

MEIKLES

— LIMITED —

SHORT-FORM UNREVIEWED INTERIM FINANCIAL RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 AUGUST 2024

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short-form financial results announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

A copy of the full announcement is available on the Zimbabwe Stock Exchange website www.zse.co.zw and the Company website link <https://meiklesltd.com/press-statments.html>. The full announcement is also available on request, at no charge, via email on investorrelations@meikles.com and RMutakwa@zb.co.zw.

FINANCIAL HIGHLIGHTS

	UNREVIEWED 6 MONTHS ENDED 31 AUG 2024 ZWG 000	RESTATED 6 MONTHS ENDED 31 AUG 2023 ZWG 000	% change Aug 2024 vs Aug 2023
Revenue	2,803,102	3,485,493	(20%)
Loss before tax	(60,334)	124,131	(149%)
Loss for the period	(5,562)	40,781	(114%)
Basic and diluted (losses) / earnings per share (ZWG cents)	(5.41)	6.76	(180%)
Headline (losses) / earnings per share (ZWG cents)	(10.39)	6.26	(266%)

	UNREVIEWED PERIOD ENDED 31 AUG 2024 ZWG 000	RESTATED PERIOD ENDED 29 FEB 2024 ZWG 000	% change Aug 2024 vs Feb 2024
Total assets	1,636,727	1,358,837	20%
Total equity	793,204	760,294	4%
Total liabilities	843,523	598,543	41%

Change in functional and presentation currency

The Group changed its presentation currency effective 1 April 2024, following the change of functional and presentation currency of the Holding Company and its significant subsidiaries i.e. Supermarkets, Properties and Security Services from ZWL to ZWG. The Group applied the procedures in International Accounting Standard 29 ("IAS 29") - "Financial Reporting in Hyperinflationary Economies" and International Accounting Standard 21 ("IAS 21") - "The Effects of Changes in Foreign Exchange Rates".

Restatement

The comparative financial results for the six months ended 31 August 2023 were reviewed and previously reported in ZWL. The ZWL amounts were translated to ZWG on the change in functional currency. The comparative statement of financial position as at 29 February 2024 was audited and previously reported in ZWL. The ZWL amounts were translated to ZWG on the change in functional currency.

Dividend Declaration

The Board declared an interim dividend of 0.07 US\$ cents per share on 17 January 2025. The dividend will be paid to Shareholders on 20 February 2025.



J.R.T. Moxon
Chairman
17 January 2025

MEIKLES

— L I M I T E D —

UNREVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2024

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FINANCIAL HIGHLIGHTS

	ZWG 000	% Change
Revenue	2,803,102	(20%)
Gross profit	717,304	(16%)
Net operating costs	(746,312)	(20%)
Loss before tax	(60,334)	(149%)
Loss for the period	(5,562)	(114%)
Basic losses per share cents	(5.41)	(180%)

CHAIRMAN'S STATEMENT

OPERATING ENVIRONMENT

At the start of the financial year, the exchange rate was highly volatile, experiencing a 56% depreciation before the government introduced a new domestic currency, the Zimbabwe Gold, on 5 April 2024. This was part of the measures to stabilise the domestic currency and curtail inflation. The changes brought some stability to the exchange rate and a near convergence of the official and parallel market exchange rates, albeit for a limited period. Other challenges, such as intermittent power supply, negatively impacted businesses during the period under review.

GROUP FINANCIAL RESULTS

The financial results are presented in Zimbabwe Gold (ZWG) following a change in the functional and presentation currency of the Company and some of its subsidiaries. The overriding objective is to comply with International Financial Reporting Standards (IFRS) in converting the comparative financial results and the results for one month of the current financial year. In accordance with IFRS, significant judgements were made regarding exchange rates and inflation indices. Given the distortions that may arise when reporting in a hyperinflationary economy, users should exercise caution when analysing trends compared to the previous year.

Group revenue amounted to ZWG 2.8 billion (previous year: ZWG 3.5 billion). The Group incurred an after-tax loss of ZWG 5.6 million, compared to a profit of ZWG 40.8 million in the prior year. Last year's profit was primarily due to a monetary gain of ZWG 324 million arising from adjustments under International Accounting Standard (IAS) 29. The current financial year's monetary gain was only ZWG 22 million.

The Group's solvency and liquidity remain healthy, and its cash balances have increased, serving as a solid foundation for its prospects.

REVIEW OF OPERATIONS

TM Supermarkets trading as TM Pick n Pay

Revenue decreased to ZWG 2.7 billion compared to a restated ZWG 3.4 billion for the previous year. Profit after tax was ZWG 14.8 million (prior year: ZWG 44.5 million). In USD terms, management estimates that revenue declined by 5% to US\$198.8 million, while profit after tax decreased to US\$4.7 million, down from US\$10.3 million in the previous year.

The number of units sold during the six months ended 31 August 2024 was slightly below last year (less than one percent). Units sold in the first quarter were 19% lower than the previous year, while the second quarter saw a growth of 24%, despite the closure of three branches during the period under review. One branch was opened in Harare at the end of July 2024.

During the six months, the percentage of revenue received in foreign currency was 24%, up eight percentage points from last year. The near convergence between official and parallel market exchange rates at the introduction of the ZWG was promising for formal retail operators regarding USD price competitiveness. However, the stability of the exchange rate was short-lived, and by the end of the reporting period, the differential between official and parallel market exchange rates had widened.

The segment financed its capital expenditures through operating cash flows while meeting its working capital requirements. Despite the challenges, the solvency and liquidity positions remain healthy.

