LAFARGE

LAFARGE CEMENT ZIMBABWE LIMITED REVIEWED ABRIDGED FINANCIAL RESULTS for the half year ended 30 June 2022

CHAIRMAN'S STATEMENT

INTRODUCTION

I hereby present the business performance update for Lafarge Cement Zimbabwe Limited (the Company) for the six months period covering January to June 2022.

TRADING ENVIRONMENT

The operating environment for the 6-months period was characterised by an acceleration of annual inflation from 60.6% in January 2022 to 191.6 % in June 2022 (Source: Zimbabwe National Statistics). The environment, therefore, remained hyper inflationary with significant increases in the price of fuel and other basic commodities.

The ongoing Government-driven infrastructure projects have presented business growth opportunities. Global supply chain disruptions and attendant costs were worsened by the Russia/Ukraine war during the period, resulting in escalation of costs of raw materials, fertilisers and some agricultural commodities such as wheat.

Further relaxation of Covid-19 induced restrictions were instituted by the government, making way for full resumption of normal business activity across the country. The Company, however, continues to observe the Covid-19 protocols with a focus on creating an enabling workplace adjusted to the changes necessitated by prolonged periods of remote working.

STRATEGIC AGENDA

We continue to pursue our business targets in line with the Holcim 2025 Vision – Accelerating Green Growth. Focus has been streamlined on five key strategic pillars of health and safety, industrial performance, commercial growth, financial growth and people development.

HEALTH, SAFETY AND ENVIRONMENT

The Company continues to uphold the highest standards of health and safety through a robust cocktail of policies and programs tailored to achieve zero harm in its operations. In the context of the Covid-19 pandemic, the Company implemented a business resilience program, prioritising employee wellness and business continuity.

In addition to Health and Safety, the Company is committed to sustainable environmental practices and subscribes to the Net Zero Pledge to reduce carbon emissions by 2030 as part of the Holcim Group global commitment. There is no letting up on continuous improvement to reduce dust emissions and other environmental impacts.

No fatalities or serious injuries were recorded at any of the Company's operations or projects during the period under review.

The Company has a zero-tolerance attitude towards injuries in the workplace. Health, Safety, Environment and quality systems are continually being upgraded and improved, in line with the Holcim Group standards, to enhance performance in accordance with the Company's Zero Harm policy.

INFLATION ADJUSTED FINANCIAL PERFORMANCE

The volume of cement sold declined by 56% versus the same period last year. This was necessary, as per the first half budget, to decommission one of the existing cement ball mills to make way for the installation of the new Vertical Cement Mill (VCM), effectively doubling Lafarge Cement Zimbabwe (LCZ) capacity. The new VCM is anticipated to be fully operational by Q4 2022.

As cement productivity is the main contributor for Dry Mortar Operations (DMO), the volumes from the dry mortar units reduced by 26% versus prior year. Despite start up challenges associated with the newly commissioned VCM, the Company has already noted an improvement in cement availability since the end of June 2022 and is confident that volumes will continue to grow in the second half of the year in line with our strategic objectives.

The decommissioning of cement mill 1 to make way for the VCM, the mill house roof collapse in Q4 2021 and the commissioning phase of the VCM adversely affected cement volumes. This resulted in the Company's inflation adjusted revenue reducing by 23% to ZWL 6.6 billion (2021, ZWL 8.5 billion). The gross profit margin fell by 21% to 37.1% (2021:58.1%) as the Company resorted to selling clinker, an intermediary product for sustenance. For the period under review, the combination of the reduction in sales revenue, squeezed gross margins, increased operating costs and an increase in foreign exchange losses resulted in the Company posting an operating loss of ZWL 7.8 billion compared to a profit of ZWL 1.4 billion for the same period in 2021. However, the EBITDA performance for H1 2022 of ZWL 0.47 billion remains above the half year budget for 2022. In light of the local currency depreciation over the six months period, there has been significant increase in Other Gains and Losses to ZWL 6.8 bn (2021, ZWL 226 mn) driven by exchange losses due to the company's net foreign currency exposure. This is mainly linked to the Holcim Group loan to LCZ representing 72% of the exchange losses. The operating loss was offset by a net monetary gain of ZWL 4.7 bn (2021, ZWL 323 mn) which diluted the loss before tax to ZWL 3.6 bn (2021, ZWL1.3 bn profit).

CAPITAL EXPENDITURE

The business continues with the implementation of the previously announced US$25 million capital expansion programme. Following the successful installation of alternative power infrastructure in 2020 and the successful completion of the automated Dry Mortars (DMO) Plant in 2021, the new Vertical Cement Mill (VCM) commissioning started in Q2 2022. Additionally, there is the refurbishment of silos which will help to increase the storage capacity of cement and to solve the dispatch bottle necks. These investments are expected to double the Company's cement production capacity and improve raw material availability to the new DMO plant.

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SIGNIFICANT TRANSACTION UPDATE

As of the 27th of June 2022, shareholders and members of the investing public were advised that Associated International Cement Limited, a member of the Holcim Group, had entered into a binding agreement for the sale of its 76.45% stake in Lafarge Cement Zimbabwe Limited to Fossil Mines (Private) Limited. As advised on the 7th of October 2022, the parties are still working towards consummation of the Sale and Purchase Agreement. Accordingly, shareholders and members of the investing public are advised to exercise caution when dealing in the Company securities until further notice.

DIVIDEND

Due to the uncertainties that prevail in the economic environment and the desire to ensure that adequate working capital is maintained in the business, the Directors have not declared an interim dividend.

OUTLOOK

The commissioning process of the new VCM started in Q2 2022. The Company will essentially double its cement production capacity and improve raw material availability to the new DMO plant. The launch of the new VCM will reposition the Company on a growth path into the future. This will have a positive effect on the Company's revenue generation and profitability.

Binastore and Aggregates as with Dry Motors are anticipated to post good growth in H2. The overall market demand continues to grow driven by the individual home builders' segment as well as the ongoing major Government infrastructure development projects.

The Company is hopeful that continued collaborative dialogue between government and industry will continue in order to safeguard business confidence, preserve value and macro-economic stability.

