



# ABRIDGED REVIEWED FINANCIAL RESULTS

## FOR THE HALF YEAR ENDED 30 JUNE 2022

### CHAIRMAN'S STATEMENT

#### FOR THE HALF YEAR ENDED 30 JUNE 2022

#### INTRODUCTION

I hereby present to you the half year reviewed interim results for the six months period ended 30 June 2022. Commentary is on inflation adjusted figures.

Following the significant strides by government to contain the COVID 19 pandemic, the Russian Ukraine conflict presented a new crisis in the global economy. The unprecedented protraction of the conflict unleashed new challenges which among others included constrained logistical flow of traffic, grain shortages and resource protectionist policies resulting in global price increases. Consequently, these price increases introduced imported USD inflation to vulnerable economies in the sub region which included Zimbabwe whose economy was already blighted with soaring exchange and inflation rates.

To counter the effect of these headwinds, a raft of policies were implemented to tame both the runaway exchange and inflation rates. It is expected that in the long run these interventions will have a stabilising effect on the exchange and inflation rates obtaining in the economy. However, business suffered immediate shocks in reduced working capital, debtor default and increased import costs. Notwithstanding the above, the company pursued its strategy of continuously delivering a commensurate value proposition to its customers through a product offering that competes with world players.

#### GROUP PERFORMANCE

Despite the liquidity constraints in the economy, total volumes increased by 21% to 500 metric tonnes when compared with same period prior year's 412 metric tonnes buoyed by a 42 % volume increase at Cernol Chemicals Division. Cernol Chemicals shored up the volumes as the economy opened up post COVID 19 restrictive measures and benefited from its consolidation

in the niche markets. General Beltings volumes decline was attributable to shortages of raw materials even though the order book was firm.

Total turnover at ZWL 669 million increased by 12% when compared with the same period prior year's turnover of ZWL 597 million. Turnover growth was a result of volume growth at Cernol Chemicals. General Beltings consolidated its market positioning in the traditional markets as customers substituted imports with locally produced products.

Total gross profit at ZWL 278 million increased by 5% when compared with same period prior year's ZWL 265 million due to improved throughput and cost containment measures. However due to the USD imported inflation in the rapidly dollarized environment, operating costs at ZWL260 million increased by 58 % when compared with the prior year period's ZWL164 million. As a result, an operating profit of ZWL 24 million was recorded against ZWL 104 million of the prior year's same period.

#### OUTLOOK

The Government of Zimbabwe is predicting the economy to grow by 4.6 % in 2022 due to increased hospitality activity improved, agricultural output and viable mineral prices. It is anticipated that the monetary policy initiatives will stabilise the economic environment in the long run and stimulate a positive growth trajectory. Indications are that the cessation of the Russia -Ukraine conflict is still far and logistical supply chains will be congested as the year closes.

The Company is poised to meet the increased demand in the fourth quarter driven by an improved order book as local firms continue to appreciate the Company's commensurate value

proposition. In addition, activity in the tourism industry is expected to improve given the positive sentiment around containment of potential pandemics like COVID-19 and Monkeypox.

#### DIVIDEND

At their meeting on 22 September 2022, the Board considered the need for additional working capital to fund a firming order book and the need to adequately stock raw materials. To that end the Board resolved not to pay an interim dividend for the period under review.

#### APPRECIATION

The above adversities notwithstanding, the company operated as a going concern and recorded an operating profit for the six months. I thank all the employees, management and other stakeholders whose support remains invaluable to the company. To my fellow Directors, I thank you for the counsel and support you have accorded the company. I look forward to the same as the company enters into the final quarter of the year.

**G.G. Nhemachena**  
Chairman  
30 September 2022

#### INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These abridged interim financial results for the six months ended 30 June 2022 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued thereon. This review conclusion is adverse with respect to non-compliance with International Accounting Standard (IAS 21), The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS 29) - Financial Reporting in Hyperinflationary Economies.

The review conclusion has been made available to management and those charged with the governance of the company. The Independent Review Report on the abridged interim financial results is available for inspection at the company's registered office.

