

CHAIRMAN'S REPORT

On behalf of the directors of WestProp Holdings Limited I have the pleasure of submitting the abridged Financial Report, together with the reviewed Financial results for the half year ended 30 June 2023.

OPERATING ENVIRONMENT

The early part of the year was characterised by a tough operating environment as the economic activity slowed down following a sudden surge in inflation and volatility in the exchange rate. Towards the end of the review period monetary measures introduced by the government brought about a stability within the environment. This gave the Group confidence of an improved operating environment for the remainder of 2023. We hope the current stability of the USD environment and low inflation will continue to be maintained thus enabling all business and the economy to register significant growth.

DIRECTORS' RESPONSIBILITY

The directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Group's abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Group's abridged financial statements fairly present the state of affairs of the Group as at the end of the period and the results of its operations and cash flows for the period then ended, in conformity with International Accounting Standard (IAS) 34 – Interim Financial Reporting.

FINANCIAL PERFORMANCE

The revenue for the Group increased marginally to USD 11,770,480 during the period under review when compared to USD 11,656,632 for the same period last year. Despite a marginal growth, the Board has approved current projects to a value of USD 147,000,000 of sales and an anticipated Gross Profit of USD 68,000,000. This is a confirmation that we are on track to deliver a gross profit in excess of USD 20,000,000 per year for the next 3 years.

The Group recorded a net profit after tax of USD 2,721,188 for the half year ended 30 June 2023. A market-based valuation of the Group's land banks inclusive of its 70% interest in Sunshine Developments (Private) Limited done during the period gave an aggregated fair value of USD 201,750,000.

Operating expenses for the half year 2023 amounted to USD 2,374,208 compared to USD 1,249,458 for the same period last year, representing a USD 1,124,750 increase. The cost increase is due to Victoria Falls Stock Exchange (VFEX), Initial Public Offer (IPO) and listing requirements which resulted in the Group incurring ad hoc public relations, IPO, audit and professional fees, these were expensed in the half year ended 30 June 2023.

Liquidity of the Group improved by 248% with the Group having cash and its equivalents of USD 1,495,991 as at 30 June 2023 compared to USD 430,091 as

at 30 June 2022. The Group's current ratio as at 30 June 2023 was 4.7 times.

DIVIDENDS

The directors have declared a dividend of 46% of USD 2,721,188 translating to 0.04 cents per share payable to ordinary shareholders from the distributable profits for the half year under review. A separate dividend notice will be published to this effect in accordance with the Group's Articles of Association and Victoria Falls Stock Exchange listings requirements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Group was involved in CSR activities as part of its core values of giving to the community to the tune of USD 57,099 in mentorship, sporting, educational and medical assistance.

OUTLOOK

The Group has already committed to its rollout of two multi-billion-dollar developments which includes Pomona City a "City within a city" development as well as one of Africa's most premier Golf Estate "The Hills" to which case both developments are already actively engaged and being developed to launch in 2024.

We are also pleased to confirm that we are in the final stages of negotiations for Zimbabwe's long awaited first ever regional mall "The Mall of Zimbabwe" which we expect to go to ground by mid-2024.

The Group continues to work towards its target of putting a billion bricks in the ground by 2050 and is still within this target. We continue to move from strength to stronger strength after the successful listing of the Group's shares on the Victoria Falls Stock Exchange.

APPRECIATION

I extend my appreciation to the board, management, employees and all stakeholders, for their commitment to deliver results despite numerous hurdles the Group has faced during the period under review.

DR. MICHAEL LOUIS
BOARD CHAIRMAN

INDEPENDENT AUDITOR'S STATEMENT

These interim abridged consolidated financial results for the six months ended 30 June 2023 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a qualified review conclusion was issued thereon. This review conclusion is modified with respect to non-compliance with International Financial Reporting Standard (IFRS) 15 – Revenue from Contracts with customers and the inclusion of unaudited financial statements for Sunshine Developments (Private) Limited in the abridged consolidated interim financial statements of WestProp Holdings Limited.

The Engagement Partner on the review engagement resulting in this independent review conclusion is Edmore Chimhwa (PAAB 0470).

1 ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Reviewed 30 June 2023 USD	Reviewed 30 June 2022 USD
Revenue	5	11,770,480	11,656,632
Cost of sales	6	(6,379,451)	(5,621,819)
Gross profit		5,391,029	6,034,813
Other income		594,979	3,111,488
Share of joint venture profit		6,782	101,145
Operating expenses		(2,374,208)	(1,249,458)
Profit from operations		3,618,582	7,997,988
Finance costs		(15,000)	(216,240)
Profit before tax		3,603,582	7,781,748
Income tax expense		(882,394)	(2,217,136)
Profit for the period		2,721,188	5,564,612
Other comprehensive income:		-	-
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive income for the period		2,721,188	5,564,612
Earnings per share	10		
Basic earnings per share		0.09	5.565
Diluted earnings per share		0.09	5.565
Headline earnings per share		0.12	7.782

