



ABRIDGED UNAUDITED FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2016

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the 6 months ended 30 June 2016

	NOTE	UNAUDITED 30 JUNE 2016 USD	UNAUDITED 30 JUNE 2015 USD
Revenue		1,622,534	2,172,899
Cost of sales		(1,153,399)	(1,561,971)
Gross profit		469,135	610,928
Other income		8,993	26,017
Operating expenses		(844,391)	(1,028,220)
Operating loss		(366,263)	(391,275)
Net financing cost		(73,276)	(141,715)
Loss before tax		(439,539)	(532,990)
Income tax credit		79,158	61,846
Loss after tax		(360,381)	(471,144)
Total comprehensive loss for the period		(360,381)	(471,144)
Earnings Per Share (EPS)			
Number of shares in issue	7	536,588,623	536,588,623
Basic loss per share (cents)		(0.00067)	(0.00088)
Diluted loss per share (cents)		(0.00066)	(0.00087)

ABRIDGED STATEMENT OF FINANCIAL POSITION as at 30 June 2016

	NOTE	UNAUDITED 30 JUNE 2016 USD	AUDITED 31 DEC 2015 USD
ASSETS			
Non-current assets			
Property, plant and equipment		7,946,596	8,062,558
Current assets			
Inventories	4	1,412,630	1,652,969
Trade and other receivables		423,772	637,706
Bank and cash		36,660	32,782
Total current assets		1,873,062	2,323,457
Total assets		9,819,658	10,386,015
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		536,588	536,588
Share options reserve		19,200	19,200
Non distributable reserve		9,464,397	9,464,397
Accumulated loss		(12,421,749)	(12,061,369)
		(2,401,564)	(2,041,184)
Non-current liabilities			
Deferred tax		556,461	556,461
Long term portion of borrowings	6	631,042	535,615
		1,187,503	1,092,076
Current liabilities			
Current portion of borrowings	6	336,321	544,998
Trade and other payables	5	10,688,910	10,781,639
Bank overdraft		8,487	8,487
		11,033,718	11,335,123
Total liabilities		12,221,221	12,427,199
Total equity and liabilities		9,819,658	10,386,015

ABRIDGED STATEMENT OF CHANGES IN EQUITY for the 6 months ended 30 June 2016

	Share capital USD	Share options reserve USD	Non distributable reserve USD	Retained loss USD	Total USD
Balance at 31 December, 2015	536,588	19,200	9,464,397	(10,274,107)	(253,922)
Total comprehensive loss for the period				(471,144)	(471,144)
Balance at 30 June, 2015	536,588	19,200	9,464,397	(10,745,251)	(725,066)
Balance at 31 December, 2015	536,588	19,200	9,464,397	(12,061,369)	(2,041,184)
Total comprehensive loss for the period	-	-	-	(360,380)	(360,380)
Balance at 30 June, 2016	536,588	19,200	9,464,397	(12,421,749)	(2,401,564)

ABRIDGED STATEMENT OF CASH FLOWS for the 6 months ended 30 June 2016

	NOTE	UNAUDITED 30 JUNE 2016 USD	UNAUDITED 30 JUNE 2015 USD
Cash flows from operating activities			
Loss before tax		(439,539)	(532,990)
Adjustments for:			
Depreciation of property, plant and equipment		115,962	292,164
Profit on disposal of property, plant and equipment		-	(15,520)
Interest expense		73,276	141,715
Operating cash outflows before working capital changes		(250,300)	(114,630)
Changes in working capital			
Increase in inventories		240,339	141,578
Decrease in trade and other receivables		213,934	20,534
(Decrease)/Increase in trade and other payables		(13,570)	513,653
Working capital changes		440,703	675,766
Cash generated from operations		190,403	561,136
Cash flows from investing activities			
Proceeds from disposal of vehicles		-	15,520
Purchase of equipment for maintaining operations		-	(18,133)
Net cash outflows to investing activities		-	(2,613)
Cash flows from financing activities			
Interest paid		(73,276)	(141,715)
Increase in borrowings		(113,250)	(75,044)
Net cash outflows to financing activities		(186,525)	(216,758)
Increase in cash and cash equivalents		3,878	341,763
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		24,295	(287,633)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		28,173	54,130

Notes on the financial statements ended 30 June 2016

- ACCOUNTING POLICIES**
The principal accounting policies adopted in the preparation of these abridged financial statements have been consistently applied to all the period presented.
- Basis of presentation**
The abridged financial statements are prepared on the historical cost basis.
- Statement of compliance**
The abridged financial statements for the half year ended 30 June 2016 have been prepared in accordance with IAS 34-Interim Financial Reporting. The financial statements are prepared in accordance with the Zimbabwe Stock Exchange (ZSE) Listing Rules, the Companies Act (chapter 24:03).

