



# AFRICAN DISTILLERS LIMITED (Incorporated in Zimbabwe)

## UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

### FINANCIAL HIGHLIGHTS

- Revenue up 18%
- Operating income up 62%
- Earnings per share up 57%

- Dividend per share up 100 %
- Government taxes remitted - \$7.5 million

#### CHAIRMAN'S STATEMENT

##### Overview

The Company registered a satisfactory performance in the six-month period in spite of the challenging trading environment. Demand for the Company's products remained buoyant but could not be fully satisfied due to the inconsistent supply of finished products owing to the unavailability of foreign currency.

While RTDs (Ready to Drink) grew by 2% over prior year, total volume declined by 5% due to intermittent shortages. The spirit segment continued to be the dominant contributor to total revenue, followed by RTDs and wines. Of significance is the whisky category which grew by 7%, aided by the newly introduced Gold Blend Black.

##### Financial Performance

Revenue increased by 18% to \$16.5 million. Trading margins improved by 6% due to value chain management and product mix. Operating income rose by 62% to \$4 million.

The Company incurred a foreign exchange loss of \$0.4 million due to the firming South African Rand compounded by the delay in settling foreign creditors occasioned by foreign currency shortages. Finance income of \$0.1 million, earned from short term investments partly mitigated the loss. The cash balances were at \$13.1 million, an increase of \$9 million on prior year which is due to the delays in settling foreign obligations.

##### Future Prospects

The Company remains hopeful that the current momentum to engage the International community and the focus on ease of doing business will result in economic recovery. Management continues to focus on identifying opportunities to improve market share and profitability whilst maintaining consistent supply of products. These initiatives will be anchored on product innovation, production efficiencies and cost control.

##### Dividend

The Board has recommended an interim dividend of 0,40 cents per share.

##### P Gowero

*Chairman*

##### Dividend Declaration

Notice is hereby given that the Board of Directors declared an interim dividend, number 86 of 0.40 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 2017.

	INTERIM DIVIDEND
Dividend Number	86
Announcement Date	15 February 2018
Record Date	02 March 2018
Last Date to Trade	27 February 2018
Ex-Dividend Date	28 February 2018
Payment Date	26 March 2018
Dividend Amount	USD 466 148.76
Dividend per Share	USD 0.0040

By order of the Board

##### L Mutamuko

*Company Secretary*

##### DIRECTORATE

P Gowero (Chairman), \*C Gombera (Managing Director),  
M J Hollingworth, S W Kloppe, 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 2017

		6 months ended Dec 2017 Unaudited \$	6 months ended Dec 2016 Unaudited \$	12 months ended June 2017 Audited \$
	Notes			
<b>Revenue</b>	4	16 471 381	13 983 341	24 890 506
Cost of sales		(7 690 874)	(7 402 889)	(12 768 927)
<b>Gross profit</b>		8 780 507	6 580 452	12 121 579
Other income		37 414	67 476	157 494
Distribution costs		(385 425)	(344 905)	(624 497)
Administrative expenses		(465 974)	(413 546)	( 803 743)
Other operating expenses		(3 923 339)	(3 399 370)	(6 794 610)
<b>Operating income</b>		4 043 183	2 490 107	4 056 223
Interest income		113 462	34 113	136 502
Exchange loss		(389 134)	(121 914)	(360 973)
Profit before taxation	5	3 767 511	2 402 306	3 831 752
Taxation	6	(1 013 055)	(643 134)	(1 069 784)
<b>Profit for the period</b>		2 754 456	1 759 172	2 761 968
Other comprehensive income		-	-	-
Total comprehensive income for the period		2 754 456	1 759 172	2 761 968
<b>Earnings per share (Cents) :</b>				
Attributable		2.38	1.52	2.39
Headline		2.38	1.53	2.39
Diluted		2.35	1.52	2.38

#### STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		Dec 2017 Unaudited \$	Dec 2016 Unaudited \$	June 2017 Audited \$
	Notes			
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	7	9 231 435	9 838 663	9 587 829
Long term loans		327 929	365 771	327 416
		9 559 364	10 204 434	9 915 245
<b>Current Assets</b>				
Inventories	8	5 414 388	4 690 236	4 488 566
Trade and other receivables	9	7 482 545	7 073 706	4 331 007
Current tax asset	10	-	-	206 858
Short term investments	11	7 506 684	-	3 268 117
Bank balances and cash		5 645 719	4 163 736	4 253 877
		26 049 336	15 927 678	16 548 425
<b>Total Assets</b>		35 608 700	26 132 112	26 463 670
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Shareholders' equity		20 862 435	17 293 996	18 282 653
<b>Non - Current liabilities</b>				
Deferred taxation		1 595 181	1 453 332	1 664 257
<b>Current Liabilities</b>				
Trade and other payables	12	12 401 722	7 203 687	6 516 760
Current tax liability		749 362	181 097	-
		13 151 084	7 384 784	6 516 760
<b>Total Liabilities</b>		14 746 265	8 838 116	8 181 017
<b>Total Equity and Liabilities</b>		35 608 700	26 132 112	26 463 670
Ordinary shares in issue (Actual) (millions)		116	115	116
Ordinary shares in issue (Weighted average) (millions)		116	115	115
Interest bearing debt to shareholders' equity (%)		-	-	-
Current ratio ( : 1)		1.98	2.16	2.54
Shareholders' equity per share (Cents)		17.98	15.04	15.90
Middle market price (Cents)		148.00	60.00	61.00

#### STATEMENT OF CASH FLOWS

For the half year ended 31 December 2017

		6 months ended Dec 2017 Unaudited \$	6 months ended Dec 2016 Unaudited \$	12 months ended June 2017 Audited \$
	Notes			
<b>Cash Flow from Operating Activities</b>				
Cash generated from trading after non-cash items	13	4 218 472	2 922 381	4 829 282
Changes in working capital		1 807 602	( 538 093)	1 719 349
Cash generated from operations		6 026 074	2 384 288	6 548 631
Interest received		113 462	34 113	136 502
Income tax paid		(125 911)	(436 128)	(1 039 809)
<b>Net Cash Inflows from Operating Activities</b>		6 013 625	1 982 273	5 645 324
<b>Cash Flow from Investing Activities</b>				
Property, plant and equipment	7	( 57 705)	( 182 180)	( 350 562)
(Increase)/Decrease in long term loans		( 513)	113 932	152 287
Increase in short term investments		(4 238 567)	-	(3 268 117)
Net Cash used in investing Activities		(4 296 785)	( 68 248)	(3 466 392)
<b>Net Cash Inflows from Investing and Operating Activities</b>		1 716 840	1 914 025	2 178 932
<b>Cash Flow from Financing Activities</b>				
Dividends paid to owners of the company		(509 941)	(338 568)	(564 559)
Increase in shareholder funding		184 943	45 926	97 151
		(324 998)	(292 642)	(467 408)
<b>Net movement in cash and cash equivalents</b>		1 391 842	1 621 383	1 711 524
Cash and cash equivalents at beginning of the year		4 253 877	2 542 353	2 542 353
<b>Cash and cash equivalents at end of the period</b>		5 645 719	4 163 736	4 253 877
<b>Comprising:-</b>				
Bank balances and cash		5 645 719	4 163 736	4 253 877

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half year ended 31 December 2017

