AXIA CORPORATION LIMITED

QUALITY | SERVICE | FULFILMENT

Abridged Reviewed Financial Results

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

SALIENT FEATURES

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

	INFLATION ADJUSTED			HISTORICAL		
	FY 2020 ZWL ($ 000)	FY 2019 ZWL ($ 000)		FY 2020 ZWL ($ 000)	FY 2019 ZWL ($ 000)	
Revenue	1 728 687	1 665 074	▲ 4%	1 196 053	234 098	▲ 411%
Operating profit before impairment, depreciation and fair value adjustments	209 929	91 729	▲ 129%	232 064	22 368	▲ 937%
Profit before tax	129 718	95 358	▲ 36%	263 523	22 751	▲ 1058%
Headline earnings per share (cents)	6.73	5.84	▲ 15%	21.88	1.81	▲ 1109%
Cash generated from operations	25 970	118 245	▼ -78%	46 674	20 582	▲ 127%
Interim dividend declared per share (cents)	4.60	2.35	▲ 96%	4.60	2.35	▲ 96%

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

DIRECTORS' RESPONSIBILITY

The Directors of Axia Corporation Limited are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. The reviewed financial statements have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements. The principal accounting policies of the Group are consistent with those applied in the previous annual financial statements except for the adoption of IFRS 16 "Leases" with an effective date of 1 January 2019.

AUDITOR'S STATEMENT

These abridged interim financial results for the six months ended 31 December 2019 have been reviewed by Deloitte & Touche and a modified review conclusion has been issued thereon. This conclusion carries an adverse conclusion with respect to non –compliance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates.

The review conclusion has been made available to management and those charged with the governance of Axia Corporation Limited.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARD 21: THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

As highlighted at the previous year end, the Group did not comply with IFRS due to non-compliance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21). The requirement to comply with Government legislation (SI 33 of 2019) presented challenges in terms of compliance with IFRSs due to inconsistencies with IAS 21 and this was alluded to by PAAB in their guidance issued on the 21st of March 2019. This has affected prior period comparative numbers presented in these interim results.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARD 29: FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

The Public Accountants and Auditors Board (PAAB) through its circular 01/19 issued in October 2019 communicated that the factors and characteristics to apply the International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies (IAS 29) had been met. The Group applied the requirements of IAS 29 with effect from 1 July 2019.

The Group adopted the Zimbabwe Consumer Price Index (CPI) as the general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from 1 October 2018 (date of consensus for IFRS reporting when change in functional currency occurred) to the end of the reporting period. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognized in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred. A net monetary adjustment was recognized in the statement of profit or loss. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. Comparative amounts in the Group financial results have been adjusted to reflect the change in the general price index from 1 October 2018 to the end of the reporting period.

FINANCIAL OVERVIEW

The operating environment was volatile and trading conditions remained challenging during the period, characterised by the re-emergence of hyperinflation, shortage of foreign currency, the weakening Zimbabwe dollar and liquidity constraints. This has made it difficult to settle foreign obligations as well as sell imported products. The inflationary pressures had a negative impact on the Group's operating costs and working capital, with respect to stock inputs. The Group's business units were however resilient and proactive despite these factors and this helped the Group to record a fair performance.
The Group, through its subsidiary Distribution Group Africa disposed its 66.67% shareholding in Baobab Africa (Private) Limited (Baobab), a distribution business. Baobab group had net liabilities of ZWL$ 2.318 million which arose as a result of exchange losses incurred during the period. A profit of ZWL$2.318 million was recognised on the disposal of this subsidiary.

The Group reported a revenue of ZWL$1.729 billion during the period to achieve a 4% growth on the comparative period. The impact of price increases negatively affected demand thus turnover volumes were below those traded in prior year. An improved performance was noted in the last quarter of the half year, where volumes growth was better than that achieved in prior year. The Group sustained growth in profitability by recording an operating profit of ZWL$209.929 million, representing a 129% growth on the comparative period, despite the inflationary pressures on costs. The financial income line is mainly comprised of income earned on the derivative option, unrealised exchange gains on foreign denominated cash and cash equivalents as well as profit on disposal of subsidiary and other assets. Equity accounted earnings are mainly comprised of the results of Transerv and Restapedic Bedding. Basic Earnings Per Share and Headline Earnings Per Share improved by 19% and 15% respectively.

