

AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020



CHAIRMAN'S STATEMENT

OVERVIEW

The operating environment continued to be unstable during the year under review characterised by shortages of foreign currency, local currency depreciation, hyperinflationary conditions and a decline in real incomes. The country also experienced widespread food shortages following the 2018/2019 drought which was further exacerbated by poor yields in the current season. In addition, the poor agricultural output combined with fuel and electricity power deficits worsened the overall economic performance during the year. Foreign currency shortages worsened as the year progressed, leading to a slowdown in the importation of both essential capital goods and merchandise either directly or through supplier partners. This shortage in foreign currency led to a runaway exchange rate which triggered rapid price increases of goods, and the resultant inflation eroded consumers' real disposable incomes and demand. Inflation continued to soar during the year closing March 2020 at 676.39% compared to 66.80% for the same period last year. Despite the effects of the drought and shortage of foreign currency, our stores were adequately stocked for a significant part of the year thanks to the support of our supplier partners. After reporting a volume retreat of 23% at half year, we ended the year with the sales volume deficit narrowing to 15.7%.

Towards the end of the financial year, COVID-19 was declared a global pandemic and this changed the way people live and how business is conducted worldwide. The Government of Zimbabwe proclaimed a lockdown which became effective 30 March 2020 in an effort to contain and control the spread of Coronavirus. In the lead up to the lockdown the Group experienced heightened activity in the stores as people were stocking up on provisions, thus causing depletion of stocks particularly basic products. The Board and management have implemented various measures along World Health Organisation guidelines to minimise the impact of the pandemic on all stakeholders.

A new OK store was opened in Karoi towards the end of the year on the eve of the COVID-19 pandemic lockdown. As a result the contribution of the new store to the results of the year is not significant. We believe the store's full potential will be realised when normal operations resume and economic conditions improve. The refurbishment programme continued during the year, with makeovers being completed at OK Gweru, OK Mutare, OK Triangle and Bon Marche' Westgate. Sales performance of these branches is pleasing.

GROUP PERFORMANCE

With effect from October 2019 Zimbabwe adopted inflation adjusted financial statements in terms of IAS 29, Financial Reporting in Hyperinflationary Economies under the guidance of The Public Accountants and Auditors Board (PAAB). The commentary on the performance of the business is based on historical figures.

Revenue for the year grew by 464% to ZWL \$4,525.6 million from ZWL \$801.9 million in prior year. Profit before tax of ZWL \$788.6 million was 1,068% up on prior year's ZWL \$67.5 million, while profit after tax increased by 1,050% to ZWL \$566.2 million from ZWL \$49.2 million in prior year. Overheads grew by 427%, 37 percentage points below growth in revenue. Generator fuel costs for alternative power, electricity costs, maintenance costs and spares, bank charges and rentals are the major overheads growth drivers. Significant increases were noted in expense lines directly linked to revenue.

Internally generated funds were adequate to fund working capital and capital expenditure requirements hence no borrowings were utilised in the year. Capital expenditure for the year was ZWL \$236.4 million, up from ZWL \$25.8 million in prior year as the Group continued with its refurbishment programme.

DIVIDEND

The Directors declared a final dividend of 9 ZWL cents per share to be paid to the shareholders on or about the 3rd of July 2020. The final dividend brings the total dividend declared for the year to 13 ZWL cents per share.

OUTLOOK

The short to medium term prospects of the Group depend on the duration and severity of the COVID-19 pandemic which will impact the timing of the return to full normalcy of operations. The Group is operating during the lockdown period, albeit for reduced trading hours. Volume performance for the first quarter of the current financial year will therefore show a significant decline from prior year.

The Group takes the safety of its staff, customers, suppliers and other stakeholders seriously and will therefore continue to follow the guidelines from authorities for measures that will ensure their safety.

Management have implemented measures to ensure viability of operations and will evolve these measures as the uncertain environment demands. The COVID-19 pandemic has disrupted supply chains and the Group will work closely with suppliers to ensure adequate product supply. Hyperinflation and a constrained sales performance make cost control a key area of focus for management in order to protect margins.

DIRECTORATE

Mr. Freeman Terrence Kembo retired from the Board of Directors with effect from 27 July 2019 after having served the Group for seventeen years. The Board extends its gratitude to Freeman for his contribution to the Group. During the course of the year, the Board welcomed Mrs. Lyndsay Webster-Rozon and Mr. Bruce Armstrong Carter as non-executive Directors with effect from 1 June 2019 and 1 July 2019 respectively. On 1 June 2020, Mrs. Keresia Mtemerenga and Mr. Tawanda Lloyd Gumbo joined the Board as Independent non-executive Directors. The Board congratulates its new members and wishes them well in their new roles.

