

Chairman's statement

Dear Stakeholders

The Group recorded an encouraging performance and results despite the challenges posed by COVID-19 during the year. Revenues were 17% ahead of prior year driven by growth in volumes across the major product ranges at Farmec, Barzem, CT Bolts and Mealiebrand. Powermec suffered whole goods volumes reduction and exports sales were affected by COVID-19 induced lockdowns.

The reduction in export sales and related exchange gains due to Covid-19 lockdowns and the exchange rate stability following the introduction of the foreign currency auction trading system respectively, caused a decline in current year operating profitability by 41% compared to prior year.

Operations and Financial Review

Barzem

Barzem had an improved performance where revenue grew by 47% and operating profit by 8%. This positive performance was driven by a 4-fold growth in whole goods volumes. We are encouraged by the effort to have Barzem as the dominant supplier of earth moving equipment. We continue to work together with our partners, Barloworld, to smoothen the supply chain and increase equipment uptake of CAT equipment in Zimbabwe. Barzem and Zimplot have made efforts to work closely with our customers through structured finance facilities from local asset finance institutions to enable uptake of the earth moving machinery.

Our aftersales performance has continued to improve with parts sales growing by 10% in real terms compared to the previous year. We however lost time to COVID-19 causing 18% drop-in hours sold compared to prior year. The Business units' contribution to the Groups' profitability stood at 20%.

Farmec

Farmec had an impressive performance with revenues growing by 13% driven by tractor and implements volumes growth of 30% and 37% respectively against prior year. After sales revenues were 21% ahead of prior year.

The introduction of the Massey Ferguson four-wheel drive tractors in the lower horsepower range in Zimbabwe and re-organization of the supply chain helped the business unit grow its volumes despite the COVID-19 pandemic disruptions. Going forward, the unit is geared to service its customer needs to what is promising to be a good agricultural season.

Mealiebrand

Mealiebrand recovered in volumes with a 20% growth in local implements sold against prior year despite a slow start to the financial year. The business unit maintained its position as the significant driver of the Groups' bottom line with a 33% contribution despite the reduction in export volumes.

Cost containment measures at the start of the year 2020 in response to the reduced demand from the 2019/20 drought season and the subsequent lockdowns in March 2020 helped in controlling costs and thus assist in maintaining the profitability levels at the same level as prior year.

CT Bolts

The business unit recorded a 180% growth in revenue to close the year on ZWL\$93m. Volumes grew by an average of 55% across all product ranges. The various interventions of the previous years and the new management appointments in 2020 propelled the unit to these excellent results in a difficult trading environment. It is hoped that the unit will continue to grow and become a significant member of the Group.

Powermec

The power solutions provider had a 23% drop in revenue against prior year. In the current year, demand for power solutions were more linked to prime power requirements rather than standby power as in the prior year where the grid had constant power outages. Product mix for 2020 was skewed towards the medium sized range sets compared to the smaller sized sets in the prior year. Volumes were 20% down compared to prior year as power consumption switched from generators to the grid resulting in operating profit reducing by 50%.

Dividend

The Board at its meeting dated 18 March 2021 declared a dividend of ZWL\$10.48 cents per share. A separate announcement will be made with respect to the dividend payment.

Corporate Matters

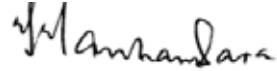
The Group is on course to conclude acquisitions of Scanlink, Tredcor Zimbabwe, Birmingham Road and Dagenham property. These are expected to enhance the Group's footprint in its chosen space.

Appreciation

I would like to welcome Benjamin Kumalo, Matthew Davis and Grant Pio who joined the Board during the year.

On behalf of the Board, I would like to convey our sincere gratitude to Mark Yong for his invaluable contribution to the Group and to Thomas Chataika for his leadership as Chairman of the Board over the past 5 years and wish them the best in their future endeavors.

I would also like to thank my fellow Directors, management and staff for a resilient performance coming from what has been one of the most difficult years following the COVID-19 pandemic. We look forward to a better 2021.



