



REVIEWED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023



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PERFORMANCE HIGHLIGHTS

Financials	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 June 2023 ZWS'000	2023 vs 2022 % Change	30 June 2023 ZWS'000	2023 vs 2022 % Change
Revenue	306,046,329	56%	99,936,991	766%
Earnings before interest, tax, depreciation and amortisation	68,865,199	206%	1,033,615	-6%
Operating profit before finance costs/income	61,001,360	237%	718,046	-37%
(Loss)/profit attributable to owners of the parent	(4,649,218)	-159%	(22,528,149)	-3148%
Net asset value	149,793,210	11%	68,591,173	465%
Basic loss per share (ZWS)	(12.99)	-159%	(62.93)	-3148%
Volumes	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 June 2023 Litres'000	2023 vs 2022 % Change	30 June 2023 Litres'000	2023 vs 2022 % Change
Raw milk utilised	14,226	16%	14,226	16%
Sales	51,241	9%	51,241	9%

CHAIRMAN’S STATEMENT

OPERATING ENVIRONMENT

The Group operated under challenging economic conditions during the period under review. The environment was marked by severe inflationary pressures, currency volatility and depressed local and foreign currency liquidity. This was aggravated by global financial and political uncertainty, which gave rise to imported inflation. Such headwinds in the operating environment contributed to the 37.6% decrease in the Food Volume of Manufacturing Index, as reported by the Zimbabwe National Statistics Agency.

During the first half of the year, the Reserve Bank introduced measures to tame inflation and arrest the rapid depreciation of the Zimbabwe dollar. These included the introduction of gold-backed digital tokens to augment physical gold coins as a value preservation instrument. The Central Bank also introduced the sale of foreign currency through banks at market-determined exchange rates to support and strengthen the foreign exchange interbank market.

However, annual inflation soared to 175.8% in June 2023, a deviation from the declining trend observed in Q1. Month-on-month blended inflation increased to a record 74.5%, in June 2023 eroding disposable incomes within the consumer market though demand remained relatively firm across most product categories. Trading in the organised market continued to be constrained due to policy-induced pricing distortions. This presented challenges to the Group’s route-to-market strategies.

Availability of fuel was stable. Supply of utilities remained erratic and at a high cost, with electricity being pegged in foreign currency.

PERFORMANCE

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

Raw Milk

Milk Supply Development remains a key focus for the Group with a team dedicated to attracting and developing small, medium and large-scale farmers for increased national raw milk production. According to the Dairy Services Unit of the Ministry of Agriculture, raw milk utilised by processors during the period grew 9.19% to 42.078 million litres. Dairibord utilised 14.226 million litres of this volume, a laudable 16% increase over the same period last year, which accounted for 34% of total raw milk received by processors. The sustained growth continues to buttress Dairibord’s apex position as the largest dairy processor in the nation.

Sales Volume and Revenue

Despite the adverse operating environment, the Group’s cumulative sales volume performance was ahead of the comparative period last year as total sales volumes for the period grew by 9%. Liquid Milks’ sales volumes recorded a 6% growth largely spurred by a 32% growth in Chimombe volumes. Beverages recorded a notable 16% uptick in sales volumes, fueled by capital investments made in this revenue segment which improved production throughput and sales.

Foods volumes declined by 23% when compared to the prior year, due to inconsistent supply of quality inputs affecting peanut butter and salad cream, and depressed demand for ice creams. The quality issues have since been resolved and the revenue segment is poised for a significant rebound in the second half of the year.

64% of the volumes sold during the period were in foreign currency, which was a significant improvement from the 39% recorded in the comparative period, an attestation of the improving foreign currency generation ability of the business.

The notable volume growth, on the back of the Group’s strong brand equity, and moderate price adjustments, accounted for a 56% rise in inflation-adjusted revenue to ZWLS306.05billion [historical: 766% to ZWLS99.94billion] compared to the same period last year.

CHAIRMAN’S STATEMENT (continued)

Profitability

The company experienced significant cost increases on account of imported inflation and price distortions arising from exchange rate movements. There were sharp increases in material costs and utilities. Resultantly, cost of sales grew by 68% in inflation adjusted terms [historical: 640%].

The Group’s operating profit grew 237% [historical: -37%] to ZWLS61 billion [historical: ZWLS718 million] compared to ZWLS18.08 billion [historical: ZWLS1.14 billion] in the prior year. The operating profit margin for the period was 20% up from 9% in prior period [historical: 1% from 10% in prior year]. The rapid depreciation of the local currency between May and June 2023 resulted in significant foreign exchange losses arising from foreign currency denominated obligations. This resulted in high foreign exchange losses of ZWS27.49 billion, [historical: ZWS27.49 billion] which impacted the operating performance and ZWS42.55 billion [historical: ZWS22.67 billion] which increased the finance costs. The foreign exchange losses weighed down the performance of the business to churn out a loss for the year of ZWLS4.65billion (Historical ZWS22.53 billion).

