

# REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS

for the half year ended 30 June 2023



## Financial Highlights

Change	Inflation Adjusted		Historical Cost		
	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	
Revenue	137%	113,090,389,706	47,635,606,205	59,667,689,408	7,052,676,723
EBT	124%	58,758,341,607	26,270,476,025	89,798,586,793	6,311,666,326
EBITDFVA	251%	49,560,289,194	14,118,589,191	42,175,821,239	2,386,099,641
EBITDFVA/Turnover	48%	44%	30%	71%	34%
Basic earnings per share (cents)	154%	24,806	9,262	31,480	2,080
Diluted earnings per share (cents)	154%	24,806	9,262	31,480	2,080
Headline earnings per share (cents)	123%	12,268	5,502	10,986	775

## REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULT FOR THE HALF YEAR ENDED 30 JUNE 2023

### CHAIRMAN'S STATEMENT

#### INTRODUCTION

I am pleased to present my report for the half year ended 30 June 2023. The Group's reviewed financial statements are adjusted for inflation in terms of International Accounting Standards (IAS) 29: Reporting in Hyperinflationary Economies. Historical cost financial statements have been issued for information purposes only.

#### OPERATING ENVIRONMENT

The macro-economic environment remained constrained as the Zimbabwe dollar continued to depreciate against other currencies, resulting in annual inflation closing the period at 175.7% (2022:191.6%). To curb the continued inflationary pressures, the authorities implemented monetary interventions which included tight Zimbabwe dollar liquidity, and increased lending rates to stabilise the exchange rate. These measures resulted in escalated use of the United States dollar in the economy.

The power cuts in the first quarter of the year disrupted operations in the supply chain and increased costs of doing business. Despite the highlighted challenges, the Group performed satisfactorily in the half year ended 30 June 2023.

#### OPERATIONS REVIEW

The contracting business commenced the financial period with a firm and diversified order book comprising roads & earthworks, mining, housing and energy infrastructure. The book was evenly balanced between the public and private sectors. However, efficient execution of the order book was curtailed in the second quarter due to the impact of the government's tight monetary policy. The quarry mining business, Stemrich Investments, contributed positively to the performance of the Group. The Properties segment closed the half year with occupancy levels at 100% (2022:100%) and rental yield of 10% (2022:5%).

#### REVIEW OF INFLATION ADJUSTED PERFORMANCE

Revenue for the six months period increased by 137% to ZWL113 billion (2022: ZWL48 billion). This growth was mainly driven by a diversified order book in the roads & earthworks, mining and housing infrastructure sectors. The proportion of United States dollar revenues in the period improved to 71% (2022: 55%). The associated revenues and costs are converted to Zimbabwe dollars based on the Willing Buyer Seller foreign exchange rates.

The Group realised profit before tax of ZWL59 billion (2022: ZWL26 billion) representing 124% growth on the comparative period, mainly driven by production efficiencies, fair value gains on investment property, exchange gains emanating from a net foreign currency asset position and monetary loss adjustment.

The Group's financial position remained robust with a strong and firm asset base, as total assets closed the period at ZWL468 billion (2022: ZWL184 billion). The increase was mainly due to revaluation surplus and fair value gains realised on property, plant and equipment and investment property, respectively.

Cash generated from operations improved to ZWL30 billion (2022: ZWL 0.2 billion), mainly attributable to business growth and improved profitability. Capital expenditure incurred in the period to support the firm order book amounted to ZWL5 billion (2022: ZWL14 billion) which equated to USD3.6 million (2022: USD6.7 million) in foreign currency terms.

As at end of the financial period, total borrowings were at ZWL1 billion (2022: ZWL1.3 billion). Included in the borrowings is a foreign currency denominated loan balance of USD440,000. Given the current lending rates and economic outlook, the Group's levels of borrowings are sustainable.

#### OCCUPATIONAL HEALTH AND SAFETY ASSESSEMENT SYSTEM

The Group is certified to the International Organisation for Standardisation (ISO) 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System standards.

Lost Time Injury Frequency Rate (LTIFR) remained at zero as achieved in the comparative period.

#### CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate strategy is community driven. To that end, as a minimum guideline, general workers are recruited from the local communities where the projects are undertaken. In the period under review a total of 1,481 people were employed as general workers, representing 60% (2022: 61%) of total employment levels. In addition, sixty three students are currently engaged under Graduate Development Trainee, Apprenticeship, Training Outside Professional Practice and Student on Attachment programmes.

#### OUTLOOK

The Government has committed to maintaining the tight monetary and fiscal policies enacted in May 2023. Therefore, in the short term, the operating environment is forecast to remain constrained on the back of tight liquidity challenges and declining commodity prices on the international market.

The current state of infrastructure across the economic sectors provides opportunities to the Group. The order book at the end of the reporting period was valued at USD141 million and was skewed towards public sector funded projects. A conducive and stable economic environment is a necessary and key enabler to unlocking the order book. To that end, we are encouraged by Government's concerted efforts in stabilising the macro-environment.

#### DIVIDEND DECLARATION

The Board, having evaluated the cashflow associated with the growing order book, coupled with the need to strengthen capacity, has resolved not to declare an interim dividend.

#### DIRECTORATE

##### Retirement

Mr Canada Malunga, the Chief Executive Officer of the Group, will retire on 31 December 2023 after a decade of visionary and successful leadership. He led the Group through major transformations, such as rebranding from Murray & Roberts (Zimbabwe) Limited in 2013, unbundling and listing its manufacturing division, Proplastics, on the Zimbabwe Stock Exchange in 2015, and expanding the contracting business into various sectors and services. He also fostered a culture of excellence and collaboration within the Group.

##### Appointment

I am pleased to announce the appointment of Mr Fungai Matahwa as Group Chief Executive Officer Designate effective 1 January 2024. Fungai was appointed to the Board on 15 September 2023. Prior to his appointment, Fungai held the position of Managing Director (Construction).

It is with profound gratitude that I thank Canada for his outstanding service to the Group. I congratulate Fungai on his appointment and wish him the best in his new role.

#### APPRECIATION

On behalf of the Board, I extend my appreciation to our valued stakeholders for their continued support as well as the executives and staff for their valuable contribution towards the attainment of these results. I also wish to thank my colleagues on the Board for their valuable contribution.

For and on behalf of the Board



G. Sebborn  
Chairman

28 September 2023

## INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These abridged interim consolidated inflation adjusted financial statements for the six months ended 30 June 2023 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and an unmodified review conclusion was issued thereon.

The Engagement Partner on the review resulting in this review conclusion is Edmore Chimhova (PAAB Number 0470).

## Abridged Consolidated Statement of Profit or Loss for the half year ended 30 June 2023

Notes	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL
	113,090,389,706	47,635,606,205	59,667,689,408	7,052,676,723
Revenue				
Profit before depreciation and fair value adjustments	49,560,289,194	14,118,589,191	42,175,821,239	2,386,099,641
Fair value adjustments	29,947,106,456	12,044,759,748	49,414,093,805	4,186,419,665
Depreciation	(4,247,982,815)	(1,375,215,691)	(1,630,673,308)	(211,348,490)
<b>Operating profit</b>	<b>75,259,412,835</b>	<b>24,788,133,248</b>	<b>89,959,241,736</b>	<b>6,361,170,816</b>
Net interest paid	(391,494,916)	(379,053,344)	(160,654,943)	(49,504,490)
Net monetary (loss)/ gain	(16,109,576,312)	1,861,396,121	-	-
<b>Profit before tax</b>	<b>58,758,341,607</b>	<b>26,270,476,025</b>	<b>89,798,586,793</b>	<b>6,311,666,326</b>
Income tax	1,186,242,365	(3,889,336,867)	(13,725,828,366)	(1,285,759,347)
<b>Profit for the period</b>	<b>59,944,583,972</b>	<b>22,381,139,158</b>	<b>76,072,758,427</b>	<b>5,025,906,979</b>
Number of shares in issue (millions)	242	242	242	242
Basic earnings per share (cents)	24,806	9,262	31,480	2,080
Diluted earnings per share (cents)	24,806	9,262	31,480	2,080
Headline earnings per share (cents)	12,268	5,502	10,986	775