CHAIRMAN'S STATEMENT (continued)

Hospitality

Revenue increased to ZWG 44.5 million, up from ZWG 33.6 million in the previous year. Profit after tax was ZWG 6.2 million compared to ZWG 8.6 million the previous year. In USD, revenue grew by nine percent, driven by an increase in room occupancy to 44% from 41% last year. The average room rate rose marginally to US\$410 from US\$407 the previous year. In addition, food and beverage revenues grew by 6% and 19% in USD terms, respectively. However, increases in electricity tariffs and rent adversely impacted the operating profit margin, which fell to 22.4%, down from 29.6% last year.

Properties

Revenue for the period increased to ZWG 7.9 million (Previous period ZWG 7.3 million). In USD terms, revenue increased by 12%. Profit after tax increased to ZWG 13 million, up from ZWG 5.9 million last year. The current year's profit includes a gain from the disposal of industrial property in Bulawayo. The proceeds from the disposal were used to fund the renovations of other properties.

The remaining properties that require renovation will be progressively refurbished by the middle of 2025. These refurbishments are expected to increase substantially the entity's profitability and value.

OUTLOOK

While the operating environment's challenges continue to evolve, the growth momentum in the number of units sold in the supermarket segment persisted beyond 31 August 2024. Units sold increased by 8% during the third quarter ended 30 November 2024. Adjustments to strategy and operations in response to evolving market conditions will be key to maintaining this momentum. The Group is optimistic about its performance across all segments for the remainder of the financial year and beyond, anticipating that every segment will trade profitably.

DIRECTORATE

Mr. M.R. Mycroft ceased to hold office as a director on 1 October 2024, and Ms. C.C. Chitiyo resigned from the board on 24 October 2024.

An Extraordinary General Meeting (EGM), called by a shareholder initiative, was held on 18 December 2024 to consider the removal from the board of Messrs. R. Chidembo, S.P. Cranswick, S.J. Hammond, and J.A. Mushore as well as the appointment of Messrs. B. Ward, F. King, and M. Golding. Messrs. R. Chidembo, S.P. Cranswick, S.J. Hammond, and J.A. Mushore resigned from the board before the commencement of the EGM. Shareholders passed the resolution to appoint Messrs. B. Ward, F. King, and M. Golding to the board.

SUSPENSION OF TRADING IN THE COMPANY'S SHARES BY THE ZIMBABWE STOCK EXCHANGE

The Zimbabwe Stock Exchange ("ZSE") suspended trading in the Company's shares on 25 November 2024. The board is working to facilitate the restoration of trading in the Company's shares.

DIVIDEND

The Board declared an interim dividend of \$0.07 US\$ cents per share on 17 January 2025. The dividend will be paid to Shareholders on 20 February 2025.

APPRECIATION

I would like to express my appreciation to our customers, suppliers, shareholders, and regulatory authorities for their continued support. I also thank directors, management, and staff for their dedication and commitment.



J. R. T. Moxon
Chairman

17 January 2025

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 AUGUST 2024**

	Notes	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
Revenue	4.1	2,803,102	3,485,493
Cost of sales		(2,085,798)	(2,629,976)
Net operating costs	5	(746,312)	(929,189)
Operating loss	4.1	(29,008)	(73,672)
Investment income	6.1	2,555	5,324
Finance costs	6.2	(9,883)	(8,590)
Net exchange losses		(46,129)	(122,925)
Net monetary adjustment		22,131	323,994
(Loss) / profit before tax		(60,334)	124,131
Income tax credit / (expense)	7.1	54,772	(83,350)
(Loss) / profit for the period		(5,562)	40,781
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate adjustments on translation of foreign operations		67,402	22,276
Other comprehensive income for the year, net of tax		67,402	22,276
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		61,840	63,057
(Loss) / profit for the year attributable to:			
Owners of the parent		(14,123)	17,641
Non-controlling interests		8,561	23,140
		(5,562)	40,781
Total comprehensive income attributable to:			
Owners of the parent		53,279	39,917
Non-controlling interests		8,561	23,140
		61,840	63,057
Earnings per share in cents			
Basic and diluted (losses) / earnings per share		(5.41)	6.76

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2024**

	Notes	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
ASSETS			
Non-current assets			
Property, plant and equipment	9	331,945	335,501
Investment property	10	22,768	17,880
Right of use assets	11	276,070	210,819
Other financial assets	12	1,969	143,690
Deferred tax	7.2	3,724	6,403
Total non-current assets		636,476	714,293
Current assets			
Inventories	13	482,115	304,678
Trade and other receivables	14	90,483	80,144
Other financial assets	12	146,696	144
Cash and bank balances		280,957	259,578
Total current assets		1,000,251	644,544
Total assets		1,636,727	1,358,837
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		6,964	6,964
Share premium		8,690	8,690
Other reserves		180,434	113,032
Retained earnings		274,811	315,544
Equity attributable to equity holders of the parent		470,899	444,230
Non-controlling interests		322,305	316,064
Total equity		793,204	760,294
Non-current liabilities			
Deferred tax	7.2	98,967	211,988
Lease liabilities	15	61,101	5,292
Total non-current liabilities		160,068	217,280
Current liabilities			
Trade and other payables	16	655,324	357,724
Borrowings	17	11,938	8,102
Lease liabilities	15	16,193	15,437
Total current liabilities		683,455	381,263
Total liabilities		843,523	598,543
Total equity and liabilities		1,636,727	1,358,837



