AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

The Directors report the following audited results in respect of the Group and Company's operations for the year ended 31 December 2019

HIGHLIGHTS

Inflation
Revenue up 85% to 504m
Operating Profit up 158% to 122m
PAT up 199% to 100m

Historical
Revenue up 436% to 261m
Operating Profit up 1485% to 134m
PAT up 1720% to 109m

Chairman's Statement

(commentary is on the inflation adjusted numbers)

Dear Shareholders

The Group had a strong financial year with turnover up from $272.9m in 2018 to $504.1m in 2019. Volume performance was mixed across the Group with Powermec and Mealie Brand increasing their volumes while Farmec, Barzem and CT bolts suffered some volume reduction. Through a good mix of exports and local products sold the company was able to surpass prior year profitability in real terms. Profit after tax came in at $100.6m up from $35.4m in the prior year.

Below is a financial review by division / subsidiary.

Operational Review

Farmec

Farmec revenues were up from $99.1m to $172.1m. The business sold 104 tractors which was down 37% from 2018. Parts and implements sold were down 22% on prior year comps.

Farmec contributed 44% of Group profitability after tax at $44.6m.

Mealie Brand

Mealie Brand had a strong year with revenues up from $70m to $112.8m. The division benefitted from strong export sales which were up 62% on prior year. Export sales enabled the division to have exchange gains while also providing forex for other group companies. The business achieved a profit after tax figure of $55.9m up from $17.1m.

Powermec

Driven by the ongoing electricity shortages gensets sold doubled from 49 to 102. Service hours sold increased by 28% to 3,840. Revenues grew from $22.9m in the prior year to $51.6m. In terms of profitability, the unit improved from $1.4m in 2018 to a profit after tax of $4.1m. The demand pipeline remains strong and ongoing efforts are being made to ensure that we carry sufficient stocks on hand.

CT Bolts

Revenues were up from $10.2m to $16.2m. Overall volumes were down 26% to 299 tonnes however there was a trade-off in the sales volume mix with high tensile steel bolts up 151% and mild steel down 51%. The business remains profitable and achieved a profit after tax of $493k down from $1.9m in the prior year.

Barzem

Barzem's turnover went up from $71.2m to $150.6m. Profit after tax came in at $36.3m up from $4.1m in the prior year. Going forward Barzem represents the biggest growth opportunity for the Group over the coming few years.

Outlook

We are staying very close to our customers ensuring an accurate order book which then drives our working capital posture. We remain nimble and maintain a malleable balance sheet.

Dividend

The board would like to declare a final dividend of 3.78 cents per share. A separate announcement will be made with respect to the dividend.

Appreciation

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

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 2019, 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) current year and prior year as well as non compliance with International Accounting Standard 8 (Accounting Policies, Changes in Accounting Estimates & Errors).

The auditor's report on these financials is available for inspection at the company's registered office.

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Number 367).

Group Consolidated and Company Statement of Financial Position as at 31 December 2019

