



# Dairibord Holdings

More Than Just Milk



## DAIRIBORD HOLDINGS LIMITED ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

V5-1587

### FINANCIAL HIGHLIGHTS

Financial	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWL\$'000	2023 vs. 2022 % Change	31-Dec-23 ZWL\$'000	2023 vs. 2022 % Change
Revenue	724,118,409	47% ↑	452,940,337	893% ↑
Earnings before interest, tax, depreciation, and amortisation	82,723,519	49% ↑	48,193,820	968% ↑
Operating profit	69,306,266	48% ↑	47,275,055	987% ↑
Profit attributable to owners of the parent	6,897,112	-49% ↓	13,570,903	573% ↑
Net Asset Value	179,613,744	25% ↑	114,341,989	842% ↑

Volume	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 Litres'000	2023 vs. 2022 % Change	31-Dec-23 Litres'000	2023 vs. 2022 % Change
Raw milk utilised	31,429	10% ↑		
Sales	107,605	11% ↑		

### CHAIRMAN'S STATEMENT

#### INTRODUCTION

I am pleased to present to you the Group's financial results for the year 2023. The statement reflects on the Group's performance over the past year, provides insights into the challenges and opportunities presented by the operating environment, and the business outlook.

#### OPERATING ENVIRONMENT

The financial year under review remained tough, with the Group operating under a complex and dynamic economic environment characterised by rapid devaluation of the Zimbabwe dollar, tight liquidity and unpredictable market conditions. This was exacerbated by ongoing supply chain disruptions on imported inputs, equipment and machinery.

Interventions implemented by both fiscal and monetary authorities to moderate money supply growth and implement adjustments to the foreign currency auction system slowed down inflationary pressures and market volatility. However, they had a notable impact on liquidity for both ZWL\$ and USD, suppressing consumer buying power.

Pricing distortions prevailed during the period under review, leading to market arbitrage that further undermined confidence in formal channels. Consequently, efforts to enhance route-to-market strategies were intensified to penetrate and drive volume into new markets.

High interest rates posed difficulties within the supply chain, resulting in unfavourable supplier trading terms.

Fuel supply remained stable, while availability of utilities was unreliable and at a high cost. Frequent power outages and inconsistent municipal water supply increased the cost of business operations.

#### PERFORMANCE

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

#### Raw Milk

The Group recognises the critical importance of stable and secure raw milk supply to its operations. As reported by the Dairy Services Unit of the Ministry of Agriculture, Lands, Fisheries and Rural Development, national milk production output increased by 8.78% to 99.8 million (m) litres in 2023 compared to the preceding year. Intake by processors increased to 91.8m from 82.5m litres in 2022.

Raw milk utilised by the Group at 31.4m litres was 10% above prior year, representing 34% of milk intake by processors. The Milk Supply Development Unit continues to invest in technology and training programs to support our producers, promoting best practices and sustainable agricultural methods. These initiatives not only optimise the company's value chain resilience ensuring consistent and high-quality raw milk supply, but also support the empowerment of the local farming communities.

strategic pricing adjustments implemented to safeguard against margin erosion.

Since the promulgation of Statutory Instrument ("SI") 185 of 2020, the Group has experienced a consistent rise in the collection and utilisation of foreign currency. Foreign currency revenue accounted for 84% of total revenue, up from 58% recorded in the corresponding period in 2022.

However, the majority of transactions in 2023, taken on an aggregate basis, were largely denominated in ZWL\$ which led the Directors to assess and conclude that the functional currency of the Group remained the ZWL\$ in 2023. The Group will continue to monitor developments in the market and in its trading patterns with the view of regularly assessing its functional currency.

#### Profitability

The Group 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 41% in inflation adjusted terms [historical: 837%].

The Group's operating profit grew by 48% [historical: 987%] to ZWL\$69.31 billion [historical: ZWL\$47.28 billion] compared to ZWL\$46.72 billion [historical: ZWL\$4.35 billion] in the prior year. The operating profit margin for the period was 9.57%, a marginal improvement from the 9.52% recorded in the prior period in inflation adjusted terms. The rapid depreciation of the local currency during the year resulted in significant foreign exchange losses arising from foreign currency denominated obligations. This resulted in high foreign exchange losses of ZWL\$36.30 billion, [2022: ZWL\$3.17 billion] which impacted the operating performance. The foreign exchange losses resultantly weighed down the overall performance of the business. However, the business, under a very unstable and unpredictable environment, managed to wrap up the year on a profit for the year of ZWL\$6.90 billion (Historical ZWL\$13.57 billion).

#### OUTLOOK

In the face of ongoing economic challenges, particularly the market turbulence witnessed in these first months of 2024, our commitment to stringent cost containment measures has escalated. The Group is aggressively pursuing a lean and agile cost structure, ensuring sustained profitability and long-term value creation for our stakeholders.

The Group is well-positioned to capitalise on emerging opportunities. As part of its growth strategy, the organisation will continue to explore avenues for expansion, both domestically and regionally, while ensuring a sustainable and responsible approach to business operations. The toll manufacturing project in South Africa is at an advanced stage and is anticipated to enhance foreign currency earnings and mitigate some risks associated with the Group's local operations.