	6 months ended Dec 2017 Unaudited \$	6 months ended Dec 2016 Unaudited \$	12 months ended June 2017 Audited \$
<b>Shareholders' equity at beginning of the year</b>	18 282 653	15 709 776	15 709 776
<b>Changes in Issued share capital</b>			
Exercise of share options	4 648	1 392	2 312
<b>Changes in share premium</b>			
Exercise of share options	180 295	44 534	94 839
<b>Changes in Share option reserve</b>			
Recognition of Share based payment expense	150 324	117 690	278 317
Transferred from share option reserve due to exercise of share options	(94 869)	(24 287)	(18 713)
<b>Changes in Distributable reserve</b>			
Transferred from share option reserve due to exercise of share options	94 869	24 287	18 713
Dividend paid	(509 941)	(338 568)	(564 559)
Total comprehensive income for the period	2 754 456	1 759 172	2 761 968
<b>Shareholders' equity at end of the period</b>	20 862 435	17 293 996	18 282 653

##### NOTES

###### For the year half year ended 31 December 2017

##### 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 2017

##### 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 2017 Unaudited \$	6monthsended Dec 2016 Unaudited \$	12 months ended June 2017 Audited \$
<b>4 Revenue</b>			
Gross sales	23 031 651	20 928 395	36 712 707
Excise duty, royalty & discounts	(6 560 270)	(6 945 054)	(11 822 201)
	16 471 381	13 983 341	24 890 506
<b>5 Profit Before Taxation</b>			
This is stated after charging/(crediting) the following items of significance			
Depreciation	415 002	440 421	854 308
(Profit)/Loss from sale of property, plant and equipment	( 903)	(3 923)	1 407
External audit fees	36 000	34 000	68 000
Staff costs	2 748 399	2 222 833	4 449 739
Retirement benefit costs	190 720	202 883	398 072
<b>6 Taxation</b>			
Current income tax expense	1 082 131	325 974	541 699
Deferred tax - Arising on current period temporary differences	(69 076)	317 160	528 085
	1 013 055	643 134	1 069 784
<b>7 Property, Plant and Equipment</b>			
Movement in the property, plant and equipment balance for the period			
Balance at the beginning of the year	9 587 829	10 092 981	10 092 981
Capital expenditure	58 705	196 658	383 266
Depreciation	(415 002)	(440 421)	(854 308)
Disposals	( 97)	(10 555)	(34 110)
Balance at the end of the period	9 231 435	9 838 663	9 587 829
<b>Cash Flows</b>			
Acquisition of property, plant and equipment	( 58 705)	( 196 658)	( 383 266)
Realised on disposal	1 000	14 478	32 704
	( 57 705)	( 182 180)	( 350 562)
<b>8 Inventories</b>			
Finished products	1 698 203	1 979 641	1 483 693
Maturing spirits and wines	267 364	213 726	214 038
Raw materials	3 448 821	2 496 869	2 790 835
	5 414 388	4 690 236	4 488 566
<b>9 Trade and Other Receivables</b>			
Trade receivables	6 209 616	6 544 985	3 613 267
Prepayments and Other	1 272 929	528 721	717 740
	7 482 545	7 073 706	4 331 007
<b>10 Current tax asset</b>			
Tax refund receivable	-	-	206 858
<b>11 Short term investments</b>			
Money market investments	7 506 684	-	3 268 117
These have a tenor of 90 days at a rate of 3.5% per annum			
<b>12 Trade and other payables</b>			
Trade payables	9 555 083	3 450 745	3 372 925
Accruals	2 846 639	3 694 652	3 143 835
Provision for reorganisational costs	-	58 290	-
	12 401 722	7 203 687	6 516 760
<b>13 Cash Generated from Trading after Non Cash Items</b>			
Operating income	4 043 183	2 490 107	4 056 223
Realised exchange gain	( 2 787)	( 74 205)	( 259 409)
Depreciation	415 002	440 421	854 308
(Profit)/Loss on disposal of property, plant and equipment	( 903)	( 3 923)	1 407
Share option expense	150 324	117 690	278 317
Unrealised exchange loss	( 386 347)	( 47 709)	( 101 564)
	4 218 472	2 922 381	4 829 282
<b>14 Commitments for Capital Expenditure:</b>			
The Company has no firm capital commitments - (2016 - \$nil)			
<b>15 Contingent liabilities</b>			
The Company has no contingent liabilities, current or pending			