The Group continues to prepare a set of results using the United States dollar as a reporting base for internal measurement which reflect an earnings growth in real terms of 35%.

Net borrowings have increased by ZWL$18.909 million mainly as a result of increased borrowings to fund working capital resulting in more effective gearing.

The Group generated cash of ZWL$25.970 million from operations which was down 78% from the comparative period. The Group's capital expenditure for the period totaled ZWL$16.413 million and this was limited to critical maintenance and expansion projects as these were also affected by inflationary pressures.

SUSTAINABILITY REPORTING

The Group continues to apply the Global Reporting Initiatives (GRI's) Sustainability Reporting Guidelines as part of its commitment to ensuring the sustainability of its businesses. The Group will continue to uphold these practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

OPERATIONS

The main operating business units in the Axia Corporation Limited Group are TV Sales & Home (TVSH), Distribution Group Africa (DGA) and Transerv. TVSH is Zimbabwe's leading furniture and electronic appliance retailer with sites located countrywide. DGA's core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled warehousing, logistics, marketing, sales and merchandising services. Transerv retails automotive spares and accessories by utilising multiple channels to service the needs of its customers.

TV Sales & Home

Whilst turnover was down 7%, operating profit grew by 122%. Volumes however were 30% below prior period, although the business is witnessing a good volumes recovery post 31 December 2019. The drive to increase credit sales has paid off and resulted in the positive growth in a shrinking market. Collections on the debtors' book have remained good.

Inventory holding remains good and focus on local products continues to yield positive benefits as production costs remain lower than regional competition. Restapedic continues to produce good volumes, and new plant and machinery is being installed to gear for export markets. Legend Lounge started production during this period and the market has welcomed its product offerings which provide options in furniture that were not locally available. Production in this business is expected to increase, also in preparation for the export market. Two new stores were opened during this period, one each in Victoria Falls and in Rusape. Growth remains the key focus and the business will continue to grow its store network, with two new shops scheduled to open in the last quarter of the financial year, one in Harare and another in Mutare.

Distribution Group Africa - Zimbabwe

Distribution Group Africa delivered a good set of results in Zimbabwe. While turnover was down 11%, operating profit was up 73%. Volumes were 39% below prior year and the impact of the price increases led to a margin increase which was better than turnover growth. The shortage of foreign currency resulted in the business reducing its imported stock component due to the concomitant pricing pressures. The business is looking at measures of increasing volumes of locally produced products as best substitutes for some imported products as a way of recovering lost volumes. The business houses various leading brands such as Colgate, Kellogg's, Johnson & Johnson, Tiger Brands, Rhodes, Unilever, Nestle, Probrands, Probottlers, Irvine's and Prodairy. Competition in this market remains strong with numerous independent traders. The focus, however, is on providing a comprehensive distribution service with efficient nationwide coverage and this will result in the continued sustainability of the business.

Distribution Group Africa - Region

The regional operations posted a fairly decent set of results with consolidated turnover going up by 16% over prior year in US$ terms. The growth in turnover was contributed by the acquisition of new agencies like Nestle and Blue Band in Zambia and the addition of Pro Group in Malawi. Gross margins also improved as a result of the sales mix and this filtered to operating profit. Despite high levels of stock write-offs and provisioning in Zambia on the back of customer returns, the improved regional performance is encouraging. The Group remains cautiously optimistic about an improvement in the general trading conditions in Malawi which is currently very stable economically despite the recent political instability. The depreciation of local currencies of the countries in which the business operates, especially Zambia, to the US$ is negatively affecting the net assets of the consolidated business. The regional business model is being aligned to the Group model on issues like managing shrinkage so that it's reduced to minimal expected levels.