Raw milk supply growth and the capital investment drive will underpin the overall volume trajectory, with focus being deployed on expanding plant capacities, optimising manufacturing capabilities, maintaining financial discipline and investing in technology and innovation to enhance our product offerings. Considerable emphasis will also be placed on restructuring the balance sheet to preserve value.

#### DIVIDEND

The Board has resolved not to declare a dividend for the twelve-month period ending 31 December 2023.

#### APPRECIATION

Despite the ongoing economic challenges, the Group remains steadfast in its mission to provide its customers with the best quality foods and beverages for the sustenance of good health. I acknowledge the support of our stakeholders including shareholders, fellow board members, employees, customers and suppliers, as we navigate these challenging times.

**J Sachikonye**  
Chairman  
26 March 2024

### AUDITOR'S STATEMENT

The audited inflation adjusted financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2023 which have been audited by Deloitte & Touche. An unmodified audit opinion was issued thereon. The valuation of investment property and owner-occupied properties has been identified as a key audit matter for the year and is included in the audit report. The audit report has been made available for inspection at the

Company's registered office and on the Company and ZSE websites.

The engagement partner responsible for the audit is Charity Mtswazi PAAB number 0585.

26 March 2024

### ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

Note	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000
Revenue from contracts with customers	723,228,137	490,363,380	452,398,731	45,576,241
Investment property rental income	890,272	588,294	541,606	54,937
<b>Revenue</b>	<b>724,118,409</b>	<b>490,951,674</b>	<b>452,940,337</b>	<b>45,631,178</b>
Cost of sales	(560,267,086)	(396,278,325)	(309,871,087)	(33,058,355)
<b>Gross Profit</b>	<b>163,851,323</b>	<b>94,673,349</b>	<b>143,069,250</b>	<b>12,572,823</b>
Other operating income	3,831,065	4,450,843	9,188,217	853,359
Selling and distribution expenses	(72,561,899)	(48,937,765)	(45,703,345)	(4,603,746)
Administration expenses	(46,889,375)	(39,105,306)	(29,202,587)	(4,248,377)
Other operating expense	(37,661,778)	(3,179,704)	(29,255,381)	(211,340)
Allowance for expected credit losses	(821,099)	(98,689)	(821,099)	(12,740)
Monetary gain	59,558,029	38,919,659	-	-
<b>Operating profit</b>	<b>69,306,266</b>	<b>46,722,387</b>	<b>47,275,055</b>	<b>4,349,979</b>
Finance costs	(69,127,756)	(13,310,927)	(37,716,070)	(1,604,305)
Finance income	117,654	174,101	46,753	7,492
<b>Profit before tax</b>	<b>296,164</b>	<b>33,585,561</b>	<b>9,605,738</b>	<b>2,753,166</b>
Income tax	6,600,948	(19,994,440)	3,965,165	(737,244)
<b>Profit for the year</b>	<b>6,897,112</b>	<b>13,591,121</b>	<b>13,570,903</b>	<b>2,015,922</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of Land and Buildings	33,591,956	44,508,169	105,429,972	9,505,564
Deferred tax	(3,179,445)	(5,292,822)	(16,435,069)	(1,271,161)
<b>Total other comprehensive income for the year</b>	<b>30,412,511</b>	<b>39,215,347</b>	<b>88,994,903</b>	<b>8,234,403</b>
<b>Total comprehensive income for the year</b>	<b>37,309,623</b>	<b>52,806,468</b>	<b>102,565,806</b>	<b>10,250,325</b>
<b>Profit for the year attributed to:</b>				
Owners of the parent	<b>6,897,112</b>	<b>13,591,121</b>	<b>13,570,903</b>	<b>2,015,922</b>
<b>Total comprehensive profit for the year attributable to:</b>				
Owners of the parent	<b>37,309,623</b>	<b>52,806,468</b>	<b>102,565,806</b>	<b>10,250,325</b>
<b>Earnings per share (ZWL\$)</b>				
Basic	9	19.27	37.96	37.91
Diluted	9	19.27	37.96	37.91
Weighted average number of shares in issue		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

\*The historical cost results are included as supplementary information. The auditors have not expressed an opinion on the historical results.

### ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

Note	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-DEC-23 ZWL\$'000	31-DEC-22 ZWL\$'000	31-DEC-23 ZWL\$'000	31-DEC-22 ZWL\$'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	167,362,380	142,955,866	119,540,650
Investment property	11	7,860,000	6,003,534	7,860,000
Right of use asset		-	1,727,353	-
Intangible assets		77,909	100,204	240
Deferred tax asset		38,055	-	244,230
		<b>175,338,344</b>	<b>150,786,957</b>	<b>127,645,120</b>
<b>Current assets</b>				
Inventories	12	72,456,867	67,119,632	60,290,752
Prepayments		28,810,212	5,378,471	18,966,549
Trade and other receivables	13	46,105,249	41,042,421	46,105,249
Current Tax asset		1,806,031	-	1,806,031
Cash and cash equivalents		11,092,012	14,193,532	11,092,012
		<b>160,270,371</b>	<b>127,734,056</b>	<b>138,260,593</b>
<b>Total assets</b>		<b>335,608,715</b>	<b>278,521,013</b>	<b>265,905,713</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		50,836	50,836	36
Share premium		1,959,114	1,959,114	1,380
Revaluation reserve		87,665,325	57,252,814	98,336,503
Retained earnings		89,938,469	83,889,415	16,004,070
<b>Total equity attributable to ordinary shareholders</b>		<b>179,613,744</b>	<b>143,152,179</b>	<b>114,341,989</b>
<b>Non-current liabilities</b>				
Interest - bearing borrowings	8	11,354,740	8,536,221	11,354,740
Lease liability		-	1,303,890	-
Deferred tax liability		17,344,109	22,181,824	12,912,862
		<b>28,698,849</b>	<b>32,021,935</b>	<b>24,267,602</b>
<b>Current liabilities</b>				
Trade and other payables	14	98,744,179	84,639,300	98,744,179
Contract liabilities		2,729,186	1,920,444	2,729,186
Interest - bearing borrowings	8	24,853,586	14,760,196	24,853,586
Lease liability		-	386,515	-
Bank overdraft		956,644	-	956,644
Dividend payable		12,527	25,451	12,527
Income tax payable		-	1,614,993	-
		<b>127,296,122</b>	<b>103,346,899</b>	<b>127,296,122</b>
<b>Total liabilities</b>		<b>155,994,971</b>	<b>135,368,834</b>	<b>151,563,724</b>
<b>Total equity and liabilities</b>		<b>335,608,715</b>	<b>278,521,013</b>	<b>265,905,713</b>

\*The historical cost results are included as supplementary information. The auditors have not expressed an opinion on the historical results.

*The toll manufacturing project in South Africa is at an advanced stage and is anticipated to enhance foreign currency earnings...*

#### Sales Volume and Revenue

Notwithstanding the volatile trading environment and a general downturn in consumer spending, the Group achieved positive volume growth. Sales volume at 108 million litres marked an 11% increase above the comparative period last year. Liquid milks also grew by 8% compared to prior year, while beverages maintained a consistent growth momentum with an 18% growth. Foods declined by 21%, a result of persistent challenges in the procurement of high-quality inputs, reduced demand for bulk ice creams due to power outages and heightened competition from cheaper imports in the condiments category.

The annual revenue at ZWL\$724.12 billion [historical: ZWL\$452.94 billion], 47% ahead of prior year [historical: 893%], is primarily attributed to the 11% increase in sales volumes and



**GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

Group	Share Capital ZWLS'000	Share Premium ZWLS'000	Revaluation Reserve ZWLS'000	Retained Earnings ZWLS'000	Total ZWLS'000
<b>Audited Inflation Adjusted</b>					
<b>Balance on 1 January 2022</b>	<b>50,836</b>	<b>1,959,114</b>	<b>18,037,467</b>	<b>70,298,294</b>	<b>90,345,711</b>
Profit for the year	-	-	-	13,591,121	13,591,121
Other comprehensive income	-	-	39,215,347	-	39,215,347
<b>Balance at 31 December 2022</b>	<b>50,836</b>	<b>1,959,114</b>	<b>57,252,814</b>	<b>83,889,415</b>	<b>143,152,179</b>
Dividend	-	-	-	(848,058)	(848,058)
Profit for the year	-	-	-	6,897,112	6,897,112
Other comprehensive income net of tax	-	-	30,412,511	-	30,412,511
<b>Balance at 31 December 2023</b>	<b>50,836</b>	<b>1,959,114</b>	<b>87,665,325</b>	<b>89,938,469</b>	<b>179,613,744</b>

**\*Unaudited Historical**

<b>Balance on 1 January 2022</b>	<b>36</b>	<b>1,380</b>	<b>1,107,197</b>	<b>775,245</b>	<b>1,883,858</b>
Profit for the year	-	-	-	2,015,922	2,015,922
Other comprehensive income	-	-	8,234,403	-	8,234,403
<b>Balance at 31 December 2022</b>	<b>36</b>	<b>1,380</b>	<b>9,341,600</b>	<b>2,791,167</b>	<b>12,134,183</b>
Dividend	-	-	-	(358,000)	(358,000)
Profit for the year	-	-	-	13,570,903	13,570,903
Other comprehensive income net of tax	-	-	88,994,903	-	88,994,903
<b>Balance at 31 December 2023</b>	<b>36</b>	<b>1,380</b>	<b>98,336,503</b>	<b>16,004,070</b>	<b>114,341,989</b>

\*The historical cost results are included as supplementary information. The auditors have not expressed an opinion on the historical results.

**ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2023

Note	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-DEC-23 ZWLS'000	31-DEC-22 ZWLS'000	31-DEC-23 ZWLS'000	31-DEC-22 ZWLS'000
<b>Operating activities:</b>				
Operating profit before tax	296,164	33,585,561	9,605,738	2,753,166
Adjusted to reconcile profit before tax to net cash flows:				
Depreciation and impairment of property, plant and equipment	4	12,604,165	8,233,865	828,346
Depreciation of right of use asset	4	790,794	591,277	90,370
Amortisation of intangible assets	4	22,294	22,771	49
Profit on disposal of property, plant and equipment		1,362,080	(141,207)	(209,578)
Profit on disposal of investment property		(407,101)	-	(466,012)
Gain on remeasurement of right of use asset		-	(562,017)	-
Profit on disposal of scrap		(210,333)	(124,752)	(145,954)
Finance income		(117,654)	(174,101)	(46,753)
Impairment loss on trade and other receivables		821,099	98,689	821,099
Loan guarantee costs		-	193,610	-
Fair value gain on investment property		(2,843,724)	(3,372,939)	(8,013,242)
Foreign exchange loss	5	10,897,352	91,912	10,897,352
Finance costs		69,127,756	13,310,927	37,716,070
Non cash adjustment IAS 29		(59,558,029)	(38,919,659)	-
		<b>32,784,863</b>	<b>12,833,937</b>	<b>51,077,485</b>
		<b>16,120,105</b>	<b>20,146,959</b>	<b>3,020,006</b>
<b>Working capital changes</b>				
Decrease/(Increase) in Inventories		(5,337,234)	(26,037,746)	(5,732,403)
Decrease/(Increase) in trade and other receivables		(5,062,828)	(24,861,920)	(4,690,573)
Increase in prepayments		(21,178,316)	1,305,597	(16,601,066)
Increase in contract liabilities		808,741	(274,082)	2,481,274
(Decrease)/Increase in trade and other payables		14,104,879	57,181,173	87,818,038
		<b>11,771,722</b>	<b>15,544,842</b>	<b>27,178,574</b>
		<b>11,771,722</b>	<b>15,544,842</b>	<b>27,178,574</b>
<b>Net cash flow generated from operating activities</b>		<b>11,771,722</b>	<b>15,544,842</b>	<b>2,548,169</b>
<b>Investing activities</b>				
Purchase of plant and equipment		(6,451,822)	(14,031,979)	(4,720,964)
Purchase of intangible assets		-	(5,535)	-
Proceeds from sale of property, plant and equipment		4,612,951	607,852	4,513,857
Proceeds from sale of investment property		1,392,598	-	1,392,598
Finance income on effective interest rate method		117,654	174,101	46,753
Prepayments for plant and equipment		(2,253,425)	(790,674)	(1,723,608)
<b>Net cash flows used in investing activities</b>		<b>(2,582,044)</b>	<b>(14,046,235)</b>	<b>(491,364)</b>
<b>Financing Activities</b>				
Lease liability principal repaid		(370,810)	(1,193,101)	(225,514)
Finance costs		(67,172,301)	(13,310,927)	(35,760,615)
Dividend paid		(848,059)	(92)	(358,001)
Repayments of borrowings		(32,523,714)	(14,360,065)	(22,812,123)
Proceeds from borrowings		44,640,086	27,416,233	26,339,667
<b>Net cash flow used in financing activities</b>		<b>(56,274,798)</b>	<b>(1,447,952)</b>	<b>(32,816,586)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(47,085,120)</b>	<b>50,655</b>	<b>(6,129,376)</b>
Effects of exchange rate changes on cash and cash equivalents		43,026,956	11,290,745	14,432,491
Cash and cash equivalents at 1 January		14,193,532	2,852,131	1,832,253
<b>Cash and cash equivalents at 31 December</b>		<b>10,135,368</b>	<b>14,193,531</b>	<b>10,135,367</b>
Comprising of				
Cash and cash balances		11,092,012	14,193,531	11,092,012
Bank overdraft		(956,644)	-	(956,644)

\*The historical cost results are included as supplementary information. The auditors have not expressed an opinion on the historical results.

**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS**

For the six months ended 31 December 2023

**1. (a) Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption the Group operates on a going concern basis. These 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 financial statements for the year ended 31 December 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 (ZWLS) which is the Group's functional and presentation currency.

**1. (b) Functional currency assessment**

Significant judgement is required to determine the functional currency. The currency that mainly influences sales prices, currency of the country whose competitive forces and regulations mainly determine sales prices, currency that mainly influences labour material and other costs are the primary considerations. Other considerations include, currency in which funds (financing activities) are generated and the currency in which receipts from operating activities are usually retained and the underlying currency of the major items on the statement of financial position. During the year ended 31 December 2020 the Government of Zimbabwe issued Statutory Instrument 185 of 2020 (S.I 185 of 2020) which re-introduced the US\$ as legal currency in Zimbabwe. In the current year, the Group continued to transact in both US\$ and Zimbabwean Dollar (ZWLS). Although the Group transacted in both Zimbabwean Dollars (ZWLS) and the United States Dollar (US\$), the majority of the transactions were in ZWLS hence management believes that the functional currency of the Group remained the ZWLS. Management continues to monitor the key factors that drive the determination of functional currency in accordance with IAS 21.

