

INNODIS LTD

CONDENSED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	CONSOLIDATED Year Ended 30 Jun 20 Audited Rs'000	CONSOLIDATED Year Ended 30 Jun 19 Audited Rs'000	SEPARATE Year Ended 30 Jun 20 Audited Rs'000	SEPARATE Year Ended 30 Jun 19 Audited Rs'000
Revenue	4,494,873	4,410,723	2,665,634	2,598,302
Profit from operating activities	183,403	214,901	118,983	152,716
Finance income	9,458	17,262	2,603	22,718
Finance costs	(91,825)	(66,381)	(57,560)	(46,044)
Expected credit loss allowances	(11,603)	(10,877)	(5,652)	(2,501)
Impairment of investment in subsidiary and receivables	-	-	-	(228,340)
Profit/(loss) before income tax	89,433	154,905	58,374	(101,451)
Income tax expense	(23,684)	(19,656)	(6,899)	(12,085)
Profit/(loss) for the year	65,749	135,249	51,475	(113,536)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial loss on retirement benefit obligations	(78,127)	(13,776)	(51,249)	(6,370)
Deferred tax retirement benefit obligations	13,216	2,277	8,712	1,083
	(64,911)	(11,499)	(42,537)	(5,287)
Items that are or may be reclassified to profit or loss				
Foreign currency translation difference - foreign operations	3,970	(3,887)	-	-
Other comprehensive income for the year	(60,941)	(15,386)	(42,537)	(5,287)
Total comprehensive income/(loss) for the year	4,808	119,863	8,938	(118,823)
Profit attributable to:				
Owners of the company	56,059	111,651		
Non-controlling interest	9,690	23,598		
	65,749	135,249		
Total comprehensive income attributable to:				
Owners of the company	(4,901)	96,189		
Non-controlling interest	9,709	23,674		
Total comprehensive income for the year	4,808	119,863		
Earnings per share (Rs)	1.53	3.04		

CONDENSED STATEMENTS OF CASH FLOWS

	CONSOLIDATED Year Ended 30 Jun 20 Audited Rs'000	CONSOLIDATED Year Ended 30 Jun 19 Audited Rs'000	SEPARATE Year Ended 30 Jun 20 Audited Rs'000	SEPARATE Year Ended 30 Jun 19 Audited Rs'000
Net cash generated from operating activities	118,869	228,448	101,338	62,085
Net cash (used in)/from investing activities	(208,573)	(146,811)	(1,808)	21,543
Net cash used in financing activities	(130,443)	(71,240)	(220,403)	(106,313)
Net (decrease)/increase in cash and cash equivalents	(220,147)	10,397	(120,873)	(22,685)
Effects of exchange rate movements on cash and cash equivalents	3,141	(4,890)	-	-
Cash and cash equivalents at beginning of year	(333,600)	(339,107)	(297,813)	(275,128)
Cash and cash equivalents at end of year	(550,606)	(333,600)	(418,686)	(297,813)

CONDENSED STATEMENTS OF FINANCIAL POSITION

	CONSOLIDATED Year Ended 30 Jun 20 Audited Rs'000	CONSOLIDATED Year Ended 30 Jun 19 Audited Rs'000	SEPARATE Year Ended 30 Jun 20 Audited Rs'000	SEPARATE Year Ended 30 Jun 19 Audited Rs'000
ASSETS				
Property, plant and equipment	1,808,774	1,852,042	299,384	374,898
Right to use assets	270,709	-	117,941	-
Intangible assets and goodwill	21,044	5,809	-	-
Bearer biological assets	3,369	8,332	-	-
Long-term receivables	11,309	11,745	11,309	11,745
Investment properties	-	-	483,806	491,796
Investments in subsidiaries	-	-	374,336	374,336
Equity-accounted investees	1,126	1,126	-	-
Other investments	25,088	-	25,088	-
Deferred tax assets	1,901	4,726	-	-
Current assets	2,053,941	1,932,108	1,369,023	1,373,747
Total assets	4,197,261	3,815,888	2,680,887	2,626,522
EQUITY AND LIABILITIES				
Shareholders' equity				
Owners' interest	1,603,485	1,650,626	1,274,805	1,308,107
Non-controlling interest	253,512	243,803	-	-
Total shareholders' equity	1,856,997	1,894,429	1,274,805	1,308,107
Non-current liabilities	509,659	248,790	146,224	79,389
Current liabilities	1,830,605	1,672,669	1,259,858	1,239,026
Total equity and liabilities	4,197,261	3,815,888	2,680,887	2,626,522