Transerv

The business continues to face the challenges of an onerous trading environment. Volumes declined significantly by about 46% when compared to same period last year. As the vast majority of Transerv's stock is imported, pricing pressures in the current environment have resulted in volumes decline. Some product lines have suffered a slowdown in stock turn due to the continuously declining consumer disposable incomes. The focus will remain on trading fast-moving products and the business has remained profitable. Despite the difficult environment, the business has managed to maintain its network of 24 trading outlets, 15 Fitment Centers, a diesel pump room (ADCO), a Clutch and Brake Specialists (CBS) and an Autocycle Centre. It remains critical for management to continuously focus on procuring the right stock mix at the right price in order to protect margins and profitability. During the second half of the financial year management will maximise efforts on increasing volumes.

PROSPECTS

The economic environment will remain subdued in the short to medium term. Given the current economic environment, it is important to explore various ways of managing risk whilst preserving value for all stakeholders. On the statement of financial position, the Group's key focus areas will be on managing foreign creditor positions, securing additional inventory as well as managing gearing levels and this will be done in tandem with environmental changes.

The Group is optimistic about the long-term prospects and growth potential of the country, in spite of the current economic challenges. The Board is confident that the Group's businesses will withstand the current harsh economic environment and will be able to deliver a good performance in the remaining half of the financial year. This however will definitely require the right structures and processes that will allow the Group to quickly adapt to environmental changes and leverage on the Group's strength as a dominant distributor and speciality retailers with wide branch networks country-wide. The Group will continue to evaluate investment opportunities that will enable sustainable growth, preserve and grow shareholder value.

DIVIDEND

Based on the historical results, the Board has declared an interim dividend of 4.60 ZWL cents per share in respect of all ordinary shares of the Company. The dividend is payable in respect of the interim period ended 31 December 2019 and will be paid in full to all shareholders of the Company registered at close of business on the 9th of April 2020. The payment of this dividend will take place on or around the 24th of April 2020. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the 6th of April 2020 and ex-dividend as from the 7th of April 2020.

The Board has also declared an interim dividend totaling ZWL$1.2 million to the Axia Employee Share Trust (Private) Limited which will be paid on the same date.

APPRECIATION

I express my sincere gratitude to the Board of Directors, executives, management and staff for their ongoing efforts during the period under review. Their commitment, despite the difficult operating environment, is greatly appreciated. I also take this opportunity to thank the Group's valued customers, suppliers and other stakeholders for their continued support and trust.

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L E M NGWERUME
Chairman

10 March 2020

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

	INFLATION ADJUSTED		HISTORICAL	
	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)
Revenue	**1 728 687**	**1 665 074**	**1 196 053**	**234 098**
Operating profit before impairment, depreciation and fair value adjustments	**209 929**	**91 729**	**232 064**	**22 368**
financial income	36 387	4 678	23 671	700
impairment loss	-	(218)	-	(35)
depreciation	(7 445)	(3 941)	(4 462)	(909)
fair value adjustments on listed equities	8 591	998	5 348	135
Profit before interest and tax	**247 462**	**93 246**	**256 621**	**22 259**
net interest expense	(11 608)	(4 943)	(8 916)	(703)
equity accounted earnings	6 856	7 055	15 818	1 195
net monetary loss	(112 992)	-	-	-
Profit before tax	**129 718**	**95 358**	**263 523**	**22 751**
tax expense	(54 949)	(49 933)	(62 498)	(6 319)
Profit for the period	**74 769**	**45 425**	**201 025**	**16 432**
Other comprehensive income / (loss) - to be recycled to profit or loss				
exchange differences arising on the translation of foreign operations	40 133	(627)	40 133	(627)
Other comprehensive income / (loss) for the period, net of tax	**40 133**	**(627)**	**40 133**	**(627)**
Total comprehensive income for the period	**114 902**	**44 798**	**241 158**	**15 805**
Profit for the period attributable to:				
equity holders of the parent	37 830	31 519	120 302	9 787
non-controlling interests	36 939	13 906	80 723	6 645
	74 769	**45 425**	**201 025**	**16 432**
Total comprehensive income for the period attributable to:				
equity holders of the parent	57 515	31 206	139 989	9 474
non-controlling interests	57 387	13 592	101 169	6 331
	114 902	**44 798**	**241 158**	**15 805**
Earnings per share (cents)				
Basic earnings per share	6.92	5.82	22.01	1.81
Headline earnings per share	6.73	5.84	21.88	1.81
Diluted earnings per share	6.81	5.76	21.65	1.79
Diluted headline earnings per share	6.62	5.78	21.51	1.79

