





FARMEC MEALIEBRAND C.T.BOLTS Barzem CAT Trentyre SCANIA POWERMEC

# REVIEWED GROUP RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

The Directors report the following abridged reviewed results in respect of the Group and Company's operations for the Half Year Ended 30 June 2021.

ZIMPLOW
ENGINEERING PERFORMANCE

## Chairman's statement

### Dear Stakeholders

### Introduction

I am pleased to report that the Group managed to deliver a solid performance to achieve business growth. Volumes across all units were up against prior year driving revenue growth by 67% to ZWL$1.66 billion in inflation-adjusted terms ahead of last year.

The Group took deliberate steps towards staff retention and capacity maintenance expenditures to drive the top line and access new markets, which drove operating expenses to be ahead of prior year. Whilst our profitability has grown in real terms, the impact of currency distortions on revenue influenced the inflation adjusted operating profit to decline by 15% compared to prior year.

Despite the lockdowns exacerbated by the third wave of COVID-19 pandemic, the economic and trading environment has generally been stable during the period under review driven by a good season in the agricultural sector, firm global mineral pricing, drive towards infrastructure projects and a fair access to foreign currency.

The Group is encouraged by the growth in revenue and profitability in real terms as well as volumes, to which the Board and management based the interpretation of the financial performance for the period ended 30 June 2021.

### Operational performance

#### Farmec

The unit continued its growth trajectory with the revenue growing by 119% in real terms ahead of prior year being driven by tractor and implements volumes which went up by 133% and 77% against prior year respectively. Aftersales performance grew by 35% against prior year. The business continues to put effort to meet the growing demand of agricultural products following the 2020/21 agricultural season, which has been very positive. The business unit achieved profitability growth of 92% in real terms.

#### Mealie Brand

The Business Unit recorded volumes growth in both local and export sales during the period under review compared to the same period last year. Local and export implements volumes were 147% and 69% respectively ahead of prior year pushing revenue growth by 161% in real terms against prior year. In terms of profitability, the unit witnessed a growth of 748% in real terms.

#### Barzem

The unit managed to double volumes of earth moving equipment units sold to 14 compared to prior year. Parts revenue grew by 80% in real terms and service hours were 28% ahead of prior year. Overall, the business units' revenues went up by 116% in real terms because of the drive towards performance by the Barzem team supported by renewed customer belief in the CAT product solutions. The BU achieved a profitability growth of 88% in real terms.

#### CT Bolts

CT Bolts recorded a 61% growth in revenue in real terms ahead of prior year. The key driver came from volume growth which went up by 58%. The unit will continue to focus on realigning its distribution channels and supply chain management.

#### Powermec

Powermec recorded a 7% drop in revenue performance as generator units sold were 24% behind prior year. Improvement in after sales performance by 11% against prior year provided stability to the overall performance for the unit despite the impact of COVID-19. Management is seized with the repositioning of the business unit to reach new markets and customers.

### Corporate matters

I am happy to welcome Scanlink (Private) Limited and Tredcor Zimbabwe (Private) Limited as 100% subsidiaries of Zimplow following the fulfilment of all conditions precedent in July 2021. A separate public announcement was done on 29 July 2021.

The Group is constantly evaluating its positioning in the markets in order to maximise and deliver value to our stakeholders.

### Prospects

Our outlook is positive supported by a firm order book and good leads in the construction and mining industries as well as a positive rainfall forecast for the 2021/22 agricultural season.

The Group takes note of the impact of the COVID-19 pandemic on the supply chain, which is expected to persist in the foreseeable future, and is therefore putting in place the risk management strategies to reduce the impact on our staff, customers and communities.

### Dividend

The Board at its meeting dated 16 September 2021 declared an interim dividend of ZWL10.73 cents per share. A separate announcement will be made in respect to the dividend payment.

### Appreciation

I would like to express my gratitude to the staff, management and fellow Board members of the Zimplow Group for a resilient performance coming from what has become the new normal following the third wave of COVID-19 pandemic.

**G. T. MANHAMBARA**
**CHAIRMAN**

**23 SEPTEMBER 2021**

## Auditor's Statement

The Group condensed inflation adjusted interim financial statements from which these abridged results have been extracted, should be read in conjunction with the complete set of inflation adjusted consolidated financial statements for the half year ended 30 June 2021 which have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

The auditors have issued an adverse review conclusion with respect to non-compliance with International Accounting Standard 21: "The Effects of Changes in Foreign Exchange Rates", including historical errors not adjusted in terms of International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors", the application of International Accounting Standard 29: "Financial Reporting in Hyperinflationary Economies" and IFRS 13: "Fair Value Measurement" on the valuation of investment property, freehold land and buildings, manufacturing plant and equipment.

