

Registered Office: 18 Coghlan Road, Harare, Zimbabwe, P.O. Box 4019

Chairman's Statement

Operating environment and overview

El Nino induced climatic conditions were experienced at all the Estates; although to varying degrees. Year to date rainfall for the Chipinge located Estates was 19% below prior year and 1% below prior year for Chimanimani. On the other hand, Norton's rainfall was severely affected at 21% below the prior comparative period, coupled with poor distribution characterised by a significant hot period of no rain. The Group had mitigatory measures in place, to ensure that production volumes would not be severely affected, however, all dryland agricultural activities were limited.

Challenges continued to be presented by the economic environment, both local and external. These were characterised locally by increasing local input costs due to inflationary pressure, liquidity challenges slowing down the working capital chain and this was compounded by a difficult external market.

Financial performance

At the beginning of the financial year, the Group noted that its functional currency had changed to the United States dollar (USD). It is on this basis that the financial results for the current period have been prepared and presented in USD. The considerations that were made by the Group are detailed in Note 12.

Revenue of USD 2,427,642 generated during the first half of the year was 7% below the prior comparative period. This was mainly attributable to a decline in export tea volumes. The decline in revenue posted, coupled with the 27% increase in the cost of production resulted in the Group posting a gross loss during the period.

In the comparative period, the Group had unrealised exchange losses, mainly arising from United States Dollar denominated liabilities, Since the change in functional currency, exchange gains have been generated arising from Zimbabwe dollar denominated liabilities. Finance cost declined by 5%, when compared to the prior comparative period. As a result of all the above, the Group posted a 14% improvement in the loss incurred during the first half of the year

Volumes and operations

During the period, 1,830 tonnes of tea were produced. This was a 14% improvement on the prior comparative period's volume of 1,599 tonnes

A 6% improvement in the average selling price of export tea was noted, however, this was coupled by suppressed export tea demand which resulted in export tea volumes declining by 56%. This resulted in a 53% decline in export tea revenue.

Local tea demand remained firm as evidenced by a 40% increase in local tea sales volumes compared to the prior comparative period.

Overall, tea sales revenue ended the period 14% below the prior comparative period.

Macadamia

Production volumes for the period at 603 tonnes were 4% below the prior comparative period. During the current period, 386 tonnes of macadamia nuts were sold, but all these nuts related to the stocks held at the start of the current year. No current season macadamia nuts had been sold as at 31 March 2024 as the season commences in April. In the prior comparative period. no macadamia nuts were sold during the first half of the prior year as sales commenced in the second half of the year

Other products

In response to the dry spell, other products such as potatoes were not grown in the current period, in order to preserve the dam water for the commercial row crops that were planted under irrigation. This resulted in a decline in revenue generated from other products. The commercial row crops are harvested and sold in the second half of the year

Joint ventures

The three joint ventures namely, Bonemarrow Investments (Private) Limited trading as Claremont Powerstation, Claremont Orchards Holdings (Private) Limited and Mombe Shoma (Private) Limited contributed positively to the Group's performance.

Investments

During the period, the Group acquired a macadamia scanning machine, which allows for the scanning of nut-in-shell macadamia nuts to determine their quality before export. This will enable the Group to determine nut quality and defects and assists in pricing the macadamia nuts more effectively for export by being able to grade better and guarantee the guality being sold. The equipment was commissioned in April 2024 in time for the current year macadamia selling season

Outlook

The first half of the year is mainly characterised by incurring production costs, while the majority of selling activities occur in the second half. The Group is looking forward to an improved selling season for the current year

The operating environment is expected to remain challenging, therefore the Group will continue to focus on cost control measures whilst driving revenue