J. R. T. Moxon
Chairman

17 January 2025



T. Muzvagwandoga
Finance Director

17 January 2025

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 AUGUST 2024**

	Share capital ZWG 000	Share premium ZWG 000	Other reserves ZWG 000	Retained earnings ZWG 000	Attributable to owners of parent ZWG 000	Non-controlling interests ZWG 000	Total ZWG 000
2024 – Unreviewed							
Balance at 1 March 2024	6,964	8,690	113,032	315,544	444,230	316,064	760,294
(Loss) / profit for the period	-	-	-	(14,123)	(14,123)	8,561	(5,562)
Other comprehensive income for the period	-	-	67,402	-	67,402	-	67,402
Dividend declared – ordinary shareholders	-	-	-	(26,610)	(26,610)	-	(26,610)
Dividend declared – non-controlling interests	-	-	-	-	-	(2,320)	(2,320)
Balance at 31 August 2024	6,964	8,690	180,434	274,811	470,899	322,305	793,204

	Share capital ZWG 000	Share premium ZWG 000	Other reserves ZWG 000	Retained earnings ZWG 000	Attributable to owners of parent ZWG 000	Non-controlling interests ZWG 000	Total ZWG 000
2023 – Restated							
Balance at 1 March 2023	6,964	8,690	139,858	439,979	595,491	228,364	823,855
Profit for the period	-	-	-	17,641	17,641	23,140	40,781
Other comprehensive income for the period	-	-	22,276	-	22,276	-	22,276
Dividend declared – ordinary shareholders	-	-	-	(55,821)	(55,821)	-	(55,821)
Dividend declared – non-controlling interests	-	-	-	-	-	(22,443)	(22,443)
Balance at 31 August 2023	6,964	8,690	162,134	401,799	579,587	229,061	808,648

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 AUGUST 2024**

	Notes	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
Net cash generated from / (used in) operating activities	8.1	2,286	(20,768)
Cash flows from investing activities			
Payment for property, plant and equipment and investment property		(49,083)	(85,122)
Proceeds from disposal of property, plant and equipment and investment property		13,074	1,294
Net movement in service assets		(97)	5
Additions to other financial assets		(2,458)	(6,295)
Disposals of other financial assets		29	56
Investment income		2,381	5,166
Net cash used in investing activities		(36,154)	(84,896)
Cash flows from financing activities			
Finance costs		-	(19)
Lease payments – principal		(4,535)	(7,074)
Lease payments – finance costs		(9,335)	(7,170)
Dividend paid – ordinary shareholders		(22,467)	(55,261)
Dividend paid – non-controlling interests		(2,320)	(22,443)
Net cash used in financing activities		(38,657)	(91,967)
Net decrease in cash and bank balances		(72,525)	(197,631)
Cash and bank balances at the beginning of the period		259,578	357,087
Translation of foreign entity		62,694	22,276
Net effect of exchange rate changes on cash and bank balances		31,210	198,255
Cash and bank balances at the end of the period		280,957	379,987

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Meikles Limited, (the Company), is a limited liability company incorporated in Zimbabwe and is listed on the Zimbabwe and London Stock Exchanges. The address of the Company's registered office and principal place of business is disclosed on page 19. The principal activity of the Company is investments holding and the principal activities of its operating subsidiaries are disclosed below:

Entity	Holding	Principal activity	Country of incorporation
Meikles Hospitality (Private) Limited	100%	Hotels	Zimbabwe
Cape Grace Investments Limited	100%	Investment Company	British Virgin Islands
Thomas Meikle Properties (Private) Limited	100%	Property owning	Zimbabwe
Meikles Guard Services (Private) Limited	100%	Security Services	Zimbabwe
TM Supermarkets (Private) Limited	51%	Retail	Zimbabwe

The interim condensed consolidated financial statements of Meikles Limited and its subsidiaries were authorised for issue by the directors on 17 January 2025.

2. Basis of preparation and Group accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared from statutory records that are maintained under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – "Interim Financial Reporting", the Zimbabwe Stock Exchange Listings Requirements and the Companies and Other Business Entities Act [Chapter 24:31]. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report for the year ended 29 February 2024.

These interim condensed consolidated financial statements were prepared under the supervision of Thempton Muzvagwandoga CA (Z), the Group Finance Director, and registered public accountant PAAB Number 2724.

2.2 Accounting policies

Accounting policies and methods of computation applied in preparing these interim condensed consolidated financial statements are consistent, in all material respects, with those used in preparing the Group's financial statements for the year ended 29 February 2024, except for the change in presentation currency (see further details under note 2.3). New applicable standards and improvements that became effective in the current period have been complied with and have had no material impact on these interim condensed consolidated financial statements.

2.3 Presentation currency

These interim condensed consolidated financial statements are presented in Zimbabwe Gold (ZWG), a new currency (see further details under note 2.4). The ZWG is also the functional currency of the Company and its subsidiaries, except for the operations of Cape Grace Investments Limited ("CGI"), which is domiciled in the British Virgin Islands, and Meikles Hospitality (Private) Limited, which remain unchanged as the United States Dollar ("US\$").

All foreign currency denominated transactions and balances have been translated to the ZWG in accordance with International Accounting Standard 21 ("IAS 21") – "The Effects of Changes in Foreign Exchange Rates" at the interbank rate prevailing on the transaction dates. Using the interbank rate as a spot rate is a management judgment, and the Directors are satisfied that it is appropriate for this purpose.

2.4 Transition to new currency

On April 5, 2024, the Reserve Bank of Zimbabwe ("RBZ") issued a monetary policy statement that introduced a new domestic currency, the Zimbabwe Gold ("ZiG"), which was subsequently assigned the currency code ZWG. On the same date, the Zimbabwe dollar (ZWL), the Company's functional and presentation currency, was discontinued. Consequently, the Company's functional and presentation currency changed to ZWG on 5 April 2024. Statutory Instrument (SI) 60 of 2024, containing the details of the new currency and modalities to convert ZWL balances to ZWG was promulgated on April 5, 2024.