APPRECIATION

I would like to take this opportunity to thank our valued stakeholders for their continued support as the business has been concerned with gradual recovery from the impact of the loss of business following the roof collapse in October 2021. The business looks forward to a profitable future and all stakeholders – employees, customers, suppliers, communities and the government are pivotal in building this business into the future.

By Order of the Board

K. C. Katsande

K. C. Katsande
Chairman of the Board of Directors

27 October 2022

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 30 June 2022

	Notes	Inflation Adjusted		*Historical Cost	
		Reviewed six months ended 30.06.2022 ZWL`000	**Restated reviewed six months ended 30.06.2021 ZWL`000	Unreviewed six months ended 30.06.2022 ZWL`000	**Restated unreviewed six months ended 30.06.2021 ZWL`000
Revenue	5	**6,561,636**	**8,534,541**	**4,424,897**	**2,751,588**
Cost of sales		(4,127,002)	(3,572,170)	(2,248,739)	(1,124,363)
Gross profit		**2,434,634**	**4,962,371**	**2,176,158**	**1,627,225**
Other gains and losses	12	(6,793,976)	(225,691)	(6,736,207)	(62,694)
Quarry rehabilitation movement		18,227	-	12,123	-
Distribution expenses		(245,788)	(427,315)	(155,006)	(137,295)
Administration expenses		(3,265,846)	(2,944,554)	(2,138,214)	(947,910)
Restructuring costs		(5,217)	(24,272)	(4,550)	(7,778)
Other income		10,534	9,646	6,715	3,095
(Loss)/profit before interest and tax		**(7,847,432)**	**1,350,185**	**(6,838,981)**	**474,643**
Finance costs		(467,375)	(374,178)	(335,729)	(120,261)
Net monetary gain on inflation adjustment		4,723,995	323,438	-	-
(Loss)/profit before tax		**(3,590,812)**	**1,299,445**	**(7,174,710)**	**354,382**
Income tax (expense) /credit	8	(272,600)	(187,404)	1,698,619	(122,848)
(Loss)/profit for the year		**(3,863,412)**	**1,112,041**	**(5,476,091)**	**231,534**
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income for the half year		**(3,863,412)**	**1,112,041**	**(5,476,091)**	**231,534**
Earnings per share					
Number of shares in issue		80,000,000	80,000,000	80,000,000	80,000,000
Basic and diluted (loss)/earnings per share	6	(48.29)	13.90	(68.45)	2.89
Headline (loss)/earnings per share	6	(48.23)	14.20	(68.39)	2.99

** Income tax credits as at 30 June 2021 restated to correct a prior period error on deferred tax computation. Refer to Note 13 for details.

ABRIDGED STATEMENT OF FINANCIAL POSITION
as at 30 June 2022

	Notes	Inflation Adjusted		*Historical Cost	
		Reviewed as at 30.06.2022 ZWL`000	** Restated audited as at 31.12.2021 ZWL`000	Unreviewed as at 30.06.2022 ZWL`000	** Restated unaudited as at 31.12.2021 ZWL`000
ASSETS					
Non-current assets					
Property, plant and equipment	10	13,404,031	14,147,705	5,617,732	5,748,717
Statutory receivable		8,372,618	5,663,670	8,372,618	2,587,126
Deferred taxation		-	-	1,709,005	-
Total non-current assets		**21,776,649**	**19,811,375**	**15,699,355**	**8,335,843**
Current assets					
Inventories		5,036,168	4,095,479	2,531,725	1,577,348
Prepayments and deposits		830,340	967,706	489,754	349,223
Trade and other receivables		878,528	635,544	878,528	290,312
Related party receivables		167,266	94,646	167,266	43,234
Cash and cash equivalents		10,773	222,108	10,773	101,457
Total current assets		**6,923,075**	**6,015,483**	**4,078,046**	**2,361,574**
Total assets		**28,699,724**	**25,826,858**	**19,777,401**	**10,697,417**
Capital and reserves					
Issued capital		78,412	78,412	800	800
Revaluation reserve		7,610,487	7,610,487	3,820,411	3,820,410
(Accumulated losses)/retained earnings		(1,372,317)	2,491,095	(5,389,167)	86,924
Total equity/(deficit)		**6,316,582**	**10,179,994**	**(1,567,956)**	**3,908,134**
Non-current liabilities					
Long term borrowings	11	12,576,345	7,938,083	12,576,345	3,626,062
Deferred taxation		793,718	626,655	-	42,864
Provision for quarry rehabilitation		412,432	289,377	412,432	132,185
Total non-current liabilities		**13,782,495**	**8,854,115**	**12,988,777**	**3,801,111**
Current liabilities					
Trade and other payables		3,290,341	3,003,917	3,046,274	1,257,459
Related party payables	7	4,863,608	3,363,784	4,863,608	1,536,554
Provisions		188,703	198,149	188,703	90,513
Borrowings		125,000	-	125,000	-
Current tax payable		132,995	226,899	132,995	103,646
Total current liabilities		**8,600,647**	**6,792,749**	**8,356,580**	**2,988,172**
Total equity and liabilities		**28,699,724**	**25,826,858**	**19,777,401**	**10,697,417**

K. C. Katsande

K. C. Katsande

Chairman
27 October 2022

G Ndugwa

Chief Executive Officer
27 October 2022

*Historical figures were not reviewed. We have included historical information as supplementary information
** Retained earnings and deferred taxation as at 31 December 2021 restated to correct a prior year computation error. Refer to Note 13 for details.

Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; G. E. Zvaravanhu; S. Shoniwa; J. W. Stull (Alternate: V. Darbo); G. Ndugwa* (Chief Executive Officer) A.E.A Mowafy* (Chief Financial Officer) ***Executive**

LAFARGE CEMENT ZIMBABWE LIMITED
Manresa Works, Arcturus Road, P.O. Box GD 160, Greendale, Harare.
Tel: +263 86772 1500 / 8688005000, zim.sales@lafargeholcim.com. www.lafargeholcim.com

A MEMBER OF HOLCIM

REVIEWED ABRIDGED FINANCIAL RESULTS
for the half year ended 30 June 2022

ABRIDGED STATEMENT OF CHANGES IN EQUITY
for the half year ended 30 June 2022

Inflation Adjusted	Share capital ZW$`000	Revaluation reserve ZW$`000	**Restated Retained earnings ZW$`000	Total equity ZW$`000
Balance at 1 January 2021	**78,412**	**4,895,987**	**3,687,629**	**8,662,028**
Total comprehensive income for the period	-	-	1,112,041	1,112,041
Balance at 30 June 2021	**78,412**	**4,895,987**	**4,799,670**	**9,774,069**
Balance at 1 January 2022	**78,412**	**7,610,487**	**2,491,095**	**10,179,994**
Total comprehensive loss for the period	-	-	(3,863,412)	(3,863,412)
Balance at 30 June 2022	**78,412**	**7,610,487**	**(1,372,317)**	**6,316,582**

*Historical	Share capital ZW$`000	Revaluation reserve ZW$`000	**Restated Retained earnings ZW$`000	Total equity ZW$`000
Balance at 1 January 2021	**800**	**1,589,902**	**485,662**	**2,076,364**
Total comprehensive income for the period	-	-	231,534	231,534
Balance at 30 June 2021	**800**	**1,589,902**	**717,196**	**2,307,898**
Balance at 1 January 2022	**800**	**3,820,410**	**86,924**	**3,908,134**
Total comprehensive loss for the period	-	-	(5,476,091)	(5,476,091)
Balance at 30 June 2022	**800**	**3,820,410**	**(5,389,167)**	**(1,567,957)**

**Restated retained earnings as at 1 January 2022 & 2021 to correct a prior period error arising from deferred tax computations. Refer to Note 13 for details.

ABRIDGED STATEMENT OF CASH FLOWS
for the half year ended 30 June 2022

	Inflation Adjusted		*Historical Cost	
	Reviewed six months ended 30.06.2022 ZWL`000	** Restated Reviewed six months ended 30.06.2021 ZWL`000	Unreviewed six months ended 30.06.2022 ZWL`000	**Restated Unreviewed six months ended 30.06.2021 ZWL`000
Net (loss)/profit for the period	**(3,863,412)**	**1,112,041**	**(5,476,091)**	**231,534**
Adjustments:				
Income tax expense/(credit)	272,600	187,404	(1,698,619)	122,848
Finance costs recognised in profit/loss	467,375	374,178	335,729	120,261
Depreciation, amortisation and impairment charges	1,530,639	803,579	660,528	253,986
Quarry rehabilitation movement	(18,227)	-	(12,123)	-
Unrealised foreign exchange gains and losses	6,574,205	225,691	6,574,205	62,694
Inflationary movements	(4,717,104)	654,911	-	-
Net cash from operations before working capital changes	**246,076**	**3,357,804**	**383,629**	**791,323**
Movements in working capital				
Increase in inventories	(940,690)	(1,356,731)	(954,377)	(564,416)
Increase in trade, related party and other receivables	(315,605)	(70,453)	(712,248)	(104,996)
Decrease/(increase) in prepayments and deposits	137,367	209,403	(140,530)	(23,672)
Increase in trade, related party and other payables	1,786,247	439,119	1,650,826	406,889
Increase in provisions	113,607	357,389	378,435	132,706
Cash generated from operations	**1,027,002**	**2,936,531**	**605,735**	**637,834**
Finance costs paid	(171,420)	(164,918)	(122,632)	(48,489)
Income taxes paid	(37,789)	(666,477)	(23,900)	(168,850)
Net cash generated by operating activities	**817,793**	**2,105,136**	**459,203**	**420,495**
Cash flow from investing activities				
Purchase of property, plant and equipment	(786,965)	(787,525)	(529,543)	(208,155)
Total net cash used in investing activities	**(786,965)**	**(787,525)**	**(529,543)**	**(208,155)**
Cash flow from financing activities				
Proceeds from long-term liabilities	-	90,708	-	25,777
Proceeds/(repayments) of short-term liabilities	125,000	(135,824)	125,000	(36,743)
Total net cash used in financing activities	**125,000**	**(45,116)**	**125,000**	**(10,966)**
Inflation effects on cash	(186,776)	(762,258)	-	-
Total net increase(+) / decrease(-) in liquid funds	**(30,948)**	**510,237**	**54,660**	**201,374**
Cash and cash equivalents at the beginning of the period	222,107	448,578	101,457	127,480
Effect of movement in exchange rates	(180,386)	-	(145,344)	-
Cash and cash equivalents at the end of the period	**10,773**	**958,815**	**10,773**	**328,854**

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lafarge Cement Zimbabwe Limited ("the Company") is incorporated in Zimbabwe and is engaged in the manufacture and distribution of cement and allied products. Its ultimate holding Company is Holcim Limited, a Swiss Company which is listed on the Euronext and Swiss stock exchanges. The address of its registered office and principal business is Manresa Works, Arcturus Road, Greendale, Harare, Zimbabwe.

The Company's financial statements are presented in Zimbabwe dollar (ZWL). Amounts have been rounded to the nearest thousand dollars (ZWL '000'). The historical cost amounts have been presented as supplementary information and the auditors have not expressed any opinion on those numbers.

2. APPROVAL OF ABRIDGED FINANCIAL STATEMENTS

The underlying financial statements to the abridged financial results were approved by the Board on 27 October 2022. Subsequent to the reporting period date there were no material adjusting or non-adjusting events warranting disclosure in the underlying financial statements, nor these abridged financial results.

3. BASIS OF PREPARATION

The abridged financial statements for the half-year reporting period ended 30 June 2022 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. The financial statements have been prepared from the statutory records that are maintained under the historical cost basis except for certain property, plant and equipment items that are measured at revalued amounts, and certain financial instruments measured at amortised cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The interim report does not include all the notes of the type normally included in an annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Lafarge Cement Zimbabwe Limited during the interim reporting period.