H. Nkala
Chairman

18 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 March

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL \$000	2019 ZWL \$000	2020 ZWL \$000	2019 ZWL \$000
Revenue	10,272,455	8,592,534	4,525,564	801,893
Changes in trade inventories	91,388	(646,344)	(672,527)	(66,265)
Merchandise and consumables used	(6,579,474)	(6,135,746)	(2,489,153)	(560,860)
Employee benefits expense	(400,928)	(506,420)	(171,065)	(48,353)
Depreciation and amortisation expense	(144,074)	(116,475)	(30,887)	(9,308)
Share based payment expense	(4,903)	(3,526)	(2,551)	(336)
Net operating costs	(823,204)	(536,313)	(360,661)	(49,251)
Finance costs	(34,452)	(6)	(10,158)	(1)
Net monetary loss	(1,365,357)	-	-	-
Profit before tax	1,011,451	647,704	788,562	67,519
Income tax expense	(424,827)	(221,355)	(222,373)	(18,298)
Profit for the year	586,624	426,349	566,189	49,221
Other comprehensive income (OCI)				
Gain on revaluation of property and equipment	28,098	-	408,679	37,769
(Loss)/gain on financial instruments at fair value through OCI	(462)	(421)	593	30
Income tax relating to components of OCI	(5,802)	4	(84,472)	(8,459)
Other comprehensive income for the year net of tax	21,834	(417)	324,800	29,340
Total comprehensive income for the year	608,458	425,932	890,989	78,561
Weighted average number of ordinary shares in issue	1,225,085,647	1,196,074,564	1,225,085,647	1,196,074,564
Share performance - ZWL cents				
: attributable earnings per share	47.88	35.65	46.22	4.12
: headline earnings per share	47.94	35.61	46.20	4.11
: diluted earnings per share	45.70	33.79	44.11	3.90
: net asset value per share	150.91	116.28	81.32	14.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL \$000	2019 ZWL \$000	2020 ZWL \$000	2019 ZWL \$000
Assets				
Non-current assets				
Property and equipment	1,470,826	1,124,451	750,186	123,641
Financial assets held at amortised cost	154	21,216	115	2,734
Goodwill	4,344	4,344	400	400
Right of use asset	214,162	-	96,084	-
Financial assets held at FVTOCI	1,032	1,494	1,032	439
	1,690,518	1,151,505	847,817	127,214
Current assets				
Inventories	932,399	1,031,925	822,265	132,980
Trade and other receivables	16,527	17,654	16,527	2,275
Prepaid expenses and merchandise supplies	111,773	83,622	73,833	10,776
Short-term loans receivable	28	349	28	45
Cash and cash equivalents	180,437	244,968	180,437	31,568
	1,241,164	1,378,518	1,093,090	177,644
Total assets	2,931,682	2,530,023	1,940,907	304,858
Equity and liabilities				
Capital and reserves				
Share capital	1,319	1,307	123	120
Share premium	377,820	361,732	38,575	33,411
Share based payments reserve	15,363	10,460	3,526	975
Mark to market reserve	473	930	741	154
Revaluation reserve	22,291	-	363,360	39,147
Non-distributable reserve	106,650	106,650	9,820	9,820
Retained earnings	1,324,904	909,720	580,053	84,377
	1,848,820	1,390,799	996,198	168,004
Non-current liabilities				
Deferred tax liabilities	218,807	195,693	80,654	15,264
Lease liability	78,346	-	78,346	-
	297,153	195,693	159,000	15,264
Current liabilities				
Trade and other payables	678,964	913,515	678,964	117,722
Lease liability	21,067	-	21,067	-
Current tax liabilities	85,678	30,016	85,678	3,868
	785,709	943,531	785,709	121,590
Total equity and liabilities	2,931,682	2,530,023	1,940,907	304,858