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	INFLATION ADJUSTED		HISTORICAL	
	At 31 Dec 2019 Reviewed ZWL ($ 000)	At 30 June 2019 Audited ZWL ($ 000)	At 31 Dec 2019 Reviewed ZWL ($ 000)	At 30 June 2019 Audited ZWL ($ 000)
ASSETS				
Non-current assets				
property, plant and equipment	168 152	152 724	34 104	16 640
right of use asset	12 521	-	6 900	-
investments in associates and joint ventures	57 804	51 343	27 266	11 571
deferred tax assets	6 408	4 292	14 022	8 955
	244 885	**208 359**	**82 292**	**37 166**
Current assets				
financial assets	20 029	6 258	20 029	2 005
inventories	303 506	334 926	208 069	111 845
trade and other receivables	448 223	459 798	421 210	141 909
cash and cash equivalents	79 717	80 302	79 717	29 934
	851 475	**881 284**	**729 025**	**285 693**
Total assets	**1 096 360**	**1 089 643**	**811 317**	**322 859**
EQUITY AND LIABILITIES				
Capital and reserves				
ordinary share capital	467	466	55	54
share based payment reserve	2 216	1 658	777	457
share premium	339	-	339	-
non-distributable reserves	27 807	8 122	27 807	8 122
distributable reserves	340 608	316 402	186 516	76 165
Attributable to equity holders of parent	**371 437**	**326 648**	**215 494**	**84 798**
non-controlling interests	252 945	201 374	152 109	54 308
Total shareholders' equity	**624 382**	**528 022**	**367 603**	**139 106**
Non-current liabilities				
deferred tax liabilities	34 397	43 462	6 132	6 317
lease liability	7 016	-	7 016	-
	41 413	**43 462**	**13 148**	**6 317**
Current liabilities				
interest-bearing borrowings	137 837	119 513	137 837	44 786
trade and other payables	246 291	373 221	246 292	122 075
provisions and other liabilities	4 596	4 894	4 596	2 808
current tax liabilities	41 841	20 531	41 841	7 767
	430 565	**518 159**	**430 566**	**177 436**
Total liabilities	**471 978**	**561 621**	**443 714**	**183 753**
Total equity and liabilities	**1 096 360**	**1 089 643**	**811 317**	**322 859**