Dividend





UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2024

All figures in USD	Notes	As at 31-Mar-24	As at 31-Mar-23	As at 30-Sep-23
ASSETS				
Non - current assets				
Property, plant and equipment		22,454,507	17,856,418	23,945,993
Biological assets		113,637	113,637	113,637
Right of use assets		58,194	79,847	84,772
Investment in joint ventures	5	1,458,124	1,537,647	1,444,503
• • •		24,084,462	19,587,549	25,588,905
Current assets		2 092 100	2 055 700	1 774 706
Biological assets Inventories		3,083,190 1,226,538	3,955,700 1,852,413	1,774,726 742,603
Trade and other receivables		3,094,293	2,291,884	3,555,405
Cash and cash equivalents		323,433	38,718	107,158
cush and cush equivalents		7.727.454	8,138,715	6,179,892
		1,121,101	0,100,710	0,170,002
TOTAL ASSETS		31,811,916	27,726,264	31,768,797
EQUITY				
Share capital and reserves				
Share capital		440,460	440,460	440,460
Share premium		2,956,158	2,956,158	2,956,158
Revaluation reserve		13,790,146	8,939,318	13,790,146
Distributable reserves		(3,963,631)	1,750,124	(1,862,403)
		13,223,133	14,086,060	15,324,361
LIABILITIES				
Non-current liabilities	-	0.070.700	F 070 001	F 000 F00
Borrowings	7 4b	6,373,768	5,876,801	5,996,532
Deferred tax Lease liabilities	40	3,995,600 65,013	4,026,414 75,912	3,788,178 70,598
Lease habilities		10,434,381	9,979,127	9,855,308
Current liabilities		10,404,001	3,373,127	3,033,000
Borrowings	7	1,237,105	739,273	1,033,053
Trade and other payables	6	6,307,792	2,385,282	5,545,705
Contract liabilities		598,606	526,656	-
Lease liabilities		10,899	9,866	10,370
		8,154,402	3,661,077	6,589,128
TOTAL EQUITY AND LIABILITIES	-	31,811,916	27,726,264	31,768,797
		51,011,510	21,120,207	51,700,757

Condensed Group Statement of Cash flows

	Half Year	HalfYear
All figures in USD	Ended 31-Mar-24	Ended 31-Mar-23
Cash flows from operating activities (Loss)/ profit before taxation Change in working capital Non-cash items Cash (utilised in)/ generated from operating activities	(1,893,806) 1,337,869 270,951 (284,986)	(1,880,773) 1,464,960 (900,448) (1,316,261)
Cash flows from investing activities Payments for property, plant and equipment acquired Proceeds from sale of property, plant and equipment Cash generated from/ (utilised in) investing activities	(76,671) 1,701 (74,970)	(190,537) 692 (189,845)
Cash flows from financing activities Cash utilised in financing activities Cash generated from financing activities Cash generated from financing activities	(274,845) 851,076 576,231	(2,466,463) 3,705,850 1,239,387
Net increase/ (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of the year Cash and cash equivalents at the end of the year	216,275 107,158 323,433	(266,718) 305,436 38,718

Condensed Group Statement of Changes in Equity

All figures in USD	Share Capital	Share Premium	Revaluation Reserve	Distributable Reserves	Total
Balance as at 30 September 2022 Total comprehensive	440,460	2,956,158	8,939,318	4,186,847	16,522,783
income for the period	-	-	-	(2,436,723)	(2,436,723)
Balance as at 31 March 2023 Total comprehensive	440,460	2,956,158	8,939,318	1,750,124	14,086,060
income for the period	-	-	4,850,828	(3,612,527)	1,238,301
Balance as at 30 September 2023 Total comprehensive	440,460	2,956,158	13,790,146	(1,862,403)	15,324,361
income for the period	-	-	-	(2,101,228)	(2,101,228)
Balance as at 31 March 2024	440,460	2,956,158	13,790,146	(3,963,631)	13,223,133

Condensed Notes and Supplementary Information

Borrowings (continued)

Bank loans of USD 2,932,573 (2023: USD 2,487,301) are secured by an assignment (i) of export receivables between Ariston Management Services and 2 customers and an act of surety signed for the full amount of exposure.

