

REVIEWED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022



Nutritious Foods and Beverages
for the Sustenance of Good Health

SHORT FORM ANNOUNCEMENT

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on the Zimbabwe Stock Exchange Data Portal and the Company website www.dairibord.com.

The full announcement is available for inspection, at no charge, at the registered office of the Company, 1225 Rekeyi Tangwena Avenue Harare.

FINANCIAL HIGHLIGHTS

Financial

Revenue
EBITDA
Operating profit
Profit for the period
Net asset value
Basic earnings per share (cents)
Headline earnings per share (cents)

Volume (Litres'000)

Raw milk utilised
Sales volume

INFLATION ADJUSTED			HISTORICAL COST	
30 June 2022			30 June 2022	
ZW\$'000	2022 vs		ZW\$'000	2022 vs
Reviewed	2021		Unaudited	2021
17,122,539	40% ▲		11,542,441	193% ▲
1,614,535	107% ▲		1,256,385	299% ▲
1,256,138	140% ▲		1,202,456	312% ▲
688,597	231% ▲		739,081	726% ▲
9,355,120	26% ▲		5,087,917	170% ▲
192	231% ▲		206	726% ▲
165	213% ▲		148	491% ▲
12,290	-7% ▼		12,290	-7% ▼
46,998	11% ▲		46,998	11% ▲

DIVIDEND ANNOUNCEMENT

In view of the headwinds in the operating environment and increased working capital requirements, the Board has resolved to pass the dividend for the six months ended 30 June 2022.

REVIEW CONCLUSION

The abridged consolidated inflation adjusted interim results for the six months ended 30 June 2022 have been reviewed by the Group external auditors, Deloitte and Touche and a qualified review conclusion has been issued with respect to valuation of investment property and freehold land and buildings (included in property, plant and equipment) on current year and comparative information.

The review conclusion has been made available to management and those charged with the governance of Dairibord Holdings and is available for inspection at their registered offices.

The engagement partner responsible for this review was Charity Mtwazi.



J Sachikonye
Chairman
6 September 2022



REVIEWED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Nutritious Foods and Beverages
for the Sustenance of Good Health



FINANCIAL HIGHLIGHTS

	INFLATION ADJUSTED		HISTORICAL COST	
	30 June 2022 ZWS'000	% Change	30 June 2022 ZWS'000	% Change
Financial				
Revenue	17,122,539	40% ▲	11,542,441	193% ▲
Earnings before interest, tax, depreciation and amortisation	1,614,535	107% ▲	1,256,384	299% ▲
Operating profit	1,256,138	140% ▲	1,202,456	312% ▲
Profit for the period	688,597	231% ▲	739,081	726% ▲
Equity	9,355,120	26% ▲	5,087,917	170% ▲
Headline earnings per share (cents)	165	213% ▲	148	491% ▲
Volume (Litres'000)				
Raw milk utilised	12,290	-7% ▼	12,290	-7% ▼
Sales	46,998	11% ▲	46,998	11% ▲

REVIEW CONCLUSION

The abridged consolidated inflation adjusted interim results for the six months ended 30 June 2022 have been reviewed by the Group external auditors, Deloitte and Touche and a qualified review conclusion has been issued with respect to valuation of investment property and freehold land and buildings (included in property, plant and equipment) on current year and comparative information.

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ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Notes	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	30 June 2022 ZWS'000	30 June 2021 ZWS'000 Restated	30 June 2022 ZWS'000	30 June 2021 ZWS'000
Revenue from contracts with customers	17,102,118	12,245,598	11,528,733	3,939,528
Rental income	20,421	9,439	13,708	3,027
Revenue	17,122,539	12,255,037	11,542,441	3,942,555
Cost of sales	(12,884,055)	(9,437,894)*	(8,387,984)	(2,962,590)
Gross profit	4,238,484	2,817,143	3,154,457	979,965
Operating profit	1,256,138	523,748	1,202,456	291,569
Fair value adjustments	112,541	-	230,014	-
Exchange losses	(359,047)	(1,503)	(293,508)	(547)
Net monetary gain/ (loss)	571,587	(590,862)	-	-
Finance costs	(464,634)	(429,159)	(304,277)	(138,445)
Finance revenue	2,221	2,349	1,341	665
Profit/ (loss) before tax	1,118,806	(495,427)	836,026	153,242
Income tax expense	(430,209)	(29,952)	(96,945)	(63,780)
Profit/ (loss) for the period	688,597	(525,379)	739,081	89,462
Other comprehensive income:				
Items that will not be reclassified to profit or loss in subsequent periods				
Revaluation surplus on properties, net of tax	1,239,283	-	2,464,978	-
Total comprehensive income/ (loss) for the period	1,927,880	(525,379)	3,204,059	89,462
Earnings per share (cents)				
Basic earnings for the period	7	192.35	(146.75)	206.45
Diluted earnings for the period	7	192.35	(146.75)	206.45