Godfrey T. Manhambara
Chairman
29 April 2021

Consolidated Group and Company Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

Description	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Sales of goods	2,539,044,327	2,141,962,835	1,587,354,431	1,524,054,695
Rendering of services	105,669,844	112,767,189	66,584,799	63,272,417
Investment property rental income	5,862,783	6,657,847	-	-
Revenue	2,650,576,954	2,261,387,871	1,653,939,230	1,587,327,112
Cost of sales	(1,835,511,130)	(1,639,579,861)	(1,056,677,128)	(1,064,522,867)
Gross Profit	815,065,824	621,808,010	597,262,102	522,804,245
Other operating income	57,299,270	445,897,936	31,664,379	372,425,700
Selling and distribution expenses	(31,558,928)	(25,395,177)	(24,771,969)	(23,020,267)
Administrative expenses	(518,516,668)	(340,777,093)	(287,614,503)	(230,965,469)
Other operating expenses	(46,873,970)	(33,824,942)	(42,668,624)	(17,169,400)
Allowance for expected credit losses	(668,217)	(4,477,923)	(867,771)	-
Monetary gain/(loss)	47,179,171	(114,517,791)	(80,897,169)	24,951,020
Operating profit	321,926,482	548,713,020	192,106,445	649,025,829
Finance costs	(4,280,422)	(5,369,030)	(7,469,038)	(6,140,002)
Finance income	129,729	703,106	101,616	211,135
Profit before tax	317,775,789	544,047,096	184,739,023	643,096,962
Income tax expense	(87,134,879)	(92,670,440)	(143,210,765)	(120,656,743)
Profit for the year	230,640,910	451,376,656	41,528,258	522,440,219
Other comprehensive income				
Other comprehensive income that may be recycled through profit or loss				
Exchange difference on translation of foreign operations	(758,806)	(114,115)	(758,806)	(114,115)
Other comprehensive income that will not be reclassified to profit or loss				
Revaluation of plant, land and buildings net of tax	92,317,688	466,215,895	48,682,794	136,665,016
Total other comprehensive income for the year, net of tax	91,558,882	466,101,780	47,923,988	136,550,901
Total comprehensive income for the year	322,199,792	917,478,436	89,452,246	658,991,120
Profit for the year attributed to:				
Owners of the parent	179,151,653	371,978,940	41,528,258	522,440,219
Non-controlling interests	51,489,257	79,397,716	-	-
	230,640,910	451,376,656	41,528,258	522,440,219
Total comprehensive profit for the year attributable to:				
Owners of the parent	274,438,045	787,454,939	89,452,246	658,991,120
Non-controlling interests	47,761,747	130,023,497	-	-
	322,199,792	917,478,436	89,452,246	658,991,120
Earnings per share				
Basic earnings per share	0.75	1.56	0.17	2.19
Diluted earnings per share	0.75	1.56	0.17	2.19
Headline earnings per share	0.75	1.56	0.17	2.19
Diluted headline earnings per share	0.75	1.56	0.17	2.19

Consolidated Group and Company Statement of Cash Flows for the year ended 31 December 2020

