



AFRICAN DISTILLERS LIMITED

UNAUDITED FINANCIAL INFORMATION FOR HALF YEAR ENDED 31 DECEMBER 2014

SALIENT FEATURES

Sales Volumes
Increased by 20% to 3.8 million litres

Gross Sales
Increased by 13% to \$20.8 million

Gross Margin
Increased from 48% to 50%

Operating Income
Increased by 29% to \$2.6 million

Attributable Earnings
Increased by 48% to \$1.9 million

Earnings Per Share
Increased by 26% to 1.74 US cents

Government Taxes
Remittances to fiscus increased by 15% to \$6.8 million

CHAIRMAN'S STATEMENT

Introduction

The company has delivered good results for the six months to December 2014 despite the difficult trading environment. In an effort to exploit existing market opportunities, the Company commissioned the ready-to-drink line in October 2014, localising the production of ciders.

Operations Review

Total spirit category remains a significant contributor to overall business performance. Growth in this sector augmented by the performance of locally produced ciders resulted in an overall 20% growth in volumes. Volumes grew ahead of turnover due to increased contribution of the relatively lower priced cider.

Financial Performance

Gross Sales grew by 13% to \$20.8 million on a volume growth of 20%. Operating Income at \$2.6 million grew by 29% on prior year. This is attributed to value chain cost reduction initiatives and favourable Rand exchange rate movement over the period. Included in operating income is \$249 963 relating to disposal of assets. Net finance costs at \$37 000 were 81% below last year. This was largely due to reduced borrowings and an improved working capital position.

Dividend

The Board has recommended an interim dividend of 0.21 cents per share.

Future Prospects

The operating environment is expected to remain difficult, however the company continues to target:-

- Sales growth, hinged on sustaining current spirit market share and leveraging on the growth of the locally produced cider.
- Increased profitability through cost management and improved production efficiencies.

Appreciation

The Board would like to express its gratitude to management and employees for their continued commitment and dedication which has led to the achievement of these results.

J. S. MUTIZWA
CHAIRMAN

05 February 2015

Dividend Declaration

Notice is hereby given that on the 5th of February the Board of directors declared an interim dividend, number 80 of 0.21 cents per share out of the profits of the Company for the half year to 31 December 2014.

The dividend will be payable in United States dollars to shareholders registered in the books of the Company at the close of business on Friday 13 March 2015. The dividend will be paid on or before 23 March 2015.

The share register of the Company will be closed from 13 March 2015 to 15 March 2015 both dates inclusive.

By order of the Board

L. Mutamuko
Company Secretary

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the half year ended 31 December 2014

		6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	Notes	\$	\$	\$
Revenue	4	13 778 555	12 708 986	23 952 028
Cost of sales		(6 843 245)	(6 661 647)	(12 645 307)
Gross profit		6 935 310	6 047 339	11 306 721
Other income		110 610	17 330	38 294
Distribution costs		(410 353)	(337 892)	(739 866)
Administrative expenses		(538 065)	(590 705)	(1 168 604)
Other operating expenses		(3 484 743)	(3 107 312)	(6 440 041)
Operating income	5	2 612 759	2 028 760	2 996 504
Interest expenditure		(36 606)	(194 023)	(198 834)
Exchange gain/(loss)		147 707	(24 512)	5 181
Profit before taxation		2 723 860	1 810 225	2 802 851
Taxation	6	(780 391)	(493 923)	(725 320)
Profit for the period		1 943 469	1 316 302	2 077 531
Other comprehensive income		-	-	-
Total comprehensive income for the period		1 943 469	1 316 302	2 077 531
Earnings per share (Cents):				
Attributable		1.74	1.38	2.01
Headline		1.51	1.37	2.07
Diluted		1.73	1.34	1.96

STATEMENT OF FINANCIAL POSITION As at 31 December 2014

		Dec 2014 Unaudited	Dec 2013 Unaudited	June 2014 Audited
	Notes	\$	\$	\$
ASSETS				
Non-Current Assets				
Property, plant and equipment		10 066 027	5 442 098	5 735 381
Long term loans		524 001	623 265	443 833
		<u>10 590 028</u>	<u>6 065 363</u>	<u>6 179 214</u>
Current Assets				
Inventories		7 158 385	5 434 767	6 405 745
Trade and other receivables		7 499 015	6 600 436	6 467 849
Cash and cash equivalents		21 138	893 469	448 589
		<u>14 678 538</u>	<u>12 928 672</u>	<u>13 322 183</u>
Total Assets		25 268 566	18 994 035	19 501 397
EQUITY AND LIABILITIES				
Capital and Reserves				
Shareholders' equity		14 289 251	7 374 355	13 063 995
Non - Current liabilities				
Deferred taxation		890 993	874 956	740 438
Current Liabilities				
Bank borrowings		1 039 414	3 930 392	-
Trade and other payables	7	8 541 389	6 510 806	5 576 171
Current tax liability		507 519	303 526	120 793
		<u>10 088 322</u>	<u>10 744 724</u>	<u>5 696 964</u>
Total Liabilities		10 979 315	11 619 680	6 437 402
Total Equity and Liabilities		25 268 566	18 994 035	19 501 397
Ordinary shares in issue (Actual) (millions)		114	96	111
Ordinary shares in issue (Weighted average) (millions)		112	96	103
Interest bearing debt to shareholders' equity (%)		7.27	53.30	-
Current ratio (: 1)		1.46	1.20	2.34
Shareholders' equity per share (Cents)		12.76	7.68	12.68
Middle market price (Cents)		47.00	30.00	30.00