Description	Group				Company			
	Inflation adjusted		Historical		Inflation adjusted		Historical	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Assets								
Non-current Assets								
Property, plant and equipment	231,017,992	94,135,444	221,331,311	16,791,922	76,773,260	36,873,948	72,131,132	6,577,591
Intangible assets	563,543	727,815	100,525	129,829	563,543	636,247	100,525	113,495
Investment property	3,845,000	1,410,375	3,845,000	251,583	-	-	-	-
Investment in subsidiaries	-	-	-	-	64,256,811	64,256,811	11,462,158	11,462,158
Right of use assets	-	-	-	-	1,126,851	-	201,008	-
Long term receivables	10,588,619	5,110,140	10,588,619	911,548	6,326,119	3,708,641	6,326,119	661,548
Goodwill	5,185,002	5,185,002	924,903	924,903	-	-	-	-
Total non-current assets	**251,200,156**	**106,568,776**	**236,790,358**	**19,009,785**	**149,046,584**	**105,475,647**	**90,220,942**	**18,814,792**
Current Assets								
Inventories	156,607,004	82,843,104	67,104,670	14,777,589	125,668,280	72,430,213	51,214,900	12,920,133
Trade and other receivables	22,834,601	21,455,291	22,834,601	3,827,204	7,866,549	9,548,984	7,866,549	1,703,352
Prepayments	60,446,946	24,446,023	56,202,979	4,360,692	44,665,456	22,384,607	40,447,612	3,992,976
Investment in financial assets	124,394	1,048,028	124,394	186,948	124,394	794,302	124,394	141,688
Cash and bank balances	21,672,695	31,514,134	21,672,695	5,621,505	19,975,367	5,963,776	19,975,367	1,063,821
Total current assets	**261,685,640**	**161,306,580**	**167,939,339**	**28,773,938**	**198,300,046**	**111,121,882**	**119,628,822**	**19,821,970**
Total Assets	**512,885,796**	**267,875,356**	**404,729,697**	**47,783,723**	**347,346,630**	**216,597,529**	**209,849,764**	**38,636,762**
Equity and Liabilities								
Equity								
Issued share capital	534,543	534,543	95,352	95,352	534,543	534,543	95,352	95,352
Share premium	110,668,969	110,588,047	19,741,179	19,726,744	110,668,969	110,588,047	19,741,179	19,726,744
Revaluation reserve	92,644,955	-	143,049,093	4,714,682	30,465,894	-	52,863,095	3,274,369
Capital reserve	(1,090,092)	(112,709)	(194,451)	(20,105)	(1,090,092)	(112,709)	(194,451)	(20,105)
Change in ownership reserve	(5,069,009)	(5,069,009)	(904,212)	(904,212)	-	-	-	-
Share based payment reserve	-	80,922	-	14,434	-	80,922	-	14,434
Foreign currency translation reserve	169,157	194,595	(84,705)	34,712	169,157	194,595	(84,705)	34,712
Accumulated profit	134,186,865	66,585,224	92,831,940	7,162,820	140,383,755	39,240,707	76,286,484	3,725,407
Attributable to holders of the parent	332,045,388	172,801,613	254,534,196	30,824,427	281,132,226	150,526,105	148,706,954	26,850,913
Non-controlling interests	60,134,979	31,149,638	37,724,189	5,556,486	-	-	-	-
Total Equity	**392,180,367**	**203,951,251**	**292,258,385**	**36,380,913**	**281,132,226**	**150,526,105**	**148,706,954**	**26,850,913**
Non-current liabilities								
Long term borrowings	-	7,234,157	-	1,290,432	-	7,234,157	-	1,290,432
Intercompany payables	-	-	-	-	4,963,556	26,142,289	4,963,556	4,663,273
Deferred tax liabilities	46,441,385	15,280,768	40,547,249	2,725,789	18,222,632	6,171,529	15,301,599	1,100,879
Total non-current liabilities	**46,441,385**	**22,514,925**	**40,547,249**	**4,016,221**	**23,186,188**	**39,547,975**	**20,265,155**	**7,054,584**
Current liabilities								
Trade and other payables	23,821,891	9,903,727	25,705,823	1,766,632	1,659,848	1,686,637	3,543,781	300,863
Provisions	1,565,081	3,921,972	1,565,081	699,603	1,471,280	1,449,363	1,471,280	258,538
Short term portion of long term borrowings	1,641,633	15,398,684	1,641,633	2,746,824	1,641,633	15,398,684	1,641,633	2,746,824
Customer deposits	26,884,946	11,040,791	22,662,126	1,969,461	17,004,199	6,855,348	12,969,705	1,222,860
Lease Liabilities	-	-	-	-	218,396	-	218,396	-
Current Tax liabilities	20,350,493	1,144,006	20,349,400	204,069	21,032,860	1,133,417	21,032,860	202,180
Total current liabilities	**74,264,044**	**41,409,180**	**71,924,063**	**7,386,589**	**43,028,216**	**26,523,449**	**40,877,655**	**4,731,265**
Total equity and liabilities	**512,885,796**	**267,875,356**	**404,729,697**	**47,783,723**	**347,346,630**	**216,597,529**	**209,849,764**	**38,636,762**