Description	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Operating activities				
Operating profit before tax	317,775,789	544,047,096	184,739,023	643,096,962
Adjusted to reconcile profit before tax to net cash flows:				
Depreciation of property plant and equipment and amortisation of intangible assets	18,252,412	19,571,704	19,817,938	18,460,598
Net fair value adjustments	(4,833,959)	(10,921,325)	-	-
Net unrealised foreign exchange differences	(12,373,991)	-	(9,424,264)	-
Interest received	(129,729)	(703,106)	(101,616)	(211,135)
Interest paid	4,280,422	5,369,030	7,469,038	6,140,002
Movement in provisions	8,840,208	(10,572,623)	(1,011,967)	98,325
Profit on disposal of property, plant & equipment	(266,601)	(694,313)	(266,601)	(628,277)
Non-cash adjustment IAS 29	-	(63,275,985)	-	(68,627,867)
	331,544,551	482,820,478	201,221,551	598,328,608
Working capital changes				
(Increase)/Decrease in inventories	(112,305,444)	(330,892,781)	35,885,264	(238,817,253)
(Increase)/Decrease in trade and other receivables	(93,166,660)	(6,187,359)	(28,226,692)	7,547,128
Increase in prepayments	(63,759,732)	(161,494,250)	(118,771,424)	(99,948,243)
(Decrease)/Increase in customer deposits	(38,320,381)	71,074,287	(3,877,858)	45,526,085
Decrease in intergroup balances	-	-	(16,324,521)	(95,004,331)
Increase/ (Decrease) in trade and other payables	136,512,155	62,434,602	81,476,408	(120,180)
	160,504,489	117,754,977	151,382,728	217,511,814
Interest received	129,729	703,106	101,616	211,135
Interest paid	(4,280,422)	(5,369,030)	(7,469,038)	(6,140,002)
Income tax paid	(67,094,811)	(52,221,685)	(33,475,576)	(44,195,223)
Dividend paid	(9,010,793)	(68,729,056)	(9,010,793)	(68,729,056)
Net cash flow from/(used) in operating activities	80,248,192	(7,861,688)	101,528,937	98,658,668
Investing activities				
Proceeds from sale of property, plant and equipment	575,274	616,049	575,274	523,578
Purchase of property, plant and equipment	(32,007,275)	(12,756,364)	(28,686,819)	(8,308,011)
Proceeds from sale of financial assets	-	1,215,742	-	77,578
Purchase of financial assets	(26,544)	-	(26,544)	-
Net cash flows used in investing activities	(31,458,545)	(10,924,573)	(28,138,089)	(7,706,855)
Financing activities				
Lease liability principal repaid	-	-	(2,131,361)	(2,737,284)
Share buyback	-	(4,384,394)	-	(4,384,394)
Repayments of borrowings	(25,132,743)	(32,829,786)	(25,132,743)	(32,829,786)
Proceeds from borrowings	52,467,525	11,853,356	52,467,525	11,853,356
Net cash flows from/(used) in financing activities	27,334,782	(25,360,824)	25,203,421	(28,098,108)
Net increase/(decrease) in cash and cash equivalents	76,124,429	(44,147,085)	98,594,269	62,853,705
Effects of exchange rate changes on cash and cash equivalents	30,687,375	-	24,282,005	-
Effects of IAS 29	(49,085,215)	-	(133,733,193)	-
Cash and cash equivalents at 1 January	97,220,164	141,367,249	89,606,228	26,752,523
Cash and cash equivalents at 31 December	154,946,753	97,220,164	78,749,309	89,606,228
Comprising of:				
Cash and cash balances	154,946,753	97,220,164	78,749,309	89,606,228

Consolidated Group and Company Statement of Financial Position as at 31 December 2020

Description	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$	31-Dec-20 ZWL\$	31-Dec-19 ZWL\$
Assets				
Non-current assets				
Property, plant and equipment	1,170,292,761	1,036,308,903	424,476,678	344,392,282
Intangible assets	2,201,775	2,527,962	2,201,775	2,527,962
Investment property	22,082,000	17,248,041	-	-
Investment in subsidiaries	-	-	288,245,540	288,245,540
Right of use assets	-	-	9,068,638	5,054,869
Long term receivables	49,503,847	47,498,812	28,884,347	28,377,935
Goodwill	23,259,071	23,259,071	-	-
Total non-current assets	1,267,339,454	1,126,842,789	752,876,978	668,598,588
Current assets				
Inventories	814,818,835	702,513,391	527,842,073	563,727,337
Trade and other receivables	195,598,945	102,432,285	63,514,744	35,288,052
Prepayments	334,914,841	271,155,109	319,133,351	200,361,927
Investment in financial assets	150,938	558,011	150,938	558,011
Cash and bank balances	154,946,753	97,220,164	78,749,309	89,606,228
Total current assets	1,500,430,312	1,173,878,960	989,390,415	889,541,555
Total assets	2,767,769,766	2,300,721,749	1,742,267,393	1,558,140,143
Equity and liabilities				
Equity				
Issued share capital	2,397,872	2,397,872	2,397,872	2,397,872
Share premium	496,442,887	496,442,887	496,442,887	496,442,887
Revaluation reserve	511,635,307	415,590,109	185,347,810	136,665,016
Capital reserve	(4,889,974)	(4,889,974)	(4,889,974)	(4,889,974)
Change in ownership reserve	(22,738,745)	(22,738,745)	-	-
Foreign currency translation reserve	-	758,806	-	758,806
Accumulated profit	772,081,173	601,940,313	662,256,020	629,738,555
Attributable to holders of the parent	1,754,928,520	1,489,501,268	1,341,554,615	1,261,113,162
Non-controlling interests	317,517,425	269,755,678	-	-
Total equity	2,072,445,945	1,759,256,946	1,341,554,615	1,261,113,162
Non-current liabilities				
Inter-company payables	-	-	5,941,179	22,265,700
Deferred tax liabilities	238,266,976	208,328,454	109,294,892	81,743,745
Total non-current liabilities	238,266,976	208,328,454	115,236,071	104,009,445
Current liabilities				
Trade and other payables	243,373,266	106,861,111	88,922,216	7,445,808
Provisions	15,860,900	7,020,692	5,587,953	6,599,920
Short term borrowings	5,726,114	7,364,097	5,726,114	7,364,097
Customer deposits	82,281,088	120,601,469	72,400,196	76,278,054
Lease liabilities	-	-	3,443,582	979,689
Current tax liabilities	109,815,477	91,288,980	109,396,646	94,349,968
Total current liabilities	457,056,845	333,136,349	285,476,707	193,017,536
Total equity and liabilities				