IAS 29 Financial reporting in Hyperinflationary Economies requires that financial statements be prepared in the currency of a hyperinflationary economy and be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous period be restated in the same terms. The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices and conversion factors used to restate the accompanying financial statements at 30 June 2022, are as follows:

Dates	Indices	Conversion Factor
CPI as at 30 June 2022	8,707.4	1.0000
CPI as at 31 December 2021	3,977.5	2.19
CPI as at 30 June 2021	2,986.4	2.92
CPI as at 31 December 2020	2,474.5	3.52

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the interim abridged financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. GOING CONCERN

As at the reporting date, the Company's current liabilities exceeded current assets by ZWL 1,677,572,000 (December 2021: ZWL 777,266,000) and the Company reported a net comprehensive loss for the period of ZWL 3,863,412,000 (June 2021: net comprehensive income of ZWL 1,112,041,000) and accumulated loss of ZWL 1,372,317,000 (December 2021: ZWL 2,491,095,000 retained earnings). The Company's performance was mainly affected by the roof collapse in 2021 which halted production and resulted in low revenues and also foreign currency exchange losses incurred on the related party borrowing of USD $32 million and related party payables. As a result, the Company has not been able to generate sufficient cash flows to settle short-term borrowings due to external parties.

The major shareholder of the Company Associated International Cement Limited, a member of the Holcim Group, has entered into a binding agreement for the sale of its 76.45% stake in Lafarge Cement Zimbabwe Limited to a third party; this transaction has not been concluded as at the reporting date, pending regulatory approvals; which when concluded may impact the timing of the settlement of the related party borrowings. In the event that the transaction is not successfully concluded the company will enter into negotiations with the Holcim Group to restructure the repayment terms. Management is aware of the following conditions as at the reporting date:

i. That the Company has not been able to generate sufficient cashflows to settle the interest portion of the long-term related party borrowing and it remains uncertain whether it will be able to settle this borrowing if required to be settled immediately or by the current due date should the sale not take place;

ii. That there is no clarity on how and whether the debt may be restructured by the new shareholder, and whether the Company will be able to meet those payment obligations;

iii. Furthermore, in the continuing economic environment characterised by a disparity between the official exchange rate and parallel exchange rate, costs continue to increase exerting pressure on the Company's cash flows, and resultantly affecting settlement of borrowings mostly associated with related parties and other creditors.

The above factors indicate the existence of a material uncertainty on the Company's ability to continue as a going concern and that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management have taken mitigation plans as described in detail below, to restore the positive results in terms of earnings before interest and tax (EBIT) and cash generation.

a) The net loss and negative working capital position were mainly driven by the collapse of the cement mill roof that occurred in October 2021, however, one of the cement mills was restored in February 2022. Lafarge Cement Zimbabwe is gradually restoring its ability to sell cement in the market and furthermore a Design Safety of Construction Quality Program was developed to ensure the sustainability of all the buildings within the Company's premises.

b) The partial restoration of one of the cement mills indicated above impacted the sales volume of cement positively from February 2022 after the full stoppage of cement sales from October 2021 to January 2022. This trend will continue to improve and it is anticipated that significantly higher volumes will be achieved in Q4 2022. Full restoration of one of the cement mills and the operation of the new VCM is expected to improve the overall Company performance.

c) The newly installed VCM which will be fully implemented by Q4 2022 will enable Lafarge Cement Zimbabwe to double its cement production capacity and this will improve the supply of cement to the new Dry Mortar plant for optimal operation. This will be directly reflected through the Company's ability to generate cash to meet its commitments and to enhance its profitability.

d) The two major capex projects which are the VCM installation, and the silos refurbishment are expected to be completed and capitalised during Q4 2022 and this development will increase the Company's asset base by approximately USD 16 mn. The refurbishment of the silos will help to increase the storage capacity of cement, which will solve the dispatch bottle necks further enhancing profitability.

e) The related party borrowings have been part of the discussions between the Holcim Group and the prospective buyer. Management believe that if the deal is successfully concluded between both parties, then restructuring or a settlement of the loan may be part of the new shareholders plan. As a result, management anticipates that this will resolve the net liability position.

The Directors therefore believe that the preparation of the financial statements on a going concern basis is still appropriate. This basis assumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZW$ 000	Reviewed six months ended 30.06.2021 ZW$ 000	Unreviewed six months ended 30.06.2022 ZW$ 000	Unreviewed six months ended 30.06.2021 ZW$ 000
Cement	4,376,810	7,732,447	2,951,540	2,492,988
Clincker	1,496,250	-	1,009,010	-
Aggregates	57,815	67,929	38,988	21,901
Dry mortars	567,402	552,090	382,633	177,997
Other solutions and products- Binastore	49,799	168,641	33,582	54,371
Transportation services	13,560	13,434	9,144	4,331
Total	**6,561,636**	**8,534,541**	**4,424,897**	**2,751,588**

Revenue performance was impacted on by volume performance that went down 56% comparing the first 6 months of 2021 and those of 2022. There were no clincker sales in the comparative period as the Company only started selling clincker after the cement mill roof breakdown in October 2021.

6. EARNINGS PER SHARE

	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZW$ 000	** Restated reviewed six months ended 30.06.2021 ZW$ 000	Unreviewed six months ended 30.06.2022 ZW$ 000	** Restated unreviewed six months ended 30.06.2021 ZW$ 000
Basic and diluted (loss)/earnings per share	**(48.29)**	**13.90**	**(68.45)**	**2.89**
Headline (loss)/earnings per share	**(48.23)**	**14.20**	**(68.39)**	**2.99**
The calculation of basic and diluted earnings per share is based on the following data:				
(Loss)/earnings used in the calculation of basic and diluted loss/earnings per share	**(3,863,412)**	**1,112,041**	**(5,476,091)**	**231,534**
(Loss)/earnings used in the calculation of headline loss/earnings per share	**(3,858,195)**	**1,136,313**	**(5,471,541)**	**239,312**
Number of shares (thousands):	**(000)**	**(000)**	**(000)**	**(000)**
Weighted average number of shares for the purpose of basic earnings per share	**80,000**	**80,000**	**80,000**	**80,000**
Weighted average number of shares for the purpose of diluted earnings per share	**80,000**	**80,000**	**80,000**	**80,000**

*Historical figures were not reviewed. We have included historical information as supplementary information

** Restated to reflect changes in earnings after correcting a prior period error on the deferred tax computation. Refer to Note 13 for details.

Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; G. E. Zvaravanhu; S. Shoniwa; J. W. Stull (Alternate: V. Darbo); G. Ndugwa* (Chief Executive Officer) A.E.A Mowafy* (Chief Financial Officer) ****Executive***

LAFARGE CEMENT ZIMBABWE LIMITED
Manresa Works, Arcturus Road, P.O. Box GD 160, Greendale, Harare.
Tel: +263 86772 1500 / 8688005000, zim.sales@lafargeholcim.com. www.lafargeholcim.com

A MEMBER OF HOLCIM

REVIEWED ABRIDGED FINANCIAL RESULTS
for the half year ended 30 June 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

7. RELATED PARTY TRANSACTIONS AND BALANCES

	Inflation Adjusted		*Historical cost	
	Reviewed as at 30.06.2022 ZW$ 000	Audited as at 31.12.2021 ZW$ 000	Unreviewed as at 30.06.2022 ZW$ 000	Unaudited as at 31.12.2021 ZW$ 000
Balances at the end of the period				
Balances owed to related parties	4,863,608	3,363,784	4,863,608	1,536,554
Balances receivable from related parties for goods and services	167,266	94,646	167,266	43,234

	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZW$ 000	Reviewed six months ended 30.06.2021 ZW$ 000	Unreviewed six months ended 30.06.2022 ZW$ 000	Unaudited six months ended 30.06.2021 ZW$ 000
Transactions during the period				
Purchases of goods & services from related parties	315,503	1,998,488	210,950	743,642

This note excludes a group loan reported under Note 12

8. INCOME TAX EXPENSE

	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZW$ 000	**Restated unreviewed six months ended 30.06.21 ZW$ 000	Unreviewed six months ended 30.06.22 ZW$ 000	**Restated unreviewed six months ended 30.06.21 ZW$ 000
Current tax expense	105,536	608,138	53,250	206,370
Deferred tax expense/(income)	167,064	(420,734)	(1,751,869)	(83,522)
Total income tax expense /(credit) recognised during the period	**272,600**	**187,404**	**(1,698,619)**	**122,848**

** Restated to reflect changes after correcting an error on deferred tax computation. Refer to Note 13 for details.

9. PROFIT AND LOSS INFORMATION

Profit for the year has been arrived after charging the following	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZW$ 000	Reviewed six months ended 30.06.21 ZW$ 000	Unreviewed six months ended 30.06.22 ZW$ 000	Unreviewed six months ended 30.06.21 ZW$ 000
Auditor's remuneration	39,730	2,905	30,600	2,711
Depreciation, amortisation and impairment charges	**1,530,639**	**803,579**	**660,528**	**253,986**
-Cost of sales	1,469,262	771,003	634,024	243,690
-Administration	61,190	32,124	26,418	10,154
-Amortisation of quarry	187	452	86	142
Directors' fees	5,454	5,465	4,341	1,875
Expected credit losses - statutory receivables	84,339	56,677	84,339	25,890
Expected credit losses - other receivables	21,087	44,462	21,087	20,310
Technical fees expense	44,720	888,685	23,024	304,801
Employee benefits expense:	**1,802,945**	**365,898**	**1,219,019**	**421,205**
Post employment benefits	72,571	59,581	48,212	20,435
Short term employment benefits	1,725,157	283,638	1,166,257	392,992
Termination benefits	5,217	22,679	4,550	7,778

10. PROPERTY PLANT AND EQUIPMENT

Cost	Inflation Adjusted Reviewed ZW$'000	*Historical cost Unreviewed ZW$'000
Balance at 1 January 2021	**10,784,004**	**2,490,875**
Capital expenditures	2,124,381	721,400
Revaluation increase	3,623,153	2,967,860
Disposals	(3,236)	(1,186)
Assets derecognised	(21,776)	(8,159)
Accumulated depreciation on revaluation	(1,450,605)	(412,507)
Balance at 31 December 2021	**15,055,921**	**5,758,283**
Capital expenditures	786,965	529,543
Balance at 30 June 2022	**15,842,886**	**6,287,826**
Accumulated Depreciation		
Balance at 1 January 2021	**907,397**	**9,280**
Depreciation and amortisation expense	907,430	414,420
Eliminated at revaluation	(903,050)	(412,507)
Eliminated on disposals	(2,596)	(1,186)
Elimination on impairment	(965)	(441)
Balance at 31 December 2021	**908,216**	**9,566**
Depreciation and amortisation expense	1,530,639	660,528
Balance at 30 June 2022	**2,438,855**	**670,094**
Carrying Amounts		
Balance at 1 January 2021	9,876,607	2,481,595
As at 31 December 2021	14,147,705	5,748,717
As at 30 June 2022	**13,404,031**	**5,617,732**

11. LONG TERM BORROWINGS

	Inflation Adjusted		*Historical cost Unreviewed	
	Reviewed as at 30.06.2022 ZW$ 000	Audited as at 31.12.2021 ZW$ 000	Unreviewed as at 30.06.2022 ZW$ 000	Unaudited as at 31.12.2021 ZW$ 000
Inter-Group Loan	12,576,345	7,938,083	12,576,345	3,626,062

The Company did not obtain any new borrowings during the period under review. The movement in the loan balance is a restatement to reflect the closing rate. The Company has a an outstanding related party loan of US$32 Million with an interest rate of 6 months LIBOR plus 5%. The Company obtained this long term unsecured loan facility from the Holcim Group through a subsidiary Cemasco B.V. The loan is repayable at the option of the borrower but must be settled in full by at least 1 August 2023.

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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

12. OTHER LOSSES AND (GAINS)

Foreign exchange losses are coming from translations of outstanding foreign obligations due to related parties including the intergroup loan of US$ 32 Million. The foreign exchange gain is coming from restatement of the statutory receivable at closing rate being part of the legacy debt held the Reserve Bank of Zimbabwe under the blocked funds and legacy debt arrangements.

