AFRICAN DISTILLERS LIMITED (Incorporated in Zimbabwe)

UNAUDITED FINANCIAL INFORMATION FOR HALF YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Sales volumes up 25% to 4.8 million litres
- Revenue up 10% to $14 million
- Operating Costs down 8% to $4.09 million
- Operating Income up 17% to $2.5 million
- Headline Earnings per share up 3% to 1.53 cents
- Interim dividend up 33% to 0.20 cents per share
- Government remittances up 9% to $8.2 million

CHAIRMAN'S STATEMENT

Overview

The company has produced commendable results despite the difficult trading environment that persisted in the six-month period. This performance was aided by the ability to exploit opportunities presented by policy measures adopted during the year which favoured local production. Foreign currency shortages however, continued to impact negatively on the ability to fully supply the market.

All product categories registered volume growth, with ciders well ahead of other segments at 40% over prior year. Spirits, in particular Viceroy brandy, showed strong recovery compared to previous periods. Increased market place acceptance of our wine brands spurred growth in this category, registering volume growth of 29%.

Financial Performance

Revenue for the six months amounted to $14 million, a growth of 10% against a volume increase of 25%. This is as a result of continued pressure to reduce prices to counter competition and increase affordability. The general decline in disposable income resulted in preference for lower priced products. Revenue contribution from the Ready-To-Drink category (RTDs) continues to grow.

Operating income increased by 17% to $2.5 million. This is attributed to the increased revenues and reduced operating costs. Operating costs declined by $0.344 million as a result of sustained focus on cost cutting measures.

Cash generated from trading operations amounted to $2.9 million with $0.538 million being re-invested in working capital.

Future Prospects

The economic outlook remains difficult. Critical foreign currency shortages continue to affect the business and the ability to fully supply the market. Management will however, focus on exploiting revenue growth opportunities as well as cost control measures to improve profitability.

Dividend

The Board has recommended an interim dividend of 0.20 cents per share.

P Gowero
Chairman

9 February 2017

Dividend Declaration

Notice is hereby given that the Board of Directors declared an interim dividend, number 84 of 0.20 cents per share payable in respect of all the qualifying ordinary shares of the Company. This dividend is in respect of the half year ended 31 December 2016.

	INTERIM DIVIDEND
Dividend Number	84
Announcement Date	16 February 2017
Record Date	03 March 2017
Last Date to Trade Cum Dividend	24 February 2017
Ex-Dividend Date	27 February 2017
Payment Date	27 March 2017
Dividend Amount	USD 230 890.38
Dividend per Share	USD 0.002

By order of the Board

L. Mutamuko
Company Secretary

DIRECTORATE

P Gowero (Chairman), *C Gombera (Managing Director), M J Hollingworth, S W Klopper, R H M Maunsell, *M L Ndachena, S V Rushwaya, G J Schooling, M M Valela

Executive Directors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half year ended 31 December 2016

	Notes	6 Months ended Dec 2016 Unaudited $	6 Months Ended Dec 2015 Unaudited $	12Months Ended June 2016 Audited $
Revenue	4	13 983 341	12 713 649	22 040 884
Cost of sales		(7 402 889)	(6 159 886)	(11 023 849)
Gross profit		6 580 452	6 553 763	11 017 035
Other income		67 476	31 643	67 890
Distribution costs		(344 905)	(366 415)	(629 273)
Administrative expenses		(413 546)	(452 810)	(872 114)
Other operating expenses		(3 399 370)	(3 646 717)	(6 958 231)
Operating income		2 490 107	2 119 464	2 625 307
Interest income/(expenditure)		34 113	(7 472)	8 116
Exchange(loss)/ gain		(121 914)	122 052	66 641
Reorganisation costs		-	-	(905 470)
Profit before taxation	5	2 402 306	2 234 044	1 794 594
Taxation	6	(643 134)	(641 745)	(675 312)
Profit for the period		1 759 172	1 592 299	1 119 282
Other comprehensive income		-	-	-
Total comprehensive income for the period		1 759 172	1 592 299	1 119 282
Earnings per share (Cents) :				
Attributable		1.52	1.38	0.97
Headline		1.53	1.48	1.06
Diluted		1.52	1.38	0.97