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 March

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL \$000	2019 ZWL \$000	2020 ZWL \$000	2019 ZWL \$000
Cash flows from operating activities				
Cash generated from trading	995,622	548,899	832,281	76,632
Working capital changes	(90,139)	(172,288)	(205,710)	(22,203)
Cash generated from operations	905,483	376,611	626,571	54,429
Net finance (cost)/income	(30,229)	4,553	(8,906)	502
Tax paid	(351,853)	(179,414)	(159,645)	(17,801)
Net cash generated from operating activities	523,401	201,750	458,020	37,130
Cash flows from investing activities				
Investments to maintain operations				
Replacement of property and equipment	(298,348)	(178,260)	(183,256)	(19,334)
Proceeds from disposal of property and equipment	734	3,181	301	334
	(297,614)	(175,079)	(182,955)	(19,000)
Investment to expand operations				
Additions to property and equipment	(144,793)	(59,156)	(53,187)	(6,416)
Increase in long-term receivables	21,062	19,276	2,619	394
	(123,731)	(39,880)	(50,568)	(6,022)
Net cash used in investing activities	(421,345)	(214,959)	(233,523)	(25,022)
Cash flows from financing activities				
Dividend paid	(171,440)	(119,917)	(70,513)	(10,229)
Proceeds from share options exercised	16,100	31,331	3,626	2,930
Decrease in short-term loans receivable	321	42,839	17	3,290
Lease payments	(11,568)	-	(8,758)	-
Net cash used in financing activities	(166,587)	(45,747)	(75,628)	(4,009)
Net (decrease)/increase in cash and cash equivalents	(64,531)	(58,956)	148,869	8,099
Cash and cash equivalents at the beginning of year	244,968	303,924	31,568	23,469
Cash and cash equivalents at the end of the year	180,437	244,968	180,437	31,568

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For the year ended 31 March

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZWL \$000	2019 ZWL \$000	2020 ZWL \$000	2019 ZWL \$000
Shareholders' equity at the beginning of the year	1,390,799	1,049,213	168,004	96,284
Changes in share capital				
Arising from issue of shares	16,100	32,045	5,167	3,052
Recognition of share based payments	4,903	3,526	2,551	336
Changes in distributable reserves				
Dividend paid	(171,440)	(119,917)	(70,513)	(10,229)
Total comprehensive income for the year net of tax	608,458	425,932	890,989	78,561
Shareholders' equity at the end of the year	1,848,820	1,390,799	996,198	168,004

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 General Information

The Group is a leading supermarket retailer whose business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. At the reporting date the Group was operating from sixty five shops countrywide and had two wholly owned subsidiaries.

2 Basis of preparation

The financial results have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), Zimbabwe Stock Exchange Listing Rules and the relevant Statutory Instruments.

3 Significant accounting policies

The financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements except for the adoption of the International Financial Reporting Standard 16 (IFRS 16) detailed below:

Leases

The Group adopted IFRS 16 with effect from 1 April 2019 using the modified retrospective approach and therefore comparative information has not been restated. IFRS 16 requires the recognition of the right of use asset and lease liability where the Group is a lessee and the lease term is twelve months or more.

Impact on financial results

As a result of the adoption of IFRS 16, the Group recognised right of use asset of ZWL \$96.1 million and a lease liability of ZWL \$99.4 million at year end. Right of use asset amortisation amounting to ZWL \$12.4 million is included under depreciation and amortisation expenses and finance cost of ZWL \$10 million was recognised.

4 Basis of preparation

The financial results were prepared based on statutory records that are maintained under the historical cost basis and adjusted for the effects of applying IAS 29 "Financial Reporting in Hyperinflationary Economies". The financial statements are presented in Zimbabwe Dollars (ZWL \$), which is the functional currency of the Group.

The inflation adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office.

The conversion factors used to restate the financial statements are as follows:-

	Index	Conversion factor
31 March 2020	810.4	1.0
31 March 2019	104.4	7.76
Average March 2020	382.9	
Average March 2019	77.2	

IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary records. However, the historical cost results are included as supplementary information to allow for comparability during the transitional phase of applying the standard and to meet most user requirements. As a result, the auditors have not expressed an opinion on this historical information.

5 Subsequent events

The World Health Organisation declared COVID-19 a pandemic in January 2020. Since then, governments across the world responded by restricting human and economic activity as part of the measures to combat the virus. The Zimbabwe government implemented lockdown regulations towards the end of the financial year. These measures have significant negative impact on the economy and the Group's business activities.

The impact of the lockdown to the Group's operations in the long term will depend on certain developments including the duration and spread of the outbreak, government interventions, impact on our customers, suppliers and employees, all of which cannot be estimated with reasonable certainty. However, management have implemented measures which will be adapted as appropriate to sustain the viability of the Group's operations.