STATEMENT OF CASH FLOWS For the half year ended 31 December 2014

		6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	Notes	\$	\$	\$
Cash Flow from Operating Activities				
Cash generated from trading after non-cash items		2 885 661	2 193 436	3 491 884
Changes in working capital		(1 278 506)	(891 383)	(553 867)
Cash generated from operations		1 607 155	1 302 053	2 938 017
Interest expense		(36 606)	(194 023)	(198 834)
Dividend paid		(501 098)	-	-
Income tax paid		(243 110)	(334 295)	(882 943)
Net Cash Inflows from Operating Activities		826 341	773 735	1 856 240
Cash Flow from Investing Activities				
Property, plant and equipment	8	(1 954 918)	(1 029 801)	(1 583 091)
Capital prepayments		-	-	(2 110 542)
Long term loans		(80 168)	(48 364)	131 068
Net Cash used in investing Activities		(2 035 086)	(1 078 165)	(3 562 565)
Net Cash Outflows from Investing and Operating Activities		(1 208 745)	(304 430)	(1 706 325)
Cash Flow from Financing Activities				
Increase in shareholder funding		326 200	61 205	4 948 612
Share buy back		(584 320)	-	-
Increase in short term borrowings		1 039 414	1 047 869	(2 882 523)
		<u>781 294</u>	<u>1 109 074</u>	<u>2 066 089</u>
Net movement in cash and cash equivalents		(427 451)	804 644	359 764
Cash and cash equivalents at beginning of the year		448 589	-	88 825
Cash and cash equivalents at end of the period		21 138	804 644	448 589
Comprising:-				
Bank balances and cash		21 138	804 644	448 589

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the half year ended 31 December 2014

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
Shareholders' equity at beginning of the year	13 063 995	5 953 168	5 953 168
Changes in Issued share capital			
Exercise of share options	26 900	7 000	7 000
Share buy back	(15 978)	-	-
Issue of shares to shareholders	-	-	154 511
Changes in share premium			
Exercise of share options	304 800	84 000	84 000
Issue of shares to shareholders	-	-	4 845 488
Share buy back	(559 247)	-	-
Share buy back costs	(9 094)	-	-
Rights issue costs	(5 500)	(29 795)	(142 387)
Changes in Share option reserve			
Recognition of Share based payment expense	41 004	43 680	84 684
Transferred to distributable reserve due to exercise of share options	(169 467)	(28 244)	(28 244)
Changes in Distributable reserve			
Transferred from share option reserve due to exercise of share options	169 467	28 244	28 244
Dividend paid	(501 098)	-	-
Total comprehensive income for the period	1 943 469	1 316 302	2 077 531
Shareholders' equity at end of the period	14 289 251	7 374 355	13 063 995

NOTES

For the year half year ended 31 December 2014

1 Accounting Policies:
The principal accounting policies of the Company have been consistently applied in all material respects and 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 period ended 31 December 2014.

2 Currency of Reporting:
The Financial Statements are presented in United States Dollars which is the functional currency of the Company.

3 Share buy back
In line with a resolution passed at the AGM in November 2014, the Company bought 1 597 848 shares at 36 cents per share at a total cost of \$584 320 and this amount is included in shareholders equity.

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
4 Revenue			
Gross sales	20 773 187	18 417 069	35 149 598
Excise duty, royalty & discounts	(6 994 632)	(5 708 083)	(11 197 570)
	<u>13 778 555</u>	<u>12 708 986</u>	<u>23 952 028</u>

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
5 Operating Income			
This is stated after charging/(crediting)			
Depreciation	242 354	152 709	346 009
(Profit)/loss on disposal of assets	(249 963)	(7 201)	59 506

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
6 Taxation			
Current income tax expense	611 396	512 440	883 355
Capital gains tax	18 440	5 000	-
Deferred tax - Arising on current period temporary differences	150 555	(23 517)	(158 035)
	<u>780 391</u>	<u>493 923</u>	<u>725 320</u>

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
7 Trade and other payables			
Trade payables	3 807 790	3 639 109	2 791 870
Accruals	4 733 599	2 864 358	2 784 301
Financial liability	-	7 339	-
	<u>8 541 389</u>	<u>6 510 806</u>	<u>5 576 171</u>

	6 months ended Dec 2014 Unaudited	6 months ended Dec 2013 Unaudited	12 months ended June 2014 Audited
	\$	\$	\$
8 Property, Plant and Equipment:			
Acquisition of property, plant and equipment	(2 168 957)	(1 130 364)	(1 756 568)
Realised on disposal	214 039	100 563	173 477
	<u>(1 954 918)</u>	<u>(1 029 801)</u>	<u>(1 583 091)</u>

9 Commitments for Capital Expenditure:
The Company has no firm capital commitments.

DIRECTORATE

J S Mutizwa (Chairman), *C Z Gombera (Managing Director), *A Chitapi, *C Z Guyo, M J Hollingworth, S W Klopper, R H M Maunsell, *M L Ndachena, S V Rushwaya, G J Schooling, M M Valela

*Executive Directors