*The operating profit for the six months ended 30 June 2021 has been restated due to a change in approach for computing the inflation adjusted cost of sales. The revised approach was first applied to the financial statements for the year ended 31 December 2021.

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

OPERATING ENVIRONMENT

The environment was constrained, characterized by high inflation, foreign currency shortages and exchange rate depreciation. The government introduced a wide range of measures to stabilize the economy which included steps to liberalize the currency market and tight monetary policy to control money supply. These measures were, however, inadequate to stem the negative impact of inflation as operating costs continued to escalate. Additionally, imported inflation driven by factors such as the Russia- Ukraine conflict compounded the effects.

Annual inflation reached a new high closing June at 191.6%, while inflation for the month was at 30.7%, putting added pressure on consumer spending. Availability of fuel remained stable, albeit at a higher cost in both foreign and local currencies. Despite escalation in price, electricity supply was intermittent.

As the world emerged out of COVID-19, the relaxation of COVID-19 restrictions improved supply chains, production and demand for goods and services. This helped to restore some economic growth in most countries. The rebound in production globally had a positive impact on the prices of commodities including gold, with Zimbabwe benefitting as a commodities exporter.

PERFORMANCE

The commentary on the financials is based on the inflation adjusted numbers. The historic numbers have been provided as supplementary information.

Raw Milk

According to the Ministry of Agriculture's Dairy Services Department, Zimbabwe's H1 2022 milk intake by processors rose 17% to 38.96m litres from 33.42 million litres in the comparative period. Dairibord utilized 12.29m litres, representing 32% of the total intake by processors. The Group retains its position as the processor with the highest milk intake, albeit at lower levels.

The price of stock feed continued to rise in line with food inflation pressure. The Group has elevated initiatives for aggressive milk supply development for low cost and high-volume milk production. The long-term benefits will be competitive local milk prices, import substitution of milk powders and opportunities for export growth.

Sales Volume and Revenue

Demand for our products remained firm across all categories. Overall sales volumes for the period grew 11% ahead of the same period last year. 40% of the total sales volume was sold in foreign currency, with 8% going into the export markets and 32% through the domestic market.

Liquid Milks' contribution to total volume was 28%, Foods 10% and Beverages 62%. This affirms the growing contribution of non-milk product categories and product portfolio diversification, in line with our "more than just milk" strategy.

Inflation adjusted revenue grew 40% to ZWS\$17.12 billion [historical: 193% to ZWS\$11.54 billion] compared to the same period last year. The growth in revenue was driven by growth in volumes and moderate price adjustments to preserve margins.

Profitability

The Group experienced significant cost increases on account of imported inflation and price volatility arising from exchange rate movements. Cost of sales grew by 37% in inflation adjusted terms [historical: 183%]. The costs were driven by sharp increases in material costs and utilities. Overheads grew by 30% [historical: 184%]. This increase was, however, at a rate lower than revenue growth, benefitting from management's cost containment initiatives.

Resultantly, the Group's operating profit grew 140% [historical: 312%] to ZWS\$1.26 billion [historical: ZWS\$1.20 billion] compared to ZWS\$524 million [historical: ZWS\$292 million] in prior year. The operating profit margin for the period was 7% up from 4% in prior period [historical: 10% from 7% in prior year].

At ZWS\$462 million [historical: ZWS\$303 million], net finance charges for the period were nominally higher than last year driven by an upward trend in interest rates. The borrowings of ZWS\$1.2 billion were invested in capital expenditure projects to increase production output and to fund long working capital cycles.

After accounting for finance charges, foreign exchange losses and other incomes, the Group posted a profit before tax of ZWS\$1.1 billion [historical: ZWS\$836 million].