Group Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

Description		Group				Company			
		Inflation adjusted		Historical		Inflation adjusted		Historical	
Continuing Operations	Notes	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Sales of goods		477,494,642	259,518,402	243,421,744	46,293,006	339,748,169	193,417,241	167,916,824	34,501,852
Rendering of services		25,138,498	12,229,032	17,391,386	2,181,420	14,104,932	7,929,104	6,336,526	1,414,397
Investment property rental income		1,484,193	1,223,403	342,389	218,231	-	-	-	-
Revenue from contracts with Customers	5	**504,117,333**	**272,970,837**	**261,155,519**	**48,692,657**	**353,853,101**	**201,346,345**	**174,253,350**	**35,916,249**
Cost of sales		(365,501,486)	(171,149,146)	(117,204,445)	(30,529,659)	(237,307,556)	(122,731,159)	(57,314,792)	(21,892,838)
Gross Profit		**138,615,847**	**101,821,691**	**143,951,074**	**18,162,998**	**116,545,545**	**78,615,186**	**116,938,558**	**14,023,411**
Other Income		99,401,295	1,760,445	37,447,160	314,029	83,022,578	1,113,932	24,172,719	198,704
Selling and distribution		(5,661,191)	(3,229,261)	(2,532,469)	(576,037)	(5,131,767)	(3,150,900)	(2,003,045)	(562,059)
Administrative expenses		(75,967,348)	(45,957,809)	(38,120,236)	(8,197,974)	(51,487,716)	(29,516,897)	(25,141,869)	(5,265,237)
Other Operating Expenses		(7,540,387)	(6,205,316)	(5,719,072)	(1,106,907)	(3,827,469)	(3,536,330)	(3,128,894)	(630,812)
Allowance for credit losses		(998,236)	(799,723)	(998,236)	(142,655)	-	(262,282)	-	(46,786)
Monetary (loss)/gain		(25,528,748)	-	-	-	5,562,179	-	-	-
Operating profit		**122,321,232**	**47,390,027**	**134,028,221**	**8,453,454**	**144,683,350**	**43,262,709**	**110,837,469**	**7,717,221**
Finance costs		(1,196,885)	(2,170,451)	(440,219)	(387,166)	(1,368,753)	(2,166,000)	(488,540)	(386,372)
Finance income		156,739	1,084,732	62,450	193,495	47,067	155,606	25,580	27,757
Profit before tax		121,281,086	46,304,308	133,650,452	8,259,783	143,361,664	41,252,315	110,374,509	7,358,606
Tax		(20,658,453)	(10,845,023)	(24,264,966)	(1,934,540)	(26,897,268)	(11,222,621)	(26,466,912)	(2,001,896)
Profit for the year from continuing operations		**100,622,633**	**35,459,285**	**109,385,486**	**6,325,243**	**116,464,396**	**30,029,694**	**83,907,597**	**5,356,710**
Discontinued Operation									
Profit from discontinued operation		-	155,572	-	27,751	-	-	-	-
Loss from discontinued operations		-	(1,922,033)	-	(342,853)	-	(2,110,428)	-	(376,459)
Profit for the year		**100,622,633**	**33,692,824**	**109,385,486**	**6,010,141**	**116,464,396**	**27,919,266**	**83,907,597**	**4,980,251**
Other Comprehensive Income									
Other comprehensive income that may be reclassified through profit or loss									
Exchange difference on translation of foreign operations		(25,439)	(219,693)	(119,417)	(39,189)	(25,439)	203,217	(119,417)	36,250
Other comprehensive income that will not be reclassified to profit or loss									
Revaluation of plant, land and buildings		103,930,651	19,286,639	158,132,266	3,440,359	30,465,894	10,194,201	49,588,726	1,818,446
Total other comprehensive income for the year, net of tax		103,905,212	19,066,946	158,012,849	3,401,170	30,440,455	10,397,418	49,469,309	1,854,696
Total comprehensive income for the year		**204,527,845**	**52,759,770**	**267,398,335**	**9,411,311**	**146,904,851**	**38,316,684**	**133,376,906**	**6,834,947**
Profit for the year attributed to:									
Equity holders of the entity		82,922,987	31,632,942	97,015,639	5,642,698	116,464,396	27,919,266	83,907,597	4,980,251
Non controlling interests		17,699,646	2,059,884	12,369,847	367,443	-	-	-	-
		100,622,633	**33,692,824**	**109,385,486**	**6,010,141**	**116,464,396**	**27,919,266**	**83,907,597**	**4,980,251**
Total comprehensive profit for the year attributable to:									
Owners of the parent		175,542,504	47,214,885	235,230,632	8,422,212	146,904,851	38,316,684	133,376,906	6,834,947
Non controlling interests		28,985,341	5,544,885	32,167,703	989,099	-	-	-	-
		204,527,845	**52,759,770**	**267,398,335**	**9,411,311**	**146,904,851**	**38,316,684**	**133,376,906**	**6,834,947**
Earnings per share									
Basic profit for the year attributable to equity holders of the parent		0.35	0.13	0.41	0.02	0.49	0.12	0.35	0.02
Diluted profit for the year attributable to equity holders of the parent		0.35	0.13	0.41	0.02	0.49	0.12	0.35	0.02

AUDITED GROUP RESULTS
FOR THE YEAR ENDED
31 DECEMBER 2019

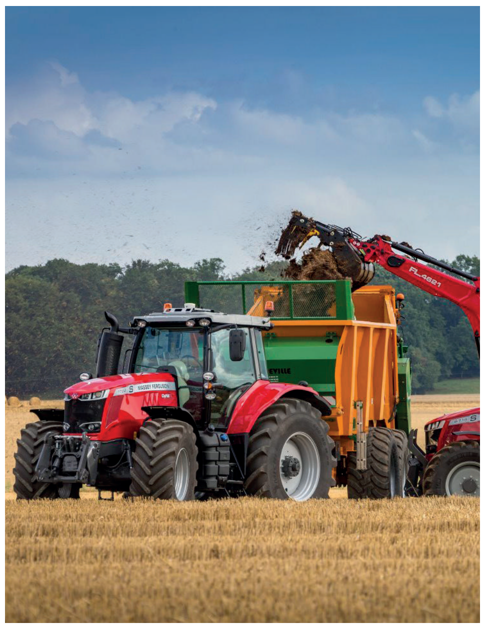
ZIMPLOW

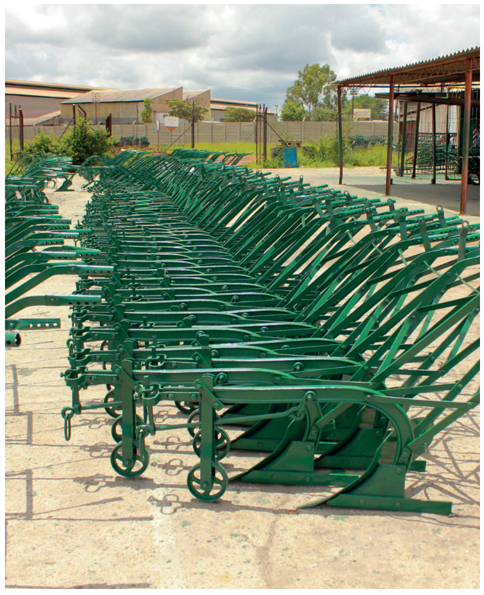
YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