Working capital

Significant expenditure in inventories, prepayments to suppliers and customer settlement delays stifled cash flows from operations. Shortfalls in working capital were funded from short term borrowings.

OUTLOOK

The economic environment is expected to improve from Government interventions implemented to stabilise the economy which have resulted in stability of the foreign currency exchange markets in the months subsequent to June 2023. Due to the rapid gains in the value of the local currency which occurred in July 2023, significant portions of the foreign exchange losses recorded in the period under review were reversed and posted as foreign exchange gains. Focus is on balance sheet restructuring for value preservation and reduction of the foreign currency exposure, cash flow management and sales volume growth. Volumes sold in foreign currency by the Group peaked at 92% in July 2023, a trend which is expected to persist into the future as ZWLS liquidity in the market remains constrained. Business performance in United States Dollar terms is satisfactory. The Group is seized with efforts to reduce the exchange risk arising from foreign currency denominated liabilities and to strengthen cost-containment measures in a bid to improve operating margins and maximise shareholder value.

The Group is also committed to sustained growth, underpinned by continuous raw milk growth, increased capacity and optimised production capabilities from additional expansion investments. Volume growth will also be supported by expansion of the product portfolio through new products and line extensions and regional market opportunity discovery.

CHAIRMAN’S STATEMENT (continued)

The penetration into regional markets is gaining momentum with pilot projects in selected markets already underway. This is expected to improve the foreign currency earnings of the Group and diversify some of the risk affecting the Group’s current operations.

DIVIDEND

The Board has resolved not to declare a dividend for the six months period ended 30 June 2023 and preserve funds to support the Group’s volume growth agenda.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere gratitude to the Group’s employees and management, whose efforts continue to grow the Group’s operations despite the difficult economic environment. I would also like to thank my fellow Board Members, customers, suppliers and shareholders for their unwavering support.

J Sachikonye
Chairman

12 September 2023

AUDITOR’S REVIEW CONCLUSION STATEMENT

The inflation adjusted financial results for the six months ended 30 June 2023 have been reviewed by the Group’s external auditors, Deloitte & Touche, who have issued a qualified review conclusion due to the non-compliance with International Financial Reporting Standard 13, “Fair Value Measurements” on the Group’s investment property and freehold land and buildings, as reported in the prior six-month period ended 30 June 2022 thus impacting the comparability in the current year of the prior year statement of profit and loss and other comprehensive income, and the resulting non-compliance with IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors” as the fair value gains and revaluation gains of these properties were not restated in respect of the comparative six-month period.

The partner for the review engagement is Charity Mtwazi, PAAB practice certificate number 0585.

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

Note	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
Revenue from contracts with customers	305,686,648	195,596,244	99,834,335	11,528,734
Investment property rental income	359,681	233,559	102,656	13,708
Revenue	306,046,329	195,829,803	99,936,991	11,542,442
Cost of sales	(247,672,906)	(147,354,427)	(62,053,742)	(8,387,984)
Gross profit	58,373,423	48,475,376	37,883,249	3,154,458
Other operating income	12,853,199	1,417,632	9,873,563	239,407
Selling and distribution expenses	(37,352,163)	(19,548,099)	(11,935,579)	(1,118,996)
Administration expenses	(38,583,228)	(14,520,434)	(7,445,583)	(829,367)
Other operating expense	(27,494,113)	(4,277,346)	(27,494,113)	(306,539)
Allowance for expected credit losses	(163,491)	-	(163,491)	-
Monetary gain	93,367,733	6,537,212	-	-
Operating profit before finance costs/income	61,001,360	18,084,341	718,046	1,138,963
Finance costs	(72,126,276)	(5,313,999)	(34,096,135)	(304,277)
Finance income	80,647	25,406	19,316	1,341
(Loss)/profit before tax	(11,044,269)	12,795,748	(33,358,773)	836,027
Income tax	6,395,051	(4,920,286)	10,830,624	(96,945)
(Loss)/profit for the year	(4,649,218)	7,875,462	(22,528,149)	739,082
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit or loss				
Revaluation of land and buildings	23,574,945	18,827,890	91,488,938	3,274,413
Deferred tax	(2,930,017)	(4,654,254)	(12,145,798)	(809,435)
Total other comprehensive income for the year	20,644,928	14,173,636	79,343,140	2,464,978
Total comprehensive income for the year	15,995,710	22,049,098	56,814,989	3,204,060
(Loss)/profit for the year attributed to:				
Owners of the parent	(4,649,218)	7,875,462	(22,528,149)	739,082
Total comprehensive profit for the year attributable to:				
Owners of the parent	15,995,710	22,049,098	56,814,989	3,204,060
(Loss)/earnings per share (ZWS)				
Basic	(12.99)	22.00	(62.93)	2.06
Diluted	(12.99)	22.00	(62.93)	2.06
Weighted average number of shares in issue	358,000,858	358,000,858	358,000,858	358,000,858
Weighted average number of shares adjusted for the effect of dilution	358,000,858	358,000,858	358,000,858	358,000,858