Working Capital

Cash flows from operating activities were subdued by the significant investments in inventories, prepayments to suppliers and delays in settlement by customers. The business was fairly liquid with a current ratio of 1.6 [historical: 1.2]. Foreign currency obligations were at US\$4.3 million, including a long-term loan of US\$0.66 million. Most of the obligations were adequately covered by foreign currency assets and expected disbursements of outstanding allotments from the auction market.

OUTLOOK

Gross Domestic Product (GDP) growth is now projected at 4.6%, down from the initial projection of 5.5% (Government of Zimbabwe). Despite a reduction in economic growth forecast for the year, there is an expected increase in foreign currency inflows as commodities benefit from high international prices. Exports are now projected to reach higher growth levels than before.

High cost and erratic supply of utilities mainly electricity and water are expected to persist. The decrease in the price of fuel remains welcome if sustained. High cost of borrowing and short tenures will pose difficulty for business to bridge working capital cycle gaps and fund investments in plant and equipment for growth. Inflationary pressures are forecasted to subside as a result of Government efforts to stabilize the economy. The Group's main thrust is on volume growth to close the gap between demand and supply in most product categories and cost containment. The growth will be largely driven by the beverages and foods, benefitting from the commissioning of plant and equipment for additional processing capacity in the third quarter of the year. The Group will also focus on realignment of its route to market to increase cash receipts, local US dollar sales and exports.

DIVIDEND

In view of the headwinds in the operating environment and increased working capital requirements, the Board has resolved to pass the payment of a dividend.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to all our valued stakeholders for their continued support to the business especially in this difficult environment.

Chairman
6 September 2022

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Notes	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	30 June 2022 ZWS'000 REVIEWED	31 Dec 2021 ZWS'000 AUDITED	30 June 2022 ZWS'000 UNAUDITED	31 Dec 2021 ZWS'000 UNAUDITED
Assets				
Non-current assets				
Property, plant and equipment	9	8,970,996	7,362,688	5,154,336
Investment property	10	328,800	216,259	328,800
Right of use asset	11	160,421	94,355	70,508
Intangible assets		9,016	9,655	303
Deferred tax asset		-	19,891	-
		9,469,233	7,702,848	5,553,947
Current assets				
Inventories		3,976,396	3,377,305	2,583,598
Prepayments		1,003,489	484,492	710,767
Trade and other receivables		1,887,063	1,330,184	1,887,063
Cash and cash equivalents		274,136	438,839	274,136
		7,141,084	5,630,820	5,455,564
Total assets		16,610,317	13,333,668	11,009,511
Equity and liabilities				
Equity				
Share capital		4,179	4,179	36
Share premium		161,057	161,057	1,380
Non-distributable reserves		2,722,127	1,482,844	3,572,175
Retained earnings		6,467,757	5,779,160	1,514,326
Total equity		9,355,120	7,427,240	5,087,917
Non-current liabilities				
Interest-bearing borrowings	12	336,260	541,594	336,260
Share incentive liability		-	124,811	-
Lease liability		175,616	33,424	175,616
Financial guarantee liability		-	15,917	-
Deferred tax liability		2,286,327	1,706,262	952,724
		2,798,203	2,422,008	1,464,600
Current liabilities				
Trade and other payables		3,209,017	2,257,308	3,209,017
Contract liabilities		137,496	180,410	137,496
Interest-bearing borrowings	12	856,524	761,005	856,524
Share incentive liability		57,013	-	57,013
Lease liability		56,093	17,738	56,093
Bank overdraft		-	204,367	-
Dividend payable		3,295	7,219	3,295
Income tax payable		137,556	56,373	137,556
		4,456,994	3,484,420	4,456,994
Total liabilities		7,255,197	5,906,428	5,921,594
Total equity and liabilities		16,610,317	13,333,668	11,009,511

REVIEWED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Nutritious Foods and Beverages
for the Sustenance of Good Health



ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	AUDITED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	30 June 2022 ZWS'000	30 June 2021 ZWS'000 Restated	30 June 2022 ZWS'000	30 June 2021 ZWS'000
Operating activities				
Profit/ (loss) before tax	1,118,806	(495,427)	836,026	153,242
Depreciation of property, plant and equipment and amortisation	358,397	254,561	53,929	23,013
Fair value gain on investment property	(112,541)	-	(230,014)	-
Loss/ (profit) on disposal of property, plant and equipment and scrap	11,011	3,683	10,502	(236)
Net monetary (gain)/ loss	(571,588)	590,862	-	-
Finance income	(2,221)	(2,349)	(1,341)	(665)
Finance costs	464,634	429,159	304,277	138,445
Other non-cash items	(18,338)	5,248	(9,692)	1,800
Working capital movements	(833,972)	493,486	(899,126)	(178,851)
Income tax paid	414,188	1,279,222	64,560	136,748
	(152,351)	(326,580)	(127,252)	(108,648)
Net cashflows generated from/ (used in) operating activities	261,837	952,642	(62,692)	28,100
Investing activities				
Purchase of plant and equipment	(314,581)	(176,080)	(255,147)	(41,020)
Proceeds from sale of property, plant and equipment	218,861	47,527	215,892	14,842
Finance income	2,221	2,349	1,341	665
Net cash outflow from investing activities	(93,499)	(126,204)	(37,914)	(25,513)
Financing activities				
Proceeds from borrowings	1,930,680	1,038,250	1,096,271	343,116
Repayment of borrowings	(851,735)	(425,274)	(599,071)	(139,980)
Lease payments	(11,489)	(42,293)	(36,204)	(13,411)
Finance costs	(482,930)	(414,373)	(310,661)	(127,488)
Dividends paid	(3,924)	(240,724)	(3)	(79,285)
Net cash inflow/ (outflow) from financing activities	580,603	(84,414)	150,332	(17,048)
Net increase/ (decrease) in cash and cash equivalents	748,941	742,023	49,726	(14,461)
Net foreign exchange difference and inflation impact	(709,276)	(910,465)	117,305	(761)
Cash and cash equivalents at beginning of the period	234,471	723,738	107,105	205,677
Cash and cash equivalents at the end of the period	274,136	555,296	274,136	190,455
Cash and cash equivalents per accounts	274,136	555,296	274,136	190,455

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	AUDITED INFLATION ADJUSTED Attributable to owners of the parent				
	Share Capital ZWS'000	Share Premium ZWS'000	Other reserves ZWS'000	Retained earnings ZWS'000	Total equity ZWS'000
GROUP					
As at 31 December 2021	4,179	161,057	1,482,844	5,779,160	7,427,240
Other comprehensive income	-	-	1,239,283	688,597	1,927,880
Total comprehensive income	-	-	1,239,283	688,597	1,927,880
Dividend	-	-	-	-	-
As at 30 June 2022	4,179	161,057	2,722,127	6,467,757	9,355,120
As at 31 December 2020	3,117	120,132	1,896,131	4,046,756	6,066,136
Other comprehensive loss	-	-	-	(525,379)	(525,379)
Total comprehensive income	-	-	-	(525,379)	(525,379)
Dividend	-	-	-	-	-
As at 30 June 2021	3,117	120,132	1,896,131	3,521,377	5,540,757
	UNAUDITED HISTORICAL COST Attributable to equity holders of the parent				
	Share Capital ZWS	Share Premium ZWS	Non-distributable reserves ZWS	Retained earnings ZWS	Total ZWS
GROUP					
As at 31 December 2021	36	1,380	1,107,197	775,245	1,883,858
Other comprehensive income	-	-	2,464,978	739,081	3,204,059
Total comprehensive income	-	-	2,464,978	739,081	3,204,059
Dividend	-	-	-	-	-
As at 30 June 2022	36	1,380	3,572,175	1,514,326	5,087,917
As at 31 December 2020	36	1,380	876,641	362,246	1,240,303
Other comprehensive income	-	-	-	89,462	89,462
Total comprehensive income	-	-	-	89,462	89,462
As at 30 June 2021	36	1,380	876,641	451,708	1,329,765

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1 CORPORATE INFORMATION

Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe. The registered office is located at 1225 Rekeyi Tangwena Avenue, in Harare. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group's principal activities are the manufacturing, processing, marketing and distribution of milk products, foods and beverages.

2 BASIS OF PREPARATION

"These interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting, IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29) and Statutory Instrument 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange) Rules 2019, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2021 ('last annual financial statements'). These do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The interim financial statements are presented in Zimbabwe Dollars (ZWS), which is the Group's functional and presentation currency. The Group changed its functional currency from USD to ZWS on 1 October 2018.

These interim financial statements were authorised for issue by the Company's board of directors on 6 September 2022.

The historical financial information has been presented as supplementary information which is unreviewed and unaudited and does not comply with the requirements of IAS29.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. A number of new standards are effective from 1 January 2022 but they do not have a material effect on the Group's financial statements.