The Directors report the following audited results in respect of the Group and Company's operations for the year ended 31 December 2019

Group Consolidated and Company Statement of Cash Flows for the year Ended 31 December 2019

Description	Group				Company			
	Inflation adjusted		Historical		Inflation adjusted		Historical	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Cash flows from operating activities								
Operating profit before interest and tax from continuing operations	122,321,232	47,390,029	134,028,220	8,453,454	144,683,350	43,262,710	110,837,469	7,717,221
Operating profit from discontinued operations	-	155,572	-	27,751	-	-	-	-
Adjusted for:								
Depreciation of property plant and equipment and amortisation of intangible assets	4,454,568	3,925,974	846,218	700,317	4,114,649	2,088,777	714,528	372,597
Fair value adjustments	(2,434,624)	(180,009)	(3,593,417)	(32,110)	-	-	-	-
Share based payment expense	-	175,535	-	31,312	-	175,535	-	31,312
Movement in provisions	(2,356,891)	1,175,813	18,124,700	209,742	21,918	913,536	2,379,334	162,957
Profit on disposal of property, plant & equipment	(154,779)	(87,526)	(69,092)	(15,613)	(140,058)	(215,394)	(54,371)	(38,422)
Non-cash adjustment IAS 29	(14,197,296)	-	-	-	(15,298,130)	-	-	-
	107,632,210	**52,555,388**	**149,336,629**	**9,374,853**	**133,381,729**	**46,225,164**	**113,876,960**	**8,245,665**
Working capital changes								
(Increase) in Inventories	(73,763,900)	(33,475,605)	(52,327,081)	(5,971,393)	(53,238,067)	(36,221,225)	(38,294,767)	(6,461,158)
(Increase)/decrease in trade and other receivables	(1,379,310)	5,992,417	(28,684,469)	1,068,930	1,682,435	3,553,635	(11,827,768)	633,899
(Increase)/decrease in prepayments	(36,000,923)	7,663,469	(51,842,287)	1,367,013	(22,280,849)	2,853,144	(36,454,635)	508,945
Increase/(decrease) in customer deposits	15,844,155	(17,939,910)	20,692,665	(3,200,129)	10,148,851	(6,148,690)	11,746,845	(1,096,806)
(Decrease)/Increase in intergroup balances	-	-	-	-	(21,178,733)	522,277	300,283	93,164
Increase/(decrease) in trade and other payables	13,918,164	(9,706,961)	1,996,955	(1,731,532)	(26,790)	(9,102,411)	980,992	(1,623,692)
	26,250,396	**5,088,798**	**39,172,412**	**907,742**	**48,488,576**	**1,681,894**	**40,327,910**	**300,017**
Interest received	156,739	1,084,732	62,450	193,495	47,067	155,606	25,580	27,757
Interest paid	(1,196,885)	(2,128,221)	(440,219)	(379,633)	(1,368,753)	(2,166,000)	(488,540)	(386,372)
Tax paid	(11,641,460)	(10,165,745)	(7,379,981)	(1,813,370)	(9,852,170)	(9,507,892)	(5,590,691)	(1,696,022)
Dividend paid	(15,321,348)	(4,486,944)	(11,346,519)	(800,383)	(15,321,348)	(4,486,944)	(11,346,519)	(800,383)
Net cash (utilised in)/from operating activities	**(1,752,558)**	**(10,607,380)**	**20,068,143**	**(1,892,149)**	**21,993,372**	**(14,323,336)**	**22,927,740**	**(2,555,003)**
Investing activities								
Proceeds from disposal of asset held for sale	-	672,720	-	120,000	-	-	-	-
Proceeds from sale of property, plant and equipment	137,332	467,355	82,930	83,367	116,718	300,005	65,370	53,515
Purchase of property, plant and equipment	(2,843,698)	(4,415,103)	(1,592,467)	(787,568)	(1,852,054)	(4,071,898)	(1,290,451)	(726,347)
Proceeds from sale of financial assets	271,018	255,987	62,554	45,663	17,294	2,259	17,294	403
Proceeds from disposal of subsidiary	-	654,937	-	116,828	-	985,999	-	175,883
Net cash utilised in investing activities	**(2,435,348)**	**(2,364,104)**	**(1,446,983)**	**(421,710)**	**(1,718,042)**	**(2,783,635)**	**(1,207,787)**	**(496,546)**
Financing activities								
Lease liability principal repaid	-	-	-	-	(610,206)	-	(238,437)	-
Issue of shares to non-controlling shareholder	-	949,460	-	169,365	-	949,460	-	169,365
Share buyback	(977,386)	(112,709)	(174,347)	(20,105)	(977,384)	(112,709)	(174,347)	(20,105)
Repayments of borrowings	(7,318,543)	(12,926,283)	(2,895,623)	(2,305,796)	(7,318,543)	(12,929,977)	(2,895,623)	(2,306,455)
Proceeds from borrowings	2,642,396	27,189,080	500,000	4,850,000	2,642,396	27,189,080	500,000	4,850,000
Net cash (utilised in)/from financing activities	**(5,653,533)**	**15,099,548**	**(2,569,970)**	**2,693,464**	**(6,263,739)**	**15,095,854**	**(2,808,407)**	**2,692,805**
Net (decrease)/increase in cash and cash equivalents	**(9,841,439)**	**2,128,064**	**16,051,190**	**379,605**	**14,011,591**	**(2,011,117)**	**18,911,546**	**(358,744)**
Net foreign exchange difference	-	(179,308)	-	(31,985)	-	178,780	-	31,891
Cash and cash equivalents at 1 January	**31,514,134**	**29,565,378**	**5,621,505**	**5,273,885**	**5,963,776**	**7,796,113**	**1,063,821**	**1,390,674**
Cash and cash equivalents at 31 December	**21,672,695**	**31,514,134**	**21,672,695**	**5,621,505**	**19,975,367**	**5,963,776**	**19,975,367**	**1,063,821**
Comprising of:								
Cash and cash balances	21,672,695	31,514,134	21,672,695	5,621,505	19,975,367	5,963,775	19,975,367	1,063,821