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

Note	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	31 DEC 2022 ZWS'000	30 JUNE 2023 ZWS'000	31 DEC 2022 ZWS'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	153,983,719	134,410,288	105,457,378
Investment property	11	7,264,000	5,644,656	7,264,000
Right of use asset		947,531	1,624,096	96,978
Intangible assets		83,125	94,214	20
		162,278,375	141,773,254	112,818,376
Current assets				
Inventories	12	61,536,846	63,107,372	26,417,737
Prepayments		16,005,657	5,056,958	4,960,086
Trade and other receivables	13	30,015,451	38,588,998	30,015,451
Current tax asset		192,631	-	192,631
Cash and cash equivalents		1,757,941	13,345,075	1,832,252
		109,508,526	120,098,403	63,343,846
Total assets		271,786,901	261,871,657	176,162,222
EQUITY AND LIABILITIES				
Equity				
Share capital		47,797	47,797	36
Share premium		1,842,002	1,842,002	1,380
Revaluation reserve		74,475,298	53,830,370	88,684,740
Retained earnings		73,428,113	78,874,695	(20,094,983)
Total equity attributable to ordinary shareholders		149,793,210	134,594,864	68,591,173
Non-current liabilities				
Interest - bearing borrowings	8	9,027,733	8,025,945	9,027,733
Lease liability		-	1,225,947	-
Deferred tax liability		17,215,656	20,855,844	2,793,014
		26,243,389	30,107,736	11,820,747
Current liabilities				
Trade and other payables	14	75,658,632	79,579,754	75,658,632
Contract liabilities		2,444,734	1,805,644	2,444,734
Interest - bearing borrowings	8	17,224,594	13,877,865	17,224,594
Lease liability		403,452	363,410	403,452
Dividend payable		18,890	23,930	18,890
Income tax payable		-	1,518,454	-
		95,750,302	97,169,057	95,750,302
Total liabilities		121,993,691	127,276,793	107,571,049
Total equity and liabilities		271,786,901	261,871,657	176,162,222



GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share Capital ZWS'000	Share Premium ZWS'000	Revaluation Reserve ZWS'000	Retained earnings ZWS'000	Total ZWS'000
Group					
Inflation Adjusted					
Balance on 1 January 2022	47,797	1,842,002	16,959,228	66,096,020	84,945,047
Profit for the year	-	-	-	7,875,462	7,875,462
Other comprehensive income	-	-	14,173,636	-	14,173,636
Balance at 30 June 2022	47,797	1,842,002	31,132,864	73,971,482	106,994,145
Balance on 1 January 2023	47,797	1,842,002	53,830,370	78,874,695	134,594,864
Dividend	-	-	-	(797,364)	(797,364)
Loss for the year	-	-	-	(4,649,218)	(4,649,218)
Other comprehensive income	-	-	20,644,928	-	20,644,928
Balance at 30 June 2023	47,797	1,842,002	74,475,298	73,428,113	149,793,210
Unaudited Historical Cost					
Balance on 1 January 2022	36	1,380	1,107,197	775,245	1,883,858
Profit for the year	-	-	-	739,082	739,082
Other comprehensive income	-	-	2,464,978	-	2,464,978
Balance at 30 June 2022	36	1,380	3,572,175	1,514,327	5,087,918
Balance on 1 January 2023	36	1,380	9,341,600	2,791,167	12,134,183
Dividend	-	-	-	(358,001)	(358,001)
Loss for the year	-	-	-	(22,528,149)	(22,528,149)
Other comprehensive income	-	-	79,343,140	-	79,343,140
Balance at 30 June 2023	36	1,380	88,684,740	(20,094,983)	68,591,173