The Group changed its presentation currency, following the change of functional and presentation currency of the Holding Company and its significant subsidiaries i.e. Supermarkets, Properties and Security Services from ZWL to ZWG. The Group applied the procedures in International Accounting Standard 29 ("IAS 29") "Financial Reporting in Hyperinflationary Economies" and IAS 21, whereby the financial statements in ZWL on 31 March 2024 were inflation-adjusted and converted to ZWG opening balances using the swap rate of ZWG 1 to ZWL 2,498.7242 as guided by the RBZ.

The group ceased preparation of inflation adjusted financial statements on 31 March 2024, following assessments guided by IAS 29 that concluded ZWG had not exhibited all the characteristics of a hyperinflationary currency. After 31 August 2024, the Public Accountants and Auditors Board ("PAAB") issued guidance indicating that the economy was still experiencing hyperinflation and that applying IAS 29 was required. The Group has not applied IAS 29 after 31 March 2024 due to insufficient guidance on inflation indices. At the cessation date of the ZWL, the Total Consumption Poverty Line ("TCPL") index published by the Zimbabwe National Statistical Agency ("Zimstat") was used to estimate the Consumer Price Index ("CPI").

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Basis of preparation and Group accounting policies (continued)

2.4 Transition to new currency (continued)

A. *The main procedures applied in determining the take on ZWG balances at pronouncement date and comparative information for Meikles Limited “the Company” and its subsidiaries whose functional currency was determined to be ZWG, and previously ZWL which was subject to hyperinflation accounting:*

- 1) Comparative information as at 29 February 2024 and for the period ended 31 August 2023 were inflation adjusted to 31 March 2024 CPI, and subsequently converted to ZWG using the conversion factor provided by RBZ of 2498.7242.
- 2) Monetary assets and liabilities as at 31 March 2024 were not restated because they are expressed in terms of the monetary unit current at the cessation date, and were directly converted to ZWG at conversion factor.
- 3) Non-monetary assets and liabilities, as well as components of shareholders’ equity were restated by applying the change in the index from the date of transaction to 31 March 2024. Depreciation and amortisation of plant, property, equipment and the right of use asset were calculated based on the restated amounts. The inflation adjusted balances were converted to ZWG at the conversion factor.
- 4) The transactions that occurred between 1 April 2024 and 31 August 2024 have not been restated given that the ZWG had not presented all the characteristics that would indicate that it is a currency of a hyperinflationary economy as prescribed by IAS 29.
- 5) The effect of inflation on the net monetary position of the Group at 31 March 2024, was converted to ZWG and has been included in the statement of profit or loss as a loss or gain on monetary position.

Below are the indices and adjustment factors used up to 31 March 2024:

	Indices	Adjustment Factor
CPI as at 31 March 2024	429,219.62	1
CPI as at 29 February 2024	258,942.08	1.66
CPI as at 31 August 2023	42,659.97	10.06

B. *Main procedures applied in translation of foreign operations:*

- 1) The US\$ comparative information as at 29 February 2024 and for the period ended 31 August 2023 were translated to the Group’s presentation currency using the ZWG to US\$ exchange rate at date pronouncement of 13.56.
- 2) Assets and liabilities are translated into ZWG using exchange rates prevailing at the end of each reporting period.
- 3) Income and expense items are translated at the average ZWG to US\$ exchange rates for the period 1 March to August 2024.
- 4) Exchange differences arising, if any, have been recognised in other comprehensive income and accumulated in equity.

2.5 Restatement

The comparative financial results for the six months ended 31 August 2023 were reviewed and previously reported in ZWL. The ZWL amounts were translated to ZWG on the change in functional currency, as detailed in Note 2.4. The comparative statement of financial position as at 29 February 2024 was audited and previously reported in ZWL. The ZWL amounts were translated to ZWG on the change in functional currency, as detailed in Note 2.4.

3. Going concern

The Directors have adopted the going concern basis in preparing these interim condensed consolidated financial statements. The Directors made this assumption after assessing the impact of principal risks arising from an unstable economic environment on the Group’s financial performance for the six months ended 31 August 2024. Management continues to monitor the changes in the operating environment and implement strategies to mitigate adverse impacts on profitability and cash flow generation. While the economic environment continues to evolve, making planning difficult, the Group has cash reserves to enable it to meet its obligations as they fall due for at least twelve months from the signing of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Segment information

