



African Distillers Limited

(Incorporated in Zimbabwe)



DIRECTORS' STATEMENT IN RESPECT OF THE UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31ST DECEMBER 2011

SALIENT FEATURES

- Sales volumes increased by 36%.
- Revenues increased by 39,9% as the Company returned to profitability.
- Gross margin 33% compared to 25% last year.
- EBITDA is \$1,2 million (2011 loss \$0.07 million).
- Balance sheet strengthened as liquidity and profitability returned.

COMPANY PERFORMANCE

- Increased focus on market orientation yielded positive results and is on going.
- Gross turnover amounted to \$14,3 million, an increase of 39,9%.
- Improved volumes and a further change in sales mix has positively impacted on trading margins which rose to 33% (2011-25%).
- Working capital support from our two major shareholders has enabled the Company to substantially improve its ability to acquire essential raw materials and finished goods.
- Whilst higher volumes and margins have impacted positively on revenue, cash generation has been hampered by the tight credit conditions prevailing in the economy.
- Significant progress made in reducing Rand debt.
- Exchange fluctuations of the USD against the Rand have been favourable to the Company.
- There has been a significant strengthening of the balance sheet.

FUTURE PROSPECTS

- Despite ongoing economic constraints and pressure on disposable income, the Company is budgeting for continued sales growth and profitability into the second half of the financial year and beyond.
- Trading margins should be maintained at near current levels.
- Further reductions in the Rand debt are planned, despite the likelihood of ongoing tight liquidity conditions.
- The recently introduced 25% surcharge on imported beverages encourages local production.

DIVIDEND

- In view of the continuing cash flow constraints and the need to further reduce Rand debt against forward contracts, the Board has resolved that no interim dividend will be paid.

BY ORDER OF THE BOARD

LMUTAMUKO
COMPANY SECRETARY

9TH FEBRUARY 2012

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Dec 2011 Unaudited \$	Dec 2010 Unaudited \$	June 2011 Audited \$
ASSETS			
Non-Current Assets			
Property, plant and equipment	4 449 261	4 600 402	4 359 833
Long term loans	242 358	95 525	211 858
	4 691 619	4 695 927	4 571 691
Current Assets			
Inventories	3 657 193	4 131 124	3 933 148
Trade and other receivables	6 553 918	3 264 695	3 222 580
Cash and cash equivalents	16 970	641 159	188 460
	10 228 081	8 036 978	7 344 188
Total Assets	14 919 700	12 732 905	11 915 879
EQUITY AND LIABILITIES			
Capital and Reserves			
Shareholders' equity	5 156 283	4 003 719	3 844 450
Non - Current liabilities			
Deferred taxation	947 143	635 143	487 124
Current Liabilities			
Overdraft	1 807 092	-	-
Bank borrowings	500 000	449 999	899 999
Trade and other payables	6 509 182	7 601 854	6 684 306
Current tax liability	-	42 190	-
	8 816 274	8 094 043	7 584 305
Total Liabilities	9 763 417	8 729 186	8 071 429
Total Equity and Liabilities	14 919 700	12 732 905	11 915 879
Ordinary shares in issue (Actual) (millions)	95	95	95
Ordinary shares in issue (Weighted average) (millions)	95	95	95
Interest bearing debt to shareholders' equity (%)	44.74	11.24	23.41
Current ratio (: 1)	1.16	0.99	0.97
Shareholders' equity per share (Cents)	5.43	4.21	4.05
Middle market price (Cents)	10.50	14.00	13.00

