

UNAUDITED GROUP RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2019



The Directors report the following unaudited results in respect of the Group and Company's operations for the six months ended 30 June 2019

HIGHLIGHTS

Revenue up 78% to 36.2m

EBITDA up 650% to 20.23m

PAT up 831% to 15.3m

CHAIRMAN'S STATEMENT

Dear Shareholders

The first half of the year has seen significant changes in policy with regards to monetary as well as exchange rate policies. The diversified divisions and companies in the Group have had mixed fortunes however the overall performance has been positive. Demand from the tobacco farmers did not come in at the same level as last year however this was replaced by exports within the overall agriculture demand matrix.

Below is a financial review by division / subsidiary

Operational Review

Mealie Brand

The unit had an outstanding first half and provided a strong anchor to the Groups' profitability. Revenues tripled from \$3.3m to \$10.3m. This was mainly due to a sales mix which was 56% exports and 44% local. Exports sales enabled the division to have exchange gains on its debtors and receipts. The business achieved a profit before tax figure of \$9.9m.

Farmec

Farmec revenues were up 78% to \$13.7m. We sold 44 tractors and 130 implements over the period. Service hours were down 25% to 4092 hours.

All other ratios remain in line and the business posted a profit before tax of \$6.1m.

Powermec

Driven by the ongoing electricity shortages gensets sold doubled from 22 in the prior to 44 in the first half. Service hours sold increased by 21% to 1426. Revenues grew by 235% to \$3.4m with profit before tax coming in at \$1.6m. The demand pipeline remains strong and ongoing efforts are being made to ensure that we carry sufficient stocks on hand.

CT Bolts

Revenues are up 77% to \$1.5m however there has been a change in the sales mix with mild steel bolts down 58% while high tensile bolts volumes doubled. CT Bolts achieved a profit before tax of \$1.1m.

Barzem

Barzem had a depressed performance over the first half. Revenues came in at \$7.4m. Whole goods sold were down 74% on last year while parts sold were up 46%. The business posted a profit before tax figure of \$1.7m.

Overall Financial Review

The group's revenue for the first half of 2019 went up 78% from \$20.3m to \$36.2m. Owing to a good working capital posture and sales mix the group benefitted from a tailwind on its exports sales. The group achieved profit after tax of \$15.3m for the first half of 2019.

Outlook

The current outlook for the 2019 / 20 rain season is for a normal season. Should this be the case it will be positive for demand for our agriculture equipment businesses. We however remain cautious in our working capital posture to ensure we tie up appropriate capital against anticipated demand.

Dividend

The board would like to declare an interim dividend of 1.47 cents per share.

Appreciation

I would like to thank the board, management and staff for their continued positive efforts.

T. CHATAIKA
CHAIRMAN

GROUP CONSOLIDATED AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Company	
	30-June-19 ZWL\$	30-June-18 ZWL\$	30-June-19 ZWL\$	30-June-18 ZWL\$
Continuing operations				
Sales of goods	33,841,752	19,296,885	27,452,419	12,334,260
Renting of services	2,183,942	951,419	1,307,420	604,183
Investment property rental income	147,572	65,055	-	-
Revenue	36,173,266	20,313,359	28,759,839	12,938,443
Cost of sales	(14,612,348)	(13,149,208)	(10,383,022)	(8,121,458)
Gross Profit	21,560,918	7,164,151	18,376,817	4,816,985
Other Income	6,077,371	236,507	4,793,349	177,540
Selling and distribution	(548,543)	(208,801)	(506,362)	(197,441)
Administrative expenses	(6,302,808)	(3,277,775)	(4,009,089)	(2,036,848)
Other Operating Expenses	(976,964)	(1,581,635)	(666,853)	(499,066)
Operating profit/loss	19,809,974	2,332,447	17,987,863	2,261,075
Finance costs	(181,789)	(155,980)	(156,475)	(155,338)
Finance income	2,245	6,951	2,245	1,833
19,630,430	2,183,418	17,833,632	2,107,575	
(4,317,626)	(577,789)	(4,902,994)	(603,440)	
Profit/Loss for the from continuing operations	15,312,804	1,605,629	12,930,638	1,504,135
Other Comprehensive Income				
Other Comprehensive income that may be recycled through profit or loss	-	-	-	-
Exchange difference on translation of foreign operations	210,644	(53,554)	210,644	(389)
Total comprehensive income for the year	15,523,448	1,552,075	13,141,282	1,503,746
Profit/Loss for the year attributable to:				
Equity holders of the entity	14,170,121	1,567,706	12,930,638	1,504,135
Non-controlling interests	1,142,683	379,233	-	-
15,312,804	1,605,629	12,930,638	1,504,135	
Total comprehensive profit/loss for the year attributable to:				
Owners of the parent	14,380,765	1,539,783	13,141,282	1,503,746
Non-controlling interests	114,268	12,292	-	-
15,523,448	1,552,075	13,141,282	1,503,746	