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	Reviewed Inflation Adjusted		Unaudited Historical Cost	
		30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
Operating activities:					
(Loss)/profit before tax		(11,044,269)	12,795,748	(33,358,773)	836,027
Adjusted to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	4	7,336,743	3,943,340	356,862	51,881
Depreciation of right of use asset	4	521,261	143,125	42,593	1,883
Amortisation of intangible assets	4	11,089	12,508	30	165
Profit on disposal of property, plant and equipment		-	125,938	-	10,502
Finance income		(80,647)	(25,406)	(19,316)	(1,341)
Impairment loss on trade and other receivables		163,491	-	163,491	-
Loan guarantee costs		-	(209,732)	-	(9,692)
Fair value gain on investment property		(1,619,344)	(1,287,129)	(6,489,000)	(230,014)
Exchange loss	5.2	27,494,113	4,106,401	27,494,113	293,508
Finance costs		72,126,276	5,313,999	34,096,135	304,277
Non-cash adjustment IAS 29		(93,367,733)	6,537,212	-	-
		1,540,980	31,456,004	22,286,135	1,257,196
Working capital changes					
Decrease/(increase) in inventories		1,570,524	(6,851,779)	(19,439,293)	(1,337,556)
Decrease/(increase) in trade and other receivables		8,573,547	(12,302,382)	(24,717,258)	(1,794,341)
Increase in prepayments		(10,948,699)	-	(4,318,212)	-
Increase in contract liabilities		639,090	-	2,196,823	-
(Decrease)/increase in trade and other payables		(3,921,122)	9,616,056	64,732,491	2,232,771
		(2,545,680)	21,917,899	40,740,686	358,070
Income tax paid		(1,090,356)	(1,742,437)	(440,893)	(127,252)
Net cash flow (used in)/generated from operating activities		(3,636,036)	20,175,462	40,299,793	230,818
Investing activities					
Purchase of plant and equipment		(3,336,648)	(3,597,845)	(1,602,083)	(255,147)
Proceeds from sale of property, plant and equipment		-	2,503,100	-	215,892
Finance income on effective interest rate method		80,647	25,406	19,316	1,341
Prepayments for plant and equipment		(6,822,639)	-	(1,312,434)	-
Net cash flows used in investing activities		(10,078,640)	(1,069,339)	(2,895,201)	(37,914)
Financing activities					
Lease liability principal repaid		(705,755)	(131,400)	(151,440)	(36,204)
Finance costs		(29,575,975)	(5,523,256)	(12,021,240)	(310,661)
Dividend paid		(342,396)	(44,876)	(342,396)	(3)
Repayments of borrowings		(11,684,144)	(9,741,261)	(4,087,006)	(599,071)
Proceeds from borrowings		20,060,130	22,081,115	5,401,634	1,096,271
Net cash flow (used in)/generated from financing activities		(22,248,140)	6,640,322	(11,200,448)	150,332
Net (decrease)/increase in cash and cash equivalents		(35,962,816)	25,746,445	26,204,144	343,236
Effects of exchange rate changes on cash and cash equivalents		24,375,682	(26,431,431)	(26,278,455)	(176,205)
Cash and cash equivalents at 1 January		13,345,075	2,681,637	1,832,252	107,105
Cash and cash equivalents at 30 June		1,757,941	1,996,651	1,757,941	274,136
Comprising of:					
Cash and cash balances		1,757,941	1,996,651	1,757,941	274,136

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. (a) BASIS OF PREPARATION
- The Group's financial statements, of which these abridged results are an extract, were prepared in accordance with the Companies and Other Business Entities Act (Chapter 24:31), International Financial Reporting Standards (IFRS) and the Zimbabwe Stock Exchange Regulations except for the valuation of property, plant and equipment and investment properties in the prior year June 2022 comparative information.
- The consolidated financial statements are based on the statutory records that are maintained under the historical cost convention, except for land and buildings and investment property that have been measured at fair value. The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies'. The Group's financial statements for the period ended 30 June 2023 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period.
- The consolidated financial statements are presented in Zimbabwean Dollars (ZWS), which is the Group's functional and presentation currency. The historical financial statements are presented as supplementary information and do not form part of the reviewed financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

1. (b) FUNCTIONAL CURRENCY ASSESSMENT
- During the financial year ended 31 December 2022, the Group assessed the functional currency of the Group as the Zimbabwe Dollar. Significant developments in the economy between January and June 2023 warranted another assessment of whether the functional currency of the Group had changed from the Zimbabwe Dollar. In the period January to April 2023, the ratio of sales in local currency was on an upward trajectory. However, between May and June 2023 and due to the rapid weakening of the local currency, the sales mix was largely denominated in foreign currency in these last two months of the period under review. A comprehensive analysis was then made of the foreign currency composition of transactions and balances over an extended period of 12 months between July 2022 to June 2023 to fully discern the context and impact of the changes that have been occurring to the currency mix of the Group. The Group noted that there had been various oscillations in the foreign currency composition over the 12-months period with the percentage of foreign currency denominated sales transactions having gone above 50% in September 2022 then rapidly subsiding again in November 2022. The composition then shot up again in January 2023 but rapidly decreased in the subsequent months. This analysis highlighted a distinctly volatile currency mix trend that is prone to changes which could result in another rapid decline of foreign currency denominated transactions within a relatively short space of time as attested by the trend exhibited in the preceding 12-months.

The Group could, therefore, not reasonably and reliably conclude that the increase in foreign currency transactions and balances recorded in May and June 2023 would be sustained in the coming months. Consequently, the Board determined that the period these changes have occurred is far too limited in its extent and too susceptible to other changes, which may occur in the short-term and affect the currency mix, for the Group to justifiably conclude that the functional currency of the Group has indeed changed.

For the six months ended 30 June 2023, the Board assessed and concluded that the functional currency of the Group remains the Zimbabwe Dollar.