The engagement partner responsible for this review is Trevor Mungwazi  
PAAB number 0622

#### Abridged Statement of Profit and Loss and Other Comprehensive income for the six months ended 30 June 2022

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
<b>Revenue</b>	<b>669 002 064</b>	<b>596 795 366</b>	<b>433 734 699</b>	<b>190 573 545</b>
<b>Cost of sales</b>	<b>(390 998 287)</b>	<b>(331 333 899)</b>	<b>(234 279 388)</b>	<b>(106 746 242)</b>
Gross profit	278 003 777	265 461 467	199 455 311	83 827 303
Other income	5 691 750	2 730 854	5 236 733	747 689
Operating expenses	(259 777 392)	(163 925 942)	(196 183 949)	(53 211 283)
Profit from operations	23 918 135	104 266 379	8 508 095	31 363 709
Finance charges	(15 454 833)	-	(8 812 662)	-
<b>Profit/(loss) before exchange gains</b>	<b>8 463 302</b>	<b>104 266 379</b>	<b>(304 567)</b>	<b>31 363 709</b>
Monetary loss	(41 070 491)	(50 857 006)	-	-
<b>(Loss)/profit before tax</b>	<b>(32 607 189)</b>	<b>53 409 373</b>	<b>(304 567)</b>	<b>31 363 709</b>
Income tax expense	(11 593 250)	(18 218 967)	(6 673 548)	(7 544 333)
<b>(Loss)/profit for the period</b>	<b>(44 200 439)</b>	<b>35 190 406</b>	<b>(6 978 115)</b>	<b>23 819 376</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	<b>(44 200 439)</b>	<b>35 190 406</b>	<b>(6 978 115)</b>	<b>23 819 376</b>
Number of shares in issue	536 588 624	536 588 624	536 588 624	536 588 624
Basic profit/ (loss) per share (cents)	(0.082)	0.70	(0.013)	0.04
Diluted profit/ (loss) per share (cents)	(0.081)	0.06	(0.013)	0.04
Headline profit/ (loss) per share (cents)	(0.081)	0.06	(0.013)	0.04

#### Abridged Statement of Financial Position as at 30 June 2022

Notes	Inflation adjusted		Historical cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	929 983 838	931 546 851	17 602 323	18 525 195
<b>Current assets</b>				
Inventories	92 640 139	160 394 551	86 168 457	71 002 378
Trade and other receivables	155 307 263	313 630 996	155 307 263	143 262 834
Cash and cash equivalents	34 353 170	41 827 674	34 353 170	19 106 374
	<b>282 300 572</b>	<b>515 853 221</b>	<b>275 828 890</b>	<b>233 371 586</b>
<b>Total assets</b>	<b>1 212 284 410</b>	<b>1 447 400 072</b>	<b>293 431 213</b>	<b>251 896 781</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	62 739 659	62 739 659	536 588	536 588
Share options reserve	2 244 928	2 244 928	19 200	19 200
Retained earnings	688 157 324	732 357 763	41 141 613	48 119 728
	<b>753 141 911</b>	<b>797 342 350</b>	<b>41 697 401</b>	<b>48 675 516</b>
<b>Non-current liabilities</b>				
Deferred tax	205 352 235	205 263 928	1 858 738	1 770 431
Deferred revenue	3 944 366	3 843 228	29 176	29 965
	<b>209 296 601</b>	<b>209 107 156</b>	<b>1 887 914</b>	<b>1 800 396</b>
<b>Current liabilities</b>				
Borrowings	25 000 000	100 188 525	25 000 000	45 764 903
Trade and other payables	196 672 569	293 501 398	196 672 569	134 067 878
Corporate tax payable	28 173 329	47 260 643	28 173 329	21 588 088
	<b>249 845 898</b>	<b>440 950 566</b>	<b>249 845 898</b>	<b>201 420 869</b>
<b>Total liabilities</b>	<b>459 142 499</b>	<b>650 057 722</b>	<b>251 733 812</b>	<b>203 221 265</b>
<b>Total equity and liabilities</b>	<b>1 212 284 410</b>	<b>1 447 400 072</b>	<b>293 431 213</b>	<b>251 896 781</b>

#### Abridged Statement of Changes in Equity for the six months ended 30 June 2022

Share capital ZWL	Inflation adjusted		Retained earnings ZWL	Total ZWL
	Share options reserve ZWL	Foreign currency translation reserve ZWL		
<b>Balance at 1 January 2021</b>	<b>62 739 659</b>	<b>2 244 928</b>	<b>(11 270 323)</b>	<b>844 803 530</b>
Total comprehensive loss for the year	-	-	(25 740 927)	(25 740 927)
Realisation of foreign currency translation reserve	-	11 270 323	(11 270 323)	-
Dividend paid	-	-	(21 720 253)	(21 720 253)
<b>Balance at 31 December 2021</b>	<b>62 739 659</b>	<b>2 244 928</b>	<b>732 357 763</b>	<b>797 342 350</b>
Total comprehensive loss for the period	-	-	(44 200 439)	(44 200 439)