Consolidated Group Statement of Changes in Equity
for the year ended 31 December 2020

Inflation Adjusted	Share Capital ZWL\$	Capital Reserve ZWL\$	Share Premium ZWL\$	Revaluation Reserve ZWL\$	Change in Ownership Reserve ZWL\$	Foreign Currency Translation Reserve ZWL\$	Share Based Payment Reserve ZWL\$	Retained Earnings ZWL\$	Attributable to Owners of the Parent ZWL\$	Non-Controlling Interest ZWL\$	Total ZWL\$
Balance on 1 January 2019	2,397,872	(505,580)	496,079,884	-	(22,738,745)	872,921	363,003	298,690,429	775,159,784	139,732,176	914,891,960
Share based payment	-	-	363,003	-	-	-	(363,003)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(68,729,056)	(68,729,056)	-	(68,729,056)
Profit for the year	-	-	-	-	-	-	-	371,978,940	371,978,940	79,397,716	451,376,656
Other comprehensive income/(loss) net of tax	-	-	-	415,590,109	-	(114,115)	-	-	415,475,994	50,625,786	466,101,780
Share buyback	-	(4,384,394)	-	-	-	-	-	-	(4,384,394)	-	(4,384,394)
Balance at 31 December 2019	2,397,872	(4,889,974)	496,442,887	415,590,109	(22,738,745)	758,806	-	601,940,313	1,489,501,268	269,755,678	1,759,256,946
Dividend paid	-	-	-	-	-	-	-	(9,010,793)	(9,010,793)	-	(9,010,793)
Profit for the year	-	-	-	-	-	-	-	179,151,653	179,151,653	51,489,257	230,640,910
Other comprehensive income/ (loss) net of tax	-	-	-	96,045,198	-	(758,806)	-	-	95,286,392	(3,727,510)	91,558,882
Balance at 31 December 2020	2,397,872	(4,889,974)	496,442,887	511,635,307	(22,738,745)	-	-	772,081,173	1,754,928,520	317,517,425	2,072,445,945

Company Statement of Changes in Equity
for the year ended 31 December 2020

Inflation Adjusted	Share Capital ZWL\$	Capital Reserve ZWL\$	Share Premium ZWL\$	Revaluation Reserve ZWL\$	Share Based Reserve ZWL\$	Foreign Currency Translation Reserve ZWL\$	Retained Earnings ZWL\$	Attributable to Owners of the Parent ZWL\$
Balance on 1 January 2019	2,397,872	(505,580)	496,079,884	-	363,003	872,921	176,027,392	675,235,492
Share buyback	-	(4,384,394)	-	-	-	-	-	(4,384,394)
Share based reserve	-	-	363,003	-	(363,003)	-	-	-
Dividend paid	-	-	-	-	-	-	(68,729,056)	(68,729,056)
Profit for the year	-	-	-	-	-	-	522,440,219	522,440,219
Other comprehensive income/ (loss) net of tax	-	-	-	136,665,016	-	(114,115)	-	136,550,901
Balance at 31 December 2019	2,397,872	(4,889,974)	496,442,887	136,665,016	-	758,806	629,738,555	1,261,113,162
Dividend paid	-	-	-	-	-	-	(9,010,793)	(9,010,793)
Profit for the year	-	-	-	-	-	-	41,528,258	41,528,258
Other comprehensive income/ (loss) net of tax	-	-	-	48,682,794	-	(758,806)	-	47,923,988
Balance at 31 December 2020	2,397,872	(4,889,974)	496,442,887	185,347,810	-	-	662,256,020	1,341,554,615