- 1.1 Hyper inflation
- 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 line with the requirements of IAS 29.

The Directors have utilised the official interbank exchange rates as a basis for estimating the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyper Inflationary Economies), these changes have been made on the historical cost financial information. The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 (Financial Reporting in Hyper Inflationary Economies) compliant. The conversion factor for January 2023 was computed from the consumer price index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) as reported on the Reserve Bank of Zimbabwe website. However, the conversion factors for February to June 2023 were estimated by the Directors in line with IAS 29 due to the absence of official government statistics on ZWL inflation during that period. The Directors have utilized the official interbank exchange rates as a basis for estimating what the ZWL denominated CPIs were for this period. Caution should be exercised in considering these financial results due to the use of these estimated ZWL consumer price indices for the months of February to June 2023. Below are the indices and adjustment factors used up to June 2023:

	Indices	Adjustment Factor
CPI as at 30 June 2023	99,585.62	1.00
CPI as at 31 December 2022	13,672.91	7.28
CPI as at 30 June 2022	8,707.35	11.44

- 1.2 Unaudited historical cost financial information
- The historical cost financial information is shown as supplementary information. The information does not comply with the International Financial Reporting Standards in that it does not take into account the requirements of International Accounting Standard 29 – *Financial Reporting for Hyperinflationary Economies*. Consequently, the auditor does not express a reviewed conclusion or an audit opinion on the historical financial information.

- 2 SIGNIFICANT ACCOUNTING POLICIES
- Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the year ended 31 December 2022 and current period ending 30 June 2023.

- 3 SEGMENT INFORMATION
- The Group is currently organised into business units for management purposes. The Group has 3 operating segments which management uses to monitor performance and therefore inform decision making and these are:

	Manufacturing and distribution ZWS'000	Properties ZWS'000	Corporate ZWS'000	Adjustments and eliminations ZWS'000	Group ZWS'000
Reviewed Inflation Adjusted Period ended 30 June 2023 Revenue					
Revenue from contracts with external customers	305,686,648	-	-	-	305,686,648
Revenue from contracts with internal customers	3,711	-	-	(3,711)	-
Revenue from management services and royalties	-	-	2,050,968	(2,050,968)	-
Rental income-internal customers	-	190,582	-	(190,582)	-
Rental income-external customers	-	359,681	-	-	359,681
Total revenue	305,690,358	550,263	2,050,968	(2,245,261)	306,046,329
Results					
Depreciation and amortisation	(7,334,222)	(6,136)	(128,501)	534,837	(6,934,022)
Operating profit	20,334,359	22,127,169	675,997	17,863,835	61,001,360
Finance income	80,647	-	2,531,056	(2,531,056)	80,647
Finance costs	(29,753,968)	-	(2,528,758)	(39,843,551)	(72,126,276)
Segment profit/(loss) before tax	(9,338,962)	22,127,169	678,295	(24,510,772)	(11,044,269)
Income tax	(950,835)	(23,755)	(115,766)	7,485,408	6,395,051
Period ended 30 June 2022 Revenue					
Revenue from contracts with external customers	195,596,244	-	-	-	195,596,244
Revenue from contracts with internal customers	1,029	-	-	(1,029)	-
Revenue from management services and royalties	-	-	2,720,202	(2,720,202)	-
Rental income-internal customers	-	481,244	-	(481,244)	-
Rental income-external customers	-	233,559	-	-	233,559
Total revenue	195,597,273	714,803	2,720,202	(3,202,475)	195,829,803
Results					
Depreciation and amortisation	(3,886,782)	(603,780)	(148,497)	540,086	(4,098,973)
Operating profit	13,003,733	233,383	1,065,810	3,781,415	18,084,341
Finance income	75,061	-	2,808,117	(2,857,772)	25,406
Finance costs	(6,013,291)	-	(2,848,707)	3,547,998	(5,313,999)
Segment profit/(loss) before tax	21,913,091	18,801,574	1,440,085	(29,359,002)	12,795,748
Income tax	(1,662,398)	(2,028,310)	(214,559)	(1,015,019)	(4,920,286)



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

3

SEGMENT INFORMATION (continued)