Abridged Reviewed Financial Results

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

INFLATION ADJUSTED	Ordinary Share Capital ZWL ($ 000)	Share premium ZWL ($ 000)	Share Based Payments Reserve ZWL ($ 000)	Non-Distributable Reserves ZWL ($ 000)	Distributable Reserves ZWL ($ 000)	Total ZWL ($ 000)	Non-Controlling Interests ZWL ($ 000)	Total ZWL ($ 000)
Balance on 1 July 2018	**466**	**-**	**1 392**	**(2 682)**	**373 292**	**372 468**	**213 332**	**585 800**
IFRS 9 adoption opening balance adjustment	-	-	-	-	(2 185)	(2 185)	(629)	(2 814)
Profit for the period	-	-	-	-	31 519	31 519	13 906	45 425
Other comprehensive loss	-	-	-	(314)	-	(314)	(313)	(627)
Share based payments expense	-	-	164	-	-	164	-	164
Dividends paid	-	-	-	-	(13 453)	(13 453)	(183)	(13 636)
Transactions with owners in their capacity as owners	-	-	-	-	27	27	(60)	(33)
Balance on 31 December 2018	**466**	**-**	**1 556**	**(2 996)**	**389 200**	**388 226**	**226 053**	**614 279**
Profit for the period	-	-	-	-	(55 711)	(55 711)	(12 411)	(68 122)
Other comprehensive income	-	-	-	11 118	-	11 118	11 482	22 600
Share based payments expense	-	-	102	-	-	102	-	102
Dividends paid	-	-	-	-	(17 087)	(17 087)	(23 750)	(40 837)
Balance on 30 June 2019	**466**	**-**	**1 658**	**8 122**	**316 402**	**326 648**	**201 374**	**528 022**
Profit for the period	-	-	-	-	37 830	37 830	36 939	74 769
Issue of shares	1	272	-	-	-	273	-	273
Other comprehensive income	-	-	-	19 685	-	19 685	20 448	40 133
Share based payments expense	-	-	625	-	-	625	-	625
Realisation of share option reserve	-	67	(67)	-	-	-	-	-
Dividends paid	-	-	-	-	(13 624)	(13 624)	(4 450)	(18 074)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	(1 366)	(1 366)
Balance at 31 December 2019	**467**	**339**	**2 216**	**27 807**	**340 608**	**371 437**	**252 945**	**624 382**

HISTORICAL	Ordinary Share Capital ZWL ($ 000)	Share premium ZWL ($ 000)	Share Based Payments Reserve ZWL ($ 000)	Non-Distributable Reserves ZWL ($ 000)	Distributable Reserves ZWL ($ 000)	Total ZWL ($ 000)	Non-Controlling Interests ZWL ($ 000)	Total ZWL ($ 000)
Balance on 1 July 2018	**54**	**-**	**162**	**(2 682)**	**43 350**	**40 884**	**24 774**	**65 658**
IFRS 9 adoption opening balance adjustment	-	-	-	-	(254)	(254)	(73)	(327)
Profit for the period	-	-	-	-	9 787	9 787	6 645	16 432
Other comprehensive loss for the period	-	-	-	(314)	-	(314)	(313)	(627)
Share based payments expense	-	-	182	-	-	182	-	182
Dividends paid	-	-	-	-	(1 819)	(1 819)	(30)	(1 849)
Transactions with owners in their capacity as owners	-	-	-	-	27	27	(60)	(33)
Balance on 31 December 2018	**54**	**-**	**344**	**(2 996)**	**51 091**	**48 493**	**30 943**	**79 436**
Profit for the period	-	-	-	-	28 486	28 486	18 163	46 649
Other comprehensive loss for the period	-	-	-	11 118	-	11 118	11 482	22 600
Share based payments expense	-	-	113	-	-	113	-	113
Dividends paid	-	-	-	-	(3 412)	(3 412)	(6 280)	(9 692)
Balance on 30 June 2019	**54**	**-**	**457**	**8 122**	**76 165**	**84 798**	**54 308**	**139 106**
Profit for the period	-	-	-	-	120 302	120 302	80 723	201 025
Issue of shares	1	272	-	-	-	273	-	273
Other comprehensive income	-	-	-	19 685	-	19 685	20 448	40 133
Share based payments expense	-	-	387	-	-	387	-	387
Realisation of share option reserve	-	67	(67)	-	-	-	-	-
Dividends paid	-	-	-	-	(9 951)	(9 951)	(2 969)	(12 920)
Transactions with owners in their capacity as owners	-	-	-	-	-	-	(401)	(401)
Balance at 31 December 2019	**55**	**339**	**777**	**27 807**	**186 516**	**215 494**	**152 109**	**367 603**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