	Share capital ZWL	Share options reserve ZWL	Foreign currency translation reserve ZWL	Retained earnings ZWL	Total ZWL
<b>Balance at 30 June 2021</b>	<b>62 739 659</b>	<b>2 244 928</b>	<b>-</b>	<b>688 157 324</b>	<b>753 141 911</b>
<b>Historical cost</b>					
<b>Balance at 1 January 2021</b>	<b>536 588</b>	<b>19 200</b>	<b>(712 820)</b>	<b>38 229 313</b>	<b>38 072 281</b>
Total comprehensive income for the period	-	-	-	18 243 554	18 243 554
Realisation of foreign currency translation reserve	-	-	712 820	(712 820)	-
Dividend paid	-	-	-	(7 640 319)	(7 640 319)
<b>Balance at 31 December 2021</b>	<b>536 588</b>	<b>19 200</b>	<b>-</b>	<b>48 119 728</b>	<b>48 675 516</b>
Total comprehensive loss for the period	-	-	-	(6 978 115)	(6 978 115)
<b>Balance at 30 June 2022</b>	<b>536 588</b>	<b>19 200</b>	<b>-</b>	<b>41 141 613</b>	<b>41 697 401</b>

#### Abridged Consolidated Statement of Cash Flows for the six months ended 30 June 2022

	Inflation adjusted		Historical cost	
	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/profit before tax	(32 607 189)	53 409 373	(304 567)	31 363 709
Adjusted for:				
Depreciation of property, plant and equipment	2 691 783	16 054 503	1 540 732	194 628
Interest expense	15 454 833	-	8 812 662	-
Deferred revenue	101 138	-	789	-
Monetary loss	41 070 491	50 857 006	-	-
<b>Operating inflows before working capital changes</b>	<b>26 711 056</b>	<b>120 320 882</b>	<b>10 049 616</b>	<b>31 558 337</b>
Changes in working capital				
Decrease/(increase) in inventories	67 754 412	(29 088 771)	(15 166 079)	(19 413 374)
Decrease/(increase) in trade and other receivables	158 323 733	140 323 971	(12 044 429)	31 114 908
(Decrease)/increase in trade and other payables	(96 828 829)	(148 775 306)	62 604 692	(33 120 846)
<b>Net cash generated from operating activities</b>	<b>155 960 372</b>	<b>82 780 776</b>	<b>45 443 800</b>	<b>10 139 025</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of equipment	(1 128 770)	(16 918 330)	(617 860)	(5 550 854)
<b>Net cash utilised in investing activities</b>	<b>(1 128 770)</b>	<b>(16 918 330)</b>	<b>(617 860)</b>	<b>(5 550 854)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid	(15 454 833)	-	(8 812 662)	-
Loans paid	(75 188 525)	(467 142)	(20 764 903)	(1 989)
Dividend	-	(22 276 312)	-	(7 640 319)
<b>Net cash utilised in financing activities</b>	<b>(90 643 358)</b>	<b>(22 743 454)</b>	<b>(29 577 565)</b>	<b>(7 642 308)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>64 188 244</b>	<b>43 118 992</b>	<b>15 248 375</b>	<b>(3 054 137)</b>

#### Notes to the abridged reviewed Financial Statements for the six months ended 30 June 2022

- Nature of operations**  
The main business of the company, which is incorporated in Zimbabwe (Registration Number 510/68), is that of producing rubber and chemical products.
- General information, basis of preparation and statement of compliance with IFRS**  
The abridged interim financial statements are for the six months ended 30 June 2022 and are presented in Zimbabwe dollars (ZWL), which is the functional currency of the Company and all values are rounded to the nearest dollar. They are based on historical cost approach and restated to take account of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) - IAS 29. Accordingly the inflation adjusted abridged interim financial statements represent the principal abridged financial statements of the Company.  
  