GROUP CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Group		Company	
	30-June-19 ZWL\$	31-Dec-18 ZWL\$	30-June-19 ZWL\$	31-Dec-18 ZWL\$
Assets				
Non-current Assets				
Property, plant and equipment	16,699,254	16,791,922	6,516,824	6,577,591
Intangible assets	129,828	129,828	113,494	113,494
Investment property	251,583	251,583	-	-
Investment in subsidiaries	-	-	11,462,158	11,462,158
Deferred tax assets	453,364	-	-	-
Long term receivables	2,411,548	911,549	661,548	661,549
Goodwill	924,903	924,903	-	-
Total non-current assets	20,870,480	19,009,785	18,754,024	18,814,792
Current Assets				
Inventories	22,160,537	14,777,589	19,922,848	12,920,133
Trade and other receivables	12,195,754	3,827,204	9,804,664	1,703,352
Prepayments	7,959,331	4,360,692	7,959,331	3,992,976
Investment in financial assets	141,688	186,948	141,688	141,688
Current tax receivable	190,270	-	26,601	-
Cash and bank balances	7,107,898	5,621,505	4,146,361	1,063,821
Total current assets	49,755,478	28,773,938	42,001,493	19,821,970
Total Assets	70,625,958	47,783,723	60,755,517	38,636,762
Equity and Liabilities				
Equity				
Issued share capital	95,352	95,352	95,352	95,352
Share premium	19,726,744	19,726,744	19,726,744	19,726,744
Revaluation reserve	4,714,683	4,714,682	3,274,369	3,274,369
Capital Reserve	(20,105)	(20,105)	(20,105)	(20,105)
Change in ownership reserve	(904,212)	(904,212)	-	-
Share based payment reserve	14,434	14,434	14,434	14,434
Foreign currency translation reserve	245,356	34,712	245,356	34,712
Accumulated profit	20,832,342	7,162,820	16,155,445	3,725,406
Attributable to holders of the parent	44,704,594	30,824,427	39,491,595	26,850,912
Non-controlling interests	6,699,169	5,556,486	-	-
Total Equity	51,403,763	36,380,913	39,491,595	26,850,912
Non-current liabilities				
Long term borrowings	1,065,967	1,290,432	1,065,967	1,290,432
Intercompany payables	-	-	5,527,904	4,663,273
Deferred tax liabilities	2,761,645	2,725,790	1,842,203	1,100,880
Total non-current liabilities	3,827,612	4,016,222	8,436,074	7,054,585
Current liabilities				
Trade and other payables	7,588,930	1,766,632	4,049,283	300,863
Provisions	501,922	699,603	246,054	258,538
Short term portion of long term borrowings	2,214,045	2,746,824	2,214,045	2,746,824
Customer deposits	4,508,253	1,969,461	4,885,133	1,222,860
Current tax liabilities	581,433	204,068	1,433,333	202,180
Total current liabilities	15,394,583	7,386,588	12,827,848	4,731,265
Total equity and liabilities	70,625,958	47,783,723	60,755,517	38,636,762