4.1 Segment financial performance

	Supermarkets	Hotels	Properties*	Security Services*	Corporate and other segments	Eliminations	Group
	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000
31 August 2024							
Sale of goods	2,748,681	10,795	-	-	-	-	2,759,476
Sale of services	-	33,784	7,870	15,280	-	-	56,934
Total segment revenue	2,748,681	44,579	7,870	15,280	-	-	2,816,410
Intersegment revenue	-	-	(2,194)	(11,114)	-	-	(13,308)
External revenue	2,748,681	44,579	5,676	4,166	-	-	2,803,102
Operating (loss) / profit	(34,593)	9,976	11,396	(886)	(6,242)	(8,659)	(29,008)
Investment income	179	90	-	-	2,286	-	2,555
Finance costs	(9,222)	(92)	-	-	(572)	3	(9,883)
Net exchange (losses) / gains	(50,706)	(867)	1,011	686	69,372	(62,661)	(43,165)
Net monetary adjustment	54,731	-	509	(66)	(36,007)	-	19,167
Income tax credit / (expense)	54,450	(2,933)	74	(48)	3,229	-	54,772
Profit / (loss) for the period	14,839	6,174	12,990	(314)	32,066	(71,317)	(5,562)
31 August 2023 - restated							
Sale of goods	3,440,577	8,031	-	-	-	-	3,448,608
Sale of services	-	25,528	7,322	21,632	-	-	54,482
Total segment revenue	3,440,577	33,559	7,322	21,632	-	-	3,503,090
Intersegment revenue	-	-	(1,999)	(15,598)	-	-	(17,597)
External revenue	3,440,577	33,559	5,323	6,034	-	-	3,485,493
Operating (loss) / profit	(63,278)	9,919	(523)	2,107	(130)	(21,767)	(73,672)
Investment income	154	62	-	-	5,108	-	5,324
Finance costs	(7,128)	(4)	-	-	(1,501)	43	(8,590)
Net exchange (losses) / gains	(47,084)	2,724	507	547	9,552	(89,171)	(122,925)
Net monetary adjustment	243,117	-	3,166	(1,339)	79,050	-	323,994
Income tax (expense) / credit	(81,431)	(4,100)	2,760	(501)	(78)	-	(83,350)
Profit / (loss) for the period	44,350	8,601	5,910	814	92,001	(110,895)	40,781

4.2 Segment assets and liabilities

	Supermarkets	Hotels	Properties*	Security Services*	Corporate and other segments	Eliminations	Group
	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000	ZWG 000
31 August 2024							
Segment assets	1,208,071	56,614	78,724	3,545	570,499	(280,726)	1,636,727
Segment liabilities	(779,208)	(18,725)	(17,326)	(3,350)	(140,513)	115,599	(843,523)
29 February 2024 - restated							
Segment assets	922,484	54,478	68,235	1,987	583,809	(272,156)	1,358,837
Segment liabilities	(506,139)	(15,193)	(19,828)	(1,477)	(162,828)	106,922	(598,543)

*In prior period the Properties and Security Services segments were included under the Corporate and other segments category, as they were not material enough to warrant separate disclosure.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Net operating costs

	Notes	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
Net operating costs are arrived at after (charging) / crediting the following:			
Other income	5.1	32,066	17,153
Employee costs	5.2	(385,856)	(507,229)
Occupancy costs	5.3	(195,678)	(203,663)
Other operating costs	5.4	(196,844)	(235,450)
		(746,312)	(929,189)
5.1 Other income			
<u>Trading income</u>			
Rental income		9,711	10,286
Interest received on trade receivables		80	-
Hotels ancillary services		11	53
Commission income		7,083	894
		16,885	11,233
<u>Non trading income</u>			
Profit on disposal of property, plant and equipment		13,010	1,293
Sundry income*		2,171	4,627
		32,066	17,153

*Due to the nature of the Group's diversified operations in multiple industries, sundry income includes several line items that are not significant enough to be reasonably disaggregated. Examples include waste recovery income, agency fees on flower sales, car park fines and other agency fees.

		Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
5.2 Employee costs			
Wages and salaries		(311,669)	(417,566)
Social security costs		(29,822)	(32,898)
Retirement benefits – defined contribution plan		(42,801)	(56,319)
Directors' fees		(1,564)	(446)
		(385,856)	(507,229)
5.3 Occupancy costs			
<u>Included in occupancy costs are the following:</u>			
Lease rentals for property		(34,150)	(41,580)
Depreciation of right of use assets, properties and investment properties		(6,315)	(4,700)
Electricity and water		(96,260)	(84,888)
Cleaning and fumigation		(27,990)	(36,372)
Rates		(18,313)	(17,990)
Premises repairs and maintenance		(12,357)	(17,876)
Other		(293)	(257)
		(195,678)	(203,663)
5.4 Other operating costs			
<u>Included in other operating costs are the following:</u>			
2% IMT Tax		(49,873)	(41,841)
Depreciation of plant and equipment		(48,034)	(67,962)
Repairs and maintenance – other assets		(21,246)	(28,618)
Bank charges		(14,176)	(10,587)
Packaging and wrapping		(9,605)	(9,380)
Information and technology		(7,983)	(8,798)
Printing and stationery		(6,600)	(10,096)
Transport, motor vehicle and communication costs		(6,406)	(11,312)
Insurance		(4,254)	(5,521)
Auditors' remuneration and expenses		(3,178)	(4,827)
Legal and professional fees		(2,956)	(3,936)
Marketing and advertising		(2,711)	(9,995)
Security		(2,696)	(2,368)
Travel expenses		(2,059)	(3,027)
Licenses		(1,498)	(2,357)
Secretarial and listing fees		(966)	(1,865)
Guest supplies and entertainment		(847)	(1,520)
Provision for expected credit losses		(501)	(195)
Donations		(204)	(243)
Other*		(11,051)	(11,002)
		(196,844)	(235,450)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Net operating costs (continued)

5.4 Other operating costs (continued)

*Due to the nature of the Group's diversified operations in multiple industries, other expenses include several line items that are not material enough to be reasonably disaggregated.