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Share capital Rs'000	Share premium Rs'000	Revaluation reserve Rs'000	Foreign exchange translation deficit Rs'000	Retained earnings Rs'000	Total Rs'000	Non Controlling Interest Rs'000	Total Shareholders' Equity Rs'000
CONSOLIDATED								
At 01 Jul 2018	367,303	5,308	454,903	(14,314)	807,600	1,620,800	236,417	1,857,217
Profit for the year	-	-	-	-	111,651	111,651	23,598	135,249
Other comprehensive income for the year	-	-	(5,915)	(4,112)	(3,847)	(13,874)	(1,512)	(15,386)
Dividend	-	-	-	-	(67,951)	(67,951)	(14,700)	(82,651)
At 30 Jun 2019	367,303	5,308	448,988	(18,426)	847,453	1,650,626	243,803	1,894,429
Profit for the year	-	-	-	-	56,059	56,059	9,690	65,749
Other comprehensive income for the year	-	-	(7,126)	3,951	(57,785)	(60,960)	19	(60,941)
Dividend	-	-	-	-	(42,240)	(42,240)	-	(42,240)
At 30 Jun 2020	367,303	5,308	441,862	(14,475)	803,487	1,603,485	253,512	1,856,997
SEPARATE								
At 01 Jul 2018	367,303	5,308	322,060	-	800,210	1,494,881	-	1,494,881
Loss for the year	-	-	-	-	(113,536)	(113,536)	-	(113,536)
Other comprehensive income for the year	-	-	(4,404)	-	(883)	(5,287)	-	(5,287)
Dividend	-	-	-	-	(67,951)	(67,951)	-	(67,951)
At 30 Jun 2019	367,303	5,308	317,656	-	617,840	1,308,107	-	1,308,107
Profit for the year	-	-	-	-	51,475	51,475	-	51,475
Other comprehensive income for the year	-	-	(5,306)	-	(37,231)	(42,537)	-	(42,537)
Dividend	-	-	-	-	(42,240)	(42,240)	-	(42,240)
At 30 Jun 2020	367,303	5,308	312,350	-	589,844	1,274,805	-	1,274,805

COMMENTS

Group revenue for the year ended 30 June 2020 rose to Rs 4,495 million (2019: Rs 4,411 million) while Group profit after tax fell to Rs 65.7 million (2019: Rs 135.2 million). The drop in profit after taxation is largely explained by the impairment of biological assets of Innodis Poultry Ltd and the settlement of some client claims by Meaders Feeds Ltd. EPS for the year decreased to Rs 1.53 (2019: Rs 3.04) while NAV per share closed at Rs 50.60. A dividend of Rs 1.15 per share was declared (2019: Rs 1.85 per share).

As a major player in the food sector, although the results are below initial expectations, the Group's resilience was once more demonstrated in a year which has been exceptionally challenging for the economy. Although most of the Group operations were maintained during the lockdown period, the production, sales and distribution activities of the Group suffered from the direct effects of the COVID-19 pandemic, with a drop in sales and margins in some product categories and an increase in net finance costs following the accelerated depreciation of our local currency in the fourth quarter of the financial year and the impact of the adoption of IRFS16 – Right of Use Assets. Moreover, the loss of revenue from the hotel and catering sector – which normally contributes to around 15% of turnover – and the drop in consumer spending, also affected profitability. Finally, the implementation of IAS 19 in relation to retirement benefits and new employment laws have also affected our results, including our NAV.

On a more positive note, the Mozambique operations posted a profit of Rs 3.4 million against a loss of Rs 21.2 million last year. This has been achieved in the backdrop of the pandemic thanks to increased production efficiencies and right-sizing of operations, while also leveraging on the efforts of the authorities to support local production. Should economic conditions prove stable in the future, we are poised to seize growth opportunities arising in Mozambique.

Given the reduced visibility and future uncertainty regarding the disruptions arising from the COVID-19 pandemic and its potentially lasting effects, the Group operations will remain under stress. Nevertheless, we are confident that we will come through this new challenge by optimising our resources, increasing our preparedness for future disruptive events, and capitalising on new business opportunities.

By order of the Board

Box Office Ltd
 Corporate Secretary
 28th Sep 2020

The condensed audited financial statements have been extracted from the audited financial statements for the year ended 30 June 2020, which have been prepared in accordance with International Financial Reporting Standards and have been audited by Messrs Ernst & Young.

Copies of this report are available free of charge at the registered office of the Company. The statement of direct and indirect interests of insiders pursuant to rule 8 (2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available free of charge, at the registered office of Innodis Ltd, BRN: C06002174

This report is pursuant to Listing Rule 12.14 and Securities Act 2005. The Board of Directors of Innodis Ltd accepts full responsibility for the accuracy of the information contained in this communiqué.