AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors report the following audited results in respect of the Group and Company's operations for the year ended 2018

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

HIGHLIGHTS

Revenue up 25% to 48.7m USD

EBITDA up 66% to 9.15m USD

PAT up 76% to 6m USD

CHAIRMAN'S STATEMENT

Dear Shareholders

The 2018 financial year was a successful one for the Zimplow Group drawing from growth in the national GDP and a resurgent agricultural sector. Group revenue went up by 25% from $39.1m to $48.7m. Success with cost containment measures saw the net profit percentage up from 9% to 12%. Net profits available to the shareholders were up by 76% from $3.4m to $6m.

Business unit Performance Review

Mealie Brand

Revenues went up 9% from $11.5m to $12.5m with the mix tilted towards more profitable local sales. Underlying volumes of local implements were up 19% to 43 490 with exports down 48% to 23 610. Due to effective cost management net profits went up 41% from $2.9m to $4.1m. Mealie Brand generated sufficient export sales to sustain itself as well as to fund other divisions of the group.

Farmec

Revenues increased by 59% from $11.1m to $17.7m on the back of a strong showing in tractor sales. Tractor sales were up 75% from 95 units in 2017 to 166 units in 2018. Massey Ferguson tractors were 90% of the volume with Valtra making up the balance. Workshop hours sold were flat on last year at 11 716 hours. Net profitability for Farmec was up 145% from $1.1m to $2.7m.

During the year Farmec was recognised by the owner of the Massey Ferguson Brands (AGCO) and won the following awards for the 2017 year:

- Best overall distributor in Africa
- Best services / parts dealer
- Best Massey ferguson dealer in Africa

The whole group is proud of this recognition!

Powermec

Revenue for Powermec was up 116% from $1.9m to $4.1m. Gensets were 80% of the turnover with parts and service making up the balance. We will look to increase the relative contribution of more predictable parts and service revenues to the total mix. GP margins were squeezed due to lower stock turn and consequently Powermec made a profit of $350k, which was up only 18% on prior year.

Barzem

Revenues at Barzem were up 7% to $12.7m. While the sales mix of 40:60% between whole goods and parts/ service was good, profitability remains muted as the business currently operates at a fraction of its potential. Alignment of shareholder objectives and interests is the first step towards putting Barzem in a position to competently serve the local market. We are working at this.

CT Bolts

Turnover at CT Bolts was up 20% from $1.5m to $1.8m with profitability up 96% to $724k. This remains a niche business and an increased focus on the northern half of the country has produced extra revenues and profits for the company.

Outlook

We serve both the communal and the commercial farmer and the prospects of the agricultural season plays an important role in the life of Zimplow. On the mining side, we expect an improved performance from Barzem for the coming financial year on the back of parts and service.

The most important task that Zimplow's Board and management have is the management of the balance sheet. Over the last two years we have achieved a malleable balance sheet structure where we are able to generate cash or assume a defensive posture in response to market conditions. We will take advantage of opportunities as they present themselves in the 2019 financial year.

Dividend

The the board declared a final dividend of $500 000 payable to shareholders of the Company registered at the close of business on the 12th April 2019. A notice to that effect was published on 28 March 2019.

Directorate

We would like to congratulate Vimbayi Nyakudya on his appointment as the Group CEO and we thank Mark Hulett for his productive tenure at the helm.

On behalf of the Board and shareholders, I would to like thank Zimplow staff and management for the 2018 performance.

