

### Financial Highlights

USD'000

Revenue	5,525
Loss from operations	(1,217)
Loss before taxation	(1,233)
Loss for the period	(1,196)

### Chairman's Statement

#### Operating Environment

The year 2024 began on a challenging note, with the economy facing headwinds ranging from liquidity constraints, foreign currency shortages, inflationary pressures and exchange rate volatility particularly in the first quarter of the year. The El-Nino induced drought affected the agricultural season which has been one of the poorest on record so far.

The Government introduced a new currency, the Zimbabwe Gold (ZWG), following the announcement of a new monetary policy on the 5th of April 2024. There was a lot of uncertainty before the monetary policy announcement as people adopted a wait-and-see approach. The new currency saw the stabilization of both the exchange rates and inflation, fostering a more predictable environment. However, business was negatively affected in the months of April and May 2024, as the general public was cautious in accepting the new currency. The perception has since improved resulting in a significant increase in the usage of ZWG from June 2024 thereafter.

The new monetary policy ushered in a refined interbank foreign exchange market under a Willing-Buyer-Willing-Seller (WBWS) trading arrangement, which was a welcome development, together with the reduction in the borrowing rates.

#### Financial Performance

The Group's turnover for the half year was US\$5.5 million compared to US\$5.3 million in the same period last year, representing a 4% growth. The revenue growth was driven by an 11% increase in the sales volumes. Average selling prices, however, declined by 6% during the period under review as compared to the previous year, which was mainly due to the sales mix which had a higher proportion of concrete products which have high tonnages, but low margins.

The gross margin for the period under review was 19% compared to 27% achieved in the same period last year. The margins were under pressure due to the rising costs of production, which could not be passed on to customers.

The operating expenses to sales ratio was 42% compared to 39% in the same period last year. The expenses increased by 12% during the period under review driven mainly by inflationary pressures particularly during the period prior to the announcement of the monetary policy statement. The Group incurred an exchange loss of USD135,207 on conversion of Zimbabwe dollar transactions and balances to USD at the official rates particularly in the first quarter of the year owing to unstable exchange rates. Other notable expenses were the distribution costs in respect of product from the Bulawayo sheeting plant to various destinations throughout the country which amounted to USD359,259. There was a significant increase in transport rates in the current period compared to the comparative period last year which arose from tariff increases by our transporters. In the half year under review, extensive renovations were also undertaken on the investment properties in an effort to pave way for improved rentals.

All these factors resulted in the Group incurring an operating loss of USD\$1.2 million in the first half of the year. Revenue growth, improved production efficiencies and cost containment remain key focus areas to improve profitability going forward.

#### Cash generation and utilisation

The cashflows generated from operating activities were USD1.1 million representing a 127% growth compared to last year. The business has implemented several initiatives to manage its working capital including negotiating for favourable credit arrangements with strategic suppliers and reviewing trading terms with key customers. Inventories went up by USD1.1 million and this was a deliberate decision by management to stock adequate fibre so as to hedge against long lead times. The fibre was obtained on credit resulting in a sharp increase in trade and other payables during the period under review. Trade and other receivables decreased by USD1.1 million and this was driven mainly by receipts of the new sheeting plant components which had been prepaid.

Capital expenditure for the period was USD2 million compared to USD2,971 spent last year and this was comprised mainly of the new templates for the Bulawayo sheeting plant and the new sheeting plant earmarked for Harare which was procured using proceeds from the shareholders' rights issue. Civil works are currently underway in preparation for the installation of the machine. The state-of-the-art plant will result in improved production efficiencies and reduced distribution costs due to its proximity to the main markets.

Short-term banking facilities amounting to USD700,000 were received during the period under review and were invested in working capital. An additional USD540,572 in shareholder loans was received mainly for the funding of civil works in preparation for the new machinery.

#### Sustainability Performance

We continue to apply an integrated approach in managing our sustainability impacts and opportunities. The Group adopted the Global Reporting Initiatives (GRI) Sustainability Reporting Framework as a business model in addressing and managing economic, environmental, social and governance aspects of our operations.

#### Legislative Environment

We continue to comply with relevant legislative requirements of the Environmental Management Act, Labour Act, Companies and other Business Entities Act and other related legislation.

#### Change in Functional Currency

International Accounting Standard (IAS) 21 - The effects of changes in foreign exchange rates, permits entities to change functional currencies based on the underlying transactions, events and conditions that are relevant to them. Consequently, the Group changed its functional currency from the Zimbabwe dollar to the United States dollar effective 1 January 2024.