Supplementary Information

	Group				Company			
	Inflation adjusted		Historical		Inflation adjusted		Historical	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Shares in issue	238,380,780	238,380,780	238,380,780	238,380,780	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	238,380,780	238,380,780	238,380,780	238,380,780
Dilutive impact of shares	-	622,499	-	622,499	-	622,499	-	622,499
For the purpose of Diluted EPS	238,380,780	239,003,279	238,380,780	239,003,279	238,380,780	239,003,279	238,380,780	239,003,279
Headline Earnings	82,797,133	31,566,364	96,946,547	5,627,085	116,360,403	27,759,336	83,853,226	4,941,829
Profit for the year	82,922,987	31,632,942	97,015,639	5,642,698	116,464,396	27,919,266	83,907,597	4,980,251
Headline earnings per share	0.35	0.13	0.41	0.02	0.49	0.12	0.35	0.02
Basic profit per share	0.35	0.13	0.41	0.02	0.49	0.12	0.35	0.02
Diluted profit per share	0.35	0.13	0.41	0.02	0.49	0.12	0.35	0.02
Depreciation	4,454,568	3,925,974	846,218	700,317	4,114,649	2,088,777	714,528	372,597
Taxation:								
Current tax expense	31,112,608	10,154,858	31,112,608	1,811,428	27,422,909	8,781,630	27,422,909	1,566,471
Deferred tax movement	(10,459,492)	690,165	(6,803,289)	123,112	(530,978)	2,440,991	(961,334)	435,425
Withholding Tax	5,337	-	5,337	-	5,337	-	5,337	-