**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 IAS29, 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 (ZWLS). 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 December 2023 were estimated by the Directors in line with IAS 29 due to the absence of official government statistics on ZWLS inflation during that period. The Directors have utilized the official interbank exchange rates a basis for estimating what the ZWLS denominated CPIs were for this period. Caution should be exercised in considering these financial results due to the use of these estimated ZWLS consumer price indices for the months of February to December 2023. Below are the indices and adjustment factors used up to December 2023:

Dates	Indices	Adjustment Factor
31-Dec-23	105,917.10	1.00
31-Dec-22	13,672.90	7.75
31-Dec-19	551.80	192.01
31-Dec-18	88.80	1,192.67
31-Oct-18	74.60	1,419.99

**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 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 ZWLS'000	Properties ZWLS'000	Corporate ZWLS'000	Adjustments and eliminations ZWLS'000	Group ZWLS'000
<b>Audited Inflation Adjusted Period ended 31 December 2023</b>					
<b>Revenue</b>					
Revenue from contracts with external customers	723,228,137	-	-	-	723,228,137
Revenue from contracts with internal customers	22,136	-	-	(22,136)	-
Revenue from management services and royalties	-	-	11,592,057	(11,592,057)	-
Rental income-internal customers	-	928,544	-	(928,544)	-
Rental income-external customers	-	890,272	-	-	890,272
<b>Total revenue</b>	<b>723,250,273</b>	<b>1,818,816</b>	<b>11,592,057</b>	<b>(12,542,738)</b>	<b>724,118,409</b>
<b>Results</b>					
Depreciation and amortisation	(10,590,384)	(1,925,995)	(284,667)	(616,207)	(13,417,254)
Operating profit	65,587,572	33,225,628	25,982,479	(55,489,411)	69,306,268
Finance income	117,654	-	5,502,124	(5,502,124)	117,654
Finance costs	(46,229,501)	-	(28,631,609)	5,733,354	(69,127,756)
Segment profit/(loss) before tax	19,475,724	33,225,628	2,852,994	(55,258,181)	296,165
Income tax	3,190,721	(172,960)	(626,045)	4,209,231	6,600,948
Segment assets	297,302,825	120,190,482	97,604,503	(179,489,096)	335,608,715
Segment liabilities	(240,546,615)	472,855	(29,583,729)	113,662,518	(155,994,971)
Capital expenditure	688,506	-	-	-	688,506
<b>Period ended 31 December 2022</b>					
<b>Revenue</b>					
Revenue from contracts with external customers	490,363,380	-	-	-	490,363,380
Revenue from contracts with internal customers	10,724	-	-	(10,724)	-
Revenue from management services and royalties	-	-	8,280,361	(8,280,361)	-
Rental income-internal customers	-	1,127,270	-	(1,127,270)	-
Rental income-external customers	-	588,294	-	-	588,294
<b>Total revenue</b>	<b>490,374,104</b>	<b>1,715,564</b>	<b>8,280,361</b>	<b>(9,418,355)</b>	<b>490,951,674</b>
<b>Results</b>					
Depreciation and amortisation	(6,999,610)	(1,569)	(150,301)	(1,696,434)	(8,847,913)
Operating profit	25,434,904	922,253	(3,188,428)	23,553,658	46,722,387
Finance income	120,196	-	(8,386,221)	8,440,126	174,101
Finance costs	12,322,987	-	4,047,247	(29,681,161)	(13,310,927)
Segment profit/(loss) before tax	13,232,113	3,866,674	1,150,545	15,336,229	33,585,561
Income tax	(18,947,607)	(2,903,318)	(651,405)	2,507,889	(19,994,440)
Segment assets	148,199,656	92,465,227	278,521,014	(240,664,882)	278,521,014
Segment liabilities	138,418,444	4,831,069	21,056,580	(28,937,259)	(135,368,835)
Capital expenditure	13,118,993	-	912,986	-	14,031,979



**NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (Cont'd)**

For the six months ended 31 December 2023

**3. Segment information (Cont'd)**

	Manufacturing and distribution ZWL\$'000	Properties ZWL\$'000	Corporate ZWL\$'000	Adjustments and eliminations ZWL\$'000	Group ZWL\$'000
<b>Unaudited Historical Cost</b>					
<b>Period ended 31 December 2023</b>					
<b>Revenue</b>					
Revenue from contracts with external customers	452,398,731	-	-	-	452,398,731
Revenue from contracts with internal customers	18,826	-	-	(18,826)	-
Revenue from management services and royalties	-	-	7,226,986	(7,226,986)	-
Rental income-internal customers	-	759,881	-	(759,881)	-
Rental income-external customers	-	541,606	-	-	541,606
<b>Total revenue</b>	<b>452,417,557</b>	<b>1,301,487</b>	<b>7,226,986</b>	<b>(8,005,693)</b>	<b>452,940,337</b>
<b>Results</b>					
Depreciation and amortisation	(917,473)	(241,337)	(23,537)	263,582	(918,765)
Operating profit	18,838,233	115,114,141	15,664,529	(102,341,847)	47,275,056
Finance income	46,753	-	3,210,374	(3,210,374)	46,753
Finance costs	(24,915,873)	-	(16,715,565)	3,915,368	(37,716,070)
Segment profit before tax	(6,030,887)	115,114,141	2,159,338	(101,636,853)	9,605,739
Income tax	3,591,585	(150,052)	(555,071)	1,078,704	3,965,165
Segment assets	227,733,504	120,188,089	28,398,713	(110,414,593)	265,905,713
Segment liabilities	228,090,556	(5,872,934)	(27,082,628)	(43,571,270)	151,563,724
Capital expenditure	4,702,355	-	18,610	-	4,720,964
<b>Period ended 31 December 2022</b>					
<b>Revenue</b>					
Revenue from contracts with external customers	45,576,241	-	-	-	45,576,241
Revenue from contracts with internal customers	1,384	-	-	(1,384)	-
Revenue from management services and royalties	-	-	782,843	(782,843)	-
Rental income-internal customers	-	80,128	-	(80,128)	-
Rental income-external customers	-	54,937	-	-	54,937
<b>Total revenue</b>	<b>45,577,625</b>	<b>135,065</b>	<b>782,843</b>	<b>(864,355)</b>	<b>45,631,178</b>
<b>Results</b>					
Depreciation, and amortisation	88,480	109	11,775	61,075	161,439
Operating profit	4,173,468	106,112	606,146	(535,746)	4,349,980
Finance income	15,516	-	784,550	(792,574)	7,492
Finance costs	1,590,782	-	1,291,726	(1,278,203)	1,604,305
Segment profit before tax	1,709,423	109,864	98,969	834,911	2,753,167
Income tax	867,395	(152,050)	51,095	(29,196)	737,244
Segment assets	17,186,766	11,936,395	2,776,033	(3,500,634)	28,398,561
Segment liabilities	15,202,221	280,674	2,706,208	(1,924,724)	16,264,378
Capital expenditure	1,447,627	-	100,223	-	1,547,850

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. Depreciation and amortisation**

	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-23 ZWL\$'000
<b>4.1 Operating profit is stated after charging the following:</b>				
Depreciation of property, plant and equipment (PPE)	12,604,165	8,233,865	828,346	132,800
Depreciation of right of use asset	790,794	591,277	90,370	28,560
Amortisation of intangible assets	22,294	22,771	49	79

**5 Other Operating Income or Expenses**

**5.1 Other operating Income**

Scrap Sales	210,333	124,752	145,954	11,740
Profit on sale of PPE items	-	-	209,578	14,103
Profit on sale of investment property	407,101	-	466,012	-
Fair value gain on investment property	2,843,724	3,372,939	8,013,242	679,625
Remeasurement gain on ROU	-	562,017	-	109,681
Gain on derecognition of lease liability	185,653	-	209,437	-
Sundry income	184,254	391,135	143,994	38,210
<b>Total</b>	<b>3,831,065</b>	<b>4,450,843</b>	<b>9,188,217</b>	<b>853,359</b>

**5.2 Other operating expenses**

Loss on sale of PPE items	(1,362,080)	(9,840)	-	-
Foreign exchange loss-realised	(25,402,346)	(3,077,952)	(18,358,029)	(199,475)
Foreign exchange loss-unrealised	(10,897,352)	(91,912)	(10,897,352)	(11,865)
<b>Total</b>	<b>(37,661,778)</b>	<b>(3,179,704)</b>	<b>(29,255,381)</b>	<b>(211,340)</b>

**6 Income tax**

The major components of income tax are shown below:

Current tax	(1,454,267)	(4,965,625)	(1,454,267)	(641,016)
Deferred tax	8,055,215	(15,028,815)	5,419,432	(96,228)
	<b>6,600,948</b>	<b>(19,994,440)</b>	<b>3,965,165</b>	<b>(737,244)</b>

**7 Capital commitments**

Authorised and contracted for	9,743,137	578,946	7,048,293	74,736
Authorised but not contracted for	5,628,554	15,310,275	5,628,554	1,976,413
	<b>15,371,691</b>	<b>15,889,221</b>	<b>12,676,847</b>	<b>2,051,149</b>

**8 Interest bearing borrowings**

	Audited Inflation Adjusted				*Unaudited Historical Cost			
	Short Term		Long term		Short Term		Long term	
	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000
Bank loans-ZWLS	596,226	7,662,338	326,578	2,529,845	596,226	989,136	326,578	326,579
Vendor loan-ZAR	-	-	3,078,858	3,557,044	-	-	3,078,858	459,181
Bank loan-USD	24,257,360	7,097,858	7,949,304	2,449,333	24,257,360	916,267	7,949,304	316,186
	<b>24,853,586</b>	<b>14,760,196</b>	<b>11,354,740</b>	<b>8,536,221</b>	<b>24,853,586</b>	<b>1,905,403</b>	<b>11,354,740</b>	<b>1,101,946</b>

Foreign exchange losses relating to loans included in the finance cost amount on the Profit or loss statement amount to ZWL\$56,70 billion (2022: ZWL\$6 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:

	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000	31-Dec-23 ZWL\$'000	31-Dec-22 ZWL\$'000
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>6,897,112</b>	<b>13,591,121</b>	<b>13,570,903</b>	<b>2,015,922</b>
	2023	2022	2023	2022
	No.	No.	No.	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 (ZWL\$)				
Basic	19.27	37.96	37.91	5.63
Diluted	19.27	37.96	37.91	5.63
<b>Headline earnings basis, ("HEPs")</b>				
<b>Profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>6,897,112</b>	<b>13,591,121</b>	<b>13,570,903</b>	<b>2,015,922</b>
Profit on disposal of property, plant and equipment	1,362,080	(141,207)	(209,578)	(14,103)
Gain on disposal of investment property	(407,101)	-	(466,012)	-
Profit on disposal of scrap	(210,333)	(124,752)	(145,954)	(11,740)
Lease remeasurement gain	-	(562,017)	-	(109,681)
Fair value adjustment on investment property	(2,843,724)	(3,372,939)	(8,013,242)	(679,625)
Tax effect	518,892	1,038,466	2,183,959	201,505
<b>Profit attributable to ordinary equity holders of the parent for Headline earnings</b>	<b>5,316,926</b>	<b>10,428,672</b>	<b>6,920,076</b>	<b>1,402,278</b>
<b>HEPS</b>	<b>14.85</b>	<b>29.13</b>	<b>19.33</b>	<b>3.92</b>

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



**NOTES TO ABRIDGED THE FINANCIAL STATEMENTS (Cont'd)**

For the six months ended 31 December 2023

**10 Property, plant and equipment**

**10.1 Reconciliation of opening and closing carrying amounts**

	Group			
	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000
<b>Net carrying amount at 1 January</b>	<b>142,955,867</b>	<b>89,560,500</b>	<b>12,704,596</b>	<b>1,709,835</b>
Cost	212,885,564	156,037,947	12,856,696	1,804,426
Accumulated depreciation and impairment	(69,929,698)	(66,477,447)	(152,100)	(94,591)
<b>Movement for the year:</b>				
Additions	8,705,247	14,031,978	6,444,573	1,547,850
Revaluation	31,671,342	44,508,170	105,195,833	9,505,564
Transfers	688,506	-	45,609	-
Net carrying amount of disposals	(5,975,031)	(968,846)	(4,255,753)	5,478
Depreciation charge for the year	(10,683,550)	(4,175,936)	(594,208)	(64,131)
<b>Closing net carrying amount</b>	<b>167,362,380</b>	<b>142,955,866</b>	<b>119,540,650</b>	<b>12,704,596</b>
Cost	245,278,778	212,885,564	120,273,646	12,856,696
Accumulated depreciation and impairment	(77,916,398)	(69,929,698)	(732,996)	(152,100)

**10.2 Revaluation of properties**

The properties were valued by an independent external valuer, Dawn Property Consultancy (Private) Limited at 31 December 2023.

**Fair value hierarchy: 2023**

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2023

	Level 1 ZWLS	Level 2 ZWLS	Level 3 ZWLS	Fair Value at 31-Dec-23 ZWLS
Land and buildings	-	-	111,908,000	<b>111,908,000</b>

**Fair value hierarchy: 2022**

	Level 1 ZWLS	Level 2 ZWLS	Level 3 ZWLS	Fair Value at 31-Dec-22 ZWLS
Land and buildings	-	-	84,731,163	<b>84,731,163</b>

**11 Investment property**

**Reconciliation of carrying amounts**

	Group			
	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000
<b>Balance at 1 January</b>	<b>6,003,534</b>	<b>2,630,595</b>	<b>775,000</b>	<b>95,375</b>
Fair value adjustment recognised in profit or loss (in other operating income)	2,843,724	3,372,939	8,013,242	679,625
Disposals	(987,258)	-	(928,242)	-
<b>Closing balance</b>	<b>7,860,000</b>	<b>6,003,534</b>	<b>7,860,000</b>	<b>775,000</b>

**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 31 December 2023. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued.

**Fair value hierarchy: 2023**

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2023

	Level 1 ZWLS	Level 2 ZWLS	Level 3 ZWLS	Fair Value at 31-Dec-23 ZWLS
Land and buildings	-	-	7,860,000	<b>7,860,000</b>

**Fair value hierarchy: 2022**

	Level 1 ZWLS	Level 2 ZWLS	Level 3 ZWLS	Fair Value at 31-Dec-22 ZWLS
Land and buildings	-	-	6,003,534	<b>6,003,534</b>

**12 Inventories**

	Group			
	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000
Packaging and raw materials	47,763,271	40,148,924	40,142,303	5,089,623
Spares and general consumables	10,791,840	19,291,081	6,259,535	900,470
Finished goods	13,901,756	7,679,627	13,888,914	988,352
<b>Total Inventories at lower of cost and net realisable value</b>	<b>72,456,867</b>	<b>67,119,632</b>	<b>60,290,752</b>	<b>6,978,445</b>