#### Board and Management

Mr. Ian Bagshaw was appointed to the Board of Directors effective 1 August 2024 as the Managing Director replacing Mr. John Mkushi who resigned at the end of July 2024. We would like to thank John for his prodigious efforts and extend a warm welcome to Ian at this pivotal time in the Group's history.

#### Prospects

The Group remains focused on delivering on several initiatives that are targeted at achieving sustainable profitability and growth. The focus is on re-capitalising the plants with the main project being the installation of a new fibre cement sheeting plant in Harare. These initiatives are expected to start bearing fruit from 2025 which will include improved production capacities and efficiencies, an improved product offering and the resumption of export sales.

The Board and management remain optimistic that a combination of revenue growth through taking advantage of the opportunities within the market, enhanced production efficiencies and continued cost containment initiatives will help to steer the Group in a positive direction.

#### Dividend

The directors have resolved that there will not be any interim dividend during the first half of the year due to the major projects that the Group is undertaking in an effort to retool the factories.

#### Appreciation

I would like to express my appreciation to all our stakeholders, fellow board members, management, and staff for their continued support to the Group.

#### By Order of the Board

G. Hampshire

Grenville H. Hampshire  
Board Chairman

25 September 2024

### Consolidated Statement of Comprehensive Income for the half year ended 30 June 2024

	Six months ended 30.06.2024	Six months ended 30.06.2023
	USD	USD
Revenue	5,524,771	5,286,913
Cost of sales	(4,458,094)	(3,854,363)
Gross profit	1,066,677	1,432,550
Other income	46,483	3,378
Selling and distribution expenses	(653,446)	(579,238)
Administrative expenses	(1,676,572)	(1,503,433)
Operating loss	(1,216,858)	(646,743)
Finance costs	(16,307)	(1,920)
Loss before taxation	(1,233,165)	(648,663)
Income tax credit	37,300	22,083
Loss for the period	(1,195,865)	(626,580)
Other comprehensive income		
Total comprehensive loss for the period	(1,195,865)	(626,580)
Loss per share		
Number of shares in issue	4,315,726,499	493,040,308
Basic and diluted (cents per share)	(0.06)	(0.09)
Headline (cents per share)	(0.06)	(0.09)

### Consolidated Statement of Financial Position for the half year ended 30 June 2024

	As at 30.06.2024	As at 31.12.2023
	USD	USD
<b>Non-current assets</b>		
Property, plant and equipment	22,928,099	21,482,726
Right-of-use asset	13,658	19,120
Investment property	630,000	630,000
Investments in financial assets	75	75
Total non-current assets	23,571,832	22,131,921
<b>Current assets</b>		
Inventories	6,000,361	4,915,008
Trade and other receivables	6,446,524	7,537,978
Current tax asset	74,079	74,616
Cash and cash equivalents	410,819	267,812
Total current assets	12,931,783	12,795,414
Total assets	36,503,615	34,927,335
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	4,938,029	4,938,029
Share premium	6,676,344	6,676,344
Non-distributable reserve	7,655,239	7,655,239
Revaluation reserve	291,582	291,582
Foreign currency translation reserve	(1,585,629)	(1,585,629)
Retained earnings	9,356,573	10,552,438
Total equity	27,332,138	28,528,003
<b>Non-current liabilities</b>		
Lease liability	4,918	8,708
Deferred taxation	535,577	578,427
Total non-current liabilities	540,495	587,135
<b>Current liabilities</b>		
Trade and other payables	6,971,643	5,198,685
Loans and borrowings	1,650,094	602,856
Lease liability	9,245	10,644
Bank overdraft	-	12
Total current liabilities	8,630,982	5,812,197
Total liabilities	9,171,477	6,399,332
Total equity and liabilities	36,503,615	34,927,335

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### Consolidated Statement of Cash Flows for the half year ended 30 June 2024