	Inflation Adjusted		*Historical cost	
	Reviewed six months ended 30.06.2022 ZWL`000	Reviewed six months ended 30.06.21 ZWL`000	Unreviewed six months ended 30.06.22 ZWL`000	Unreviewed six months ended 30.06.21 ZWL`000
Net foreign exchange losses	**6,793,976**	**225,691**	**6,736,207**	**62,694**
Unrealised foreign exchange losses	12,360,654	513,290	12,360,654	161,335
Unrealised foreign exchange gains - blocked funds	(5,786,449)	(286,825)	(5,786,449)	(98,375)
Realised foreign exchange losses	400,157	-	307,347	-
Realised foreign exchanges losses on restatement of bank balances	(180,386)	(774)	(145,345)	(266)
Total unrealised	**6,574,205**	**225,691**	**6,574,205**	**62,694**
Total realised	**219,771**	**-**	**162,003**	**-**

13. RESTATEMENT OF PREVIOUSLY REPORTED NUMBERS AS A RESULT OF PRIOR PERIOD ERRORS

13.1 Restatement of the Statement of Comprehensive Income for the period ended 30 June 2021 and the Statement of Financial Position as at 31 December 2021

A correction was made to the calculation of deferred tax for periods that ended 31 December 2020, 30 June 2021 and 31 December 2021 which led to restatement of the previously reported numbers. The correction was to align tax bases for foreign denominated obligations with the original values booked when these obligations were initially recognised for all open obligations that remained unpaid as at the reporting date. In the previous computations only current period exchange losses were being included in the deferred tax computation resulting in understatement of deferred tax with respect to unrealised foreign exchange losses.

Statement of Comprehensive Income for the period ended 30 June 2021	Inflation Adjusted Reviewed		*Historical Cost Unreviewed	
	As Previously Reported ZWL'000	Restated ZWL'000	As Previously Reported ZWL'000	Restated ZWL'000
Profit before tax	1,299,445	1,299,445	354,382	354,382
Income tax expense	(478,332)	(187,404)	(187,396)	(122,848)
Profit for the year	**821,113**	**1,112,041**	**166,986**	**231,534**
Impact on basic earnings per share	10.26	13.90	2.09	2.89
Impact on diluted earnings per share	9.96	14.20	1.99	2.99

Statement of Financial Position as at 31 December 2021	Inflation Adjusted Reviewed		*Historical Cost Unreviewed	
	As Previously Reported ZWL'000	Restated ZWL'000	As Previously Reported ZWL'000	Restated ZWL'000
Retained earnings/(accumulated losses)	813,436	2,491,095	(510,765)	86,924
Total equity	**8,502,333**	**10,179,994**	**3,310,445**	**3,908,134**
Deferred tax liabilities	2,304,313	626,655	640,551	42,864
Total non current liabilities	**10,531,772**	**8,854,114**	**4,398,798**	**3,801,111**
Impact of changes on opening balances as at 1 January 2021				
Retained earnings/accumulated losses)	2,334,333	3,687,629	(40,335)	485,662
Total equity	**7,308,731**	**8,662,028**	**1,550,367**	**2,076,364**

13.2 Restatement of the Statement of Cash Flow for the six months ended 30 June 2021

For the period ended 30 June 2021, no inflationary adjustment was made to the proceeds from long term borrowings and the effects of inflation on cash balances was not disclosed. The restatement done was to align current period numbers with numbers reported in the prior period for comparability and in compliance with IAS 29 by taking into account inflation effect on both proceeds from long term borrowings and cash. This correction had a positive impact on the net cash from operations before working capital changes but no impact on total liquid funds.

Statement of Cash Flow or the six months ended 30 June 2021	Inflation Adjusted Reviewed	
	As Previously Reported ZWL'000	Restated ZWL'000
Inflationary movements	85,662	654,911
Net cash from operations before working capital changes	**2,788,554**	**3,357,804**
Cash flow from financing activities		
(Repayments) / proceeds from long term borrowings	(102,301)	90,708
Repayments of short-term borrowings	(135,824)	(135,824)
Total net cash used in financing activities	**(238,125)**	**(45,116)**
Inflation effects on cash	-	(762,258)
Net increase in cash and cash equivalents	**510,237**	**510,237**

*Historical figures were not reviewed. We have included historical information as supplementary information

LAFARGE CEMENT ZIMBABWE LIMITED
Manresa Works, Arcturus Road, P.O. Box GD 160, Greendale, Harare.
Tel: +263 86772 1500 / 8688005000, zim.sales@lafargeholcim.com. www.lafargeholcim.com

REVIEWED ABRIDGED FINANCIAL RESULTS
for the half year ended 30 June 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

14. Financial Instruments

Set out below is an overview of financial assets held by the company.

	Inflation Adjusted		*Historical Cost	
Financial assets	**Reviewed as at 30.06.2022**	**Audited as at 31.12.2021**	**Unreviewed as at 30.06.2022**	**Unaudited as at 31.12.2021**
Amortised Cost	**ZWL`000**	**ZWL`000**	**ZWL`000**	**ZWL`000**
Cash and cash equivalents	10,773	222,108	10,773	101,457
Trade receivables	832,366	231,360	832,366	105,684
Staff loans and advances	8,306	6,259	8,306	2,859
Other receivables	37,856	397,924	37,856	181,769
Related party receivables	167,266	94,646	167,266	43,234
Statutory receivable - blocked funds	8,372,618	5,663,670	8,372,618	2,587,126
Total	**9,429,185**	**6,615,967**	**9,429,185**	**3,022,129**
Financial liabilities				
Amortised Cost				
Borrowings - long term	12,576,345	7,938,083	12,576,345	3,626,062
Borrowings - short term	125,000	-	125,000	-
Trade payables	2,554,596	1,128,962	2,554,596	515,702
Accrued expenses	188,703	463,954	188,703	211,931
Related party payables	4,863,608	3,363,784	4,863,608	1,536,554
Total	**20,308,252**	**12,894,783**	**20,308,252**	**5,890,249**

Registration & Recognition of Blocked Funds

In April of 2020, the Company successfully registered, with the Reserve Bank of Zimbabwe ("RBZ"), blocked funds amounting to US$31 million. These blocked funds are in respect of outstanding amounts towards Holcim Group loan, capex and other foreign supplier payments. The registration is consistent with the blocked funds guidelines provided in the Exchange Control Directive RU28 dated 21 February 2020 and Exchange Control Circular No. 8 of 24 July 2020. Following this registration, the Company obtained assurance that the RBZ will provide the required foreign currency at 1:1. The RBZ availed this funding in two structures as follows:

The first was for the capital projects for US$15 million where Lafarge Cement Zimbabwe received the confirmation for the registration of the capex line, which came through a letter dated 10 October 2019 from RBZ stating that settlement shall be done at 1:1 and the Company would be reimbursed for any realised exchange losses in ZWL.