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2011

	Notes	6 months ended Dec 2011 Unaudited \$	6 months ended Dec 2010 Unaudited \$	12 months ended June 2011 Audited \$
Gross sales		14 360 543	10 267 919	19 483 655
Excise duty		(3 256 939)	(2 304 892)	(4 453 642)
Net revenue		11 103 604	7 963 027	15 030 013
Cost of sales		(6 419 583)	(5 397 801)	(9 360 314)
Gross profit		4 684 021	2 565 226	5 669 699
Other income		22 431	22 475	54 423
Distribution costs		(249 530)	(73 006)	(188 825)
Administrative expenses		(393 273)	(289 025)	(837 324)
Other operating expenses		(2 949 007)	(2 410 140)	(4 467 287)
Operating income/ (loss)	4	1 114 642	(184 470)	230 686
Reorganisational costs		-	-	(742 404)
Net finance costs	5	627 343	(438 223)	(460 453)
Profit/(loss) before taxation		1 741 985	(622 693)	(972 171)
Taxation	6	(460 019)	(150 238)	39 971
Profit/(loss) for the period		1 281 966	(772 931)	(932 200)
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		1 281 966	(772 931)	(932 200)
Earnings/(loss) per share (Cents) :				
Attributable		1.35	(0.81)	(0.98)
Headline		1.35	(0.80)	(0.88)
Diluted		1.35	(0.81)	(0.98)

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2011

	Notes	6 months ended Dec 2011 Unaudited \$	6 months ended Dec 2010 Unaudited \$	12 months ended June 2011 Audited \$
Cash Flow from Operating Activities				
Cash generated from/(utilised in) trading after non-cash items		2 003 562	(466 191)	(567 285)
Changes in working capital		(3230 507)	1 308 084	579 417
Cash (utilised in)/generated from operating activities		(1226 945)	841 893	12 132
Interest expense	5	(98 062)	(29 892)	(84 596)
Cash (outflow)/inflow from operations		(1325 007)	812 001	(72 464)
Net Cash (outFlow)/inflow from Operating Activities		(1325 007)	812 001	(72 464)
Cash Flow from Investing Activities				
Property, plant and equipment	7	(223 076)	693	47 582
Long term loans		(30 500)	(78 110)	(143 233)
Net Cash used in investing Activities		(253 576)	(77 417)	(95 651)
Net Cash (outflow)/inflow from Investing and Operating Activities		(1578 583)	734 584	(168 115)
Cash Flow from Financing Activities				
Increase/(decrease) in short term borrowings		1 407 093	(301 000)	149 000
Net movement in cash and cash equivalents		(171 490)	433 584	(19 115)
Cash and cash equivalents at beginning of the year		188 460	207 575	207 575
Cash and cash equivalents at end of the period		16 970	641 159	188 460
Comprising:-				
Bank balances and cash		16 970	641 159	188 460

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half year ended 31 December 2011

	3 844 450	4 776 650	4 776 650
Shareholders' equity at beginning of the year	3 844 450	4 776 650	4 776 650
Share options issued	29 867	-	-
Total comprehensive income/(loss) for the period	1 281 966	(772 931)	(932 200)
Shareholders' equity at end of the period	5 156 283	4 003 719	3 844 450

NOTES

For the year half year ended 31 December 2011

- 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.
- 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 R37 788 077 of which 45% are subject to Forward exchange agreements at an average rate of US\$1 - R8. These agreements stretch to May 2012.
- Operating Income**
This is stated after charging:
Depreciation **129 714** 117 026 220 600
- Net Finance costs**
Interest expense 98 062 29 892 84 596
Exchange (gain)/loss (725 405) 408 331 375 857
(627 343) 438 223 460 453
- Taxation**
Current income tax expense - 42 190 -
Deferred tax - Arising on current year temporary differences 460 019 108 048 (39 971)
460 019 150 238 (39 971)
- Property, Plant and Equipment:**
Acquisition of property, plant and equipment (226 380) (38 853) (112 418)
Realised on disposal 3 304 39 546 160 000
(223 076) 693 47 582
- Commitments for Capital Expenditure:**
Authorised by directors but not contracted 825 730 81 147 7 582

Capital expenditure is to be financed out of the company's own resources and existing borrowing facilities



DIRECTORATE

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

* Executive Directors