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below:

Dates	Indices	Conversion Factors
31 December 2020	2474.5	1.00
31 December 2019	551.6	4.49

The procedures applied in the above restatement of transactions and balances are as follows:

Comparative information

All comparative figures for the year ended 31 December 2020 were restated by applying the change in the index from 1 January 2019 to 31 December 2019. On 1 January 2019, any revaluation surplus that arose in previous periods was eliminated. Restated retained earnings was derived from all the other amounts in the restated statement of financial position.

Current period information

Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at balance sheet date. Non-monetary assets and liabilities that are not carried at amounts current at statement of financial position and components of shareholders' equity were restated by applying the change in the index from the more recent of the date of the transaction and the date of their most recent revaluation to 31 December 2020.

Items recognised 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 by applying the monthly index for the year ended 31 December 2020. Depreciation and amortisation amounts are based on the restated amounts. Gains and losses arising from the net monetary position are included in the income statement;

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Hyper Inflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL\$). Professional judgement was used and appropriate adjustments in preparing financial statements according to IAS 29. The indices used were obtained from the Zimbabwe National Statistics Agency for the period.

Statement of compliance

These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards and presented in ZWL\$ (Zimbabwe Dollars, rounded to the dollar), which is the Group's functional and presentation currency. While full compliance with IFRS has been possible in the previous periods, compliance has not been achieved from 2019.

2. Leases

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets according to IFRS 16 (Leases).

3. Borrowings

The Company was holding borrowings with a balance of ZWL\$5.73m as at 31 December 2020 secured against the Company's building. The average cost of the borrowings for the period was 30%.

4. Revenue

An analysis of Group revenue and results for the year

	Group		Company	
	Inflation adjusted	Inflation adjusted	Inflation adjusted	Inflation adjusted
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Sale of goods: Domestic	2,437,580,226	1,873,073,545	1,485,890,330	1,255,165,405
Sale of goods: Export	101,464,101	268,889,290	101,464,101	268,889,290
Sale of services: Domestic	105,669,844	112,767,189	66,584,799	63,272,417
Total revenue from contracts with customers	2,644,714,171	2,254,730,024	1,653,939,230	1,587,327,112
Investment property rental income	5,862,783	6,657,847	-	-
Total revenue	2,650,576,954	2,261,387,871	1,653,939,230	1,587,327,112