The average effective interest rate on bank loans approximates 13% (2023: 12%) per annum

- Bank overdrafts are repayable on demand. Overdrafts of USD 4,531 (2023: USD (ii) 17,497) have been secured by joint and several guarantees. The average effective interest rate on bank overdrafts approximates 75% (2023: 75%) per annum.
- (iii) Loans repayable to related parties of the Group are secured by inventories and a mortgage bond over Clearwater Estate and carry interest of 6% (2023: 6%) per annum charged on the outstanding loan balances. The loans are not payable on demand, they are due at the end of the loan agreement.
- (iv) Lease liabilities are effectively secured as the rights to the leased assets recognised n the financial statements revert to the lessor in the event of default

The Group did not have any debt covenants.

Reportable segments

Revenue from major products		
Tea	1,667,215	1,944,429
Macadamia nuts	556,563	56,374
Vegetables and fruits	103,089	252,550
Poultry	97,154	307,739
Other	3,621	53,707
Total	2,427,642	2.614,799

All revenue is recognised at a point in time

All figures in USD	Southdown Estates	Claremont Estate	Kent Estate	Corporate Office	Total	
31-Mar-24 Segment revenue Segment EBITDA	2,289,987	-	137,655	-	2,427,642	
(excluding fair value adjustments) Segment depreciation and	(914,020)	76	(351,873)	(49,842)	(1,315,659)	
impairment Segment assets (excluding	1,244,644	-	286,546	51,194	1,582,384	
intersegment assets) Segment liabilities (excluding	23,435,300	289,050	3,614,122	4,473,444	31,811,916	
intersegment liabilities) Net segment assets/	(7,485,942)	(84,793)	(543,062)	(10,474,986)	(18,588,783)	
(liabilities)	(1,589,932)	(12,092)	(190,950)	1,792,974	-	
31-Mar-23 Segment revenue Segment EBITDA	2,098,210	-	516,589	-	2,614,799	
(excluding fair value adjustments) Segment depreciation and	(19,718,708)	18,679,066	8,467,315	(9,531,548)	(2,103,875)	
Segment assets (excluding	583,915	-	208,178	278,928	1,071,021	
intersegment assets) Segment liabilities (excluding	19,909,668	289,794	4,013,877	3,512,925	27,726,264	
intersegment liabilities) Net segment assets/	(6,027,624)	(85,077)	(696,123)	(6,831,381)	(13,640,204)	
(liabilities)	(1,585,175)	(61,629)	(54,930)	1,701,734		
Statement of compliance						

The Group's financial results have been prepared in compliance with International Accounting Standard (IAS) 34 Interim Financial Reporting promulgated by the International Accounting Standards Board (IASB), and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), and the requirements of the Zimbabwe Stock Exchange rules.

10 **Basis of preparation**

Half Year Ended

31-Mar-23

979,783 68,570

1,071,021

107.891

82,646 **190,537**

1,157,249 **1,157,249**

555.950

555,950

31-Mar-2

207,422

The financial results have been prepared based on statutory records which are maintained on a historical cost basis except for certain biological assets and financial instruments that are measured at fair value, and have been adjusted to fully comply with IFRS.

Currency of reporting 11

The Group's consolidated and condensed financial statements are presented in United States Dollars (USD) which is the functional currency of all its components, except for one joint venture. For consolidation purposes, the financial statements of that joint bventure, whose functional currency is still the Zimbabwe Dollar (ZWL), have been translated to USD in line with the requirements of IAS 21 (The Effects of Changes in Foreign Exchange Rates)

In view of the need to revitalise the productive assets and the need to preserve available cash resources, the Board has seen it prudent not to declare a dividend.

Directorate

Mr. Paul Timothy Spear retired from the position of Group Chief Executive Officer with effect from 1 March 2024. He served the Group for 27 years in various capacities. Among his many achievements at the Group, Mr. Spear led the company to being the first large scale macadamia producer for export in Zimbabwe. To maximise on his invaluable agricultural expertise, the Group has retained Mr. Spear in a consultancy role for a period of twelve months.