The second was for foreign suppliers' payments and mainly to repay Holcim Group loan both together coming to a total of US$16 million. This confirmation came through on the 11th of March 2022 for the purpose of the 2021 year end audit confirmation for the contractual agreement between the Company and RBZ, the approval letter was detailed as follows:

INV/SBICZWHX/2020/Registration of Blocked Funds #0000027 for USD 14,064,000.00,
INV/SBICZWHX/2019/Registration of Blocked Funds #000398 for USD 1,005,882.00
IMP/SBICZWHX/2019/009410 for USD 1,114,981.94.

The Company has recognised this support as a foreign currency receivable as the Directors believe the amounts will be received since some have already been disbursed. The carrying amount at the reporting date is determined after an allowance of 1% for expected credit losses (ECL) as a sovereign debt which is regarded as low risk in the Zimbabwean market that is supported by statutory instruments. The table below summarises the position of these balances.

	Inflation Adjusted		*Historical Cost	
	Reviewed as at 30.06.2022	**Audited as at 31.12.2021**	**Unreviewed as at 30.06.2022**	**Unaudited as at 31.12.2021**
	ZWL`000	**ZWL`000**	**ZWL`000**	**ZWL`000**
Amounts registered	31,226	68,359	31,226	31,226
Amounts drawn down	(7,306)	(15,717)	(7,306)	(7,180)
Excess unutilised capex	(831)	-	(831)	-
Balance at the end of the period	**23,089**	**52,642**	**23,089**	**24,046**
Unrealised exchange difference	8,433,868	5,667,705	8,433,868	2,588,970
Impairment of RBZ statutory receivable	(84,339)	(56,677)	(84,339)	(25,890)
Carrying amount in ZWL	**8,372,618**	**5,663,670**	**8,372,618**	**2,587,126**

*Historical figures were not reviewed. We have included historical information as supplementary information

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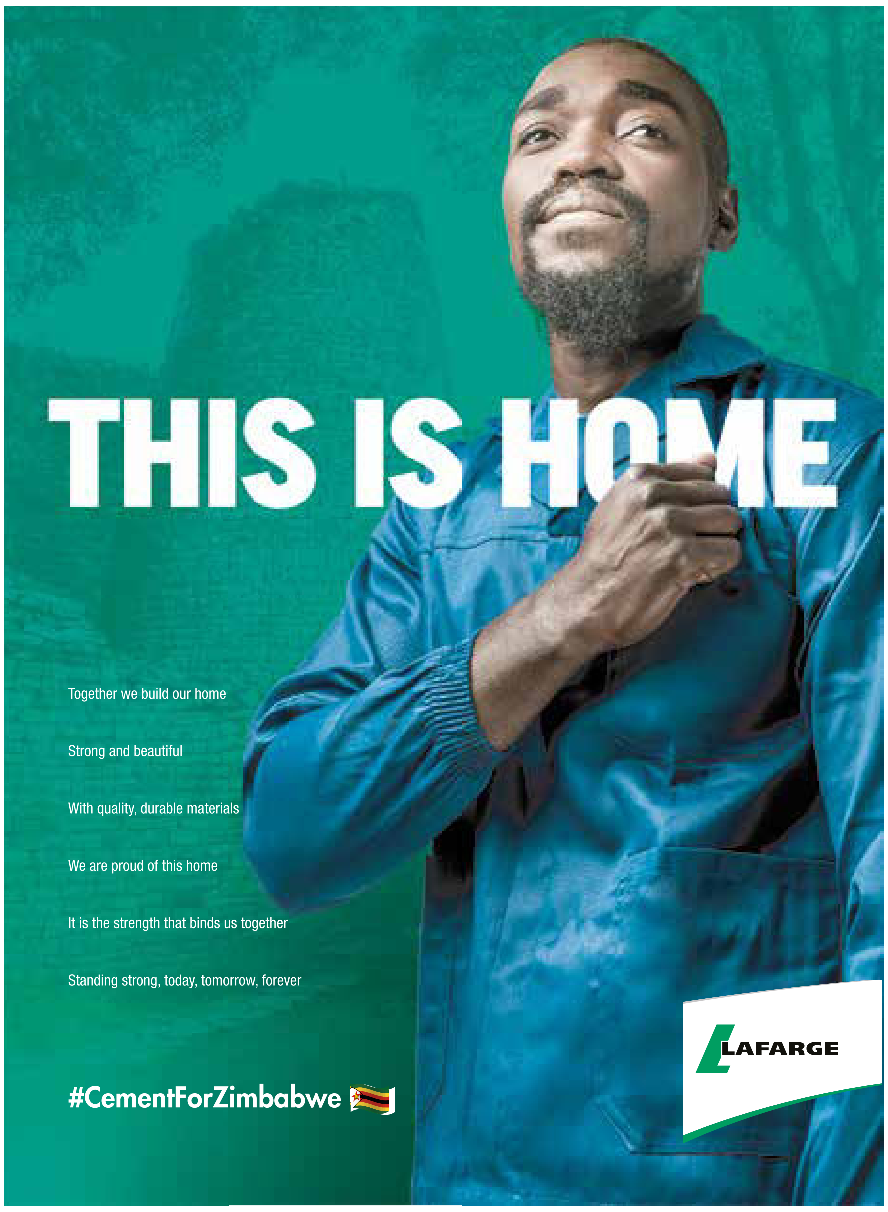
15. SUBSEQUENT EVENTS

There are no reportable events after the reporting date.

16. REVIEW CONCLUSION

The inflation adjusted financial results from which this abridged version has been extracted have been reviewed by Ernst and Young Chartered Accountants (Zimbabwe). A qualified review conclusion has been issued thereon as a result of non-compliance with the requirements of International Accounting Standard (IAS) 21, "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 8 –" Accounting Polices, Changes in Accounting Estimates and Errors" , International Accounting Standard (IAS)16 "Property, Plant and Equipment and the consequential impact of applying International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" on incorrect base numbers. The review conclusion also includes an emphasis of matter with regards a Material Uncertainty Related to Going Concern.