T. CHATAIKA
CHAIRMAN

AUDITOR'S STATEMENT

These condensed financial statements must be read in conjunction with the complete set of financial statements for the year ended 31 December 2018, which have been audited by the Independent auditors, Ernst & Young Chartered Accountants Zimbabwe. The independent auditors have issued an adverse opinion on the financial statements because of non-compliance with International Accounting Standard 21 (The effects of foreign exchange rates). The Independent Auditors report includes a section of key audit matters. The key audit matters relate to the valuation of investment property and factory equipment and the adequacy of allowances for credit losses. The auditor's report on these financials is available for inspection at the company's registered office.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Description	Group			Company		
	31 - Dec-18	31 - Dec-17 ***Restated	31 - Dec-16 ***Restated	31 - Dec-18	31 - Dec-17 ***Restated	31 - Dec-16 ***Restated
	US$	US$	US$	US$	US$	US$
Assets						
Non-current Assets						
Property, plant and equipment	16,791,922	12,023,430	12,274,143	6,577,591	3,840,626	3,798,699
Intangible assets	129,828	191,796	114,326	113,494	126,466	-
Investment property	251,583	207,039	207,039	-	-	-
Investment in subsidiaries	-	-	-	11,462,158	12,014,500	12,014,500
Investment in government treasury bills	-	45,260	90,520	-	-	-
Deferred tax assets	-	126,565	711,701	-	-	492,067
Long term receivables	911,549	735,662	712,464	661,549	485,665	462,464
Goodwill	924,903	951,594	948,824	-	-	-
Total non-current assets	**19,009,785**	**14,281,346**	**15,059,017**	**18,814,792**	**16,467,257**	**16,767,730**
Current Assets						
Inventories	14,777,589	8,967,683	8,688,502	12,920,133	6,458,975	5,372,303
Short term portion of long term receivable	-	-	233,167	-	-	233,167
Trade and other receivables	3,827,204	5,320,997	6,083,539	1,703,352	2,513,133	3,038,252
Prepayments	4,360,692	5,727,705	739,443	3,992,976	4,501,922	506,602
Investment in financial assets	186,948	167,245	190,244	141,688	121,985	144,985
Current tax receivable	-	155,608	166,128	-	25,288	2,425
Assets held for sale	-	150,000	150,000	-	-	-
Cash and bank balances	5,621,505	5,918,040	1,854,078	1,063,821	2,034,829	820,439
Total current assets	**28,773,938**	**26,407,278**	**18,105,101**	**19,821,970**	**15,656,132**	**10,118,173**
Total Assets	**47,783,723**	**40,688,624**	**33,164,118**	**38,636,762**	**32,123,389**	**26,885,903**
Equity and Liabilities						
Equity						
Issued share capital	95,352	94,186	94,186	95,352	94,186	94,186
Share premium	19,726,744	19,471,129	19,471,129	19,726,744	19,471,129	19,471,129
Revaluation reserve	4,714,682	1,932,439	1,932,439	3,274,369	1,455,922	2,330,628
Treasury stock	(20,105)	-	-	(20,105)	-	-
Change in ownership reserve	(904,212)	(904,212)	(904,212)	-	-	-
Share based payment reserve	14,434	50,434	-	14,434	50,434	-
Foreign currency translation reserve	34,712	(249,900)	(275,751)	34,712	(1,538)	(1,553)
Accumulated profit/(losses)	7,162,820	2,320,506	(953,300)	3,725,406	(454,461)	(4,624,037)
Attributable to holders of the parent	**30,824,427**	**22,714,582**	**19,364,491**	**26,850,912**	**20,615,672**	**17,270,353**
Non-controlling interests	5,556,486	4,784,557	4,565,481	-	-	-
Total Equity	**36,380,913**	**27,499,139**	**23,929,972**	**26,850,912**	**20,615,672**	**17,270,353**
Non-current liabilities						
Long term borrowings	1,290,432	25,775	17,552	1,290,432	-	-
Intercompany payables	-	-	-	4,663,273	4,570,108	4,419,392
Deferred tax liabilities	2,725,790	1,460,722	1,329,754	1,100,880	97,018	-
Total non-current liabilities	**4,016,222**	**1,486,497**	**1,347,306**	**7,054,585**	**4,667,126**	**4,419,392**
Current liabilities						
Trade and other payables	1,766,632	3,381,547	4,642,424	300,863	1,763,354	2,761,242
Provisions	699,603	628,074	1,136,761	258,538	233,794	327,261
Short term portion of long term borrowings	2,746,824	1,493,711	780,437	2,746,824	1,493,711	780,437
Customer deposits	1,969,461	5,169,590	-	1,222,860	2,319,666	-
Bank overdraft	-	644,155	1,327,218	-	644,155	1,327,218
Current Tax liabilities	204,068	385,911	-	202,180	385,911	-
Total current liabilities	**7,386,588**	**11,702,988**	**7,886,840**	**4,731,265**	**6,840,591**	**5,196,158**
Total equity and liabilities	**47,783,723**	**40,688,624**	**33,164,118**	**38,636,762**	**32,123,389**	**26,885,903**