Group Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	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$
Inflation Adjusted											
Balance on 1 January 2018	**528,006**	**-**	**109,155,070**	**10,833,245**	**(5,069,009)**	**(1,400,939)**	**282,738**	**13,008,739**	**127,337,851**	**26,822,207**	**154,160,058**
Elimination of NCI on afritrac Disposal	-	-	-	-	-	-	-	-	-	(1,217,449)	(1,217,449)
FCTR Recycled	-	-	-	-	-	1,610,827	-	-	1,610,827	-	1,610,827
Share based payment	-	-	-	-	-	-	175,535	-	175,535	-	175,535
Dividend paid	-	-	-	-	-	-	-	(4,486,949)	(4,486,949)	-	(4,486,949)
Profit for the year	-	-	-	-	-	-	-	31,632,942	31,632,942	2,059,884	33,692,826
Other comprehensive loss net of tax	-	-	-	15,597,249	-	(15,293)	-	-	15,581,956	3,484,995	19,066,951
Share options Exercised	6,537	-	1,432,977	-	-	-	(377,351)	-	1,062,163	-	1,062,163
Share buyback	-	(112,706)	-	-	-	-	-	-	(112,706)	-	(112,706)
IAS 29 Restatement	-	-	-	(26,430,494)	-	-	-	26,430,494	-	-	-
Balance at 31 December 2018	**534,543**	**(112,706)**	**110,588,047**	**-**	**(5,069,009)**	**194,595**	**80,922**	**66,585,224**	**172,801,616**	**31,149,638**	**203,951,254**
FCTR Recycled	-	-	-	-	-	-	-	-	-	-	-
Share based payment	-	-	80,922	-	-	-	(80,922)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(15,321,348)	(15,321,348)	-	(15,321,348)
Profit for the year	-	-	-	-	-	-	-	82,922,987	82,922,987	17,699,646	100,622,633
Other comprehensive income/(loss) net of tax	-	-	-	92,644,955	-	(25,438)	-		92,619,517	11,285,695	103,905,212
Share buyback	-	(977,386)	-	-	-	-	-	-	(977,386)	-	(977,386)
Balance at 31 December 2019	**534,543**	**(1,090,092)**	**110,668,969**	**92,644,955**	**(5,069,009)**	**169,157**	**-**	**134,186,865**	**332,045,388**	**60,134,979**	**392,180,367**
Historical											
Balance on 1 January 2018	**94,186**	**-**	**19,471,130**	**1,932,439**	**(904,212)**	**(249,900)**	**50,434**	**2,320,506**	**22,714,583**	**4,784,557**	**27,499,140**
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 income/(loss) net of tax	-	-	-	2,782,244	-	(2,728)	-	-	2,779,516	621,655	3,401,171
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)**	**19,726,745**	**4,714,683**	**(904,212)**	**34,712**	**14,434**	**7,162,820**	**30,824,429**	**5,556,486**	**36,380,915**
Share based payment	-	-	14,434	-	-	-	(14,434)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(11,346,518)	(11,346,518)	-	(11,346,518)
Profit for the year	-	-	-	-	-	-	-	97,015,638	97,015,638	12,369,847	109,385,485
Other comprehensive income/(loss) net of tax	-	-	-	138,334,410	-	(119,417)	-		138,214,993	19,797,856	158,012,849
Share buyback	-	(174,346)	-	-	-	-	-	-	(174,346)	-	(174,346)
Balance at 31 December 2019	**95,352**	**(194,451)**	**19,741,179**	**143,049,093**	**(904,212)**	**(84,705)**	**-**	**92,831,940**	**254,534,196**	**37,724,189**	**292,258,385**

Company Statement of Changes in Equity for the year ended 31 December 2019

	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$
Inflation Adjusted								
Balance on 1 January 2018	**528,006**	**-**	**109,155,070**	**8,161,893**	**282,738**	**(8,622)**	**(2,547,707)**	**115,571,378**
Share buyback	-	(112,706)	-	-	-	-	-	(112,706)
Share based payment	-	-	-	-	175,535	-	-	175,535
Dividend paid	-	-	-	-	-	-	(4,486,952)	(4,486,952)
Share options exercised	6,537	-	1,432,977	-	(377,351)	-	-	1,062,163
Profit for the year	-	-	-	-	-	-	27,919,267	27,919,267
Other comprehensive profit net of tax	-	-	-	10,194,206	-	203,217	-	10,397,423
Ias 29 restatement	-	-	-	(18,356,099)	-	-	18,356,099	-
Balance at 31 December 2018	**534,543**	**(112,706)**	**110,588,047**	**-**	**80,922**	**194,595**	**39,240,707**	**150,526,108**
Share buyback	-	(977,386)	-	-	-	-	-	(977,386)
Share based payment	-	-	80,922	-	(80,922)	-	-	-
Dividend paid	-	-	-	-	-	-	(15,321,348)	(15,321,348)
Profit for the year	-	-	-	-	-	-	116,464,396	116,464,396
Other comprehensive profit/ (loss) net of tax	-	-	-	30,465,894	-	(25,438)	-	30,440,456
Balance at 31 December 2019	**534,543**	**(1,090,092)**	**110,668,969**	**30,465,894**	**-**	**169,157**	**140,383,755**	**281,132,226**
Historical								
Balance on 1 January 2018	**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 payment	-	-	-	-	31,312	-	-	31,312
Dividend paid	-	-	-	-	-	-	(800,384)	(800,384)
Share options exercised	1,166	-	255,616	-	(67,312)	-		189,470
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)**	**19,726,745**	**3,274,369**	**14,434**	**34,712**	**3,725,406**	**26,850,913**
Share buyback	-	(174,346)	-	-	-	-	-	(174,346)
Share based payment	-	-	14,434	-	(14,434)	-	-	-
Dividend paid	-	-	-	-	-	-	(11,346,519)	(11,346,519)
Share options exercised	-	-	-	-	-	-		-
Profit for the year	-	-	-	-	-	-	83,907,597	83,907,597
Other comprehensive profit/ (loss) net of tax	-	-	-	49,588,726	-	(119,417)	-	49,469,309
Balance at 31 December 2019	**95,352**	**(194,451)**	**19,741,179**	**52,863,095**	**-**	**(84,705)**	**76,286,484**	**148,706,954**

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 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 2018 and 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: ZWL2.50.

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

  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. The comparative information is presented in ZWL which is converted from prior year USD functional currency at rate of 1:1.

  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 current financial year, however given that change in functional currency, 22 February 2019 has been treated as the last re-measurement date for non-monetary items. 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 Company 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 2019	551.625	1.00
31 December 2018	98.4	5.606

  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 2018 were restated by applying the change in the index from 01 January 2019 to 31 December 2019.
  - On 1 January 2019, any revaluation surplus that arose in previous periods was eliminated.

