow from Operating Activities	(838 390)	(63 319)
Cash Flow from Investing Activities		
Property, plant and equipment	7	(439 590)
Long term loans		(160 462)
Net Cash used in investing Activities		(600 052)
Net Cash Outflow from Investing and Operating Activities		(1 438 442)
Cash Flow from Financing Activities		
Increase in short term borrowings	1 450 903	531 621
Net movement in cash and cash equivalents	12 461	(112 096)
Cash and cash equivalents at beginning of the year	76 364	188 460
Cash and cash equivalents at end of the year	88 825	76 364
Comprising:-		
Bank balances and cash	88 825	76 364

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 30 June 2013

Shareholders' equity at beginning of the year	5 050 681	3 844 450
Recognition of share based payment expense	93 720	62 548
Total comprehensive income for the year	808 767	1 143 683
Shareholders' equity at end of the year	5 953 168	5 050 681

NOTES

For the year ended 30 June 2013

- 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 24:3). There is no significant impact arising from new and revised International Financial Reporting Standards applicable for the year ended 30 June 2013.
- 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 R11 274 503 of which 89.29% are covered under forward exchange contracts at an average rate of US\$1 - R9.9 These agreements stretch to end of August 2013.
- Revenue:**

Gross sales	29 805 304	25 701 742
Excise duty&discounts	(7 713 887)	(6 154 138)
	22 091 417	19 547 604
- Operating Income:**
This is stated after charging:
Depreciation 263 679 233 227
- Taxation:**
Current income tax expense 515 123 -
Deferred tax - Arising on current year temporary differences (110 763) 522 112
404 360 522 112
- Property, Plant and Equipment:**
Acquisition of property, plant and equipment (445 235) (381 121)
Realised on disposal 5 645 3 304
(439 590) (377 817)
- Commitments for Capital Expenditure:**
The Company has no firm capital commitments.
- Audit Opinion:**
These financial results should be read in conjunction with the complete set of financial statements for the year ended 30 June 2013 which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. An unqualified audit opinion has been issued thereon. The auditor's report on the financial statements, which form the basis of these financial results is available for inspection at the company's registered office.

DIRECTORATE

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

* Executive Directors