	Manufacturing and distribution ZWS'000	Properties ZWS'000	Corporate ZWS'000	Adjustments and eliminations ZWS'000	Group ZWS'000
Unaudited Historical Cost					
Period ended 30 June 2023					
Revenue					
Revenue from contracts with external customers	99,834,335	-	-	-	99,834,335
Revenue from contracts with internal customers	1,310	-	-	(1,310)	-
Revenue from management services and royalties	-	-	1,486,470	(1,486,470)	-
Rental income - internal customers	-	40,064	-	(40,064)	-
Rental income - external customers	-	102,656	-	-	102,656
Total revenue	99,835,645	142,720	1,486,470	(1,527,844)	99,936,991
Results					
Depreciation and amortisation	(289,510)	(54)	(10,460)	(99,461)	(399,485)
Operating profit	(28,233,240)	98,089,772	(286,966)	(68,851,520)	718,046
Finance income	19,316	-	660,993	(660,993)	19,316
Finance costs	(11,460,594)	-	(660,505)	(21,975,036)	(34,096,135)
Segment profit before tax	(39,674,519)	98,089,772	(286,477)	(91,487,549)	(33,358,773)
Income tax	(372,526)	(13,124)	(56,021)	11,272,295	10,830,624
Period ended 30 June 2022					
Revenue					
Revenue from contracts with external customers	11,528,734	-	-	-	11,528,734
Revenue from contracts with internal customers	189	-	-	(189)	-
Revenue from management services and royalties	-	-	195,807	(195,807)	-
Rental income -internal customers	-	40,064	-	(40,064)	-
Rental income -external customers	-	13,708	-	-	13,708
Total revenue	11,528,923	53,772	195,807	(236,060)	11,542,442
Results					
Depreciation, and amortisation	(45,098)	(17,756)	(2,586)	11,511	(53,929)
Operating profit	1,138,844	25,242	67,924	(93,047)	1,138,963
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	11,271	836,027
Income tax	(105,353)	(107,347)	(18,760)	134,515	(96,945)

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.

4

OPERATING PROFIT

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
4.1 Operating profit is stated after charging the following:				
Depreciation of property, plant and equipment	7,336,743	3,943,340	356,862	51,881
Depreciation of right of use asset	521,261	143,125	42,593	1,883
Amortisation of intangible assets	11,089	12,508	30	165

5

OTHER OPERATING INCOME OR EXPENSES

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'00
5.1 Other operating Income				
Scrap sale	159,595	45,007	72,160	2,530
Foreign exchange gains/(loss)-realised	3,235,618	-	3,235,618	
Fair value gain/(loss) on investment property	1,619,344	1,287,129	6,489,000	230,014
Sundry income	7,838,642	85,496	76,785	6,863
Total	12,853,199	1,417,632	9,873,563	239,407
5.2 Other operating expense				
Foreign exchange gains/(loss) unrealised	(27,494,113)	(4,106,401)	(27,494,113)	(293,508)
Profit/(loss) on sale of PPE items	-	(170,945)	-	(13,031)
Total	(27,494,113)	(4,277,346)	(27,494,113)	(306,539)

6

INCOME TAX

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
The major components of income tax are shown below:				
Current tax	175,154	2,940,354	175,154	239,261
Deferred tax	(6,570,205)	1,979,932	(11,005,778)	(142,316)
	(6,395,051)	4,920,286	(10,830,624)	96,945

7

CAPITAL COMMITMENTS

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
Authorised and contracted for	2,652,870	823,129	948,045	74,736
Authorised but not contracted for	22,107,672	6,113,826	22,107,672	1,976,413
	24,760,542	6,936,955	23,055,717	2,051,149

8.1

INTEREST BEARING BORROWINGS

	Short Term		Long Term	
	30 JUNE 2023 ZWS'000	31 DEC 2022 ZWS'000	30 JUNE 2023 ZWS'000	31 DEC 2022 ZWS'000
Inflation Adjusted				
Bank loans - ZWS	1,438,000	7,204,301	184,294	2,378,616
Vendor loan - ZAR	-	-	3,679,777	3,344,412
Bank loan - USD	15,786,594	6,673,564	5,163,662	2,302,918
	17,224,594	13,877,865	9,027,733	8,025,946
Unaudited Historical Cost				
Bank loans - ZWS	1,438,000	989,136	184,294	326,579
Vendor loan - ZAR	-	-	3,679,777	459,181
Bank loan - USD	15,786,594	916,267	5,163,662	316,186
	17,224,594	1,905,403	9,027,733	1,101,946

Interest rates range between 75 - 80% for ZWS loans and 11% for US\$ loans. The borrowings are secured against some properties held by the Group.

8.2 Foreign exchange losses relating to loans included in the finance cost amount on the Profit or loss statement amount to an in inflation adjusted total of 42.55 billion (Historical 22.67 billion).

9

EARNINGS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent 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.

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

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
(Loss)/profit attributable to ordinary equity holders of the parent for basic earnings	(4,649,218)	7,875,462	(22,528,149)	739,082
	2023 No.	2022 No.	2023 No.	2022 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
Earnings per share (ZWS)				
Basic	(12.99)	22.00	(62.93)	2.06
Diluted	(12.99)	22.00	(62.93)	2.06

Headline Earnings Basis, ("HEPs")

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable. The Group has presented HEPs in line with the guidance issued by South Africa Institute of Chartered Accountants, ("SAICA") Circular 1/21 in the absence of similar guidance on the local market.