There are no key audit matters and the independent review conclusion on the Group condensed inflation adjusted interim financial statements is available for inspection at the registered office of the Group. The engagement partner responsible for this review is Mr. Walter Mupanguri (PAAB Practicing Certificate Number 367).

## Consolidated Group and Company Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 30 June 2021

| | | Group Inflation adjusted | | Company Inflation adjusted | |
|---|---|---|---|---|---|
| | Notes | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ |
| Sales of goods | | 1,636,600,020 | 923,877,901 | 918,212,860 | 495,817,257 |
| Rendering of services | | 19,222,864 | 61,821,256 | 11,297,797 | 36,251,491 |
| Investment property rental income | | 4,016,280 | 5,562,665 | - | - |
| **Revenue** | 4 | **1,659,839,164** | **991,261,822** | **929,510,657** | **532,068,748** |
| Cost of sales | | (1,021,958,948) | (611,602,277) | (586,171,344) | (228,737,697) |
| **Gross Profit** | | **637,880,216** | **379,659,545** | **343,339,313** | **303,331,051** |
| Other operating income | | 42,060,711 | 126,799,649 | 28,403,377 | 42,694,143 |
| Selling and distribution expenses | | (22,913,954) | (14,874,025) | (18,359,516) | (14,874,025) |
| Administrative expenses | | (367,456,758) | (203,481,685) | (235,697,686) | (112,928,499) |
| Other operating expenses | | (61,781,387) | (26,684,043) | (50,999,013) | (17,153,096) |
| Allowance for expected credit losses | | 9,593 | (332,091) | - | - |
| Monetary gain | | 43,793,209 | 61,721,866 | 18,213,918 | 9,686,339 |
| **Operating profit** | | **271,591,630** | **322,809,216** | **84,900,393** | **210,755,913** |
| Finance costs | | (182,888) | (1,112,687) | (1,280,119) | (1,297,501) |
| Finance income | | 166,358 | 73,365 | 109,074 | 73,365 |
| **Profit before tax** | | **271,575,100** | **321,769,894** | **83,729,348** | **209,531,777** |
| Income tax expense | | (43,175,209) | (32,261,801) | (39,001,484) | (44,628,649) |
| **Profit for the year** | | **228,399,891** | **289,508,093** | **44,727,864** | **164,903,128** |
| **Other comprehensive income** | | | | | |
| **Other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| Revaluation of plant, land and buildings net of tax | | - | 280,075,518 | - | 59,879,143 |
| **Total other comprehensive income for the year, net of tax** | | **-** | **280,075,518** | **-** | **59,879,143** |
| **Total comprehensive income for the year** | | **228,399,891** | **569,583,611** | **44,727,864** | **224,782,271** |
| **Profit for the year attributed to:** | | | | | |
| Owners of the parent | | 198,474,466 | 252,408,491 | 44,727,864 | 164,903,128 |
| Non controlling interests | | 29,925,425 | 37,099,602 | - | - |
| | | **228,399,891** | **289,508,093** | **44,727,864** | **164,903,128** |
| **Total comprehensive profit for the year attributable to:** | | | | | |
| Owners of the parent | | 198,474,466 | 442,015,173 | 44,727,864 | 224,782,271 |
| Non controlling interests | | 29,925,425 | 127,568,438 | - | - |
| | | **228,399,891** | **569,583,611** | **44,727,864** | **224,782,271** |
| **Earnings per share** | | | | | |
| Basic earnings per share | | 0.83 | 1.06 | 0.19 | 0.69 |
| Diluted earnings per share | | 0.83 | 1.06 | 0.19 | 0.69 |
| Headline earnings per share | | 1.10 | 1.81 | 0.20 | 0.69 |
| Diluted headline earnings per share | | 1.10 | 1.81 | 0.20 | 0.69 |