Mr. Leon Wilhelm Nortier was appointed as the Group Chief Executive Officer. He has 23 years' experience farming in Southern Africa. His agricultural experience covers oil seed production, grain crops, horticulture, plantation crops, fibre, tobacco and livestock.

Appreciation

I would like to extend my appreciation to all our customers, suppliers, staff, shareholders, strategic partners and my fellow Board directors for their continued support for the business.

By order of the board

Alexander Crispen Jongwe Chairman

04 June 2024

Condensed Group Statement of Profit or Loss and Other Comprehensive Income

		Half Year	HalfYear
		Ended	Ended
All figures in USD	Notes	31-Mar-24	31-Mar-23
Revenue	8	2,427,642	2,614,799
Cost of production		(3,209,074)	(2,531,599)
Gross (loss)/ profit		(781,432)	83,200
Other operating income		8,872	76,179
Operating expenses		(2,370,480)	(2,741,909)
Fair value adjustments		1,308,464	1,614,833
Loss from operations		(1,834,576)	(967,697)
Exchange gain/ (loss)		231,337	(2,229,707)
Monetary gain		-	1,281,399
Share of net profit of a joint ventures accounted			
for using the equity method	5	13,621	355,943
Loss before interest and taxation		(1,589,618)	(1,560,062)
Finance costs		(304,188)	(320,711)
Loss before taxation		(1,893,806)	(1,880,773)
Income tax expense	4	(207,422)	(555,950)
Loss for the year		(2,101,228)	(2,436,723)
Other comprehensive income		-	-
Total comprehensive income before tax on		(2 101 220)	(2 426 722)
comprehensive income		(2,101,228)	(2,436,723)
Tax on other comprehensive income Total comprehensive income for the year		-	(2,436,723)
lotal comprehensive income for the year		(2,101,228)	(2,430,723)
Number of shares in issue		1,627,395,595	1,627,395,595
Weighted average number of shares in issue		1,627,395,595	1,627,395,595
weighten average number of shares in issue		1,027,335,535	1,027,335,535
Earnings per share (dollars)			
Basic earnings per share		(0.0013)	(0.0015)
Diluted earnings per share		(0.0013)	(0.0015)
Headline earnings per share		(0.0013)	(0.0013)

1,486,985 68,821 excluding bearer plants Depreciation of bearer plants Depreciation of right of use assets

Depreciation of right of use assets	26,578
	1,582,384
Capital expenditure for the period Purchase of property plant and equipment excluding bearer plants Capital expenditure incurred on bearer plants	20,391 56,280
	76,671
Commitments for capital expenditure Authorised by directors but not contracted	673,329
·	673,329

The capital expenditure will be financed out of the Group's own resources and existing facilities

4 Income tax expense Currer

Deferr

All figures in USD

1

2

3

Depreciation and amortisation

IL LdX	
red tax movement	

	All figures in USD	Half Year Ended 31-Mar-24	Year Ended 30-Sep-23
		51-1v1a1-2-4	30-3ep-23
	Deferred tax liability Carrying amount at the beginning of the period	3,788,178	3,470,465
	Movement through profit/ loss	207,422	(1,275,173)
	Movement through other comprehensive income		1,592,886
(Carrying amount at the end of the period	3,995,600	3,788,178
	An alwais of defensed to a list little		
	Analysis of deferred tax liability Property, plant and equipment	4,159,768	4,596,854
	Biological assets	790,256	466,803
	Right of use	14,386	20,956
	Estimated credit losses on trade and ther	((770)
	receivables Provisions	(44) 26,888	(778) 286,269
	Assessed losses	(1,013,711)	(1,013,711)
	Unrealised exchange loss	18,057	(568,215)
		3,995,600	3,788,178
5 I	Investment in joint ventures Beginning of the period	1 444 500	1 101 704
	Share of profit for the period	1,444,503 13,621	1,181,704 459,584
	Dividends received	10,021	(196,785)
	End of the period	1,458,124	1,444,503
	Trade and other payables	2 642 210	0.671.400
	Trade payables Other payables*	3,642,319 2,665,473	2,671,488 2,874,217
	Other payables	6,307,792	5,545,705
	* Other payables include provisions and statutory liabilities	-,	
7	Borrowings		
	At amortised cost		
ĺ	Loans from banks	2,932,573	2,487,301
	Bank overdrafts	4,531	17,497
I	Loans from related parties	4,673,769	4,524,787
		7,610,873	7,029,585
1	Long-term	6,373,768	5,996,532
	Short-term	1,237,105	1,033,053
		7,610,873	7,029,585
	The movement of borrowings is shown below:		
	Carrying amount at the beginning of the period	7,029,585	5,422,310
	Proceeds	546,870	6,891,411
	Interest	309,263	531,672
	Repayments	(250,360)	(3,743,533)
	Movements in exchange rates	(24,485)	21,703,576
	Inflation adjustments Carrying amount at the end of the period	7,610,873	(23,775,851) 7,029,585
,	carrying amount at the end of the period	7,010,073	1,023,303