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

	Reviewed Inflation Adjusted		Unaudited Historical Cost	
	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000	30 JUNE 2023 ZWS'000	30 JUNE 2022 ZWS'000
(Loss)/profit attributable to ordinary equity holders of the parent for basic earnings	(4,649,218)	7,875,462	(22,528,149)	739,082
Profit on disposal of property, plant and equipment	-	125,938	-	10,502
Fair value adjustment on investment property	1,619,344	1,287,129	6,489,000	230,014
Tax effect	(400,302)	(349,310)	(1,604,081)	(59,456)
(Loss)/profit attributable to ordinary equity holders of the parent for headline earnings	(3,430,176)	8,939,219	(17,643,230)	920,142
HEPs (ZWS)	(9.58)	24.97	(49.28)	2.57

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.

10

PROPERTY, PLANT AND EQUIPMENT

10.1

Reconciliation of opening and closing carrying amounts

	Group			
	Inflation Adjusted		Historical Cost	
	30-Jun-23 Reviewed ZWS'000	31-Dec-22 Audited ZWS'000	30-Jun-23 Unaudited ZWS'000	31-Dec-22 Unaudited ZWS'000
Net carrying amount at 1 January	134,410,288	84,206,777	12,704,596	1,712,123
Cost	200,159,746	146,710,351	12,856,695	1,806,714
Accumulated depreciation and impairment	(65,749,458)	(62,503,574)	(152,099)	(94,591)
Movement for the year:				
Additions	3,336,648	13,193,179	1,620,720	1,547,850
Revaluation	23,574,945	41,847,572	91,488,937	9,505,564
Net carrying amount of disposals	(1,419)	(1,591,356)	(15)	(1,144)
Depreciation charge for the year	(7,336,743)	(3,245,884)	(356,862)	(59,797)
Closing net carrying amount	153,983,719	134,410,288	105,457,378	12,704,596
Cost	227,071,339	200,159,746	105,845,402	12,856,695
Accumulated depreciation and impairment	(73,087,620)	(65,749,458)	(388,024)	(152,099)

10.2

Revaluation of properties

The properties were valued by an independent external valuer, Dawn Property Consultancy (Private) Limited at 30 June 2023.

Details of the Group's investment properties and information about the fair value hierarchy as at 30 June 2023.

Fair value hierarchy: 2023

The following table provides an analysis of properties that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.



NOTES TO THE FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2023

10.2 Revaluation of properties (continued)

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Fair Value at 30 June 2023 ZWS
Land and buildings	-	-	102,306,000	102,306,000

Fair value hierarchy: 2022

	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Fair Value at 31 Dec 2022 ZWS
Land and buildings	-	-	79,666,125	79,666,125

11 INVESTMENT PROPERTY

	Group		Group	
	Inflation Adjusted	Historical Cost	Inflation Adjusted	Historical Cost
	30-Jun-23 Reviewed ZWS'000	31-Dec-22 Audited ZWS'000	30-Jun-23 Unaudited ZWS'000	31-Dec-22 Unaudited ZWS'000
Reconciliation of carrying amounts				
Balance at 1 January	5,644,656	2,473,344	775,000	98,786
Fair value adjustment recognised in profit or loss (in other operating income)	1,619,344	3,171,312	6,489,000	676,214
Closing balance	7,264,000	5,644,656	7,264,000	775,000

11.1 Fair valuation of properties

The fair value of investment property was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 30 June 2023. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued.

Fair value hierarchy: 2023

The following table provides an analysis of properties that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Fair Value at 30 June 2023 ZWS
Land and buildings	-	-	7,264,000	7,264,000

Fair value hierarchy: 2022

	Level 1 ZWS	Level 2 ZWS	Level 3 ZWS	Fair Value at 31 Dec 2022 ZWS
Land and buildings	-	-	5,644,656	5,644,656

12 INVENTORIES

	Group		Group	
	Inflation Adjusted	Historical Cost	Inflation Adjusted	Historical Cost
	30-Jun-23 Reviewed ZWS'000	31-Dec-22 Audited ZWS'000	30-Jun-23 Unaudited ZWS'000	31-Dec-22 Unaudited ZWS'000
Packaging and raw materials	31,852,747	37,748,911	15,299,823	5,139,093
Spares and general consumables	19,479,770	18,137,905	2,885,555	900,470
Finished goods	10,204,329	7,220,556	8,232,359	938,882
Total inventories at lower of cost and net realisable value	61,536,846	63,107,372	26,417,737	6,978,445

13 TRADE AND OTHER RECEIVABLES

	Group		Group	
	Inflation Adjusted	Historical Cost	Inflation Adjusted	Historical Cost
	30-Jun-23 Reviewed ZWS'000	31-Dec-22 Audited ZWS'000	30-Jun-23 Unaudited ZWS'000	31-Dec-22 Unaudited ZWS'000
Local trade receivables	27,383,908	21,789,556	27,383,908	2,991,662
Foreign trade receivables	644,744	1,067,466	644,744	146,561
Other receivables	2,175,167	15,913,166	2,175,167	2,184,846
Allowance for credit losses (trade and other receivables)	(188,368)	(181,190)	(188,368)	(24,877)
Total	30,015,451	38,588,998	30,015,451	5,298,192