## Consolidated Group and Company Statement of Financial Position as at 30 June 2021

| | Group Inflation adjusted | | Company Inflation adjusted | |
|---|---|---|---|---|
| | Reviewed 30-June-21 ZWL$ | Audited 31-Dec-20 ZWL$ | Reviewed 30-June-21 ZWL$ | Audited 31-Dec-20 ZWL$ |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 1,439,485,754 | 1,412,405,514 | 523,830,155 | 512,293,351 |
| Intangible assets | 2,263,614 | 2,657,283 | 2,263,614 | 2,657,283 |
| Investment property | 26,650,373 | 26,650,373 | - | - |
| Investment in subsidiaries | - | - | 347,878,414 | 347,878,414 |
| Right of use assets | - | - | 7,296,519 | 10,944,778 |
| Long term receivables | 51,496,463 | 59,745,312 | 30,154,863 | 34,860,005 |
| Goodwill | 28,070,959 | 28,070,959 | - | - |
| **Total non-current assets** | **1,547,967,163** | **1,529,529,441** | **911,423,565** | **908,633,831** |
| **Current assets** | | | | |
| Inventories | 1,222,218,404 | 983,390,356 | 838,753,203 | 637,043,208 |
| Trade and other receivables | 252,287,303 | 236,064,887 | 92,372,186 | 76,654,815 |
| Prepayments | 320,368,943 | 404,202,763 | 304,587,453 | 385,156,364 |
| Investment in financial assets | 200,919 | 182,164 | 200,919 | 182,164 |
| Cash and bank balances | 290,020,018 | 187,002,480 | 136,230,392 | 95,041,140 |
| **Total current assets** | **2,085,095,587** | **1,810,842,650** | **1,372,144,153** | **1,194,077,691** |
| **Total assets** | **3,633,062,750** | **3,340,372,091** | **2,283,567,718** | **2,102,711,522** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Issued share capital | 2,893,949 | 2,893,949 | 2,893,949 | 2,893,949 |
| Share premium | 599,148,089 | 599,148,089 | 599,148,089 | 599,148,089 |
| Revaluation reserve | 617,483,550 | 617,483,550 | 223,692,975 | 223,692,975 |
| Capital reserve | (5,901,623) | (5,901,623) | (5,901,623) | (5,901,623) |
| Change in ownership reserve | (27,442,987) | (27,442,987) | - | - |
| Accumulated profit | 1,105,303,192 | 931,811,032 | 819,010,567 | 799,265,009 |
| **Attributable to holders of the parent** | **2,291,484,170** | **2,117,992,010** | **1,638,843,957** | **1,619,098,399** |
| Non-controlling interests | 413,131,557 | 383,206,132 | - | - |
| **Total equity** | **2,704,615,727** | **2,501,198,142** | **1,638,843,957** | **1,619,098,399** |
| **Non-current liabilities** | | | | |
| Inter-company payables | - | - | 7,213,928 | 7,170,303 |
| Deferred tax liabilities | 266,625,903 | 287,560,175 | 122,857,524 | 131,906,061 |
| **Total non-current liabilities** | **266,625,903** | **287,560,175** | **130,071,452** | **139,076,364** |
| **Current liabilities** | | | | |
| Trade and other payables | 211,482,895 | 293,722,865 | 155,004,285 | 107,318,640 |
| Provisions | 80,050,185 | 19,142,238 | 7,746,389 | 6,744,002 |
| Short term borrowings | - | 6,910,745 | - | 6,910,745 |
| Customer deposits | 173,013,102 | 99,303,580 | 173,013,102 | 87,378,509 |
| Lease liabilities | - | - | 2,561,566 | 4,155,998 |
| Current tax liabilities | 197,274,938 | 132,534,346 | 176,326,967 | 132,028,865 |
| **Total current liabilities** | **661,821,120** | **551,613,774** | **514,652,309** | **344,536,759** |
| **Total equity and liabilities** | **3,633,062,750** | **3,340,372,091** | **2,283,567,718** | **2,102,711,522** |