6. Investment income / finance costs

	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
6.1 Investment income		
Interest on bank deposits	2,375	5,157
Interest on short term loans	-	4
Interest on staff loans	174	154
Interest on other	6	9
	2,555	5,324
6.2 Finance costs		
<u>Comprising interest payable on:</u>		
Lease liability	(9,335)	(7,170)
Overdrafts and short-term borrowings	(548)	(1,401)
Other finance costs	-	(19)
	(9,883)	(8,590)
7. Income taxes		
7.1 Income tax recognised in profit for the period		
<u>Tax expense comprising the following:</u>		
Current tax expense in respect of the current period	(54,922)	(62,817)
Deferred tax arising from temporary differences	110,342	(20,533)
Capital gains tax	(648)	-
Total tax expense	54,772	(83,350)
<u>Tax rate reconciliation</u>	%	%
Standard tax rate	24.72	24.72
Effect of revenue that is exempt from income tax	(0.81)	(1.70)
Effect of expenses that are not deductible in determining taxable profit*	70.33	44.16
Effect of revenue and expenditure taxed at other rates	(5.08)	(0.03)
Average effective tax rate	89.16	67.15

*Expenses that are not deductible in determining taxable profit includes mostly accounting provisions that are not recognised as deductible expenses by the tax legislation and intermediated money transfer tax.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
7.2 Deferred tax balances		
Balance at the beginning of the period	205,585	57,755
Recognised in profit or loss	(110,342)	147,830
Balance at the end of the period	95,243	205,585
Comprising:		
Assessed losses	(199)	(47)
Property, plant and equipment	52,743	75,787
Exchange differences	(1,064)	(1,199)
Provisions	(9,394)	(4,793)
Receivables and prepayments	2	5
Inventory	7	81,861
Right of use assets and lease liabilities	53,476	51,240
Other	(2,942)	118
Deferred capital gains tax on land	2,614	2,613
	95,243	205,585
Deferred tax asset	(3,724)	(6,403)
Deferred tax liability	98,967	211,988
Deferred tax liability	95,243	205,585

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Cash flow information

8.1 Net cash generated from operating activities

	Notes	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
Cash flows from operating activities			
(Loss) / profit before tax		(60,334)	124,131
Adjustments for:			
- Depreciation and impairment of property, plant and equipment, investment property and right-of-use assets		55,106	72,960
- Net interest		7,328	3,266
- Net exchange losses		43,165	122,925
- Net monetary adjustment		(19,167)	(323,994)
- Profit on disposal of property, plant and equipment		(13,010)	(1,293)
- Provision for expected credit losses		501	195
- Mark to market loss		570	4,929
Operating cash flow before working capital changes		14,159	3,119
Increase in inventories		(177,435)	(266,523)
Decrease in trade and other receivables		18,403	4,866
Increase in trade and other payables		157,348	250,186
Cash generated from operations		12,475	(8,352)
Income taxes paid	8.2	(10,189)	(12,416)
Net cash generated from operating activities		2,286	(20,768)
8.2 Income taxes paid			
Balance at the beginning of the period		(5,319)	(867)
Current and capital gains taxes:			
- current tax	7.1	(54,922)	(62,817)
- capital gains tax	7.1	(648)	-
Balance at the end of the period		50,700	51,268
Income taxes paid		(10,189)	(12,416)

9. Property, plant and equipment

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
Movement in the property, plant and equipment balance for the period:		
Balance at the beginning of the period	335,501	317,926
Additions	43,972	108,313
Net movement in service assets	97	(4)
Disposals	(11)	(10)
Depreciation and impairment	(49,215)	(90,724)
Translation differences	1,601	-
Balance at the end of the period	331,945	335,501
At cost	614,366	738,994
Accumulated depreciation and impairment	(282,421)	(403,493)
Balance at the end of the period	331,945	335,501

No freehold land and buildings have been pledged to secure loans of the Group under mortgages.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
10. Investment property		
Opening carrying value	17,880	16,407
Additions	5,111	2,206
Disposals	(53)	(133)
Depreciation and impairment	(170)	(600)
Closing carrying value	22,768	17,880
Comprising:		
Land and buildings - cost	38,508	33,471
Accumulated depreciation	(12,023)	(11,874)
Accumulated impairment	(3,717)	(3,717)
	22,768	17,880

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
10. Investment property (continued)		
Rental income from investment properties (included in revenue and other income)	8,012	7,338
Related expenses (included in cost of sales and operating expenses)	(3,589)	(2,473)
Profit arising from investment properties carried at cost	4,423	4,865

The Group owns the investment properties through its subsidiaries, TM Supermarkets (Private) Limited ("TM") and Thomas Meikle Properties (Private) Limited ("TMP"). Market valuations and impairment assessment are performed at the end of each financial year.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
11. Right of use assets		
Opening carrying value	210,819	160,578
Additions	387	1,696
Disposals	(1)	(2,789)
Lease modification	70,569	73,736
Depreciation	(5,721)	(22,402)
Translation differences	17	-
Closing carrying value	276,070	210,819
Comprising:		
Cost	325,120	254,148
Accumulated depreciation	(49,050)	(43,329)
	276,070	210,819

The Group's leases include those of offices, retail stores and residential property in Zimbabwe. The corresponding lease liability for the above right of use assets is disclosed on note 15.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
12. Other financial assets		
Opening carrying value (short term and long-term portions)	143,834	146,017
Interest accrual	174	504
Additions	2,458	5,347
Monetary adjustment	(293)	(4,404)
Exchange rate gain on foreign translations	3,091	-
Disposals and repayments	(29)	(76)
Mark to market loss on initial recognition of staff loans ²	(570)	(3,554)
	148,665	143,834
Less: Short term portion in current assets	(146,696)	(144)
Non-current closing carrying value	1,969	143,690
Comprising:		
Carried at amortised cost:		
Funds due from MCH ¹	162,612	159,173
Staff loans ²	2,493	753
Short term loans	-	-
Provision for credit losses	(16,440)	(16,092)
	148,665	143,834
Movement in provision for credit losses:		
Opening balance	(16,092)	(16,092)
Exchange rate adjustment – provision for credit losses on funds due from MCH ¹	(348)	-
	(16,440)	(16,092)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Other financial assets (continued)