CONSOLIDATED AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing operations	Group		Company	
	31-Dec-18	31-Dec-17 1***Restated	31-Dec-18	31-Dec-17 ***Restated
	US$	US$	US$	US$
Sales of goods	46,293,006	36,682,989	34,501,852	25,194,844
Rendering of services	2,181,420	2,304,945	1,414,397	1,162,060
Investment property rental income	218,231	165,935	-	
Revenue	**48,692,657**	**39,153,869**	**35,916,249**	**26,356,904**
Cost of sales	(30,529,659)	(25,155,619)	(21,892,838)	(15,752,608)
Gross Profit	18,162,998	13,998,250	14,023,411	10,604,296
Other Income	314,029	940,196	198,704	652,788
Selling and distribution	(576,037)	(370,443)	(562,059)	(343,045)
Administrative expenses	(8,197,974)	(6,807,135)	(5,265,237)	(4,612,904)
Other Operating expenses	(1,106,907)	(2,814,014)	(630,812)	(1,589,266)
Allowance for credit losses	(142,655)	(176,461)	(46,786)	(176,461)
Operating profit	**8,453,454**	**4,770,393**	**7,717,221**	**4,535,408**
Finance costs	(387,166)	(275,375)	(386,372)	(272,502)
Finance income	193,495	113,030	27,757	8,233
	8,259,783	**4,608,048**	**7,358,606**	**4,271,139**
Tax	(1,934,540)	(1,139,175)	(2,001,896)	(976,269)
Profit for the year from continuing operations	**6,325,243**	**3,468,873**	**5,356,710**	**3,294,870**
Discontinued Operation				
Profit from discontinued operation	27,751	-	-	-
Loss on disposal of subsidiary	(342,853)	-	(376,459)	-
Profit for the year	**6,010,141**	**3,468,873**	**4,980,251**	**3,294,870**
Other Comprehensive Income				
Other Comprehensive income that may be recycled through profit or loss				
Revaluation of property	3,440,359	-	1,818,446	-
Exchange difference on translation of foreign operations	(39,189)	49,860	36,250	15
Total comprehensive income for the year	**9,411,311**	**3,518,733**	**6,834,947**	**3,294,885**
Profit for the year attributed to:				
Equity holders of the entity	5,642,698	3,273,806	4,980,251	3,294,870
Non-controlling interests	367,443	195,067	-	-
	6,010,141	**3,468,873**	**4,980,251**	**3,294,870**
Total comprehensive profit for the year attributable to:				
Owners of the parent	8,422,212	3,299,657	6,834,947	3,294,885
Non-controlling interests	989,099	219,076	-	-
	9,411,311	**3,518,733**	**6,834,947**	**3,294,885**

1***Refer to note 3

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

Description	Group		Company	
	31 - Dec-18	31 - Dec-17	31 - Dec-18	31 - Dec-17
	US$	US$	US$	US$
Operating Activities				
Operating profit before interest and tax	8,453,454	4,770,393	7,717,221	4,535,408
Operating profit from discontinued operation	27,751	-	-	-
Adjusted for:				
Depreciation of property, plant and equipment and amortisation of intangible assets	700,317	746,303	372,597	347,169
Fair value adjustments	(32,110)	-	-	-
Share based payment expense	31,312	50,434	31,312	50,434
Movement in provisions	209,742	310,479	162,957	252,735
Profit on disposal of property, plant & equipment	(15,613)	(51,629)	(38,422)	(9,612)
	9,374,853	**5,825,980**	**8,245,665**	**5,176,134**
Working capital changes				
Increase in Inventories	(5,971,393)	(279,181)	(6,461,158)	(1,086,672)
Decrease in trade and other receivables	1,068,930	972,511	633,899	713,027
Decrease/ (Increase) in prepayments	1,367,013	(4,988,262)	508,945	(3,995,320)
(Increase)/Decrease in customer deposits	(3,200,129)	5,169,590	(1,096,806)	2,319,666
Increase in intergroup balances	-	-	93,164	150,716
(Decrease) in trade and other payables	(1,731,532)	(2,080,133)	(1,623,692)	(1,344,090)
	907,742	**4,620,505**	**300,017**	**1,933,461**
Interest received	193,495	113,030	27,757	8,233
Interest paid	(379,633)	(275,375)	(386,372)	(272,502)
Tax paid	(1,813,370)	(940)	(1,696,022)	-
Dividend paid	(800,383)		(800,383)	
Net cash flow from operating activities	**(1,892,149)**	**4,457,220**	**(2,555,003)**	**1,669,192**
Investing Activities				
Proceeds from disposal of assets held for sale	120,000	-	-	-
Proceeds from disposal of subsidiary	116,828	-	175,883	-
Proceeds from sale of property, plant and equipment	83,367	155,118	53,515	19,723
Purchase of property, plant and equipment	(787,568)	(539,052)	(726,347)	(396,210)
Proceeds from sale of financial assets	45,663	68,259	403	23,000
Purchase of intangible assets	-	(129,709)	-	(129,709)
Net cash flows from investing activities	**(421,710)**	**(445,384)**	**(496,546)**	**(483,196)**
Financing Activities				
Issue of shares to non-controlling shareholder	169,365	-	169,365	-
Share Buyback	(20,105)	-	(20,105)	-
Repayments of borrowings	(2,305,796)	(786,726)	(2,306,455)	(786,726)
Proceeds from borrowings	4,850,000	1,508,223	4,850,000	1,500,000
Net cash flows from financing activities	2,693,464	721,497	2,692,805	713,274
Net increase/(decrease) in cash and cash Equivalents	**379,605**	**4,733,333**	**(358,744)**	**1,899,270**
Net foreign exchange difference	(31,985)	13,692	31,891	(1,817)
Cash and cash equivalents at 1 January	5,273,885	526,860	1,390,674	(506,779)
Cash and cash equivalents at 31 December	**5,621,505**	**5,273,885**	**1,063,821**	**1,390,674**
Comprising of:				
Cash and cash balances	5,621,505	5,918,040	1,063,821	2,034,829
Bank overdraft	-	(644,155)	-	(644,155)



AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors report the following audited results in respect of the Group and Company's operations for the year ended 2018

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

SUPPLEMENTARY INFORMATION

	Group		Company	
	31 - Dec-18 US$	31 - Dec-17 US$	31 - Dec-18 US$	31 - Dec-17 US$
Shares in issue	**236,194,564**	**235,465,865**	**236,194,564**	**235,465,865**
For the purpose of Basic EPS	236,194,564	235,465,865	236,194,564	235,465,865
Dilutive impact of shares	622,499	-	622,499	-
For the purpose of Diluted EPS	236,817,062	235,465,865	236,817,062	235,465,865
Profit/(loss) for the year	5,642,698	3,254,787	4,980,251	3,275,851
Basic profit/loss per share	0.02	0.01	0.02	0.01
Diluted profit/(loss) per share	0.02	0.01	0.02	0.01
Depreciation	700,317	746,303	372,597	347,169
Taxation:				
Current tax expense	1,811,428	423,071	1,566,471	387,184
Deferred tax movement	123,112	716,104	435,425	589,085

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Group	Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Change in Ownership Reserve	Foreign Currency translation Reserve	Share Based Payment Reserve	Retained Earnings	Attributable to Owners of the Parent	Non-Controlling Interest	Total
Balance on 1 Jan 2017	**94,186**	**-**	**19,471,129**	**1,932,439**	**(904,212)**	**(275,751)**	**-**	**345,130**	**20,662,921**	**4,565,481**	**25,228,402**
Prior Period Error	-	-	-	-	-	-	-	(1,298,430)	(1,298,430)	-	(1,298,430)
Balance on 1 Jan 2017 Restated	**94,186**	**-**	**19,471,129**	**1,932,439**	**(904,212)**	**(275,751)**	**-**	**(953,300)**	**19,364,491**	**4,565,481**	**23,929,972**
Share Based Payment expense	-	-	-	-	-	-	50,434	-	50,434	-	50,434
Profit for the year	-	-	-	-	-	-	-	3,273,806	3,273,806	195,067	3,468,873
Other Comprehensive profit net of tax	-	-	-	-	-	25,851	-	-	25,851	24,009	**49,860**
Balance at 31 December 2017	**94,186**	**-**	**19,471,129**	**1,932,439**	**(904,212)**	**(249,900)**	**50,434**	**2,320,506**	**22,714,582**	**4,784,557**	**27,499,139**
Elimination of NCI on Afritrac disposal	-	-	-	-	-	-	-	-	-	(217,169)	(217,169)
FCTR recycled	-	-	-	-	-	287,340	-	-	287,340		287,340
Share Based Payment	-	-	-	-	-	-	31,312	-	31,312	-	31,312
Dividend paid	-	-	-	-	-	-	-	(800,384)	(800,384)	-	(800,384)
Profit for the year	-	-	-	-	-	-	-	5,642,698	5,642,698	367,443	6,010,141
Other Comprehensive profit net of tax	-	-	-	2,782,243	-	(2,728)	-	-	2,779,515	621,655	3,401,170
Share Options exercised	1,166		255,615	-	-	-	(67,312)	-	189,469	-	189,469
Share Buyback	-	(20,105)	-	-	-	-	-	-	(20,105)	-	(20,105)
Balance at 31 December 2018	**95,352**	**(20,105)**	**19,726,744**	**4,714,682**	**(904,212)**	**34,712**	**14,434**	**7,162,820**	**30,824,427**	**5,556,486**	**36,380,913**