	UNAUDITED 30 JUNE 2016 USD	AUDITED 31 DEC 2015 USD
4. Inventories		
Raw materials	793,184	905,683
Finished goods	468,896	604,786
Consumables	7,269	99,772
Work in progress	143,280	42,728
	<u>1,412,629</u>	<u>1,652,970</u>
5. Trade and other payables		
Trade	1,085,354	1,200,945
Accruals and other payables	9,603,556	9,580,694
	<u>10,688,910</u>	<u>10,781,639</u>
6. Loans		
CABS	733,857	722,615
FBC	233,506	357,998
	<u>967,363</u>	<u>1,080,613</u>
Less: Short term portion of borrowings	(336,321)	(544,998)
	<u>631,042</u>	<u>535,615</u>

The loan comprises a CABS facility that accrues interest at the rate of 10% per annum and is repayable in instalments until February 2017 and an FBC facility that accrues interest at the rate of 22% per annum and is payable in equal instalments until 31 October 2017.

The FBC and CABS facilities are secured by land and buildings with a carrying amount of \$1,245,500 and \$2,257,822 respectively.

	(360,380)	(471,143)
7. Earnings Per Share		
Loss from continuing operations	(360,380)	(471,143)
Number of shares used in calculating Loss Per Share		
Shares in issue	538,588,624	538,588,624
Weighted average number of shares used in basic EPS	538,588,624	538,588,624
Number of shares used in diluted Loss Per Share	542,988,624	542,988,624

Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the period.

Headline loss per share
Headline loss per share is calculated by dividing the headline loss for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

8. Cyclical nature of operations
A significant portion of the Company's revenue is derived from the sale of rubber and chemical products. Due to the nature of the Company's income, there is no defined pattern of cyclical nature or seasonality of operations and profitability.

	115,962	292,164
9. Supplementary information		
9.1 Depreciation and Impairment	115,962	292,164
9.2 Capital commitments		
Approved but not contracted for	350,000	50,000
Contracted	-	18,133
	<u>350,000</u>	<u>68,133</u>

Capital commitments will be funded from a combination of internal and external resources

CHAIRMAN'S STATEMENT for the half year ended 30 June 2016

Introduction

The results for the half year ended 30 June 2016 are presented to you on the back of subdued economic activity and a downward revision of growth forecast from 2.7 to 1.4% for 2016 as announced in the September Mid Term Fiscal Policy Review.

The mining sector constitutes a significant proportion of the company's market. In pursuit of its turnaround strategy, the company continued to focus on value enhancement through competitive pricing, quality improvements and shortening of lead times.

Performance

In response to the value proposition initiatives, there has been renewed interest in key local customers. However due to the depressed economic environment, volumes at 441 tonnes were 8 % lower than the 478 metric tonnes recorded in the prior year same period at the company's rubber division. A reduction in turnover at USD 1.62 million was 25% lower than the prior year's same period USD 1.69 million.

Technical alliances with raw materials suppliers even though at nascent stages together with cost alignment initiatives have assisted the company to implement significant price reductions to compete with imported products while at the same time responding to the local market conditions. Operating expenses were 18% lower than the prior year's same period due to cost containment strategies. As a result, the operating loss at USD 366 000 was 7 % better than the USD 391 000 recorded in the prior year same period. Finance costs at USD 73 000 were 48 % lower than the prior year's same period due to reduced interest rates which averaged 12 % per annum in the period.

Outlook

Given the recent Mid Term Fiscal and Monetary Policy reviews the order book has been firming up with the potential of improved capacity utilisation and overhead recovery. However the outlook for the later half of the year will depend on foreign currency levels allocated to the company. The technical alliances to date have poised the company to compete with other international suppliers with potential to export into the region and beyond.

Dividend

At their meeting held on 28 September 2016, the Board considered the loss position of the company and considered it prudent not to declare a dividend as the company is yet to successfully complete its turnaround strategy.

Appreciation

I remain grateful for the resilience of our employees, the cooperation of our stakeholders and the wise counsel from my fellow Directors who continue to steer the company in these challenging times. I look forward to your continued support.

By order of the Board

G. NHEMACHEMA
28 September 2016