4 HYPERINFLATION

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement on the application of IAS 29. This followed runaway inflation experienced in Zimbabwe. The pronouncement required that entities operating in Zimbabwe with financial periods ending on or after 1 July 2019 prepare and present financial statements in accordance with the requirements of IAS 29. The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS29. These changes have been made on the historical cost financial information. Various assumptions have been made, with the most significant assumption being the use of consumer price indices (CPI) for the period. The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to 30 June 2022:

	Indices	Conversion factor
CPI as at 1 October 2018	74.59	116.74
CPI as at 30 June 2021	2,986.44	2.92
CPI as at 31 December 2021	3,977.46	2.19
CPI as at 30 June 2022	8,707.35	1.00

5 SEGMENT INFORMATION

5.1 The Group has three operating segments which are listed below. The segments are identified based on how performance is measured and monitored for each business unit.

Manufacturing and distribution - manufacture and marketing of milks, foods and beverages
Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group, generating most of the Group's revenue and cash flows. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively:

	REVIEWED INFLATION ADJUSTED				
	Manufacturing and distribution ZWS'000	Properties ZWS'000	Corporate ZWS'000	Adjustments and eliminations ZWS'000	Group ZWS'000
Six months ended 30 June 2022					
Revenue					
Revenue from contracts with external customers	17,102,118	20,421	-	-	17,122,539
Revenue from contracts with internal customers	90	42,078	-	(42,168)	-
Total revenue	17,102,208	62,499	-	(42,168)	17,122,539
Results					
Depreciation, amortisation and impairment	339,844	52,792	12,984	(47,223)	358,397
Operating profit	1,136,992	20,406	93,190	5,550	1,256,138
Finance income	6,563	-	245,530	(249,872)	2,221
Finance costs	525,777	-	249,079	(310,222)	464,634
Segment profit before tax	1,915,989	1,643,931	125,917	(2,567,029)	1,118,806
Six months ended 30 June 2021					
Revenue from contracts with external customers	12,245,598	9,439	-	-	12,255,037
Revenue from contracts with internal customers	263	122,683	127,355	(250,301)	-
Total revenue	12,245,861	132,122	127,355	(250,301)	12,255,037
Results					
Depreciation, amortisation and impairment	189,546	52,629	12,386	-	254,561
Operating profit restated	374,274	79,435	70,040	-	523,748
Finance income	10,330	-	224,884	(232,865)	2,349
Finance costs	430,255	111	231,657	(232,864)	429,159
Segment (loss)/ profit before tax	(687,405)	108,707	83,271	-	(495,427)

The following table presents assets and liabilities for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

	REVIEWED				
	Manufacturing and distribution ZWS'000	Properties ZWS'000	Corporate ZWS'000	Adjustments and eliminations ZWS'000	Group ZWS'000
As at 30 June 2022					
Segment assets	14,157,934	5,137,979	6,266,842	(8,952,438)	16,610,318
Segment liabilities	6,614,021	260,887	739,307	(359,019)	7,255,196
Capital expenditure	308,373	-	6,208	-	314,581
As at 31 December 2021					
Segment assets	12,493,783	3,492,825	6,540,000	(9,192,940)	13,333,668
Segment liabilities	5,726,871	160,442	1,102,465	(1,083,350)	5,906,428
Capital expenditure	672,669	1,109	635	-	674,413

The transactions between operating segments are at arm's length.

The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

REVIEWED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Nutritious Foods and Beverages
for the Sustenance of Good Health



UNAUDITED HISTORICAL COST

	Manufacturing and distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
Six months ended 30 June 2022					
Revenue					
Revenue from contracts with external customers	11,528,734	13,707	-	-	11,542,441
Revenue from contracts with internal customers	189	40,064	184,893	(225,146)	-
Total revenue	11,528,923	53,771	184,893	(225,146)	11,542,441
Results					
Depreciation, amortisation and impairment	45,098	17,756	2,586	(11,511)	53,929
Operating profit/ (loss)	1,138,844	25,242	67,924	(29,555)	1,202,456
Finance income	3,987	-	156,381	(159,027)	1,341
Finance costs	341,952	-	158,537	(196,212)	304,277
Segment profit before tax	490,459	258,611	75,686	11,270	836,026