**13 Trade and Other Receivables**

	Group			
	Audited Inflation Adjusted		*Unaudited Historical Cost	
	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000	31-Dec-23 ZWLS'000	31-Dec-22 ZWLS'000
Local trade receivables	40,227,485	23,174,899	40,227,485	2,991,662
Foreign trade receivables	810,064	1,135,334	810,064	146,561
Other receivables	5,913,676	16,924,898	5,913,676	2,184,846
Allowance for credit losses (trade and other receivables)	(845,976)	(192,710)	(845,976)	(24,877)
<b>Total</b>	<b>46,105,249</b>	<b>41,042,421</b>	<b>46,105,249</b>	<b>5,298,192</b>

**14 Trade, Other Payables and Provisions**

Trade payables	89,544,789	71,682,982	89,544,789	9,253,602
Payroll accruals	3,412,814	2,729,630	3,412,814	352,370
Employee bonus accrual	-	2,141,192	-	276,408
VAT & VAT withholding tax payable	2,367,907	2,322,446	2,367,907	299,806
Leave accrual	909,493	963,755	909,493	124,412
Utilities accruals	999,535	881,239	999,535	113,760
Audit fee accrual	1,135,275	268,711	1,135,275	34,688
Interest accrued	156,126	186,247	156,126	24,043
Other payables	218,240	3,463,098	218,240	447,054
<b>Total</b>	<b>98,744,179</b>	<b>84,639,300</b>	<b>98,744,179</b>	<b>10,926,143</b>

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 Directors have assessed the ability of the Company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.

**16. Events After The Reporting Date**

**(a) Introduction of Beverages Sugar Content Special Surtax and Value Added Tax amendments on Milk and Maheu.**  
Effective 1 January 2024, the Ministry of Finance introduced a tax on every gram of added sugar contained in beverages. This was introduced by way of Statutory Instrument 249 of 2023 which imposed a surtax of US\$0.002 per gram of sugar, a charge later revised to US\$0.001 per gram. The business effected amendments to its operating model in response to these legal pronouncements. Demand for the company's products remains very strong, outstripping supply.

Further, effective 1 January 2024, Milk was designated as an exempt supply for the purposes of VAT and Maheu became a standard rated product. The business effected amendments to its operating model in response to these legal pronouncements. Demand for the Company's products remains very strong and there has been minimal impact on the trading volumes of the business.

**(b) Establishment of Dairibord South Africa (Proprietary) Limited**

On 5 February 2024, a subsidiary of Dairibord Holdings Limited, being Dairibord South Africa (Proprietary) Limited was successfully registered in South Africa. The entity has commenced research and development into producing some of the flagship products for sale in the South African market and into the region.

**(c) Planned disposal of 25 properties to finance the re-tooling agenda**

In January 2024, the Group issued mandates to 4 registered estate agents to facilitate the disposal of 25 of its properties which had been evaluated as excess to property requirements. The proceeds from the sale of these properties are meant to be utilized to finance planned capital expenditure that will see an upsurge in production and sales volumes. The total value of the 25 properties at the date of the last valuation is US\$4.12 million.



## **INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED**

### **Opinion**

The abridged consolidated financial statements of Dairibord Holdings Limited, which comprise the abridged consolidated inflation adjusted statement of financial position as at 31 December 2023, the abridged consolidated inflation adjusted statement of profit or loss and other comprehensive income, the abridged consolidated inflation adjusted statement of changes in equity, and abridged consolidated inflation adjusted statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated inflation adjusted financial statements of Dairibord Holdings Limited for the year ended 31 December 2023.

In our opinion, the abridged consolidated inflation adjusted financial statements are consistent, in all material respects, with the audited consolidated inflation adjusted financial statements of Dairibord Holdings Limited, in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements for abridged financial statements and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

### **Abridged financial statements of Dairibord Holdings Limited**

The abridged consolidated inflation adjusted financial statements of Dairibord Holdings Limited do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to annual financial statements. Reading the abridged consolidated inflation adjusted financial statements of Dairibord Holdings Limited and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated inflation adjusted financial statements of Dairibord Holdings Limited and the auditor's report thereon.

### **The Audited Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited consolidated inflation adjusted financial statements in our report dated 27 March 2024. That report also includes a key audit matter on the valuation of investment property and owner-occupied property, plant and equipment.



**INDEPENDENT AUDITOR'S REPORT ON THE ABRIDGED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF DAIRIBORD HOLDINGS LIMITED (continued)**

**Directors' responsibility for the abridged consolidated inflation adjusted financial statements**

The directors are responsible for the preparation of the abridged consolidated inflation adjusted financial statements, in accordance with the Zimbabwe Stock Exchange Listing Requirements and requirements of the Companies and Other Business Entities Act (Chapter 24:31) as applicable to abridged consolidated inflation adjusted financial statements.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the abridged consolidated inflation adjusted financial statements of Dairibord Holdings Limited are consistent, in all material respects, with the audited consolidated inflation adjusted financial statements of Dairibord Holdings Limited based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

*Deloitte & Touche*

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**DELOITTE & TOUCHE  
CHARTERED ACCOUNTANTS (ZIMBABWE)  
PER: CHARITY MTWAZI  
PARTNER  
REGISTERED AUDITOR  
PAAB PRACTICE CERTIFICATE NUMBER: 0585**

**27 MARCH 2024**