The auditor's review conclusion is available for inspection at the Company's registered office. The partner of this engagement was Fungai Kuipa (PAAB Practising certificate number 335).



Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; G. E. Zvaravanhu; S. Shoniwa;
J. W. Stull (Alternate: V. Darbo); G. Ndugwa* (Chief Executive Officer) A.E.A Mowafy* (Chief Financial Officer) ***Executive**

LAFARGE CEMENT ZIMBABWE LIMITED
Manresa Works, Arcturus Road, P.O. Box GD 160, Greendale, Harare.
Tel: +263 86772 1500 / 8688005000, zim.sales@lafargeholcim.com. www.lafargeholcim.com

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Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

To the Shareholders of Lafarge Cement Zimbabwe Limited

Report on the Review of the Financial Statements

Introductions

We have reviewed the accompanying inflation adjusted interim Abridged financial statements of Lafarge Cement Zimbabwe Limited, which comprise the inflation adjusted interim Abridged statement of financial position as at 30 June 2022 and the related inflation adjusted interim Abridged statement of profit or loss and other comprehensive income, the inflation adjusted interim Abridged statement of changes in equity and the interim statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this inflation adjusted interim Abridged financial statements in accordance with the International Financial Reporting Standards. Our responsibility is to express a review conclusion on the inflation adjusted interim Abridged 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 inflation adjusted interim Abridged financial statements 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 review conclusion

Matter 1: Impact of prior year modification on current period

As explained in note 3 to the inflation adjusted abridged financial statements, Lafarge Cement Zimbabwe Limited's functional and presentation currency is the Zimbabwean Dollar (ZWL).

For the year ended 31 December 2021, the predecessor auditor issued a disclaimer of opinion due to various matters impacting the inflation adjusted financial statements as follows:

The company applied inappropriate exchange rates to translate USD denominated transactions to ZWL functional currency contrary to the requirements of International Accounting Standard (IAS) 21-The Effects of Changes in Foreign Exchange Rates.

Further, the following matters which arose in 2020, although resolved in 2021, had a continuing possible impact on performance and cash flows for the year ended 31 December 2021:

Independent Auditor's Review Conclusion (Continued)

Lafarge Cement Zimbabwe Limited

- Absence of contractual documentation to support the accounting treatment of the cash cover provided under the RBZ Blocked Funds Framework on the 2020 financial statements and

- Non-compliance with the requirements of IAS 29 'Financial Reporting in Hyperinflationary Economies'.

Our conclusion on the current period's interim abridged inflation adjusted financial statements is therefore modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures due to the above matters which impacted the following prior year elements:

- Working capital changes on the interim Abridged inflation adjusted statement of cashflows

- Retained earnings on the interim Abridged inflation adjusted statement of changes in equity

- and the following on the interim Abridged inflation adjusted statement of comprehensive income: Revenue, Cost of sales and net monetary gain,

Matter 2: Valuation of property, plant, and equipment

In addition to the above, the prior year opinion was modified due to the limitation of scope on obtaining sufficient appropriate third-party evidence to support a number of the key assumptions, judgments and inputs applied in determining the ZWL fair value of property, plant, and equipment, as well as the completeness of the related disclosures, due to such evidence being very limited in the Zimbabwean environment.

At the interim reporting date of 30 June 2022, the company restated the balances as at 31 December 2021 using the Consumer Price Index (CPI) and no revaluations at this date were carried out. Due to the changes observed in the economic environment during the period, as is required by IAS 16 "Property, plant and equipment", a revaluation exercise was necessary for the company applying the revaluation and fair value model. The company made restatements per IAS 29 "Financial Reporting in Hyperinflationary Economies" on the balances whose outcome was inappropriate at 31 December 2021. Had the fair values been determined at the reporting date, the amounts reported in the interim financial statements may have been materially different.

As we did not have the inputs required to determine the appropriate fair values; we were unable to quantify the possible impact on property, plant and equipment stated at ZWL 13 404 031 000 (2021: 14 147 705 000), Revaluation reserve stated at ZWL 7 610 487 000 (2021: ZWL 7 610 487 000) and Deferred tax liability stated at ZWL 793 718 000 (2021: ZWL 626 655 000) and retained earnings stated at ZWL -1 372 317 000 (2021: ZWL 2 491 095 000) on the interim Abridged inflation adjusted Statement of Financial Position, and depreciation of ZWL1 530 639 000 included in and administration expenses stated at ZWL 3 265 846 000 (2021: ZWL 2 944 554 000) interim Abridged inflation adjusted statement of comprehensive income.

Matter 3: Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the prior period inflation adjusted financial statement amounts as stated above would have been materially different. Consequently, the monetary gains or losses of ZWL 4 723 995 000 (2021: ZWL 323 438 000) on the interim Abridged inflation adjusted Statement of profit or loss and other comprehensive income are impacted. Our current year audit report is therefore modified as a result of this matter.

Independent Auditor's Review Conclusion (Continued)

Lafarge Cement Zimbabwe Limited

The effects of the above misstatements are material to the inflation adjusted interim Abridged financial statements.

Qualified review conclusion

Based on our review procedures, except for the possible effects of the matters described in the Basis for Qualified Review Conclusion above, nothing has come to our attention that causes us to believe that the inflation adjusted interim Abridged financial statements of the company as at 30 June 2022 have not been prepared in all material respects, in accordance with the International Financial Reporting Standards.

Emphasis of Matter

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the interim abridged financial statements which indicates that the Company reported a net comprehensive loss for the period of ZWL$ 3 863 412 000 (June 2021: ZWL$ 1 112 041 000 net comprehensive income) and accumulated loss of ZWL1 372 317 000 (December 2021: 2 491 095 000 retained earnings), as at that date, the Company's current liabilities exceeded current assets by ZWL 1 677 571 000 (December 2021: ZWL777 266 000). As stated in Note 4, these conditions, along with other matters as set forth in the note, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the review engagement resulting in this review conclusion report on the inflation adjusted interim Abridged financial information is Mr. Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

26 October 2022