GROUP CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

For the half - year ended 30 June 2019

	Group		Company	
	30-June-19 ZWL\$	30-June-18 ZWL\$	30-June-19 ZWL\$	30-June-18 ZWL\$
Operating profit/ (loss) before interest and tax	19,809,975	2,332,447	17,987,863	2,261,075
Adjusted for:				
Depreciation of property plant and equipment	387,781	364,848	234,541	184,507
and amortisation of intangible assets	(3,511,617)	-	(1,999,313)	-
Exchange (gain)/loss on foreign exchange	(27,980)	18,834	(27,980)	(11,166)
Profit on disposal of property, plant & equipment	16,658,159	2,716,129	16,195,111	2,434,416
Working capital changes (Increase) in Inventories	(7,382,948)	(3,646,796)	(7,002,715)	(3,493,614)
(Increase)/Decrease in trade and other receivables	(9,868,550)	1,149,911	(8,101,312)	365,541
(Increase)/Decrease in prepayments	(3,598,639)	897,880	(3,966,355)	967,246
Increase/(Decrease) in customer deposits	2,538,791	(506,599)	3,662,273	(323,524)
Increase in intergroup balances	-	-	864,632	67,024
Increase/(Decrease) in trade and other payables	5,601,630	(477,447)	3,712,949	(816,146)
3,948,443	133,078	5,364,583	(799,057)	
Interest received	2,245	6,951	2,245	1,833
Interest paid	(181,789)	(70,945)	(156,475)	(70,303)
Tax paid	(1,595,679)	(194,254)	(1,290,227)	(1,501,190)
Dividend paid	(500,599)	(308,105)	(500,599)	(308,105)
Net cash flow from operating activities	1,672,621	(433,275)	3,419,527	(1,325,822)
Investing activities				
Proceeds from sale of property, plant and equipment	28,025	126,361	28,025	18,361
Purchase of property, plant and equipment	257,044	(65,633)	151,545	(52,876)
Proceeds from sale of financial assets	45,260	45,260	-	-
Net cash flows from investing activities	330,329	105,988	179,570	(34,515)
Financing Activities				
Repayments of borrowings	(487,867)	(1,104,331)	(487,867)	(1,104,992)
Proceeds from borrowings	500,000	2,781,229	500,000	2,781,229
Net cash flows from financing activities	12,133	1,676,898	12,133	1,676,237
Net increase/(decrease) in cash and cash equivalents	2,015,083	1,349,611	3,611,230	315,900
Net foreign exchange difference	(528,690)	(36,362)	(528,690)	(2,033)
Cash and cash equivalents at 1 January	5,621,505	5,273,885	1,063,821	1,390,674
Cash and cash equivalents at 30 June	7,107,898	6,587,134	4,146,361	1,704,541
Comprising of:				
Cash and cash balances	7,107,898	6,587,134	4,146,361	1,704,541
Bank overdraft	-	-	-	-

SUPPLEMENTARY INFORMATION

	Group		Company	
	30-June-19 ZWL\$	31-Dec-18 ZWL\$	30-June-19 ZWL\$	31-Dec-18 ZWL\$
Shares in issue	238,380,780	236,194,564	238,380,780	236,194,564
For the purpose of Basic EPS	238,380,780	236,194,564	238,380,780	236,194,564
Dilutive impact of shares	623,850	622,499	623,850	622,499
For the purpose of Diluted EPS	239,004,630	236,817,063	239,004,630	236,817,063
Profit/(loss) for the year	14,170,121	5,642,698	12,930,638	4,980,251
Basic profit/loss per share	0.06	0.02	0.05	0.02
Diluted profit/(loss) per share	0.06	0.02	0.05	0.02
Depreciation	387,781	700,317	234,541	372,597
Taxation:				
Current tax expense	3,956,426	423,041	3,531,139	1,566,471
Deferred tax movement	361,201	123,112	1,371,856	435,425

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half - year ended 30 June 2019

	Share Capital	Treasury Shares	Share Premium	Share 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 January 2018	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 Disposal	-	-	-	-	-	-	-	-	-	(276,59)	(276,59)
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)	-	(800,384)
Profit for the year	-										