6 Going concern

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate.

The COVID-19 pandemic will significantly impact the operations of the Group mainly due to the restrictions in economic and social activities and the resultant impact on the demand patterns. However, management are satisfied with the measures implemented to mitigate the impact of the pandemic and ensure the Group will remain a going concern beyond the next twelve month period.

7 Contingent liabilities

The Group became aware of a potential tax exposure on some rice product lines and is, as part of a grouping of some retailers and some rice suppliers, engaging relevant authorities to resolve the matter. The estimated potential exposure is ZWL \$22.4 million. Based on tax advice, the Directors do not consider a loss to be probable and therefore a provision has not been recognised in the financial statements.

8 Audit opinion

These financial results should be read in conjunction with the complete set of consolidated financial statements for the year ended 31 March 2020 which have been audited by Deloitte & Touche in accordance with International Standards on Auditing. An unmodified audit opinion with an emphasis of matter has been issued thereon. The engagement partner responsible for the audit was Tumai Mafunga.

DIRECTORS: H. Nkala (Chairman), A. E. Siyavora (Chief Executive Officer), A. R. Katsande (Commercial Director), R. A. Maunze, R. Mavima, A. S. McLeod, B. A. Carter (Alternate), R. J. Moyo, L. Webster-Rozon

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OK ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the inflation adjusted consolidated financial statements of OK Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 23 to 61 which comprise the inflation adjusted consolidated statement of financial position as at 31 March 2020, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, and inflation adjusted consolidated statement of cash flows for the year then ended, the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted financial position of OK Zimbabwe Limited and its subsidiaries as at 31 March 2020, and its inflation adjusted financial performance and inflation adjusted cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and Statutory Instruments (SI 33/99) and SI 62/96).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements in Zimbabwe. We have fulfilled our 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 opinion.

Emphasis of matter

We draw your attention to note 4.1.5 and 9 of the inflation adjusted consolidated financial statements which describes the complexities involved in the valuation of the Group's freehold land and buildings. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OK ZIMBABWE LIMITED**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
1. Completeness and valuation of, and obligations on trade payables	
<p>As set out in note 19 to the inflation adjusted consolidated financial statements, the Group had trade payables amounting to ZWL712.8million (2019:ZWL913.5million) as at year end.</p> <p>Trade payables arise in the normal course of business; the Group sources retail merchandise from a number of local and foreign suppliers. Considering the high volumes of procurement transactions across the Group, the reconciliation processes over trade payables are therefore a critical control in ensuring that trade creditors' balances are complete and valued correctly.</p> <p>Accordingly, we assessed the completeness and valuation of, and obligations of trade payables to be a key audit matter.</p>	<p>In addressing this matter, we performed the following procedures:</p> <ul style="list-style-type: none"> • On a sample basis, we confirmed the trade payables balances at year end with suppliers. • We tested reconciliations, assessing the rationale and reasonableness of reconciling items. • We tested the completeness of trade payables by evaluating the reasonableness of explanations for significant changes in the profile and mix of the entity's key trade creditors and by performing tests of detail to ensure procurement transactions were correctly recorded in the ledger. <p>We are satisfied that trade payables are complete and fairly valued as at the end of the reporting period.</p>
2. Existence and valuation of inventories	
<p>As shown in note 3.12 to the inflation adjusted consolidated financial statements, inventories are valued at the lower of cost and net realizable value and as at 31 March 2020, the Group held inventories valued at ZWL 932.4million (2019: ZWL 1 031.9million).</p> <p>The valuation and existence of inventory were areas of significant audit focus due to the following reasons;</p> <ul style="list-style-type: none"> • The multiple locations at which inventory was held at year-end. • The ever-changing prices of retail merchandise as a result of inflation. • The judgement applied in the determination of inventory mark downs and inventory shrinkage provisions which are incorporated in the valuation of inventory. These include days in inventory and shrinkage rates. <p>The balance is also of significance to the operations of the Group, with inventories constituting 31% (2019: 39 %) of total assets of the Group.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We observed the year-end inventory count at selected store locations with specific consideration over those locations with high likelihood of slow moving items, high shrinkage values & new branches.; • We evaluated the design and implementation of controls around inventory management; • We assessed the reasonableness of the assumptions made in determining the inventory mark downs and shrinkage provision recognised in current year; and • We performed pricing and net realisable value tests for a sample of inventory items. <p>We found the valuation and existence of inventories for the year to be fair.</p>