	Manufacturing and distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
Six months ended 30 June 2021					
Revenue					
Revenue from contracts with external customers	3,939,528	3,027	-	-	3,942,555
Revenue from contracts with internal customers	83	40,065	63,500	(103,648)	-
Total revenue	3,939,611	43,092	63,500	(103,648)	3,942,555

	Manufacturing and distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
Results					
Depreciation, amortisation and impairment	7,358	13,747	1,908	-	23,013
Operating profit	233,470	29,328	24,538	4,233	291,569
Finance income	3,368	-	71,900	(74,603)	665
Finance costs	138,897	38	74,114	(74,604)	138,445
Segment profit before tax	101,277	29,316	22,649	-	153,242

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

	Manufacturing and distribution ZW\$'000	Properties ZW\$'000	Corporate ZW\$'000	Adjustments and eliminations ZW\$'000	Group ZW\$'000
As at 30 June 2022					
Segment assets	6,789,527	5,137,979	792,520	(1,710,515)	11,009,511
Segment liabilities	5,868,569	260,432	713,378	(920,785)	5,921,594
Capital expenditure	250,397	-	4,750	-	255,147
As at 31 December 2021					
Segment assets	3,289,984	1,595,499	501,969	(1,289,174)	4,098,278
Segment liabilities	2,696,696	73,289	480,024	(1,035,589)	2,214,420
Capital expenditure	279,165	424	254	-	279,843

The transactions between operating segments are at arm's length.

The adjustments and eliminations columns relate to inter-segment transactions and balances which are eliminated on consolidation.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Disaggregated revenue information

Type of goods

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022	2021	2022	2021
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Sale of liquid milks	4,539,969	4,428,109	3,018,967	1,704,673
Sale of foods	3,836,542	1,929,013	2,613,650	617,679
Sales of beverages	8,725,607	5,888,476	5,896,116	1,617,176
Total revenue from contracts with customers	17,102,118	12,245,598	11,528,733	3,939,528

Export	792,795	412,391	558,114	133,240
Domestic	16,309,323	11,833,207	10,970,619	3,806,288
Total	17,102,118	12,245,598	11,528,733	3,939,528

The Group obtains most of its revenue from the domestic market.

7 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings per share amounts are calculated by dividing profit for the period adjusted for profits or losses for disposal of assets and impairments (re-measurements) by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic, diluted and headline earnings per share computations:

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022	2021	2022	2021
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Profit/ (loss) for basic earnings	688,597	(525,379)	739,081	89,462
Loss/(profit) on disposal of assets, net of tax	8,289	2,772	7,906	(177)
Fair value adjustment on investment property	(112,541)	-	(230,014)	-
Impairment loss, net of tax	-	395	-	136
Profit/ (loss) for headline earnings	584,345	(522,212)	516,973	89,421

	2022 No.	2021 No.	2022 No.	2021 No.
Weighted average number of ordinary shares for basic earnings per share	358,000,858	358,000,858	358,000,858	358,000,858
Number of shares in issue	358,000,858	358,000,858	358,000,858	358,000,858
Weighted average number of ordinary shares for diluted earnings per share	358,000,858	358,000,858	358,000,858	358,000,858

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8 INCOME TAX

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	REVIEWED INFLATION ADJUSTED		UNAUDITED HISTORICAL COST	
	2022	2021	2022	2021
	ZW\$'000	ZW\$'000	ZW\$'000	ZW\$'000
Current tax - current year	257,092	155,199	239,261	54,097
Current tax - prior year under provision	-	38,357	-	11,889
Deferred tax	173,117	(163,604)	(142,316)	(2,206)
Total income tax expense	430,209	29,952	96,945	63,780

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Reconciliation of opening and closing carrying amounts

	2022 Reviewed ZW\$'000	2021 Audited ZW\$'000	2022 Unaudited ZW\$'000	2021 Unaudited ZW\$'000
Net carrying amount at 1 January	7,362,688	5,379,903	1,709,835	1,153,718
Cost	12,827,739	8,890,360	1,804,426	1,201,168
Accumulated depreciation and impairment	(5,465,051)	(3,510,457)	(94,591)	(47,450)
Movement for the year:				
Additions	314,581	674,413	255,147	279,843
Revaluation	1,646,232	(685,794)	3,274,413	331,510
Net carrying amount of disposals	(60,508)	(55,269)	(34,944)	(15,119)
Depreciation charge for the year	(291,997)	(617,895)	(50,115)	(47,887)
Transfer from investment property	-	27,341	-	7,770
Correction for IAS29 & IAS21	-	2,639,988	-	-
Closing net carrying amount	8,970,996	7,362,688	5,154,336	1,709,835
Cost	14,696,334	12,827,739	5,297,235	1,804,426
Accumulated depreciation and impairment	(5,725,338)	(5,465,051)	(142,899)	(94,591)