## Consolidated Group and Company Statement of Cash Flows for the Half Year Ended 30 June 2021

| | Group Inflation adjusted | | Company Inflation adjusted | |
|---|---|---|---|---|
| | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ |
| **Operating activities** | | | | |
| Operating profit before tax | 271,575,100 | 321,769,894 | 83,729,348 | 209,531,777 |
| **Adjusted to reconcile profit before tax to net cash flows:** | | | | |
| Depreciation of property plant and equipment and amortisation of intangible assets | 44,482,210 | 11,555,180 | 39,298,420 | 13,670,131 |
| Net fair value adjustments | - | (16,507,759) | - | - |
| Net unrealised foreign exchange differences | (13,202,389) | - | (13,196,068) | - |
| Interest received | (166,358) | (73,365) | (109,074) | (73,365) |
| Interest paid | 182,888 | 1,112,687 | 1,280,119 | 1,297,501 |
| Movement in provisions | 60,907,947 | 4,467,567 | 1,002,387 | (3,141,202) |
| Profit on disposal of property, plant & equipment | 3,605,103 | (398,575) | 3,605,103 | (398,575) |
| Non cash adjustment IAS 29 | | (355,156,108) | | (363,122,042) |
| | **367,384,501** | **(33,230,479)** | **115,610,235** | **(142,235,775)** |
| **Working capital changes** | | | | |
| (Increase)/Decrease in inventories | (238,828,048) | 84,078,422 | (201,709,995) | 130,429,812 |
| Increase in trade and other receivables | (16,222,416) | (100,283,344) | (15,717,371) | (4,133,744) |
| Decrease in prepayments | 83,833,820 | 55,724,435 | 80,568,911 | 2,896,542 |
| Increase/ (Decrease) in customer deposits | 73,709,522 | (10,856,897) | 85,634,593 | 22,218,501 |
| Increase/ (Decrease) in intergroup balances | - | - | 43,625 | (15,983,171) |
| (Decrease)/Increase in trade and other payables | (82,239,970) | 51,367,654 | 47,685,645 | 15,411,544 |
| | **187,637,409** | **46,799,791** | **112,115,643** | **8,603,709** |
| Interest received | 166,358 | 73,365 | 109,074 | 73,365 |
| Interest paid | (182,888) | (1,112,687) | (1,280,119) | (1,297,501) |
| Income tax paid | (19,550,929) | (23,170,958) | (6,362,206) | (20,358,920) |
| Dividend paid | (24,982,306) | (28,192,763) | (24,982,306) | (28,192,763) |
| **Net cash flow from/(used) in operating activities** | **143,087,644** | **(5,603,252)** | **79,600,086** | **(41,172,110)** |
| **Investing activities** | | | | |
| Proceeds from sale of property, plant and equipment | 377,025 | 382,750 | 377,025 | 382,750 |
| Purchase of property, plant and equipment | (43,535,807) | (20,682,129) | (19,160,319) | (18,042,531) |
| Purchase of financial assets | (49,981) | (18,278) | (49,981) | (18,278) |
| **Net cash flows used in investing activities** | **(43,208,763)** | **(20,317,657)** | **(18,833,275)** | **(17,678,059)** |
| **Financing activities** | | | | |
| Lease liability principal repaid | | | (944,374) | (198,980) |
| Repayments of borrowings | (6,435,611) | (2,563,240) | (6,435,611) | (2,563,240) |
| Proceeds from borrowings | - | 30,996,602 | - | 30,996,602 |
| **Net cash flows (used)/from financing activities** | **(6,435,611)** | **28,433,362** | **(7,379,985)** | **28,234,382** |
| **Net increase/(decrease) in cash and cash equivalents** | **93,443,270** | **2,512,453** | **53,386,826** | **(30,615,787)** |
| Effects of exchange rate changes on cash and cash equivalents | 1,635,169 | - | 1,635,169 | - |
| Effects of IAS29 | 7,939,099 | - | (13,832,743) | - |
| **Cash and cash equivalents at 1 January** | **187,002,480** | **117,333,789** | **95,041,140** | **108,144,626** |
| **Cash and cash equivalents at 30 June** | **290,020,018** | **119,846,242** | **136,230,392** | **77,528,839** |
| **Comprising of:** | | | | |
| Cash and cash balances | 290,020,018 | 119,846,242 | 136,230,392 | 77,528,839 |

**DIRECTORS:** G.T. Manhambara (Chairman), T. Johnson, V. Nyakudya*, L. Kennedy, B.N. Kumalo, K. Patel, G. Pio, M. Davis (*Executive)







FARMEC MEALIEBRAND C.T. BOLTS Barzem CAT Trentyre SCANIA POWERMEC

# REVIEWED GROUP RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2021

The Directors report the following abridged reviewed results in respect of the Group and Company's operations for the Half Year Ended 30 June 2021.