2 ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	Reviewed 30 June 2023 USD	Audited 31 December 2022 USD
ASSETS			
Non-current assets			
Property, plant and equipment		786,885	138,175
Investment property	7	17,200,000	17,200,000
Non-current portion of land held for sale	8	14,069,445	-
Investment in joint venture	9	6,648,854	6,642,072
		38,705,184	23,980,247
Current assets			
Inventories		8,098,712	25,116,427
Trade and other receivables	13	30,047,247	24,872,991
Related party receivables		1,433,780	1,117,043
Cash and cash equivalents		1,495,991	860,182
		41,075,730	51,966,643
TOTAL ASSETS		79,780,914	75,946,890
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital		100	100
Non-distributable reserves		548,695	548,695
Retained earnings		53,204,369	51,746,342
Total equity		53,753,164	52,295,137
Non-current liabilities			
Shareholder's loan		4,202,488	4,283,246
Related party payables	12	7,847,915	7,905,313
Long term payables		5,255,084	4,971,549
Deferred tax liability		28,753	37,164
		17,334,240	17,197,272
Current liabilities			
Trade and other payables		1,214,515	1,854,774
Dividend payable		222,911	-
Current tax payable		7,256,084	4,599,707
		8,693,510	6,454,481
TOTAL EQUITY AND LIABILITIES		79,780,914	75,946,890

3 ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share Capital USD	Non distributable reserves USD	Retained earnings USD	Total USD
Balance at 1 January 2022	100	548,695	40,617,119	41,165,914
Total comprehensive income for the period	-	-	5,564,612	5,564,612
Balance at 30 June 2022 (reviewed)	100	548,695	46,181,731	46,730,526
Balance at 1 January 2023	100	548,695	40,617,119	41,165,914
Total comprehensive income for the period	-	-	11,129,223	11,129,223
Balance at 31 December 2022 (audited)	100	548,695	51,746,342	52,295,137
Balance at 1 January 2023	100	548,695	51,746,342	52,295,137
Total comprehensive income for the period	-	-	2,721,188	2,721,188
Dividend declared	-	-	(1,263,161)	(1,263,161)
Balance at 30 June 2023 (reviewed)	100	548,695	53,204,369	53,753,164

4 ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Reviewed 30 June 2023 USD	Reviewed 30 June 2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,603,582	7,781,748
Adjustment for:		
Depreciation	33,508	16,595
Foreign exchange gain	-	(3,060,942)
Share of joint venture profit	(6,782)	(101,145)
Cash generated from operating activities	3,630,308	4,636,256
Effect of changes in working capital:		
Decrease in inventories	2,948,270	2,597,188
Increase in trade and other receivables	(3,408,684)	(6,447,631)
(Decrease)/Increase in trade and other payables	(640,259)	427,628
Increase in related party receivables	(316,737)	(210,646)
(Decrease)/Increase in related party payables	(57,398)	259,979
	2,155,500	1,262,774
Income tax paid	-	(1,711,456)
Cash flows generated from/(utilised in) operating activities	2,155,500	(448,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(682,218)	(66,666)
Net cash flows utilised in investing activities	(682,218)	(66,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	283,635	1,400,520
Repayment of shareholder's loan	(80,756)	(787,628)
Dividends paid	(1,040,250)	-
	(837,473)	612,892
Net increase in cash and cash equivalents	635,809	97,545
Cash and cash equivalents, at the beginning of the period	860,182	332,546
Cash and cash equivalents, at the end of the period	1,495,991	430,091

NOTES TO THE ABRIDGED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

- Corporate information**
WestProp Holdings Limited is a real estate development Group spearheading property development in Zimbabwe. The Group was converted into a public limited entity with effect from the 7th of March 2023. It became the first real estate Group to be listed on the Victoria Falls Stock Exchange (VFEX) and the listing became the first equity capital raise by way of preference shares in an Initial Public Offering (IPO) on the VFEX stock market.
 - Basis of preparation**
These interim abridged consolidated financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position of the Group since the last annual consolidated financial statements for the year ended 31 December 2022. These abridged interim consolidated financial statements do not include all the information required for the full annual financial statements prepared in accordance with the requirements of the International Financial Reporting Standards. Accordingly, these abridged interim consolidated financial statements are to be read in conjunction with the Group's financial statements for the year ended 31 December 2022.
 - Accounting policies**
The accounting policies in the preparation of the 2023 abridged interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, unless where otherwise stated.
 - Functional and presentation currency**
These abridged interim consolidated financial statements are presented in United States of America dollar (USD), which is the Group's functional currency.
 - Revenue from sale of residential stands - Pomona Phase 1 B & C**
Revenue of USD 11,770,480 includes revenue from sale of residential stands amounting to USD 5,361,163 in respect of which the Group had not fulfilled the requirements for issuance of certificates of compliance by the local council. As at 30 June 2023, all documentation to evidence fulfillment of requirements for issuance of certificates of compliance had been lodged and the local council was still seized with the process of issuance. Servicing of the land is ongoing and will be completed within the 2023 reporting period. As a result, management considered it appropriate to recognise revenue from the sale thereof.
- | | Reviewed
30 June 2023
USD | Reviewed
30 June 2022
USD |
|--------------------------------|---------------------------------|---------------------------------|
| Pokugara Residential Estate | 2,430,000 | 1,215,494 |
| Millennium Heights | 2,885,757 | 2,544,500 |
| Pomona City Residential Estate | 6,454,723 | 7,896,638 |
| | 11,770,480 | 11,656,632 |
- Cost of sales**
In respect of completed sales and off-plan sales (specific identified costs):
Pokugara residential estate 1,402,233 1,366,159
Millennium heights 2,094,140 1,588,706
Pomona city residential estate 2,486,661 2,666,954
In respect of property under development:
Pokugara residential estate 381,687 -
Millennium heights 7,043 -
Pomona city residential estate 7,687 -
6,379,451 5,621,819
 - Investment property**