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COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Company	Share Capital	Treasury Shares	Share Premium	Revaluation Reserve	Share based Payment Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Parent
Balance on 1 Jan 2017	**94,186**	**-**	**19,471,129**	**2,330,628**	**-**	**(1,553)**	**(3,325,607)**	**18,568,783**
Prior Period Error	-	-	-	-	-	-	(1,298,430)	(1,298,430)
Balance on 1 Jan 2017 restated	**94,186**	**-**	**19,471,129**	**2,330,628**	**-**	**(1,553)**	**(4,624,037)**	**17,270,353**
Revaluation Reserve release	-	-	-	(874,706)	-	-	874,706	-
Share Based Reserve	-	-	-	-	50,434	-	-	50,434
Profit for the year	-	-	-	-	-	-	3,294,870	3,294,870
Other Comprehensive profit net of tax	-	-	-	-	-	15	-	15
Balance at 31 December 2017	**94,186**	**-**	**19,471,129**	**1,455,922**	**50,434**	**(1,538)**	**(454,461)**	**20,615,672**
Share Buyback	-	(20,105)	-	-	-	-	-	(20,105)
Share Based Reserve	-	-	-	-	31,312	-	-	31,312
Dividend paid	-	-	-	-	-	-	(800,384)	(800,384)
Share Options exercised	1,166	-	255,615	-	(67,312)	-	-	189,469
Profit for the year	-	-	-	-	-	-	4,980,251	4,980,251
Other comprehensive profit net of tax	-	-	-	1,818,447	-	36,250	-	1,854,697
Balance at 31 December 2018	**95,352**	**(20,105)**	**19,726,744**	**3,274,369**	**14,434**	**34,712**	**3,725,406**	**26,850,912**

NOTES TO THE CONDENSED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Presentation and statement of compliance

1.1 Basis of preparation

The financial statements of which this statement is a summary were prepared under the historical cost convention (except for the fair presentation of Factory Equipment and Investment Property). These results agree with the accounting records and have been prepared in accordance with Accounting Policies documented in detail in the annual report.

1.2 Accounting policies

The accounting policies applied in the preparation of these condensed financial statements for the period under review are consistent with those applied in preparation of the Group's audited financial statements for the year ended 31 December 2017.

1.3 Non adjusting events after the reporting period

In October 2018, RBZ introduced the separation of bank accounts between RTGS balances and foreign currency balance accounts. Foreign currency accounts were denoted by the term "Nostro". The RTGS balances were still exchangeable to the USD balances at a rate of one as to one. The system continued through to the end of the year 2018. However, in as much as this signalled a change in policy towards introduction of another currency, this did not happen until February 2019.

The year 2019 began on the same footing as the 2018 calendar year end, until 22 February 2019 when the RBZ through the statutory instrument (SI33), introduced RTGS dollars (RTGS$) which represents RTGS balances in the banking system. These balances were to be officially exchanged to USD at a floating rate to be determined by the banks based on the law of supply and demand. The initial rate was pegged at USD1: RTGS$ 2.5. The SI 33 prescribed that all balances as at 22 February 2019 were to be translated to RTGS$ at a rate of one as to one.

1.4 Statement of compliance

These consolidated financial statements of which these results are an extract have been prepared with the aim of complying with International Financial Reporting Standards (IFRS) and are presented in United States Dollars (US$) which is the Group's functional currency. While full compliance with IFRS has been possible in the previous periods, only partial compliance has been achieved for 2018, because it has not been possible to comply with International Accounting Standard 21 "The Effects Of Changes In Foreign Exchange Rates" (IAS21).