ZIMPLOW
ENGINEERING PERFORMANCE

## Group Statement of Changes in Equity
for the Half Year Ended 30 June 2021

| Inflation Adjusted | Share Capital ZWL$ | Capital Reserve ZWL$ | Share Premium ZWL$ | Revaluation Reserve ZWL$ | Change in Ownership Reserve ZWL$ | Foreign Currency Translation Reserve ZWL$ | Retained Earnings ZWL$ | Attributable to Owners of the Parent ZWL$ | Non-Controlling Interest ZWL$ | Total ZWL$ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance on 1 January 2020** | 2,893,962 | (5,901,648) | 599,150,658 | 501,570,462 | (27,443,103) | 915,793 | 726,474,169 | 1,797,660,293 | 325,564,723 | 2,123,225,016 |
| Dividend paid | - | - | - | - | - | - | (28,192,763) | (28,192,763) | - | (28,192,763) |
| Profit for the year | - | - | - | - | - | - | 252,408,491 | 252,408,491 | 37,099,602 | 289,508,093 |
| Other comprehensive income net of tax | - | - | - | 189,606,682 | - | - | - | 189,606,682 | 90,468,836 | 280,075,518 |
| **Balance at 30 June 2020** | 2,893,962 | (5,901,648) | 599,150,658 | 691,177,144 | (27,443,103) | 915,793 | 950,689,897 | 2,211,482,703 | 453,133,161 | 2,664,615,864 |
| | | | | | | | | | | |
| **Balance on 1 January 2021** | 2,893,949 | (5,901,623) | 599,148,089 | 617,483,550 | (27,442,987) | - | 931,811,032 | 2,117,992,010 | 383,206,132 | 2,501,198,142 |
| Dividend paid | - | - | - | - | - | - | (24,982,306) | (24,982,306) | - | (24,982,306) |
| Profit for the year | - | - | - | - | - | - | 198,474,466 | 198,474,466 | 29,925,425 | 228,399,891 |
| **Balance at 30 June 2021** | 2,893,949 | (5,901,623) | 599,148,089 | 617,483,550 | (27,442,987) | - | 1,105,303,192 | 2,291,484,170 | 413,131,557 | 2,704,615,727 |

## Company Statement of Changes in Equity
for the Half Year Ended 30 June 2021

| Inflation Adjusted | Share Capital ZWL$ | Capital Reserve ZWL$ | Share Premium ZWL$ | Revaluation Reserve ZWL$ | Foreign Currency Translation Reserve ZWL$ | Retained Earnings ZWL$ | Attributable to Owners of the Parent ZWL$ |
|---|---|---|---|---|---|---|---|
| **Balance on 1 January 2020** | 2,893,961 | (5,901,648) | 599,150,659 | 164,939,284 | 915,793 | 760,023,525 | 1,522,021,574 |
| Dividend paid | - | - | - | - | - | (28,192,763) | (28,192,763) |
| Profit for the year | - | - | - | - | - | 164,903,128 | 164,903,128 |
| Other comprehensive income net of tax | - | - | - | 59,879,143 | - | - | 59,879,143 |
| **Balance at 30 June 2020** | 2,893,961 | (5,901,648) | 599,150,659 | 224,818,427 | 915,793 | 896,733,890 | 1,718,611,082 |
| | | | | | | | |
| **Balance on 1 January 2021** | 2,893,949 | (5,901,623) | 599,148,089 | 223,692,975 | - | 799,265,009 | 1,619,098,399 |
| Dividend paid | - | - | - | - | - | (24,982,306) | (24,982,306) |
| Profit for the year | - | - | - | - | - | 44,727,864 | 44,727,864 |
| **Balance at 30 June 2021** | 2,893,949 | (5,901,623) | 599,148,089 | 223,692,975 | - | 819,010,567 | 1,638,843,957 |

## Supplementary Information

| | Group Inflation Adjusted | | Company Inflation Adjusted | |
|---|---|---|---|---|
| | Reviewed 30-June-21 No. of shares | Reviewed 30-June-20 No. of shares | Reviewed 30-June-21 No. of shares | Reviewed 30-June-20 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 | 238,380,780 | 238,380,780 | 238,380,780 | 238,380,780 |
| Profit for the year | 198,474,466 | 252,408,491 | 44,727,864 | 164,903,127 |
| Basic earnings per share | 1.10 | 1.81 | 0.20 | 0.69 |
| Headline earnings per share | 0.83 | 1.06 | 0.19 | 0.69 |
| Diluted basic earnings per share | 0.83 | 1.06 | 0.19 | 0.69 |
| Property Plant and Equipment | | | | |
| Additions | 43,535,807 | 20,682,129 | 19,160,319 | 18,042,531 |
| Disposals | (377,025) | (382,750) | (377,025) | (382,750) |
| Depreciation | 44,482,210 | 11,555,180 | 39,298,420 | 13,670,131 |
| **Taxation:** | | | | |
| Current tax expense | 72,536,696 | 62,874,448 | 50,651,756 | 42,130,968 |
| Deferred tax movement | (29,361,487) | (30,612,647) | (11,650,272) | 2,497,681 |

