



AFRICAN DISTILLERS LIMITED (Incorporated in Zimbabwe)

UNAUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Sales volumes increased by 2% to 3.9 million litres.
- Turnover declined by 8% to \$19 million.
- Operating Income declined by 19% to \$2.1 million.
- Attributable Earnings declined by 18% to \$1.6 million.
- Headline Earnings declined by 2% to 1.48 cents.
- Government taxes remitted increased to \$7.5 million from \$6.5million in the prior period.

CHAIRMAN'S STATEMENT

Overview

The economy has remained subdued, characterized by deflation and shrinking employment, resulting in diminishing consumer spending power. This has impacted negatively on the business particularly in the second quarter. The spirit business recorded a decline in volumes against last year, however cider and wine volumes continued to grow, registering an increase of 27% and 19% respectively.

Financial Performance

Turnover for the period at \$19 million, declined by 8% despite volumes growing by 2%. Consumer spending patterns continue shifting towards the lower priced products. The impact of the growth in ciders was to lower the value per litre when compared to the previous period. The decline was compounded by price reductions effected during this period aimed at stimulating demand and maintaining competitiveness. Gross margin improved due to value chain cost interventions as well as the depreciating Rand. Operating income was 19% lower than last year due to the decline in revenue and insignificant gains realised from asset disposals when compared to the previous period. As a result, earnings per share decreased to 1.38 cents from 1.74 cents in the prior period.

Net cash inflows from operating activities improved by \$0.2 million to \$1.5 million, a result of an improved working capital position. Borrowings have reduced by \$0.7 million in the period under review.

Future Prospects

Although the trading environment is expected to worsen, the company continues to identify revenue growth opportunities to improve profitability. Initiatives anchored on existing customer base, current distribution network and product innovation include planned new product launches, brand extensions and retail price strategies. In addition, the ongoing cost containment measures are expected to contribute to improved profitability.

Dividend

The Board has recommended an interim dividend of 0.15 cents per share.

Appreciation

The Board pays tribute to management and staff for their dedication and hard work during the period.

P. Gowero

Chairman

03 February 2016

Dividend Declaration

Notice is hereby given that the Board of Directors declared an interim dividend, number 82, of 0.15 cents per share payable in respect of all the qualifying ordinary shares of the Company. This dividend is in respect of the half year to 31 December 2015 and will be payable in full to all shareholders of the Company registered at close of business on 11 March 2016.

The dividend will be paid on or about 21 March 2016.

The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to 04 March 2016 and ex-dividend as from 07 March 2016.

By order of the Board

L. Mutamuko

Company Secretary

03 February 2016

DIRECTORATE

P Gowero (Chairman), *C 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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2015

		6 months ended Dec 2015 Unaudited \$	6 months ended Dec 2014 Unaudited \$	12 months ended June 2015 Audited \$
	Notes			
Revenue	3	12 713 649	13 778 555	25 064 987
Cost of sales		(6 159 886)	(6 843 245)	(12 327 855)
Gross Profit		6 553 763	6 935 310	12 737 132
Other income		31 643	110 610	75 187
Distribution costs		(366 415)	(410 353)	(804 371)
Administrative expenses		(452 810)	(538 065)	(1 151 208)
Other operating expenses	4	(3 646 717)	(3 484 743)	(7 015 787)
Operating Income	5	2 119 464	2 612 759	3 840 953
Interest expenditure		(7 472)	(36 606)	(66 145)
Exchange gain		122 052	147 707	251 697
Profit before taxation		2 234 044	2 723 860	4 026 505
Taxation	6	(641 745)	(780 391)	(914 004)
Profit for the Period		1 592 299	1 943 469	3 112 501
Other comprehensive income		-	-	-
Total comprehensive income for the period		1 592 299	1 943 469	3 112 501
Earnings per Share (Cents) :				
Attributable		1.38	1.74	2.75
Headline		1.48	1.51	2.56
Diluted		1.38	1.73	2.72

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		Dec 2015 Unaudited \$	Dec 2014 Unaudited \$	June 2015 Audited \$
	Notes			
ASSETS				
Non-Current Assets				
Property, plant and equipment		10 415 355	10 066 027	10 404 696
Long term loans		481 096	524 001	566 974
		10 896 451	10 590 028	10 971 670
Current Assets				
Inventories		5 850 705	7 158 385	5 934 984
Trade and other receivables		6 839 394	7 499 015	4 826 510
Bank balances and cash		429 250	21 138	504 957
		13 119 349	14 678 538	11 266 451
Total Assets		24 015 800	25 268 566	22 238 121
EQUITY AND LIABILITIES				
Capital and Reserves				
Shareholders' equity		16 204 984	14 289 251	14 967 838
Non - Current Liabilities				
Deferred taxation		1 195 987	890 993	1 022 391
Current Liabilities				
Overdrafts	9	866 862	-	773 959
Bank borrowings	10	300 000	1 039 414	1 100 000
Trade and other payables	7	5 102 995	8 541 389	4 106 609
Current tax liability		344 972	507 519	267 324
		6 614 829	10 088 322	6 247 892
Total Liabilities		7 810 816	10 979 315	7 270 283
Total Equity and Liabilities		24 015 800	25 268 566	22 238 121
Ordinary shares in issue (Actual) (millions)		115	114	115
Ordinary shares in issue (Weighted average) (millions)		115	112	113
Interest bearing debt to shareholders' equity (%)		7.20	7.27	12.52
Current ratio (: 1)		1.98	1.46	1.80
Shareholders' equity per share (Cents)		14.09	12.76	13.25
Middle market price (Cents)		55.68	47.00	50.00