Key audit matter	How the matter was addressed in the audit
3.Right of use and lease liability as a result of adoption of IFRS 16	
<p>The Group adopted IFRS 16 (Leases) in the current year. The standard replaces the guidance of IAS 17 (Leases) on the recognition, measurement, presentation and disclosure of leases.</p> <p>The application of the standard resulted in the recognition of a right of use asset of ZWL 214.2million and a lease liability of ZWL 99.4million, refer to notes 12 and 18 respectively.</p> <p>We have considered the completeness & valuation of the right of use asset and lease liability to be a key matter due to the substantial amount of operating leases the Group has and the significance of the judgements applied in the determination of the valuation of the right of use asset and the lease liability. The key areas of judgements included;</p> <ul style="list-style-type: none"> - Determination of lease period - Determination of the incremental rate of borrowing (IRB). 	<p>We performed the following procedures to respond to this risk:</p> <ul style="list-style-type: none"> • Obtained an understanding of management’s approach and assumptions in determining contracts containing a lease; • Reviewed the appropriateness of the Group’s determination of lease tenure taking into account probable extensions; • Evaluated the reliability of key data sources and assumptions for data used in determination of present value of future cash outflows mainly annual rentals and discount; • On a sample basis, re-performed the calculations of the lease liability and the right of use of the asset and amortisation thereof; • Performed procedures to assess the competence, objectivity and independence of the expert engaged by management; • Reviewed the appropriateness of the opening balance adjustments; and • Reviewed the financial statement disclosures to ensure compliance with the standard. <p>We found management’s assumptions to be reasonable and the valuation of the right of use asset and lease liability to be appropriate.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OK ZIMBABWE LIMITED**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
4. Valuation of freehold land and buildings	
<p>As set out in note 9 to the inflation adjusted consolidated financial statements, the Group has freehold land and buildings amounting to ZWL462million.</p> <p>The Directors make use of independent external valuers in determining the fair values of freehold land and buildings. Valuations by their nature require the use of judgment and estimates which involve significant unobservable inputs such as</p> <ul style="list-style-type: none"> - Occupancy rates; - Market rentals; - Risk yields; and - Market values <p>The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. We identified the valuation of freehold land and buildings as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the level of judgement associated with determining the fair values.</p>	<p>To assess the valuation of freehold land and buildings, we performed procedures that included but were not limited to:</p> <p>We assessed the competence, capabilities, objectivity and independence of the directors' independent external valuers, and assessed their qualifications.</p> <p>We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted.</p> <p>We assessed the work performed by the independent external valuers in valuing of freehold land and buildings by performing the following:</p> <ul style="list-style-type: none"> • Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements; • Assessed the reasonableness of occupancy rates, expected rentals and risk yields by comparing to historic trends; • Assessed the market rentals by comparing with rentals from other property companies through publications; • We performed physical verification of a sample of assets to determine whether the conclusion reached by the expert were consistent with the physical condition of the asset; and • Evaluated the financial statement disclosures including sensitivity analysis for appropriateness and adequacy. <p>We found management's assumptions to be reasonable and the valuation of the freehold land and buildings to be reasonable.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OK ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Other Information

Management is responsible for the other information. The other information comprises the Report of Directors as required by the Companies and Other Business Entities Act, Corporate Information, Accounting Philosophy, Organisational Vision, Group Profile, Corporate Governance, Directors' Responsibility Statement, Board of Directors, Shareholders' Analysis, Notice to Members, Shareholders' Calendar and historical cost information, which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these inflation adjusted consolidated financial statements in accordance with IFRSs and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Companies (Financial Statements) Regulations, 1996, the Zimbabwe Stock Exchange Listing Requirements and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OK ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted 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 management.
- Conclude on the appropriateness of management's 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 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 inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted 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 inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OK ZIMBABWE LIMITED**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

**Auditor's Responsibilities for the Audit of the Inflation adjusted consolidated financial statements
(continued)**

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the inflation adjusted 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, the inflation adjusted consolidated financial statements of the Group have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the Companies (Financial Statements) Regulations, 1996 and the Zimbabwe Stock Exchange Listing Requirements.

Deloitte & Touche

Per. Tumai Mafunga
(PAAB Practice Certificate Number 0442)
Deloitte & Touche Chartered Accountants (Zimbabwe)
Harare
Zimbabwe

Date: 19 June 2020