	Reviewed 30 June 2023 USD	Audited 31 December 2022 USD
Opening carrying amount	17,200,000	17,200,000
Fair value adjustments	-	-
Closing balance	17,200,000	17,200,000
 - Non-current portion of land held for sale**
Balance at 1 January - -
Transfer from inventory 14,069,445 -
Closing balance 14,069,445 -
Non-current portion of land held for sale comprises of land not earmarked for development in the next twelve months.
 - Investment in joint venture**
Balance at 1 January 6,642,072 6,439,782
Share of joint venture profit 6,782 202,290
Closing balance 6,648,854 6,642,072
The Group has 70% interest in Sunshine Developments (Private) Limited, a joint venture involved in the development of Mbudzi people's market. Its operations are strategic to the Group.
 - Earnings per share**
The Group undertook an ordinary share split of 1:30,000 shares during the period under review resulting in issued share capital increase from 1000 shares (2022) to 30,000,000 shares (2023).
 - Contingent liabilities**
As at 30 June 2023, the Group had pending legal cases and the main legal case against it was awaiting ruling at the Supreme Court. However, subsequent to the reporting date the potential claim against the Group was dismissed by the Supreme Court on 15 September 2023 under Judgment No. SC 93/23. As at the reporting date, the Group had other pending legal cases against it which the legal advisors are confident will be ruled in the Group's favour. The legal advisors have advised in its legal report that the likelihood of any outflow of economic resources arising from these pending legal cases is unlikely.
 - Related party payables**
Borrowgate Mall (Private) Limited 6,100,000 6,100,000
Mbuzi People Market (Private) Limited 1,747,915 1,805,313
7,847,915 7,905,313
 - Trade and other receivables**
Trade receivables 29,718,574 24,867,991
Other receivables 328,673 5,000
30,047,247 24,872,991

REPORT ON REVIEW OF INTERIM ABRIDGED CONSOLIDATED FINANCIAL INFORMATION

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To the members of WestProp Holdings Limited

We have reviewed the accompanying abridged interim consolidated statement of financial position of WestProp Holdings Limited as at 30 June 2023 and the related abridged interim consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-months then ended, and a summary of significant company accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim abridged consolidated financial information

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the company's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim abridged consolidated financial information that is free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this interim abridged consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Non-compliance with International Financial Reporting Standard (IFRS) 15- Revenue from Contracts with Customers

As described in **Note 5** to the abridged interim consolidated financial information, the Group's revenue for the six months ended 30 June 2023 of **USD 11 770 480** includes revenue from sale of residential stands amounting to **USD 5 361 163** for which the Group had not obtained certificates of compliance from the local council to allow for transfer of legal title to the customer. This constitutes a departure from the requirements of IFRS 15 which require revenue to be recognised when the entity has satisfied its performance obligations and has effected the transfer of legal title to the customer.

Inclusion of unaudited financial statements for Sunshine Developments (Private) Limited in this abridged interim consolidated financial information of WestProp Holdings Limited

The abridged interim consolidated financial information include unaudited financial statements of Sunshine Developments (Private) Limited, a joint venture of WestProp Holdings Limited. As a result, we were unable to satisfy ourselves that all necessary adjustments and disclosures have been made to the unaudited financial statements of Sunshine Developments (Private) Limited for the six months ended 30 June 2023. Accordingly, we were unable to determine the effect this might have on the abridged interim consolidated financial information of WestProp holdings Limited for the six months ended 30 June 2023.

Qualified Conclusion

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying abridged interim consolidated financial information does not present fairly, in all material respects the financial position of WestProp Holdings Limited as at 30 June 2023, and of its financial performance and its cash flows for the six month period then ended in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

Emphasis of Matter

We draw attention to **Note 11** to the abridged interim consolidated financial information, which describes the existence of pending cases against the Group as at 30 June 2023. We were unable to determine whether any adjustments were necessary in respect of any liabilities which may arise, thereon. Our conclusion is not modified in respect of this matter.

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa.



Edmore Chimhowa

Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

29 September.....2023