## Abridged Consolidated Statement of Comprehensive Income for the half year ended 30 June 2023

Notes	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL
	59,944,583,972	22,381,139,158	76,072,758,427	5,025,906,979
Profit for the period				
Other comprehensive income:				
Gain on revaluation of property, plant and equipment	78,594,020,825	30,771,808,309	117,106,620,033	9,280,378,882
Fair value adjustment on financial assets carried at fair value through other comprehensive income	502,485,899	(682,174,962)	926,537,961	39,758,206
Deferred tax charge on other comprehensive income	(29,496,530,675)	(9,808,037,661)	(29,505,011,716)	(1,998,186,757)
Other comprehensive income for the period, net of tax	49,599,976,049	20,281,595,686	88,528,146,278	7,321,950,331
<b>Total comprehensive income for the period</b>	<b>109,544,560,021</b>	<b>42,662,734,844</b>	<b>164,600,904,705</b>	<b>12,347,857,310</b>

## Abridged Consolidated Statement of Financial Position as at 30 June 2023

Notes	Inflation Adjusted		Historical Cost		
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	
<b>ASSETS</b>					
Property, plant and equipment	3.3	136,948,767,654	57,875,390,570	136,948,767,654	18,548,114,159
Investment property	3.4	58,608,831,255	28,444,264,032	58,608,831,255	9,115,920,450
Investments	3.5	1,126,535,692	624,049,792	1,126,535,692	199,997,731
		<b>196,684,134,601</b>	<b>86,943,704,394</b>	<b>196,684,134,601</b>	<b>27,864,032,340</b>
<b>Current assets</b>					
Inventories		6,897,149,107	1,473,577,727	5,051,896,219	466,580,553
Contracts in progress and other accounts receivables	3.6	256,241,965,005	90,769,319,905	256,241,965,005	29,090,079,413
Cash and cash equivalents		8,580,203,686	4,463,107,397	8,580,203,686	1,430,352,775
		<b>271,719,317,798</b>	<b>96,706,005,029</b>	<b>269,874,064,910</b>	<b>30,987,012,741</b>
<b>Total assets</b>		<b>468,403,452,399</b>	<b>183,649,709,423</b>	<b>466,558,199,511</b>	<b>58,851,045,081</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital		1,126,983,957	1,126,983,957	2,416,537	2,416,537
Share premium		424,205,957	424,205,957	1,006,892	1,006,892
Reserves		80,381,360,506	30,781,384,457	101,134,869,790	12,606,723,512
Retained earnings		110,692,709,287	54,504,859,077	89,641,713,600	15,214,150,344
		<b>192,625,259,707</b>	<b>86,837,433,448</b>	<b>190,780,006,819</b>	<b>27,824,297,285</b>
<b>Non-current liabilities</b>					
Deferred tax		50,220,440,810	21,928,416,419	50,220,440,810	7,027,698,078
		<b>50,220,440,810</b>	<b>21,928,416,419</b>	<b>50,220,440,810</b>	<b>7,027,698,078</b>
<b>Current liabilities</b>					
Interest bearing borrowings	3.7	897,810,396	1,323,713,920	897,810,396	424,228,617
Accounts payables	3.8	224,659,941,486	73,560,145,636	224,659,941,486	23,574,821,101
		<b>225,557,751,882</b>	<b>74,883,859,556</b>	<b>225,557,751,882</b>	<b>23,999,049,718</b>
<b>Total equity and liabilities</b>		<b>468,403,452,399</b>	<b>183,649,709,423</b>	<b>466,558,199,511</b>	<b>58,851,045,081</b>




**Abridged Consolidated Statement of Cash Flows  
 for the half year ended 30 June 2023**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL
Net cashflows generated/(utilised) in operating activities	29,725,620,415	(159,229,324)	11,324,988,072	861,373,417
Net cashflows utilised in investing activities	(4,944,799,840)	(7,150,502,227)	(3,003,523,770)	(833,766,342)
Net cashflows utilised in financing activities	(4,182,637,286)	(3,622,919,143)	(1,171,613,392)	(306,551,775)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>20,598,183,289</b>	<b>(10,932,650,694)</b>	<b>7,149,850,910</b>	<b>(278,944,700)</b>