The IFRS Conceptual Framework requires that in applying fair presentation to financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of the directors, the requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework (see guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the adoption of accounting treatment in the current year's financial statements, which is at variance from that which would have been applied if the Group had been able to fully comply with IFRS.

2. Borrowings

The Group acquired term loan facility of $2,000,000.00 secured against a notarial covering bond, which included the Company's inventory. The Group also acquired $ 2,000,000.00 facility secured against a building. The average cost of the borrowings was at 8%.

3. Prior period error

Following the acquisition of Tractive Power Holdings Ltd by Zimplow Ltd in 2012, the assets acquired included deferred tax assets of $1,298,430, which emanated from assessed losses. The scheme of reconstruction done with Zimra for the two entities (Zimplow Ltd and Tractive Power Holdings Ltd) did not provide for the utilisation of the Tractive Power Holdings Ltd assessed losses by Zimplow Holdings Ltd.

The assessed losses were carried in the books of the Company since the entity has been making losses. It was noted in the current year that these assessed losses are not claimable, and have been accounted for as a prior period adjustment per IAS 8, reducing the opening retained earnings of 2017 by $1,298,430 and increasing the 2017 profit by $19,019.

4. Discontinued operation

On 31 December, the company disposed of its 49% interest in Afritrac Pvt Ltd for a consideration of $196,059.00. The carrying value of net identifiable assets disposed of including currency translation difference amounted to $448,567.00 at 31 December 2018, resulting in a loss on disposal of $342,853.00.

5. Revenue

An analysis of Group revenue and results for the year

	Group		Company	
	31 - Dec-18 US$	31 - Dec-17 US$	31 - Dec-18 US$	31 - Dec-17 US$
Sale of goods: Domestic	44,410,859	32,852,290	32,619,705	21,364,145
Sale of goods: Export	1,882,147	3,830,699	1,882,147	3,830,699
Sale of services: Domestic	2,181,420	2,304,945	1,414,397	1,162,060
Property rentals	218,231	165,935	-	-
Total	**48,692,657**	**39,153,869**	**35,916,249**	**26,356,904**

6. Segment Report

31 December 2018	Farming	Mining and Infrastructure	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	30,144,429	18,623,496	218,231	-	48,986,156	(293,499)	48,692,657
Segment operating profit	**7,158,248**	**1,797,270**	**90,782**	**(413,844)**	**8,632,456**	**(179,002)**	**8,453,454**
Other items							
Finance income	2,654	165,760	-	25,081	193,495	-	193,495
Finance costs	(373,306)	(13,066)	(794)	-	(387,166)	-	(387,166)
Income taxes	(1,869,841)	(585,008)	226,543	650,157	(1,578,149)	(356,391)	(1,934,540)
Group profit after tax	**4,917,755**	**1,364,956**	**316,531**	**261,394**	**6,860,636**	**(535,393)**	**6,325,243**
Segment assets	21,578,078	15,487,866	10,288,472	20,643,489	67,997,905	(20,214,182)	47,783,723
Segment liabilities	1,584,552	(4,313,232)	(277,550)	(8,737,516)	(11,743,746)	340,936	(11,402,810)
Other segment information							
Depreciation	269,144	277,195	88,430	65,548	700,317	-	700,317
Additions to non-current assets	581,650	198,827	-	7,091	787,568	-	787,568
Impairment loss recognized on receivables	26,042	116,613	-	-	142,655	-	142,655

31 December 2017	Farming	Mining and Infrastructure	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	**24,487,830**	**15,422,190**	**165,935**	**-**	**40,075,955**	**(922,086)**	**39,153,869**
Segment operating profit	**4,289,428**	**906,195**	**24,101**	**(357,265)**	**4,862,459**	**(92,066)**	**4,770,393**
Other items							
Finance income	7,530	103,646	-	1,854	113,030	-	113,030
Finance costs	(229,127)	(46,141)	-	(107)	(275,375)	-	(275,375)
Income taxes	(963,275)	(175,909)	(12,644)	73,134	(1,078,694)	(60,481)	(1,139,175)
Group profit after tax	**3,104,556**	**787,791**	**11,457**	**(282,384)**	**3,621,420**	**(152,547)**	**3,468,873**
Segment assets	13,187,283	15,650,503	10,302,297	19,944,524	59,084,607	(17,599,501)	41,485,106
Segment liabilities	(3,481,340)	(5,619,230)	358,053)	(7,124,369)	(16,582,992)	3,876,436	(12,706,556)
Other segment information							
Depreciation	254,692	09,395	96,513	130,496	791,096	(44,793)	746,303
Additions to non-current assets	272,920	63,285	-	232,314	668,119	642	668,761
Impairment loss recognized on receivables	84,832	91,629	-	-	176,461	-	176,461