¹Meikles Consolidated Holdings Private Limited (“MCH”), a shareholder entity, owes the Group ZWG 162.6 million (US\$11,737,067), (29 February 2024: ZWG 159.2 million (US\$11,737,067)). The non-interest-bearing funds are due and payable to the Group on 30 June 2025 and have been reclassified to current assets. Management recognised a provision for credit losses on funds due from MCH based on the lifetime expected credit losses model in-line with the requirements of International Financial Reporting Standard 9 (“IFRS 9”) - “Financial Instruments” issued by IASB. In determining the provision for credit losses, management considered the security on this balance and was satisfied that it adequately covers the amount receivable to the Group. This balance is denominated in US\$ and hence the provision amount is subject to exchange rate adjustments at each reporting date.

²Staff loans relate to amounts advanced to employees at concessionary interest rates for the purchase of motor vehicles. The loans have been discounted to present value using market interest rates, resulting in the recognition of a mark to market loss on initial recognition. The mark to market loss has been included in employee costs per note 5.2. The loans are secured against the vehicles.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
13. Inventories		
Inventories comprise:		
Raw materials and consumables	42,896	33,515
Merchandise and manufactured goods	439,219	271,163
	482,115	304,678

Cost of inventories recognised as an expense was ZW 2.0 billion (31 August 2023: ZWG 2.6 billion). This includes ZWG 7.1 million (31 August 2023: ZWG 24.6 million) in respect of write-offs of inventory due to shrinkage.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
14. Trade and other receivables		
Trade receivables	11,238	5,445
Expected credit loss allowance	(918)	(564)
Net trade receivables	10,320	4,881
Prepayments and deposits	11,353	17,533
Receivables from leased premises	45,627	23,419
Commissions	12,545	9,005
Other receivables*	10,638	25,306
	90,483	80,144

* Due to the nature of the Group’s diversified operations in multiple industries, other receivables include multiple line items that are not material enough to be reasonably disaggregated. Examples include fees for payroll services provided to related parties not within the Group and suspense accounts.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
15. Lease liabilities		
Opening balance	20,729	58,243
Additions	387	1,697
Disposals	(1)	(2,830)
Interest expense	9,335	15,375
Rental payments	(13,870)	(31,267)
Lease modifications	66,281	73,736
Exchange differences arising from translations	2,095	7,134
Monetary adjustment	(7,662)	(101,359)
	77,294	20,729
Less current portion	(16,193)	(15,437)
Non-current portion	61,101	5,292

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
15. Lease liabilities (continued)		
Maturity profile – Gross		
Between zero and one year	16,193	15,437
Between one and two years	13,258	12,450
Between two and three years	9,745	9,126
Between three and four years	9,392	8,795
Between four and five years	7,592	7,110
After five years	33,039	30,940
	89,219	83,858
16. Trade, other payables, and provisions		
Trade payables	459,018	242,342
Accruals and other payables	124,547	91,823
Provisions	21,059	18,240
Tax payable	50,700	5,319
	655,324	357,724

The credit period on purchases ranges from 7 to 60 days (29 February 2024: 7 to 60 days) from the statement date. Foreign suppliers are paid predominantly on a prepayment or cash basis. Certain but not all suppliers charge interest on overdue payables.

Trade payables comprise amounts outstanding for trade purchases. The Directors consider that the carrying amount of trade payables approximate their fair values.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
17. Borrowings		
Opening balance	8,102	10,918
Interest expense	548	2,945
Loan write-back	-	(3,322)
Exchange movements	4,098	10,187
Monetary adjustment	(810)	(12,626)
	11,938	8,102
Less current portion	(11,938)	(8,102)
Non-current portion	-	-
Unsecured:		
Acceptance credits, loans and overdrafts	11,938	8,102
Maturity profile		
On demand	11,938	8,102

Included in the unsecured borrowings are the following: -

- A loan of ZWG 1 (29 February 2024: ZWG 1) from Afghan African Holdings Limited, a minority shareholder in Meikles Centar Mining (Private) Limited. The loan attracted interest of 5% per annum inclusive of an annual management fee. There are no fixed repayment terms.
- A loan of ZWG 1 (29 February 2024: ZWG 1) from Mr. Ian Hannam, who is part of Afghan African Holdings Limited. The loan attracts interest at 10% per annum and has no fixed repayment terms.
- A loan of ZWG 11,936 (2024: ZWG 8,100) from Barak Fund SPC Limited (Barak), a structured trade finance segregated portfolio domiciled in South Africa. Barak funded Gretermans Stores (1979) Private Limited (Gretermans) trading stock imports from South Africa in 2016. The trade finance agreement between Barak and Gretermans has suspensive conditions, including the borrower obtaining exchange control approval from the Reserve Bank of Zimbabwe (RBZ). The parties implemented the agreement in the absence of the exchange control approval. In retrospect, the Group applied for the exchange control authority to repay the loan from Barak without success, and as a result, the loan is in default. The loan is denominated in US\$ and attracts interest at 10% per annum, adjusted down from 16% in the previous period to align with Exchange Control requirements. Barak is in the process of winding down following financial difficulties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
18. Financial assets and liabilities		
Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 31 August 2024 and 29 February 2024:		
At amortised cost		
Other financial assets (note 12)	148,665	143,834
Trade and other receivables – excluding prepayments and other non-qualifying receivables*	76,998	62,611
Total financial assets	225,663	206,445
Total current	223,694	62,755
Total non-current	1,969	143,690
Total financial assets	225,663	206,445
Set out below, is an overview of financial liabilities held by the Group as at 31 August 2024 and 29 February 2024:		
At amortised cost		
Unsecured acceptance credits, loans and overdrafts – (note 17)	11,938	8,102
Trade and other payables – excluding taxes and provisions (note 16) *	583,565	357,724
Total financial liabilities	595,503	365,826
Total Current	595,503	365,826
Total non-current	-	-
Total financial liabilities	595,503	365,826

Balances excluded amounts that do not qualify as financial assets and financial liabilities measured at amortised cost. In the prior year these exclusions were not made, and these amounts are not material to warrant any further adjustments.