9.2 Revaluation of properties

The properties were valued by an independent external valuer, Dawn Property Consultancy (Private) Limited at 31 December 2020. The valuation was performed in US\$ owing to a lack of observable ZW\$ inputs at that time. The US\$ values were discounted by 10% and converted to ZW\$ using the official closing rate at 30 June 2022. The discount rate applied was informed by a market assessment performed by Dawn at 31 December 2021, which indicated a decline in property values.

10 INVESTMENT PROPERTY

Reconciliation of carrying amounts

	2022 Reviewed ZW\$'000	2021 Audited ZW\$'000	2022 Unaudited ZW\$'000	2021 Unaudited ZW\$'000
Balance at 1 January	216,259	299,346	98,786	85,070
Fair value adjustments	112,541	(27,341)	230,014	21,486
Transfer to property, plant and equipment	-	(55,746)	-	(7,770)
Closing balance	328,800	216,259	328,800	98,786

The properties were valued by an independent external valuer, Dawn Property Consultancy (Private) Limited at 31 December 2020. The valuation was performed in US\$ owing to a lack of observable ZW\$ inputs at that time. The US\$ values were discounted by 10% and converted to ZW\$ using the official closing rate at 30 June 2022. The discount rate applied was informed by a market assessment performed by Dawn at 31 December 2021, which indicated a decline in property values.

11 LEASES

11.1 Right of use asset

	2022 Reviewed ZW\$'000	2021 Audited ZW\$'000	2022 Unaudited ZW\$'000	2021 Unaudited ZW\$'000
Net carrying amount at 1 January	94,355	-	29,552	-
Cost	109,708	-	34,338	-
Accumulated depreciation and impairment	(15,353)	-	(4,786)	-
Movement for the year:				
Additions	78,579	109,708	45,656	34,338
Depreciation charge for the year	(12,513)	(12,514)	(4,700)	(4,786)
Closing net carrying amount	160,421	94,355	70,508	29,552
Cost	188,287	109,708	79,994	34,338
Accumulated depreciation and impairment	(27,866)	(15,353)	(9,486)	(4,786)

During the period ended 30 June 2022, the Group entered into lease contracts with a local financial institution for the purchase of six commercial vehicles taking the total number of leased vehicles to ten. The leases run for a three year period. In accordance with IFRS 16, the group recognised a right of use asset and liability relating to each of these vehicles by discounting future lease payments over the lease period at the company's incremental borrowing rate (45%). The right of use assets are depreciated over the useful life of the assets, which is eight years.

11.2 Amounts recognised in profit or loss

The following amounts were recognised in profit or loss for the leases:

	2022 Reviewed ZW\$'000	2021 Audited ZW\$'000	2022 Unaudited ZW\$'000	2021 Unaudited ZW\$'000
Interest on lease liability	7,308	14,506	5,312	6,361
Depreciation of right of use assets	12,513	15,353	4,700	4,786



REVIEWED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Nutritious Foods and Beverages for the Sustenance of Good Health



12 INTEREST BEARING BORROWINGS

	2022 ZWS'000 Reviewed	2021 ZWS'000 Audited	2022 ZWS'000 Unaudited	2021 ZWS'000 Unaudited
Opening balance	1,328,203	1,566,895	606,714	445,290
Interest bearing borrowings	1,302,599	1,546,925	595,018	439,615
Interest payable	25,604	19,970	11,696	5,675
New issues	1,930,680	2,410,879	1,096,271	866,583
Loan repayments	(851,735)	(1,832,218)	(599,071)	(711,180)
Interest expense	457,326	923,473	298,965	333,102
Interest paid	(482,930)	(917,838)	(310,661)	(327,082)
Exchange differences	127,665	-	100,566	-
Monetary gain	(1,316,425)	(822,987)	-	-
Closing balance	1,192,784	1,328,203	1,192,784	606,714
Interest bearing borrowings	1,192,784	1,302,599	1,192,784	595,018
Interest payable	-	25,604	-	11,696
Short term loans	856,524	761,005	856,524	347,622
Long term loans	336,260	541,594	336,260	247,396
	1,192,784	1,302,599	1,192,784	595,018

The Group has interest bearing loans with local financial institutions. The loans bear interest at variable interest rates. As at 30 June 2022, interest on the loans was between 40% - 60% with an average of 41%. During the month of June, interest rates were revised upwards to 200% p.a with effect from 1 July 2022.