	INFLATION ADJUSTED		HISTORICAL	
	31 Dec 2019 Reviewed ZWL ($ 000)	31 Dec 2018 Unaudited ZWL ($ 000)	31 Dec 2019 Reviewed ZWL ($ 000)	31 Dec 2018 Unaudited ZWL ($ 000)
Cash generated from operations	**25 970**	**118 245**	**46 674**	**20 582**
net interest paid	(10 622)	(4 943)	(7 931)	(703)
tax paid	(43 871)	(27 525)	(32 579)	(3 623)
Net cash (utilised) / generated from operating activities	**(28 523)**	**85 777**	**6 164**	**16 256**
Investing activities	**(38 140)**	**(23 603)**	**(27 613)**	**(3 135)**
Net cash (outflow) / inflow before financing activities	**(66 663)**	**62 174**	**(21 449)**	**13 121**
Financing activities	**66 078**	**2 039**	**71 232**	**268**
(Decrease) / increase in cash and cash equivalents	**(585)**	**64 213**	**49 783**	**13 389**
Cash and cash equivalents at the beginning of the period	80 302	64 283	29 934	7 297
Cash and cash equivalents at the end of the period	**79 717**	**128 496**	**79 717**	**20 686**

NOTES AND SUPPLEMENTARY INFORMATION

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019

1 Corporate Information

The Company is incorporated and domiciled in Zimbabwe.

2 Operating Segments

The following table represents the summarised financial information of the Group's operating segments for the half year ended 31December 2019:

INFLATION ADJUSTED	Zimbabwe ZWL ($ 000)	Region ZWL ($ 000)	Intersegment adjustments ZWL ($ 000)	Total ZWL ($ 000)
Revenue				
31 December 2019	1 478 857	249 830	-	1 728 687
31 December 2018	1 648 761	16 313	-	1 665 074
Operating profit before impairment, depreciation and fair value adjustments				
31 December 2019	198 232	11 697	-	209 929
31 December 2018	91 445	284	-	91 729
Depreciation				
31 December 2019	(5 724)	(1 721)	-	(7 445)
31 December 2018	(3 877)	(64)	-	(3 941)
Equity accounted earnings				
31 December 2019	6 856	-	-	6 856
31 December 2018	7 055	-	-	7 055
Profit before tax				
31 December 2019	122 405	7 313	-	129 718
31 December 2018	95 009	349	-	95 358
Segment assets				
31 December 2019	1 168 761	232 521	(304 922)	1 096 360
30 June 2019	1 277 662	78 261	(266 280)	1 089 643
Segment liabilities				
31 December 2019	350 616	160 332	(38 970)	471 978
30 June 2019	510 778	51 172	(329)	561 621
Capital expenditure				
31 December 2019	16 041	372	-	16 413
31 December 2018	12 438	29	-	12 467

NOTES AND SUPPLEMENTARY INFORMATION

FOR THE 6 MONTHS ENDED 31 DECEMBER 2019 (Continued)

2 Operating Segments (Continued)

HISTORICAL	Zimbabwe ZWL ($ 000)	Region ZWL ($ 000)	Intersegment adjustments ZWL ($ 000)	Total ZWL ($ 000)
Revenue				
31 December 2019	946 223	249 830	-	1 196 053
31 December 2018	217 785	16 313	-	234 098
Operating profit before impairment, depreciation and fair value adjustments				
31 December 2019	220 367	11 697	-	232 064
31 December 2018	22 084	284	-	22 368
Depreciation				
31 December 2019	(2 741)	(1 721)	-	(4 462)
31 December 2018	(845)	(64)	-	(909)
Equity accounted earnings				
31 December 2019	15 818	-	-	15 818
31 December 2018	1 195	-	-	1 195
Profit before tax				
31 December 2019	256 210	7 313	-	263 523
31 December 2018	22 402	349	-	22 751
Segment assets				
31 December 2019	629 262	232 521	(50 466)	811 317
30 June 2019	288 724	78 261	(44 126)	322 859
Segment liabilities				
31 December 2019	322 352	160 332	(38 970)	443 714
30 June 2019	153 672	51 172	(21 091)	183 753
Capital expenditure				
31 December 2019	13 238	372	-	13 610
31 December 2018	1 617	24	-	1 641

	INFLATION ADJUSTED		HISTORICAL	
	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)
3 Commitments for capital expenditure				
Contracts and orders placed	902	897	902	144
Authorised by Directors but not contracted	50 309	28 289	6 649	4 554
	51 211	**29 186**	**7 551**	**4 698**
The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.				
4 Borrowings & Security				
Net book value of Motor Vehicles pledged as security for interest-bearing borrowings	**490**	**38**	**490**	**38**

Interest-bearing borrowings constitute bank loans from various financial institutions. The average cost of borrowings for the Axia Group operations in Zimbabwe is 29.24% per annum, with borrowings for regional operations averaging an interest rate of 16.37% in the respective local currency loans. The facilities expire at different dates and will be reviewed and renewed as they mature.