  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 31 December 2019.
  - 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 2019. Depreciation and amortisation amounts are based on the restated costs.
  - 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.

  IAS 29 Discourages publication of historical financial statements as a supplement to inflation adjusted accounts. However, historical financial statements have been published to allow comparability during the transitional phase in applying the standard.

- **Accounting policies**

  The accounting policies applied in the preparation of these condensed financial statements for the period under review are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in preparation of the Group's audited financial statements for the year ended 31 December 2018.

- **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 Zimbabwe Dollars (ZWL$) 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 2019, 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 an 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. 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.

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.

4. Borrowings

The Group was holding borrowings with a balance of ZWL$1.6m as at 31 December 2019 secured against a notarial covering bond, which included the Company's inventory and a building. The average cost of the borrowings for the period was 24%.

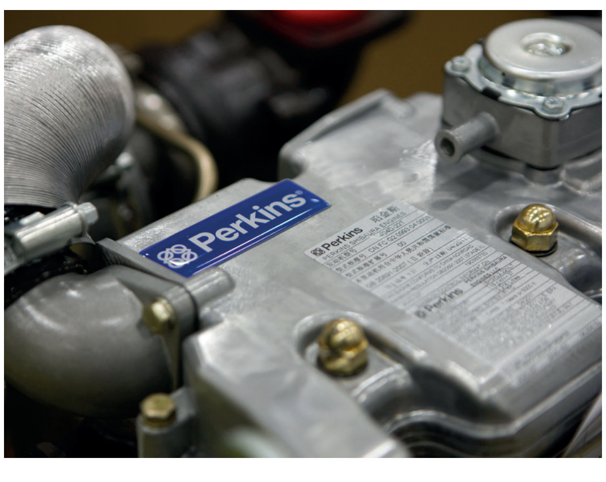
5. Revenue

An analysis of Group revenue and results for the year

	Group				Company			
	Inflation adjusted		Historical		Inflation adjusted		Historical	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Sale of goods: Domestic	417,552,781	248,967,095	218,774,947	44,410,859	279,806,308	182,865,934	143,270,027	32,619,705
Sale of goods: Export	59,941,861	10,551,307	24,646,797	1,882,147	59,941,861	10,551,307	24,646,797	1,882,147
Sale of services: Domestic	25,138,498	12,229,032	17,391,386	2,181,420	14,104,932	7,929,104	6,336,526	1,414,397
Property rentals	1,484,193	1,223,403	342,389	218,231	-	-	-	-
Total	**504,117,333**	**272,970,837**	**261,155,519**	**48,692,657**	**353,853,101**	**201,346,345**	**174,253,350**	**35,916,249**

6. Capital Commitments

Authorized but not yet contracted	1,182,865	616,660	211,000	110,000	1,182,865	616,660	211,000	110,000
Authorized and contracted	-	278,399	-	49,661	-	278,399	-	49,661
Total	**1,182,865**	**895,059**	**211,000**	**159,661**	**1,182,865**	**895,059**	**211,000**	**159,661**



AUDITED GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

The Directors report the following audited results in respect of the Group and Company's operations for the year ended 31 December 2019

7. Segment report

	Farming ZWL$	Mining and Infrastructure ZWL$	Property ZWL$	Non-reportable Segments ZWL$	Total Segments ZWL$	Adjustments ZWL$	Consolidated ZWL$
Inflation Adjusted 2019							
Revenue	292,568,469	218,545,115	1,484,193	-	512,597,777	(8,480,444)	504,117,333
Segment operating profit	71,603,121	70,672,729	86,291,932	(4,065,827)	224,501,955	(102,180,723)	122,321,232
Other items							
Finance income	2,721	123,294	-	24,297	150,313	6,426	156,739
Finance costs	-	(13,066)	-	-	(13,066)	(1,183,819)	(1,196,885)
Income taxes	(23,116,046)	(4,357,921)	6,465,254	(345,783)	(21,354,496)	696,043	(20,658,453)
Group profit after tax	**48,489,796**	**66,425,036**	**92,757,186**	**(4,387,313)**	**203,284,705**	**(102,662,073)**	**100,622,633**
Segment assets	268,158,089	166,779,898	90,124,000	103,049,850	628,111,838	(115,226,042)	512,885,796
Segment liabilities	(51,003,616)	(55,596,011)	(60,907)	(26,849,450)	(133,509,985)	12,804,556	(120,705,429)
Other segment information							
Depreciation and amortisation	1,660,907	1,941,246	506,670	345,745	4,454,579	-	4,454,568
Additions to non-current assets	1,482,404	1,119,025	-	242,269	2,843,698	-	2,843,698
Impairment loss recognized on receivables	-	998,236	-	-	998,236	-	998,236
Inflation Adjusted 2018							
Revenue	168,989,546	104,403,243	1,223,402	-	274,616,191	(1,645,354)	272,970,837
Segment operating profit	40,129,109	10,075,488	508,924	(2,320,008)	48,393,513	(1,003,486)	47,390,027
Other items							
Finance income	14,878	929,250	-	140,604	1,084,732	-	1,084,732
Finance costs	(2,092,752)	(73,248)	(4,451)	-	(2,170,451)	-	(2,170,451)
Income taxes	(10,482,321)	(3,279,552)	1,269,999	3,644,777	(8,847,097)	(1,997,926)	(10,845,023)
Group profit after tax	**27,568,915**	**7,651,938**	**1,774,471**	**1,465,374**	**38,460,698**	**(3,001,413)**	**35,459,285**
Segment assets	120,966,618	86,824,914	57,677,132	115,727,315	381,195,979	(113,320,622)	267,875,357
Segment liabilities	8,882,992	(24,179,961)	(1,555,944)	(48,982,479)	(65,835,392)	1,911,286	(63,924,107)
Other segment information							
Depreciation and amortisation	1,508,820	1,553,954	495,738	367,462	3,925,974	-	3,925,974
Additions to non-current assets	3,260,728	1,114,623	-	39,752	4,415,103	-	4,415,103
Impairment loss recognized on receivables	145,991	653,732	-	-	799,723	-	799,723