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	Dec 2016 Unaudited $	Dec 2015 Unaudited $	June 2016 Audited $
ASSETS				
Non-Current Assets				
Property, plant and equipment	7	9 838 663	10 415 355	10 092 981
Long term loans		365 771	481 096	479 703
		10 204 434	10 896 451	10 572 684
Current Assets				
Inventories	8	4 690 236	5 850 705	5 100 843
Trade and other receivables	9	7 073 706	6 839 394	3 544 395
Bank balances and cash		4 163 736	429 250	2 542 353
		15 927 678	13 119 349	11 187 591
Total Assets		**26 132 112**	**24 015 800**	**21 760 275**
EQUITY AND LIABILITIES				
Capital and Reserves				
Shareholders' equity		17 293 996	16 204 984	15 709 776
Non - Current liabilities				
Deferred taxation		1 453 332	1 195 987	1 136 172
Current Liabilities				
Overdrafts	10	-	866 862	-
Bank borrowings	10	-	300 000	-
Trade and other payables	11	7 203 687	5 102 995	4 623 076
Current tax liability		181 097	344 972	291 251
		7 384 784	6 614 829	4 914 327
Total Liabilities		8 838 116	7 810 816	6 050 499
Total Equity and Liabilities		**26 132 112**	**24 015 800**	**21 760 275**
Ordinary shares in issue (Actual) (millions)		115	115	115
Ordinary shares in issue (Weighted average) (millions)		115	115	115
Interest bearing debt to shareholders' equity (%)		-	7.20	-
Current ratio (: 1)		2.16	1.98	2.28
Shareholders' equity per share (Cents)		15.04	14.09	13.66
Middle market price (Cents)		60.00	55.68	45.00

STATEMENT OF CASH FLOWS
For the half year ended 31 December 2016

	Notes	6 months ended Dec 2016 Unaudited $	6 months ended Dec 2015 Unaudited $	12 months ended June 2016 Audited $
Cash Flow from Operating Activities				
Cash generated from trading after non-cash items	12	2 922 381	2 840 842	2 943 310
Changes in working capital		(538 093)	(932 219)	2 632 723
Cash generated from operations		2 384 288	1 908 623	5 576 033
Interest received/(paid)		34 113	(7 472)	8 116
Income tax paid		(436 128)	(390 501)	(537 604)
Net Cash Inflows from Operating Activities		**1 982 273**	**1 510 650**	**5 046 545**
Cash Flow from Investing Activities				
Property, plant and equipment	7	(182 180)	(559 795)	(684 375)
Decrease in long term loans		113 932	85 878	87 271
Net Cash used in investing Activities		(68 248)	(473 917)	(597 104)
Net Cash Inflows from Investing and Operating Activities		1 914 025	1 036 733	4 449 441
Cash Flow from Financing Activities				
Dividends paid to owners of the company		(338 568)	(405 343)	(574 626)
Increase in shareholder funding		45 926	-	36 540
Decrease in short term borrowings		-	(707 097)	(1 873 959)
		(292 642)	(1 112 440)	(2 412 045)
Net movement in cash and cash equivalents		1 621 383	(75 707)	2 037 396
Cash and cash equivalents at beginning of the year		2 542 353	504 957	504 957
Cash and cash equivalents at end of the period		4 163 736	429 250	2 542 353
Comprising:-				
Bank balances and cash		4 163 736	429 250	2 542 353

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the half year ended 31 December 2016