7. Capital commitments

	Group		Company	
	31 - Dec-18 US$	31 - Dec-17 US$	31 - Dec-18 US$	31 - Dec-17 US$
Authorized but not yet contracted				
Authorized and Contracted	110,000	900,206	110,000	753,850
	329,335	-	329,335	-
Total	**439,335**	**900,206**	**439,335**	**753,850**

Building a better working world

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Independent Auditor's Report

To the Shareholders of Zimplow Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Zimplow Holdings Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained on note 3 the entity's functional currency is the United States Dollar (US$) and the financial statements have been presented on the basis that the official exchange rate as at 31 December 2018 is 1:1 between the RTGS Dollar (RTGS$) and the United States Dollar (US$). Included in the financial statements of the group are balances and transactions denominated in RTGS$ that management did not convert to US$.

Under IFRS foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. In addition, an entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material as disclosed in the subsequent events note 31 to the financial statements.

The statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 21: The Effects of Changes in Foreign Exchange Rates have not been complied with. The effects on the consolidated financial statements of the failure to translate the transactions and balances as at reporting date have not been determined. However, the potential impact is material and pervasive on the measurement and presentation of these financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Factory equipment and investment property	
The Group has factory equipment and investment property of \$775 429 and \$251 583 respectively as at 31 December 2018. It is the Group's policy to record factory equipment and investment property at their fair values. Factory equipment and investment property are stated at their fair values based on external valuations performed by independent valuers.	As part of our audit procedures, we assessed the competence, objectivity and independence of the valuer used. We reviewed the valuation reports and assessed whether the valuation approach was in accordance with professional valuation standards and is suitable for determining the fair value of factory equipment and investment property.

Valuation of factory equipment and investment property is a key audit matter due to its significance on the statement of financial position and significant judgements involved in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied including those relating to the following: i) investigation into past or present uses of property and neighbouring land has not been done; ii) there are no abnormal ground conditions and archaeological remains affecting occupation and value of immovable property; iii) land and buildings and improvements are fit for the purpose they are being used and comply with all statutory and local by-laws and regulations; iv) no works or restrictive conditions in the title deeds that would adversely affect the value of property; v) reliance has been placed on information received verbally from the relevant authorities such as the Registrar of Deeds Office Fair value disclosures are included in note 12 to the consolidated financial statements.	We discussed the key assumptions and critical judgments with the professional valuer and understood the approaches taken by them in determining the valuation of factory equipment and investment property. We assessed the appropriateness of the disclosures relating to the valuation techniques and key inputs applied by the professional valuer. The external valuer is a member of a recognized professional body for valuers. We assessed the valuation methodologies used against generally accepted market practices.
Adequacy of allowance for credit	Losses and disclosure thereto
Trade accounts receivables of $3 827 204 disclosed in note 17 constitute 8% of total assets in the statement of financial position. The recoverability of trade receivables is a key element of Zimplow Holdings Limited's working capital and credit management. Determination of the allowance for credit losses involves significant estimates and judgements such as the reasonableness of the provisioning models used, taking into account historical data and forward-looking information both from a macro and micro economic perspective. Judgements made by management in respect of the allowance for credit losses are described in note 32.1.	Our procedures included, amongst others; Assessing the appropriateness of the judgements applied by management in determining the allowance for credit losses based on our understanding of the business and the current prevailing environment. Evaluating the reasonableness of the allowance for credit losses by analysing the trend of subsequent receipts, write offs and recoveries from debtors compared to the prior year estimate. Evaluating the adequacy of the disclosures in the consolidated financial statements relating to the description of the application of

Due to the significance of trade receivables and the related estimation uncertainty this is considered a key audit matter.	management's judgement in determining the allowance for credit losses. Reviewing the Group accounting policy on trade accounts receivables for compliance with IFRS 9 - Financial Instruments.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report but does not include the financial statements and our auditors report thereon.

Our opinion on the (consolidated) financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also [N12]:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

  We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Number 220)

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Angwa City
Corner Julius Nyerere Way / Kwame Nkrumah Avenue

Date: 08 April 2019