	Farming ZWL$	Mining and Infrastructure ZWL$	Property ZWL$	Non-reportable Segments ZWL$	Total Segments ZWL$	Adjustments ZWL$	Consolidated ZWL$
Historical 2019							
Revenue	140,372,713	121,870,714	629,147	-	262,872,573	(1,717,054)	261,155,519
Segment operating profit	97,136,356	40,431,977	512,138	(3,930,937)	134,149,533	(121,312)	134,028,221
Other items							
Finance income	8,567	36,927	-	16,956	62,450	-	62,450
Finance costs	(440,219)	-	-	(48,321)	(488,540)	48,321	(440,219)
Income taxes	(22,654,368)	(2,233,953)	(255,533)	830,058	(24,313,796)	48,830	(24,264,966)
Group profit after tax	**74,050,337**	**38,234,951**	**256,605**	**(3,132,245)**	**109,409,648**	**(24,162)**	**109,385,486**
Segment assets	192,479,642	144,470,068	95,436,212	22,275,108	454,661,030	(49,931,333)	404,729,697
Segment liabilities	(48,780,725)	(49,696,795)	(4,737,720)	(27,010,918)	(130,226,158)	17,754,846	(112,471,312)
Other segment information							
Depreciation and amortisation	353,104	351,793	90,380	50,941	846,218	-	846,218
Additions to non-current assets	1,096,189	340,554	-	155,724	1,592,467	-	1,592,467
Impairment loss recognized on receivables	-	998,236	-	-	998,236	-	998,236
Historical 2018							
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 and amortisation	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

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Independent Auditor's Report

To the Shareholders of ZIMPLOW LIMITED

Report on the Audit of the inflation adjusted Consolidated Financial Statements

Adverse Opinion
We have audited the inflation adjusted consolidated financial statements of Zimplow Limited and its subsidiaries (the Group), as set out on pages 33 to 82, which comprise the inflation adjusted consolidated and Company statement of financial position as at 31 December 2019, and the inflation adjusted consolidated and Company statement of Profit or Loss and Other Comprehensive Income, inflation adjusted consolidated and Company statement of changes in equity and inflation adjusted consolidated and Company statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and Company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted Consolidated and Company financial statements do not present fairly the financial position of the Group and the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standard IAS 21- "The Effects of Changes in Foreign Exchange Rates" in Prior Period and Inappropriate Application of International Financial Reporting Standard IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors"
As explained in note 2.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA Real Time Gross Settlement (RTGS) Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and the Company to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. Accordingly, the consolidated and separate financial statements of the Group and the Company included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards (IFRS). The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and separate financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.1, was to prospectively apply the change in functional currency from USD to ZWL from 23 February 2019 which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers remain misstated on the inflation adjusted Statements of Financial Position, Cash Flows, Profit or Loss and Changes in Equity. This also impacts comparability of the current period's figures
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the inflation adjusted Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows; the matter continues to impact the balances on the inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the inflation adjusted statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.1 to the inflation adjusted consolidated financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21 therefore the rates are not in compliance with IFRS. Had the correct rates been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried 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 ethical responsibilities in accordance with these requirements and 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

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted 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 inflation adjusted 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 and we could not obtain sufficient appropriate evidence regarding the valuation of properties. 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 inflation adjusted Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and company 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 inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the directors are responsible for assessing the Group's and Company'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 inflation adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and company 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 inflation adjusted 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:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and company 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 and Company'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 inflation adjusted consolidated and company 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 and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and company financial statements, including the disclosures, and whether the consolidated and company 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 and Company, to express an opinion on the inflation adjusted consolidated and company financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit.

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 inflation adjusted consolidated and company 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 inflation adjusted consolidated and company 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 Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare

Date: 15 April 2020