## Notes to the financial statements

### 1. Corporate information

The interim condensed consolidated financial statements of Zimplow Holdings Limited and its Subsidiaries (collectively, the Group) for the half year ended 30 June 2021 were authorized for issue by the Board of Directors on 16 September 2021. Zimplow Holdings Limited, the Company, is a limited company incorporated and domiciled in Zimbabwe and whose shares trade on Zimbabwe Stock Exchange. The registered office is located at 39 Steelworks Road, Heavy Industrial Sites in Bulawayo, Zimbabwe.

The principal activities of the Group are: manufacture and distribution of animal drawn implements, manufacture and distribution of metal fasteners for mining, construction and agricultural industries, distribution of tractors, generators and mechanized implements as well as the distribution of earthmoving and mining equipment.

### 2. Significant Accounting policies

**Basis of preparation**

The Group's interim condensed consolidated financial statements for the six months ended 30 June 2021 have not been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24.31). The Interim condensed financial statements have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies and IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

**Functional currency**

These interim condensed financial statements are presented in Zimbabwe dollars (ZWL$) which is the parent Company's functional currency, and all values are rounded to the nearest ZWL $1. The Group regularly assesses its functional currency each time there are events that cast doubts as to the functional currency in operation. Such past events as the following have necessitated this review. On the 22nd of February 2019, Statutory Instrument (S.I.) 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS dollar and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. Another Exchange Control Directive RU 28 of 2020 was issued at the same time and it introduced an interbank market for the RTGS dollar and the USD as well as other currencies in the multi-currency regime. On June 24, the government gazetted Statutory Instrument 142 of 2020 which outlawed the use of multi- currencies and compelled that all transactions be done in local currency (ZWL$). On the 24th of July 2020, Statutory Instrument 185 of 2020 the Exchange Control amended 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 SI 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 Company 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).

These results have been prepared in accordance with IAS 29, which requires that interim condensed 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 |
|---|---|---|
| 30 June 2021 | 2986.44 | 1.00 |
| 31 December 2020 | 2474.51 | 1.21 |
| 30 June 2020 | 1445.21 | 2.07 |

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

**Comparative information**

All comparative figures were restated by applying the change in the index to 30 June 2021 using the relevant factor of 2.07, for the statement of Profit or Loss and Other Comprehensive Income, statement of Cash Flows and statement of Changes in Equity. The statement of Financial position comparatives were restated by applying a factor of 1.21.

**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 balance sheet 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 30 June 2021.

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 half year ended 30 June 2021. 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.

**Statement of compliance**

These consolidated Group interim condensed financial statements have been prepared with the aim of complying with International Accounting Standard (IAS) 34 and presented in ZWL$ (Zimbabwe Dollars, rounded to the dollar), which is the functional and presentation currency. Compliance with IFRS has not been possible in both the previous and current periods, because it has not been possible to comply with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21) and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" for non-correction of the prior year non-compliance with IAS 21. This is because it has been impracticable to fully comply with IFRS 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 as well as with the principles embedded in the IFRS Conceptual Framework. This has resulted in the accounting treatment adopted in the prior year and current period financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS. These exceptions have also made full compliance with the Companies and Other Business Entities Act (Chapter 24.31) not possible.