STATEMENT OF CASH FLOWS

For the half year ended 31 December 2015

		6 months ended Dec 2015 Unaudited \$	6 months ended Dec 2014 Unaudited \$	12 months ended June 2015 Audited \$
	Notes			
Cash Flow from Operating Activities				
Cash generated from trading		2 840 842	2 885 661	4 652 361
after non-cash items		(932 219)	(1 278 506)	(1 468 004)
Changes in working capital		1 908 623	1 607 155	3 184 357
Cash generated from operations		(7 472)	(36 606)	(66 145)
Interest expense paid		(390 501)	(243 110)	(485 520)
Income tax paid				
Net Cash Inflows from Operating Activities		1 510 650	1 327 439	2 632 692
Cash Flow from Investing Activities				
Property, plant and equipment	8	(559 795)	(1 954 918)	(3 116 030)
Proceeds from disposal of investments		-	-	91 800
Decrease/(Increase) in long term loans		85 878	(80 168)	(123 141)
Net Cash used in Investing Activities		(473 917)	(2 035 086)	(3 147 371)
Net Cash Inflows/(Outflows) from Investing and Operating Activities		1 036 733	(707 647)	(514 679)
Cash Flow from Financing Activities				
Dividends paid to owners of the company		(405 343)	(501 098)	(741 432)
Increase in shareholder funding		-	326 200	456 200
Share buy back		-	(584 320)	(1 017 680)
(Decrease)/Increase in short term borrowings		(707 097)	1 039 414	1 873 959
		(1 112 440)	280 196	571 047
Net Movement in Cash and Cash Equivalents		(75 707)	(427 451)	56 368
Cash and Cash Equivalents at Beginning of the Year		504 957	448 589	448 589
Cash and Cash Equivalents at the end of the Period		429 250	21 138	504 957
Comprising:-				
Bank balances and cash		429 250	21 138	504 957

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half year ended 31 December 2015

	6 months ended Dec 2015 Unaudited \$	6 months ended Dec 2014 Unaudited \$	12 months ended June 2015 Audited \$
Shareholders' Equity at Beginning of the Year	14 967 838	13 063 995	13 063 995
Changes in Issued Share Capital			
Exercise of share options	-	26 900	36 900
Share buy back	-	(15 978)	(24 499)
Changes in share premium			
Exercise of share options	-	304 800	424 800
Issue of shares to shareholders	-	-	-
Share buy back	-	(559 247)	(976 761)
Share buy back costs	-	(9 094)	(16 419)
Rights issue costs	-	(5 500)	(5 500)
Changes in Share Option Reserve			
Recognition of Share based payment expense	50 190	41 004	94 253
Transferred from share option reserve due to exercise of share options	-	(169 467)	(237 598)
Changes in Distributable Reserve			
Transferred from share option reserve due to exercise of share options	-	169 467	237 598
Dividend paid	(405 343)	(501 098)	(741 432)
Total comprehensive income for the period	1 592 299	1 943 469	3 112 501
Shareholders' Equity at end of the Period	16 204 984	14 289 251	14 967 838

NOTES

For the year half year ended 31 December 2015

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 2015

2 Currency of Reporting:

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

	6 months ended Dec 2015 Unaudited \$	6 months ended Dec 2014 Unaudited \$	12 months ended June 2015 Audited \$
3 Revenue			
Gross sales	19 154 649	20 773 187	37 966 086
Excise duty, royalty & discounts	(6 441 000)	(6 994 632)	(12 901 099)
	12 713 649	13 778 555	25 064 987
4 Other Operating Expenses			
Included in other operating expenses is an impairment loss of Springvale farm land of \$109 266 which was gazetted by the Government for free acquisition on 14 August 2015. As previously communicated this will have minimal impact on the operations of the company.			
5 Operating Income			
This is stated after charging/(crediting)			
Depreciation	443 353	242 354	679 922
Loss on disposal of assets	105 785	(249 963)	(122 666)
6 Taxation			
Current income tax expense	467 899	611 396	632 051
Capital gains tax	250	18 440	-
Deferred tax - Arising on current period temporary differences	173 596	150 555	281 953
	641 745	780 391	914 004
7 Trade and Other Payables			
Trade payables	2 186 024	4 045 830	1 709 171
Accruals	2 916 971	4 495 559	2 397 438
	5 102 995	8 541 389	4 106 609
8 Property, Plant and Equipment:			
Acquisition of property, plant and equipment	(571 095)	(2 168 957)	(3 373 884)
Realised on disposal	11 300	214 039	257 854
	(559 795)	(1 954 918)	(3 116 030)
9 Overdrafts			
Unsecured overdrafts	866 862	-	773 959
Average interest rates per annum	7.75%	-	10.00%
10 Borrowings			
Unsecured short term loans	300 000	1 039 414	1 100 000
Average interest rates per annum	7.75%	10%	7.75%
11 Commitments for Capital Expenditure:			
The Company has no firm capital commitments.			