Included in the loans and borrowings is a vendor balance of ZW\$243million (R11.1million) relating to manufacturing equipment acquired on credit from a foreign supplier. The loan is payables over four years and bears interest at 8.5% p.a.

13 CAPITAL COMMITMENT

- Authorised and contracted for
- Authorised but not contracted for

	2022 ZWS'000 Reviewed	2021 ZWS'000 Audited	2022 ZWS'000 Unaudited	2021 ZWS'000 Unaudited
	3,170,088	2,085,035	3,170,088	952,430
- Authorised and contracted for	1,149,350	247,407	1,149,350	113,014
- Authorised but not contracted for	2,020,738	1,837,628	2,020,738	839,416

14 EVENTS AFTER THE REPORTING DATE

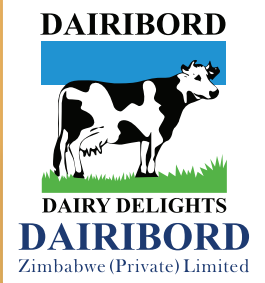
There were no material events subsequent to 30 June 2022.



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INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF INFLATION ADJUSTED ABRIDGED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED

Introduction

We have reviewed the accompanying inflation adjusted abridged consolidated interim financial information of Dairibord Holdings Limited and its subsidiaries ("the Group") as at 30 June 2022 and the related inflation adjusted abridged consolidated statement of comprehensive income, inflation adjusted abridged consolidated statement of changes in equity and inflation adjusted abridged consolidated statement of cash flows, for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this inflation adjusted abridged consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this inflation adjusted consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of inflation adjusted abridged consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Valuation of Investment property and freehold land and buildings (included in property, plant, and equipment)

The Investment property and freehold land and buildings (included in Property, Plant and Equipment) values have been based on what the Directors believe was the best estimate of the value of the assets in use as at 30 June 2022 without the use of independent experts. The valuation was done by the Directors taking into account the United States Dollar (USD) value as at 31 December 2021 and applied a closing willing buyer willing seller rate as at 30 June 2022. This was done to obtain the Zimbabwean dollar value that would have been paid out as at 30 June 2022 using management's understanding of the market and purchasing parity that existed at that point between the different modes of payment. We were unable to assess whether the approaches used by the Directors are consistent with IFRS and industry norms for similar assets in a similar environment.



Valuation of Investment property and freehold land and buildings (included in property, plant, and equipment) (continued)

Furthermore, the conversion to the Zimbabwean dollar (ZWL), being the Group's functional currency, is not in compliance with International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), for the below stated reasons.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. We were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD willing buyer willing seller rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD willing buyer willing seller rate in determining the ZWL fair value of investment properties and land and buildings, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of investment properties and land and buildings in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of investment properties and land and buildings to the willing buyer willing seller rate and related underlying USD values; and
- the extent to which supply and demand for the items of investment properties and land and buildings reflects the implications on market dynamics of the willing buyer willing seller rate.

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the valuation in ZWL of the investment properties and land and buildings. We are also unable to determine whether any adjustments to the current year depreciation expense, deferred taxation, and revaluation adjustments in the inflation adjusted consolidated financial statements, would be necessary to correctly account for these amounts owing to lack of information on relevant inputs in ZWL. Our conclusion on the current year inflation adjusted consolidated financial statements is therefore modified.

Qualified Conclusion

Except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying inflation adjusted abridged interim consolidated financial information of Dairibord Holdings Limited and its Subsidiaries, does not present fairly, in all material respects, the inflation adjusted abridged consolidated interim financial position of the Group as at 30 June 2022, and of its inflation adjusted abridged consolidated interim financial performance and its inflation adjusted abridged consolidated interim cash flows for the six month period then ended, in accordance with International Financial Reporting Standards.

Deloitte & Touche

**DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)
PER: CHARITY MTWAZI**

**REGISTERED AUDITOR
PAAB PRACTICE CERTIFICATE NUMBER: 0585
HARARE, ZIMBABWE**

DATE: 9 SEPTEMBER 2022