	6 months ended Dec 2016 Unaudited $	6 months ended Dec 2015 Unaudited $	12 months ended June 2016 Audited $
Shareholders' equity at beginning of the year	15 709 776	14 967 838	14 967 838
Changes in Issued share capital			
Exercise of share options	1 392	-	2 610
Changes in share premium			
Exercise of share options	44 534	-	33 930
Issue of shares to shareholders	-	-	-
Share buy back	-	-	-
Share buy back costs	-	-	-
Rights issue costs	-	-	-
Changes in Share option reserve			
Recognition of Share based payment expense	117 690	50 190	160 742
Transferred from share option reserve due to exercise of share options	(24 287)	-	(15 552)
Changes in Distributable reserves			
Transferred from share option reserve due to exercise of share options	24 287	-	15 552
Dividend paid	(338 568)	(405 343)	(574 626)
Total comprehensive income for the period	1 759 172	1 592 299	1 119 282
Shareholders' equity at end of the period	**17 293 996**	**16 204 984**	**15 709 776**

NOTES
For the year half year ended 31 December 2016

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 2016.

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**
   The company is holding 2 499 919 of its own shares as treasury stock. No additional shares were bought during the period under review.

	6 months ended Dec 2016 Unaudited $	6 months ended Dec 2015 Unaudited $	12 months ended June 2016 Audited $
4. Revenue			
Gross sales	20 928 395	19 154 649	32 500 788
Excise duty, royalty & discounts	(6 945 054)	(6 441 000)	(10 459 904)
	13 983 341	12 713 649	22 040 884
5. Profit Before Tax			
This is stated after charging/(crediting) the following items of significance			
Depreciation	440 421	443 353	892 212
(Profit)/Loss from sale of property, plant and equipment	(3 923)	105 785	103 880
External audit fees	34 000	34 000	68 000
Staff costs	2 222 833	2 275 873	4 246 312
Retirement benefit costs	202 883	218 385	445 661
Impairment- Springvale Estate	-	-	109 266
6. Taxation			
Current income tax expense	325 974	467 899	561 531
Capital gains tax	-	250	-
Deferred tax - Arising on current period temporary differences	317 160	173 596	113 781
	643 134	641 745	675 312
7. Property, Plant and Equipment			
Movement in property, plant and equipment			
Balance for the period			
Balance at the beginning of the year	10 092 981	10 404 696	10 404 696
Capital expenditure	196 658	571 095	723 997
Depreciation	(440 421)	(443 353)	(892 212)
Disposals	(10 555)	(117 083)	(143 500)
Balance at the end of the period	9 838 663	10 415 355	10 092 981
Cash Flows			
Acquisition of property, plant and equipment	(196 658)	(571 095)	(723 997)
Realised on disposal	14 478	11 300	39 622
	(182 180)	(559 795)	(684 375)
8. Inventories			
Finished products	1 979 641	3 184 377	2 367 940
Maturing spirits and wines	213 726	232 036	227 517
Raw materials	2 496 869	2 434 292	2 505 386
	4 690 236	5 850 705	5 100 843
9. Trade and Other Receivables			
Trade receivables	6 544 985	6 728 838	3 025 724
Prepayments and Other	528 721	110 556	518 671
	7 073 706	6 839 394	3 544 395
10. Interest Bearing Borrowings			
Overdraft	-	866 862	-
Short term - bankers acceptances	-	300 000	-
	-	1 166 862	-
11. Trade and other payables			
Trade payables	3 450 745	2 186 024	1 674 018
Accruals	3 694 652	2 916 971	2 043 588
Provision for reorganisational costs	58 290	-	905 470
	7 203 687	5 102 995	4 623 076
Trade payables and accruals are significantly higher than last year due to payment delays caused by foreign currency shortages.			
12. Cash Generated from Trading after Non Cash Items			
Operating income	2 490 107	2 119 464	2 625 307
Realised exchange(loss)/ gain	(74 205)	50 643	84 056
Reorganisational costs	-	-	(905 470)
Depreciation	440 421	443 353	892 212
(Profit)/Loss on disposal of property, plant and equipment	(3 923)	105 783	103 878
Share option expense	117 690	50 190	160 742
Unrealised exchange(loss)/gain	(47 709)	71 409	(17 415)
	2 922 381	2 840 842	2 943 310

13. **Commitments for Capital Expenditure:**
    The Company has no firm capital commitments - (2015 - $nil)

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