5. Segment report

	Mining and Agriculture Infrastructure ZWL\$		Property ZWL\$	All Other Segments ZWL\$	Total Segments ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$
	Inflation adjusted	Inflation adjusted					
31 December 2020							
Revenue	1,387,550,633	1,263,345,263	5,862,783	-	2,656,758,679	(6,181,725)	2,650,576,954
Segment operating profit	130,020,714	218,198,383	25,465,298	(16,084,244)	357,600,151	(35,673,669)	321,926,482
Other items							
Finance income	13,909	29,546	-	(307,233)	(263,778)	393,507	129,729
Finance costs	-	(13,066)	-	-	(13,066)	(4,267,356)	(4,280,422)
Income taxes	(129,318,441)	(50,633,188)	11,934,650	(11,061)	(168,028,040)	80,893,161	(87,134,879)
Group profit after tax	716,182	167,581,675	37,399,948	(16,402,538)	189,295,267	41,345,643	230,640,910
Segment assets	1,357,677,927	1,159,597,168	425,290,100	466,709,489	3,409,274,684	(641,504,918)	2,767,769,766
Segment liabilities	(404,302,853)	(347,569,648)	1,732,773	(69,160,994)	(819,300,722)	123,976,901	(695,323,821)
Other segment information							
Depreciation and amortisation	10,875,615	(791,279)	6,574,711	1,593,365	18,252,412	-	18,252,412
Additions to non-current assets	13,426,567	11,285,057	-	7,295,651	32,007,275	-	32,007,275
Inventory provision	23,125,204	922,010	-	-	24,047,214	-	24,047,214
Impairment loss recognized on receivables	867,771	(199,554)	-	-	668,217	-	668,217
31 December 2019							
Revenue	1,312,414,281	980,357,628	6,657,847	-	2,299,429,756	(38,041,885)	2,261,387,871
Segment operating profit	321,199,885	317,026,297	387,091,487	(18,238,635)	1,007,079,034	(458,366,014)	548,713,020
Other items							
Finance income	12,206	553,078	-	108,994	674,278	28,828	703,106
Finance costs	-	(58,612)	-	-	(58,612)	(5,310,418)	(5,369,030)
Income taxes	(103,694,800)	(19,548,921)	29,002,072	(1,551,126)	(95,792,775)	3,122,335	(92,670,440)
Group profit after tax	217,517,291	297,971,842	416,093,559	(19,680,767)	911,901,925	(460,525,269)	451,376,656
Segment assets	1,202,913,312	748,147,334	404,281,518	462,264,766	2,817,606,930	(516,885,181)	2,300,721,749
Segment liabilities	(228,793,876)	(249,394,609)	(273,219)	(120,442,241)	(598,903,945)	57,439,142	(541,464,803)
Other segment information							
Depreciation	7,450,557	8,708,112	2,272,839	1,140,196	19,571,704	-	19,571,704
Additions to non-current assets	6,649,826	5,019,763	-	1,086,775	12,756,364	-	12,756,364
Impairment loss recognized on receivables	-	4,477,923	-	-	4,477,923	-	4,477,923

Supplementary Information

	Group		Company	
	Inflation Adjusted	Inflation Adjusted	Inflation Adjusted	Inflation Adjusted
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	No. of shares	No. of shares	No. of shares	No. of shares
Shares in issue	238,380,780	238,380,780	238,380,780	238,380,780
For the purpose of basic EPS	238,380,780	238,380,780	238,380,780	238,380,780
For the purpose of diluted EPS	238,380,780	238,380,780	238,380,780	238,380,780
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Headline earnings	178,953,702	371,452,483	41,330,307	521,973,723
Profit for the year	179,151,653	371,978,940	41,528,258	522,440,219
Headline earnings per share	0.75	1.56	0.17	2.19
Basic profit per share	0.75	1.56	0.17	2.19
Diluted profit per share	0.75	1.56	0.17	2.19
Depreciation	18,252,412	19,571,704	19,817,938	18,460,598
Taxation:				
Current tax expense	84,779,910	139,566,069	131,141,489	123,014,683
Deferred tax movement	2,354,969	(46,919,570)	12,069,276	(2,381,881)
Withholding tax	-	23,941	-	23,941

Notes to the financial statements

1. Presentation and statement of compliance

Basis of preparation

The Group's financial results have been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The financial results have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. In the previous reporting periods, the Group's financial statements have complied in full with IFRSs, however, it has been impracticable in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates) as well as with the principles embedded in the IFRS Conceptual Framework (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the accounting treatment adopted in the 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US\$1: ZWL\$2.5

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL) which was at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar was equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent.

On the 17th of June 2020, an RBZ Exchange Control Directive RV175/2020 was issued on the introduction of a Foreign Exchange Auction System. The Foreign exchange auction trading system was operationalised with effect from 23 June 2020, foreign currency trading was conducted through the Foreign Exchange Auction Trading System (Auction) through a bidding system.

On the 24th of July 2020, the Exchange Control Authorities amended, through Statutory Instrument 185 of 2020, the exclusive use of Zimbabwe Dollar for Domestic Transactions by allowing dual pricing and displaying, quoting and offering of prices for domestic goods and services. The S.I also permitted any person who provides goods or services in Zimbabwe to display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate. In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest ZWL except when otherwise indicated.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on-year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 January 2019 being the commencement date of the prior financial year, however given that change in functional currency, 22 February 2019 has been treated as the last revaluation date for non-monetary items.