**Abridged Consolidated Statement of Changes in Equity  
 for the half year ended 30 June 2023**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
Shareholders' equity at the beginning of the period	86,837,433,448	36,039,505,113	27,824,297,285	3,359,924,035
Other comprehensive income	497,461,040	(876,931,944)	917,272,581	50,134,585
Dividend paid	(3,756,733,762)	(645,310,439)	(1,645,195,171)	(100,769,596)
Revaluation	49,102,515,009	16,334,976,788	87,610,873,697	11,077,983,129
Profit for the period	59,944,583,972	35,985,193,930	76,072,758,427	13,437,025,132
Shareholders' equity at the end of the period	<b>192,625,259,707</b>	<b>86,837,433,448</b>	<b>190,780,006,819</b>	<b>27,824,297,285</b>

**NOTES TO THE INTERIM ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS**
**1 Basis of presentation**
**Statement of compliance**

The abridged consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34: Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements.

**2 Functional and presentation currency**

The abridged interim consolidated financial statements are presented in Zimbabwe dollars (ZWL), being the functional and reporting currency of the primary economic environment in which the Group operates.

**2.1 IAS 29: Reporting in hyperinflationary economies**

The results have been prepared under the current cost basis in line with the provisions of IAS 29: Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement effective 01/2019). The Directors have applied the guidelines provided by the PAAB and made various assumptions to prepare the inflation adjusted financial statements. The Group adopted the Zimbabwe Total Consumption Poverty Line (TCPL) to estimate CPIs after the ZWL consumer price index was replaced with blended CPI which is not appropriate for IAS 29 in February 2023. Non-monetary assets and liabilities have been restated to reflect the changes in the general price index. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit prevailing at the end of the reporting period. Items recognised in the Statement of Profit or Loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred.

The conversion factors used to restate the Group's financial results are as follows:

Date	Indices	Conversion factor
30 June 2023	42,710.72	1.00
31 December 2022	13,672.91	3.12
30 June 2022	8,787.35	4.91

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2023 ZWL	Reviewed 30 June 2022 ZWL
<b>3.1 Profit before tax</b>				
<b>Profit before tax is shown after charging the following items:</b>				
Depreciation	4,247,982,815	1,375,215,691	1,630,673,308	211,348,490
Staff costs	2,918,421,676	2,902,979,956	491,591,418	423,604,793
<b>3.2 Income tax</b>				
Current tax	(28,832,501)	(197,836,342)	(28,831,970)	(39,981,218)
Deferred tax	1,215,074,866	(3,691,500,525)	(13,696,996,396)	(1,245,778,129)
	<b>1,186,242,365</b>	<b>(3,889,336,867)</b>	<b>(13,725,828,366)</b>	<b>(1,285,759,347)</b>
<b>Tax reconciliation</b>				
Profit before tax	58,758,341,607	26,270,476,025	89,798,586,793	6,311,666,326
Tax at standard rate @ 24.72%	(14,525,062,045)	(6,494,061,673)	(22,198,210,655)	(1,560,243,916)
<b>Adjusted for:</b>				
Effects of other permanent differences	5,177,024,970	1,238,490,809	3,812,572,030	77,054,080
Effects of income taxed at special rates	10,534,279,440	1,366,233,997	4,659,810,259	197,430,489
	<b>1,186,242,365</b>	<b>(3,889,336,867)</b>	<b>(13,725,828,366)</b>	<b>(1,285,759,347)</b>


**3 Notes to the interim abridged consolidated financial statements (continued)**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>3.3 Property, plant and equipment</b>				
<b>Movement for the period:</b>				
Balance at the beginning of the period	57,875,390,570	31,986,659,662	18,548,114,159	2,155,790,373
Capital expenditure	4,727,339,074	13,965,636,180	2,924,706,770	2,830,015,660
Depreciation	(4,247,982,815)	(1,685,250,084)	(1,630,673,308)	(1,348,514,666)
Carrying amount of disposals	-	(9,429)	-	(1,925)
Revaluation - recognition on revaluation	74,346,038,010	11,923,104,158	115,475,946,725	13,562,310,051
Depreciation - elimination on revaluation	4,247,982,815	1,685,250,084	1,630,673,308	1,348,514,666
<b>Balance at the end of the period</b>	<b>136,948,767,654</b>	<b>57,875,390,570</b>	<b>136,948,767,654</b>	<b>18,548,114,159</b>

The Directors performed an internal valuation of property, plant and equipment as at 30 June 2023.