19. Related parties

Balances between the Company and its subsidiaries and joint operations, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below and in note 12.

	Unreviewed 31 Aug 2024 ZWG 000	Restated 31 Aug 2023 ZWG 000
19.1 Related party transactions		
During the period, group entities entered into the following transactions with related parties that are not members of the Group:		
Interest income – short term loans	-	4
Rentals – Wingray Properties (Private) Limited	136	324
Donation expense – Meikles Foundation	204	243
Cost recoveries - Meikles Consolidated Holdings (Private) Limited	220	285
Cost recoveries – Tanganda Tea Company	200	252
Dividend paid to Meikles Consolidated Holdings (Private) Limited	12,874	3,835

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
19.2 Related party balances		
The following balances were outstanding at the end of the reporting date:		
Funds due from MCH (before ECL provisions) – see note 12	162,612	159,173
African Afghan Holdings Limited – payable	1	1
Mr. Ian Hannam – payable	1	1
Current account – MCH	4,010	-
Current account – Tanganda Tea Company	275	119
Current account with MCH – receivable	750	735

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Related parties (continued)

- The loan from African Afghan Holdings Limited, a minority shareholder in Meikles Centar Mining (Private) Limited, attracts interest at 5% including an annual management fee of 4% per annum. There are no fixed repayment terms.
- Meikles Consolidated Holdings (Private) Limited (“MCH”) is the controlling shareholder of the Company. The current account is unsecured and has no fixed terms of repayment.
- The loan from Mr. Ian Hannam, who is connected with African Afghan Holdings Limited, attracts interest at 10% per annum and is repayable on demand.
- Tanganda Tea Company and Meikles Limited Company are both controlled by MCH.
- Meikles Foundation and Wingray Properties (Private) Limited are affiliated with MCH, the controlling shareholder of the Company.

20. Commitment

Commitments for the acquisition of property, plant and equipment

Authorised but not yet contracted for

Group’s share of capital commitments of joint operations

	Unreviewed 31 Aug 2024 ZWG 000	Restated 29 Feb 2024 ZWG 000
	104,955	118,563
	4,156	5,664

21. Subsequent events

21.1 Loan guarantee

Thomas Meikle Properties (Private) Limited, “TMP,” a 100% owned subsidiary of the Company, obtained a US\$4 million loan facility from a local bank to fund refurbishments of its commercial properties. The loan agreement was signed on 14 June 2024. The loan was only available to TMP on 1 October 2024, upon the local bank receiving a US\$4 million on-demand bank guarantee from the bankers of the Company’s foreign subsidiary, CGI. CGI will maintain a US\$4 million deposit with its bankers until the guarantee issued to the local bank has been annulled. Consequently, US\$4 million (equivalent to ZWG 55.4 million), part of the cash and bank balances on 31 August 2024, is not available for use by the Group until the loan facility has been repaid. The loan facility is due for payment on 31 May 2025.

21.2 Exchange rate movement

As at the date of sign off these interim financial statements the interbank rate had moved to US\$1:ZWG 26.26 from US\$1:ZWG 13.85 on 31 August 2024. The directors have considered this movement to be a non-adjusting subsequent event.

CORPORATE INFORMATION

Meikles Limited

(Registration No. 1/37)

Business Address and Registered Office

4 Steppes Road
Highlands
Harare
Zimbabwe
Telephone +263-242-252068-71
Telefax +263-242-252067

Website Address

www.meiklesltd.com

Company Secretary

Tabani Mpofu
email: investorrelations@meikles.com

Auditors

Ernst & Young Chartered Accountants
Angwa City, Corner Julius Nyerere Way/Kwame Nkrumah
Avenue
Harare
P.O. Box 702
Harare
Zimbabwe
Telephone +263-242-759660/9

Website Address

<http://www.ey.com>

Directorate

Mr. J.R.T. Moxon - Non-executive Chairperson

Mr. R. Chidembo - Non-executive Director (resigned on 18 December 2024)
Ms. C.C Chitiyo - Non-executive Director (resigned on 24 October 2024)
Mr. S.P. Cranswick - Non-executive Director (resigned on 18 December 2024)
Mr. S.J. Hammond - Non-executive Director (resigned on 18 December 2024)
Mr. J.A. Mushore - Non-executive Director (resigned on 18 December 2024)
Mr. M.J.S. Moxon - Acting Chief Executive Officer (appointed on 4 October 2024)
Mr. T. Muzvagwandoga - Finance Director
Mr. M.R Mycroft – Chief Executive Officer (ceased to hold office on 1 October 2024)
Mr. K. Ncube - Executive Director
Mr. F King - Non-executive Director (appointed on 18 December 2024)
Mr. M Golding - Non-executive Director (appointed on 18 December 2024)
Mr. B. Ward - Non-executive Director (appointed on 18 December 2024)

Transfer Secretaries

ZB Transfer Secretaries
21 Natal Road
Belgravia
P.O Box 2540
Harare
Zimbabwe
Telephone +263-242-759660/9
Email: rmutakwa@zb.co.zw