14 TRADE, OTHER PAYABLES AND PROVISIONS

	Group		Group	
	Inflation Adjusted	Historical Cost	Inflation Adjusted	Historical Cost
	30-Jun-23 Reviewed ZWS'000	31-Dec-22 Audited ZWS'000	30-Jun-23 Unaudited ZWS'000	31-Dec-22 Unaudited ZWS'000
Trade and other payables				
Trade payables	70,640,779	67,397,935	70,640,779	9,253,602
Payroll accruals	2,173,230	2,566,459	2,173,230	352,370
Employee bonus accrual	-	2,013,196	-	276,408
VAT and VAT withholding tax payable	207,119	2,183,615	207,119	299,806
Leave accrual	628,103	906,144	628,103	124,412
Utilities accruals	1,636,906	828,560	1,636,906	113,760
Audit fee accrual	77,756	252,648	77,756	34,688
Interest accrued	-	175,114	-	24,043
Other payables	294,739	3,256,083	294,739	447,052
	75,658,632	79,579,754	75,658,632	10,926,141

Trade and other payables are non - interest bearing and are normally settled on 14 - 30 day terms.

Other payables comprise of sundry suppliers who provide goods and services that do not directly affect the operations of the business.

15 GOING CONCERN

The Group's performance for the period under review resulted in a loss after tax of ZWS4.65 billion against a profit after tax of ZWS7.88 billion in the prior year comparative period. The current period performance was heavily weighed down by significant exchange losses on foreign currency denominated liabilities which significantly increased in ZWS terms between May and June 2023 when the local currency ran into a freefall. The Group is seized with efforts to restructure the balance sheet in an effort to fund operations using more affordable forms of financing. This also includes reducing the foreign currency risk exposure by appropriately hedging the risk using an appropriate value match in foreign currency denominated monetary assets. At operating profit level, the performance of the Group is notable and buttresses its status as a commercially viable operation. The Group's operating profit grew 237% to ZWS61 billion from the ZWS18.08 billion posted in the prior year comparative period. The net asset position increased from ZWS134.59 billion to ZWS149.789 billion in the period under review, an attestation of the growth in shareholder wealth. Forecasts for the next 12 months that the Group has prepared indicate that the current operations will continue to grow in market share, profitability and net assets. Given the above considerations, the Directors have evaluated that the going concern assumption is valid for the Group.

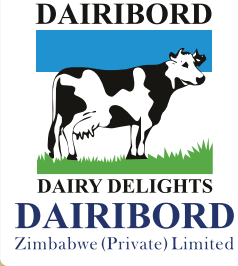
16 EVENTS AFTER THE REPORTING DATE

There were no material events subsequent to 30 June 2023.



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full of flavour

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in 3 delectable flavours.



26 September 2023

**The Board of Directors
Dairibord Holdings Limited
1225 Rekayi Tangwena Road
Harare
Zimbabwe**

**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 2023 which comprise the consolidated inflation adjusted abridged statement of financial position, and the consolidated 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 - Non-compliance with International Financial Reporting Standard 13 "Fair Value Measurements" in the comparative six month period and IAS 8 "Accounting policies, Changes in accounting Estimates and Errors".

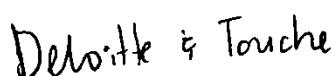
The valuation of investment properties and freehold land and buildings, as at 30 June 2022, was determined by applying a 10% reduction in the US\$ valuation determined as at 31 December 2020. The reduction on the valuation was informed by a market analysis of property values performed by the independent professional valuer. The determined valuation was converted into ZWL at the applicable auction closing exchange rate as at 31 December 2021. Whereas the determined USD values were deemed to be reflective of the fair value in that currency as at 31 December 2020, we were unable to obtain sufficient evidence to support the appropriateness of the 10% reduction applied, as the market analysis performed by the independent professional valuers was not specific to the investment property and freehold land and buildings of the Group. Furthermore, the conversion to ZWL, being the Group's functional currency, was not in compliance with International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13). We were, therefore, unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange 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.

The above matter impacts the comparability in the current year of the prior year statement of profit and loss and other comprehensive income, and the resulting non-compliance with IAS 8, *Accounting policies, Changes in Accounting Estimates and Errors* as the fair values of investment properties and freehold land and buildings were not restated in respect of the comparative six-month period.

Our conclusion on the current six-month period financial information 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 2023, 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 Accounting Standards 34 "Interim Financial Reporting".



Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Charity Mtwazi
Registered Auditor
PAAB Practice Certificate Number: 0585
Harare, Zimbabwe

Date: 26 September 2023