**3.4 Investment property**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>Movement for the period:</b>				
Balance at beginning of the period	28,444,264,032	15,352,730,301	9,115,920,450	1,431,318,421
Fair value adjustments	29,947,106,456	13,262,304,308	49,414,093,805	7,746,597,739
Additions	217,460,767	518,637,644	78,817,000	54,498,333
Disposals during the period	-	(689,408,221)	-	(116,494,043)
<b>Balance at end of the period</b>	<b>58,608,831,255</b>	<b>28,444,264,032</b>	<b>58,608,831,255</b>	<b>9,115,920,450</b>

The Directors conducted an internal valuation of the investment property as at 30 June 2023.

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>3.5 Investments</b>				
<b>Movement for the period:</b>				
Balance at beginning of the period	624,049,792	1,602,127,673	199,997,731	149,364,629
Fair value adjustment	502,485,900	(978,077,881)	926,537,961	50,633,102
<b>Balance at end of the period</b>	<b>1,126,535,692</b>	<b>624,049,792</b>	<b>1,126,535,692</b>	<b>199,997,731</b>

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>3.6 Contracts in progress and accounts receivable</b>				
Contract receivables and contract work in progress	242,590,318,071	70,400,418,771	242,590,318,071	22,562,180,425
Prepayments	13,678,023,929	20,610,102,429	13,678,023,929	6,646,922,884
Trade and other receivables	100,760,096	133,584,784	100,760,096	49,563
	<b>256,369,102,096</b>	<b>91,144,105,984</b>	<b>256,369,102,096</b>	<b>29,209,152,872</b>
Less: expected credit losses	(127,137,091)	(374,786,079)	(127,137,091)	(119,073,459)
	<b>256,241,965,005</b>	<b>90,769,319,905</b>	<b>256,241,965,005</b>	<b>29,090,079,413</b>

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>3.7 Interest bearing borrowings</b>				
Short term	897,810,396	1,323,713,920	897,810,396	424,228,617
	<b>897,810,396</b>	<b>1,323,713,920</b>	<b>897,810,396</b>	<b>424,228,617</b>

The short term loans have a tenure of one year and accrue interest at an effective rate of 12% per annum for USD and 95% per annum for ZWL. These loans are fully secured against immoveable property and a notarial general covering bond over moveable assets including a cession of book debts.

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL	Reviewed 30 June 2023 ZWL	Audited 31 Dec 2022 ZWL
<b>3.8 Accounts payable</b>				
Trade payables	212,569,460,986	3,404,123,854	212,569,460,986	1,090,965,905
Unearned revenue (advance receipts from customers)	11,174,345,803	33,350,542,538	11,174,345,803	10,688,302,302
Contract accruals and other payables	152,547,457	27,927,093,356	152,547,457	8,950,175,722
Tax liabilities	45,561,020	35,725,803	45,561,020	11,449,535
Subcontractor liabilities	718,026,220	8,842,660,085	718,026,220	2,833,927,637
	<b>224,659,941,486</b>	<b>73,560,145,636</b>	<b>224,659,941,486</b>	<b>23,574,821,101</b>
<b>3.9 Contingent liabilities</b>				
Bank guarantees on construction contracts in respect of performance, advance payments, retentions and bids	<b>125,547,226,660</b>	<b>52,485,560,477</b>	<b>125,547,226,660</b>	<b>16,820,761,948</b>

**3.10 Going concern**

The Directors have assessed the Group's ability to continue as a going concern by considering the order book and the cashflow forecast for at least twelve months. They have concluded that the Group will continue to operate as a going concern and that preparation of these abridged interim consolidated financial statements on this basis is appropriate. The Directors acknowledge that the current economic environment requires a continuous assessment of the going concern assumption. They will perform this assessment regularly to ensure that it is still appropriate for preparation of these abridged interim consolidated financial statements.