### 3. 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).

### 4. Revenue

An analysis of Group revenue and results for the year

| | Group Inflation adjusted | | Company Inflation adjusted | |
|---|---|---|---|---|
| | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ | Reviewed 30-June-21 ZWL$ | Reviewed 30-June-20 ZWL$ |
| Sale of goods: Domestic | 1,586,588,951 | 897,425,297 | 868,201,791 | 469,364,653 |
| Sale of goods: Export | 50,011,069 | 26,452,604 | 50,011,069 | 26,452,604 |
| Sale of services: Domestic | 19,222,864 | 61,821,256 | 11,297,797 | 36,251,491 |
| **Total revenue from contracts with customers** | **1,655,822,884** | **985,699,157** | **929,510,657** | **532,068,748** |
| Investment property rental income | 4,016,280 | 5,562,665 | - | - |
| **Total revenue** | **1,659,839,164** | **991,261,822** | **929,510,657** | **532,068,748** |

### 5. Segment report

| Inflation Adjusted | Agriculture ZWL$ | Mining and Infrastructure ZWL$ | Property ZWL$ | All Other Segments ZWL$ | Total Segments ZWL$ | Adjustments ZWL$ | Consolidated ZWL$ |
|---|---|---|---|---|---|---|---|
| **30 June, 2021** | | | | | | | |
| Revenue | 773,017,853 | 882,805,031 | 4,016,280 | - | 1,659,839,164 | - | 1,659,839,164 |
| Segment operating profit | 114,660,054 | 89,919,573 | 1,851,944 | (20,917,626) | 185,513,945 | 86,077,685 | 271,591,630 |
| **Other items** | | | | | | | |
| Finance income | 22,047 | - | - | 3,001 | 25,048 | 141,310 | 166,358 |
| Finance costs | 2,830 | (13,066) | - | - | (10,236) | (172,652) | (182,888) |
| Income taxes | (30,520,141) | (21,696,214) | 12,591 | (6,369,751) | (58,573,515) | 15,398,306 | (43,175,209) |
| **Group profit after tax** | **84,164,790** | **68,210,293** | **1,864,535** | **(27,284,376)** | **126,955,242** | **101,444,649** | **228,399,891** |
| Segment assets | 1,726,399,493 | 1,378,884,199 | 494,095,344 | 565,657,461 | 4,165,036,497 | (531,973,747) | 3,633,062,750 |
| Segment liabilities | (533,049,567) | (537,070,388) | 2,041,272 | (116,130,983) | (1,184,209,666) | 255,762,643 | (928,447,023) |
| **Other segment information** | | | | | | | |
| Depreciation and amortisation | 33,490,167 | 5,333,457 | 4,173,220 | 1,485,366 | 44,482,210 | - | 44,482,210 |
| Additions to non-current assets | 30,698,931 | 7,397,069 | - | 5,439,807 | 43,535,807 | - | 43,535,807 |
| Inventory provision | 27,909,399 | 45,031,245 | - | - | 72,940,644 | - | 72,940,644 |
| Impairment loss recognized on receivables | 777,776 | 1,605,523 | - | 3,191,104 | 5,574,403 | - | 5,574,403 |
| **30 June, 2020** | | | | | | | |
| Revenue | 280,348,955 | 610,125,373 | 5,562,665 | - | 896,036,993 | 95,224,829 | 991,261,822 |
| Segment operating profit | 150,543,024 | 240,439,353 | 178,317,112 | 102,998 | 569,402,487 | (246,593,271) | 322,809,216 |
| **Other items** | | | | | | | |
| Finance income | 17,447 | 7,941 | - | 47,977 | 73,365 | - | 73,365 |
| Finance costs | (1,112,687) | - | - | - | (1,112,687) | - | (1,112,687) |
| Income taxes | (38,713,601) | (899,329) | 8,830,320 | (1,666,450) | (32,449,060) | 187,259 | (32,261,801) |
| **Group profit after tax** | **110,734,183** | **239,547,965** | **187,147,432** | **(1,515,475)** | **535,914,105** | **(246,406,012)** | **289,508,093** |
| Segment assets | 1,558,440,876 | 1,189,016,163 | 554,853,892 | 545,457,631 | 3,847,768,562 | (575,781,653) | 3,271,986,909 |
| Segment liabilities | (381,098,170) | (409,163,979) | (125,861) | (77,556,732) | (867,944,742) | 260,573,698 | (607,371,044) |
| **Other segment information** | | | | | | | |
| Depreciation | 7,962,252 | 1,233,960 | 1,496,109 | 862,859 | 11,555,180 | - | 11,555,180 |
| Additions to non-current assets | 8,820,808 | 8,714,875 | - | 3,146,446 | 20,682,129 | - | 20,682,129 |
| Impairment loss recognized on receivables | 1,149,867 | 1,073,745 | - | 3,191,104 | 5,414,716 | - | 5,414,716 |