Change in functional currency 12

Due to the changes experienced in the economic environment, on 1 October 2023 the Group reassessed whether the ZWL remained the functional currency of the Group. In making the assessment, the following were considered:

- the currency in which sales prices for products are denominated and settled
- the currency in which most costs are denominated and settled
- the currency in which funds from financing activities are generated
 - the currency in which receipts from operating activities are usually retained.

Based on the above, it was determined that the Group primarily generates and expends funds in the USD. It is on this basis that the functional currency was changed to the USD, effective 1 October 2023

The comparative figures which were reviewed in the prior comparative period by the auditors; as well as comparative information for the year ended 30 September 2023 which was audited while the functional currency was the ZWL, have been translated to USD in line with the guidelines provided by IAS21.

The following exchange rates applied as at the end of the comparative periods presented:

All figures in USD	30-Sep-23	31-Mar-23
Official exchange rates (interbank) - ZWL to USD	5,466.75	929.86

13 Accounting policies

The Group has adopted all the new and revised accounting pronouncements applicable for the period ending 31 March 2024 as issued by the International Accounting Standards Board (IASB). The accounting policies adopted in the preparation of the consolidated financial statements as at 30 September 2023 have been consistently applied in these Group financial results. This interim financial report is to be read in conjunction with the 30 September 2023 annual report.

14 Going concern

The Directors have satisfied themselves that the Group has adequate resources for the operations to continue for the foreseeable future. In this regard, they have considered the financial impact of the effects of COVID-19 and the impact of the war between Russia and Ukraine on the business. These conditions have resulted in increased cost of production and suppressed pricing. The directors have also performed an overall assessment of the ability of the Group to continue operating as a going concern by reviewing the prospects of the Group in terms of business viability and financial performance.

The Group has irrigation systems place, which assist in mitigating the effects of erratic rainfall patterns, where applicable. In the prior year, the Group invested in a solar energy plant in order to mitigate against power outages as well as the high cost of fuel for generators which were previously used when there are power outages.

The Group has been replacing short term loans with longer dated ones. The Group's exposure to foreign denominated loans is fully mitigated by the Group's revenue streams principally being in the same foreign currency

The above noted assessments considered the Group's financial performance and its resultant financial position as at 31 March 2024. The assessment also included a review of the Group's short term and medium-term prospects and forecasts taking into account the economic environment in Zimbabwe and in the global markets for its export products, climate change, supply chains and the expected impact on prices and demand for the Group's product offering. The directors believe that the Group's plans and activities adequately show that the business will continue to be viable and able to discharge its obligations as and when they fall due. Based on this background, the Directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis

Events after reporting date 15

There have been no significant events after the reporting date.

Directors: Mr. A.C. Jongwe (Chairman), Mr P.T. Spear, Mr. I. Chagonda, Mr. C.P. Conradie, Mrs.T.C. Mazingi, Mr. J.W. Riekert, Mr. Z.T. Zifamba.