	Six months ended 30.06.2024	Six months ended 30.06.2023
	USD	USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(1,233,165)	(648,663)
Adjustment for:		
Depreciation of property, plant and equipment	533,715	529,053
Depreciation of investment property	-	5,119
Amortisation of right of use asset	5,461	-
Finance costs	16,307	-
Translation differences	-	(2,622,092)
Operating cash flows before working capital changes	(677,682)	(2,736,583)
<b>Movements in working capital</b>		
Change in inventories	(1,085,353)	332,721
Change in trade and other receivables	1,091,454	(281,827)
Change in trade and other payables	1,772,959	(1,347,196)
Net cash generated from/(utilised in) operating activities	1,101,378	(4,032,885)
Tax paid	(5,013)	(20,093)
Financing costs	(16,307)	(1,920)
Net cash flows generated from/(utilised in) operating activities	1,080,058	(4,054,898)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,979,088)	(72,971)
Net cash flows utilised in investing activities	(1,979,088)	(72,971)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in loans and borrowings	1,047,238	-
Payment of lease liabilities	(5,189)	-
Change in share capital	-	3,746,587
Net cash flows raised from financing activities	1,042,049	3,746,587
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	143,019	(381,282)
<b>OPENING CASH AND CASH EQUIVALENTS</b>	267,800	600,676
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	410,819	219,394

### Supplementary Information

#### 1. Basis of preparation

The consolidated financial statements are presented in United States dollars which is the Group's functional and presentation currency effective from 1 January 2024. The consolidated financial statements are based on statutory records that are prepared under the historical cost convention, except for property, plant and equipment which is carried at revalued amounts or fair values as per the revaluation carried out on 31 December 2022 by an independent valuer.

The consolidated financial statements and the corresponding figures for the previous period have been converted to United States Dollars (USD) to reflect the change in the functional currency from the Zimbabwean dollar (ZWL) commencing 1 January 2024. The conversion was based on the average monthly official exchange rates and the actual currency split between USD and ZWL transactions in the previous year with the ZWL balances being converted to USD using the closing official exchanges rate at the end of each month.

#### 2. Change in functional currency

Following the promulgation of Statutory Instrument ("SI") 185 of 2020, issued on 24 July 2020, the Group witnessed a gradual increase in the use of foreign currency. The USD is not specifically adopted as the currency of Zimbabwe, other than it being part of the legally allowed multi-currencies. The Zimbabwean currency was changed from Zimbabwe dollars (ZWL) to Zimbabwe Gold (ZWG) effective the 5th of April 2024. The USD and the ZWG continue to be the most used currencies. In accordance with the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates, the Group changed its functional and presentation currency from ZWL to USD effective 1 January 2024. IAS 21 permits entities to change their functional currencies based on underlying transactions, events and conditions that are relevant to it. Management will continue to review and assess the appropriateness of the functional currency for the entity's operations.

#### 3. Accounting policies and reporting currency

The accounting policies have remained unchanged since the date of the last consolidated financial statements. The financial statements are presented in USD effective 1 January 2024 following the decision by management to change its functional currency from ZWL to USD and all figures are rounded to the nearest dollar (\$) unless otherwise indicated.

#### 4. Significant events and transactions

There were no material transactions during the period under review.

#### 5. Events after the reporting date

The Group has evaluated events from 30 June 2024 through to the date that the consolidated financial statements were issued. The Board concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

#### 6. Going Concern

The Group has secured adequate fibre to meet production demand in the current financial year. In addition, the Group raised a total of USD6.5 million from the rights issue exercise undertaken in August 2023 and all the funds were invested in capital equipment which includes a state of the art fibre - cement plant. The directors will continue with the following measures to ensure that the Group continues to operate in the foreseeable future; and as such, the Group will:

- focus on improving its product offering to enhance competitiveness and grow its revenue base.
- focus on improving its production efficiencies.
- continue to implement cost containment measures to improve the viability of the business.
- continue to source and ensure adequate fibre is available to meet production demand.

#### 7. Approval of abridged consolidated financial statements

The unaudited abridged consolidated financial statements for the half year ended 30 June 2024 were approved by the Board on 10 September 2024.



### Consolidated Statement of Changes in Equity for the half year ended 30 June 2024

	Share capital USD	Share premium USD	Non-distributable reserve USD	Revaluation reserve USD	Foreign currency translation reserve USD	Retained earnings USD	Total USD
Balance at 1 January 2023	4,930,403	181,908	7,655,239	291,582	(1,451,747)	11,977,712	23,585,097
Issue of share capital	7,626	6,494,436	-	-	-	-	6,502,062
Transactions with owners	7,626	6,494,436	-	-	-	-	6,502,062
Total comprehensive loss for the year	-	-	-	-	(133,882)	(1,425,274)	(1,559,156)
Balance at 31 December 2023	4,938,029	6,676,344	7,655,239	291,582	(1,585,629)	10,552,438	28,528,003
Total comprehensive loss for the year	-	-	-	-	-	(1,195,865)	(1,195,865)
Balance at 30 June 2024	4,938,029	6,676,344	7,655,239	291,582	(1,585,629)	9,356,573	27,332,138