5 Leases

The Group has applied IFRS 16 using the modified restrospective approach with effect from 1 July 2019 and the comparative information has not been restated and continues to report under IAS 17 and IFRIC 4. IFRS 16 requires the recognition of a right of use asset and lease liability where the Group is a lessee and the lease term is twelve months or more.

Impact on financial results

On transition to IFRS 16, the Group recognised a right of use asset of ZWL$14.18 million (Inflation-adjusted) and ZWL$8.26 millon (historical) and lease liabilties of the same amount. Right of use asset depreciation amounting to ZWL$1.64 million (inflation-adjusted) and ZWL$1.33 million (historical) is included under the Group depreciation expense. Finance costs of ZWL$0.99 million (inflation-adjusted) and ZWL$0.69 million (historical) relate to unwinding of lease liability.

6 Hyperinflation

The conversion factors have been computed from the Consumer Price Index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website. The conversion factors used to restate the financial results are as follows:

	Indices	Conversion factor
CPI on 31 December 2019	551.63	1.00
CPI on 30 June 2019	172.61	3.20
Average CPI - 6 months to 31 December 2019	362.30	
Average CPI - 6 months to 31 December 2018	72.60	

7 Earnings per share

Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue for the period.

Diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for the conversion of share options. Share options are considered for dilution if the average market price of ordinary shares during the period exceeds the exercise price of such options. The employee share options and the indigenisation share options with an indigenous company had a dilutive effect at the end of the financial period.

Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

	INFLATION ADJUSTED		HISTORICAL	
Reconciliation of basic earnings to headline earnings	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)	6 months ended 31 Dec 2019 Reviewed ZWL ($ 000)	6 months ended 31 Dec 2018 Unaudited ZWL ($ 000)
Profit for the period attributable to equity holders of the parent	37 830	31 520	120 302	9 788
Adjustment for capital items (gross of tax):				
Impairment loss	-	218	-	35
Profit on disposal of assets	(954)	(322)	(627)	(13)
Profit on disposal of motor vehicles	-	-	-	(5)
Profit on disposal of investment in subsidiary	(1 850)	-	(1 351)	-
Tax effect on adjustments	693	27	489	5
Non-controlling interests' share of adjustments	1 050	185	744	-
Headline earnings attributable to ordinary shareholders	**36 769**	**31 628**	**119 557**	**9 810**
Number of shares in issue				
Number of ordinary shares in issue per Basic and Headline Earnings Per Share	546 469	541 593	546 469	541 593
Effect of share options	9 312	5 345	9 312	5 345
Weighted average number of ordinary shares in issue adjusted for the effect of dilution	**555 781**	**546 938**	**555 781**	**546 938**
Basic earnings per share (cents)	6.92	5.82	22.01	1.81
Headline earnings per share (cents)	6.73	5.74	21.88	1.81
Diluted basic earnings per share (cents)	6.81	5.76	21.65	1.79
Diluted headline earnings per share (cents)	6.62	5.78	21.51	1.79

8 Contingent liabilities

	31 Dec 2019 Reviewed ZWL ($ 000)	30 June 2019 Audited ZWL ($ 000)	31 Dec 2019 Reviewed ZWL ($ 000)	30 June 2019 Audited ZWL ($ 000)
Bank guarantees	4 162	3 121	4 162	3 121

Contingent liabilities relate to bank guarantees provided to a joint venture company, Transerv, as at 31 December 2019.

9 Events after the reporting date

There have been no significant events after reporting date at the time of issuing this press release.