The Company used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors up to 30 June 2022:

Index	Conversion	factor
CPI as at 30 June 2022	8,707.40	1.00
CPI as at 31 December 2021	3,977.50	2.19
CPI as at 30 June 2021	2,986.40	2.92

The abridged inflation adjusted interim financial results are prepared in accordance with International Accounting Standard 34 "Reviewed Financial Reporting" as well as the requirements of the Securities and Exchange (Zimbabwe Stock Exchange) (ZSE) Listing Rules and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31). They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRSs) and should be read in conjunction with the Company's annual financial results for the year ended 31 December 2021.

- New standards adopted at 1 January 2022**  
There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Company's abridged interim financial statements.
- Significant accounting policies**  
The abridged reviewed Financial Statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended 31 December 2021.
- Estimates and judgements**  
When preparing the abridged interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.  
  
The judgements, estimates and assumptions applied in the abridged interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2021. The only exceptions are the estimate of income tax liabilities which is determined in the abridged reviewed financial statements using the estimated average annual effective income tax rate

applied to the pre-tax income of the interim period.

6 Property, plant and equipment	Inflation Adjusted		Historical Cost	
	ZWL	ZWL	ZWL	ZWL
Opening carrying amount	931 546 851	931 131 586	18 525 195	7 137 622
Additions to property and equipment	1 128 770	26 461 953	617 860	13 739 405
Depreciation charge	(2 691 783)	(26 046 670)	(1 540 732)	(2 351 832)
<b>Closing carrying amount</b>	<b>929 983 838</b>	<b>931 546 851</b>	<b>17 602 323</b>	<b>18 525 195</b>
<b>7 Inventories</b>				
Raw materials	40 950 221	51 554 022	38 081 035	22 535 433
Finished goods	40 768 542	49 996 615	37 920 141	21 854 655
Consumables	4 300 136	13 572 035	4 017 894	5 932 645
Work in progress	6 621 240	45 271 879	6 149 387	20 679 645
	<b>92 640 139</b>	<b>160 394 551</b>	<b>86 168 457</b>	<b>71 002 378</b>
<b>8 Trade and other receivables</b>				
Trade receivables	154 385 672	294 089 240	154 385 672	134 336 397
Less: Allowance for credit losses	(1 000 194)	(1 550 958)	(1 000 194)	(708 459)
Trade receivables-net	153 385 478	292 538 282	153 385 478	133 627 938
Other receivables	1 921 785	21 092 714	1 921 785	9 634 896
<b>Financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>155 307 263</b>	<b>313 630 996</b>	<b>155 307 263</b>	<b>143 262 834</b>
<b>9 Cash and cash equivalents</b>				
For the purposes of statement of cash flows, cash and cash equivalents consist of:				
Bank and cash balances	33 253 972	41 827 674	33 253 972	19 106 374
Cash on hand	1 099 198	-	1 099 198	-
	<b>34 353 170</b>	<b>41 827 674</b>	<b>34 353 170</b>	<b>19 106 374</b>
<b>10 Deferred revenue</b>				
Balance as at 1 January	4 045 504	4 045 504	29 965	31 542
Plant and machinery income realised through profit and loss	(101 138)	(202 276)	(789)	(1 577)
<b>Balance as at 31 December</b>	<b>3 944 366</b>	<b>3 843 228</b>	<b>29 176</b>	<b>29 96</b>

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# REPORT ON REVIEW OF INTERIM ABRIDGED FINANCIAL STATEMENTS

## To the members of GB Holdings Limited

We have reviewed the accompanying statement of financial position of GB Holdings Limited as at 30 June 2022 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

## Responsibilities of Management and Those Charged with Governance for the interim abridged financial statements

Management is responsible for the preparation and fair presentation of these interim abridged financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Company's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim abridged financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim financial statements 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 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 Adverse Conclusion**

### *Non-compliance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates*

During the prior and current financial periods, the foreign currency denominated transactions and balances of the Company were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The review conclusion on the interim abridged financial statements for the half year ended 30 June 2021, and the opinion on the financial statements for the year ended 31 December 2021 were modified in respect of this matter, and the misstatements have not been corrected in the interim abridged financial statements for the half year ended 30 June 2022.

Had the interim abridged financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to these interim abridged financial statements.

## **Conclusion**

Based on our review, the accompanying interim abridged financial statements do not present fairly, in all material respects the financial position of GB Holdings Limited as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRSs).

The engagement partner on the review engagement resulting in this independent review conclusion is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi

**Partner**

Registered Public Auditor (PAAB No: 0622)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

30 September ..... 2022

**HARARE**