

CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Directors' responsibility

The Directors of Zeco Holdings Limited are responsible for the preparation and fair presentation of the group's consolidated financial statements, of which the press release represents an extract. The abridged group interim financial results have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements for provisional interim financial statements (interim reports).

Operating overview

The inflationary operating environment persisted in the first half of the year and continued driving up the cost of production and eroded profitability. Reserve Bank introduced the foreign currency auction system in June which saw the exchange rate move from the fixed 1:\$25 to close June at 1: \$63.7442. This helped reign in the parallel market rate significantly but prices of materials continued to trade at a premium to this rate.

Performance review

The group recorded revenues of ZWL\$2.77 million (inflation adjusted \$3.25m) for the six months ended June 30, 2020. Despite cost containment efforts, the group recorded a loss of ZWL\$2.766 million (Inflation adjusted \$7.260m). Non-current assets as at 30 June 2020 amounted to ZWL\$228.657 million (Inflation adjusted \$599.697 m).

Board changes

During the first half of the year two new independent Directors, Mr G.G.Mpofu and Mr B Sibanda, were added to the board and their appointment was then ratified at the AGM. Engineer Ben Rafemoyo was also appointed the independent Chairman in line with SI 134 of 2019.

Outlook

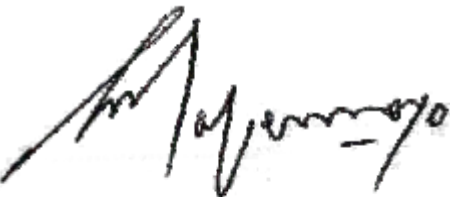
The operating environment and macro-economic conditions remain volatile with uncertainty due to the COVID-19 pandemic. However positive moves are being recorded worldwide as borders are being opened, which is contributing to improved operating conditions. Locally, the lockdown restrictions continue to be eased, with working hours normalising. Even under challenging operating circumstances, we believe the business will continue to thrive based on our dedicated staff and unrelenting desire to continuously improve .

Dividend

No dividend was declared for the period

Acknowledgments

I would like to thank all our stakeholders, fellow Board members, Management and Staff for their continued support.



Eng. B. Rafemoyo
Chairman
18 November 2020

Abridged Reviewed Statement of Financial Position
For the six months ended June 30, 2020

	Note	Inflation Adjusted		Historical Cost	
		June 2020 ZWL\$	Dec 2019 ZWL\$	June 2020 ZWL\$	Dec 2019 ZWL\$
Assets					
Non-current assets					
Property, plant and equipment	20	599,667,974	604,352,698	228,626,705	230,678,641
Deferred tax		29,916	78,377	29,916	29,916
Total non-current assets		599,697,890	604,431,075	228,656,621	230,708,557
Current assets					
Inventory	8	1,810,906	2,101,579	1,810,906	802,163
Trade and other receivables	9	1,509,849	1,938,834	1,509,849	740,044
Related party receivables	10	13,641	35,738	13,641	13,641
Financial assets at fair value through profit or loss					
	11	5,726	15,001	5,726	5,726
Cash and cash equivalents	12	1,372,592	790,772	1,372,592	301,834
Total current assets		4,712,713	4,881,924	4,712,713	1,863,408
Assets of discontinued operations	18	90,359,121	243,329,549	90,359,121	92,877,768
Total assets		694,769,724	852,642,548	323,728,454	325,449,733
Equity and liabilities					
Equity					
Derived equity		31,353,556	31,353,556	11,967,508	11,967,508
Revaluation reserve		751,142,620	751,142,620	286,707,678	286,707,678
Retained losses		(175,875,620)	(158,058,737)	(63,095,900)	(60,330,292)
Total equity		606,620,556	624,437,439	235,579,286	238,344,894
Non-current liabilities					
Shareholders' loan		1,081,481	223,592	1,081,481	85,344
Deferred tax		55,012,522	144,126,764	55,012,522	55,012,522
Related party payables	10	28,320	2,707,772	28,320	1,033,544
Total non-current liabilities		56,122,323	147,058,128	56,122,323	56,131,410
Current liabilities					
Trade and other payables	13	7,297,203	16,627,934	7,297,203	6,346,806
Related party payables	10	776	2,033	776	776
Total current liabilities		7,297,979	16,629,968	7,297,979	6,347,582
Liabilities associated with discontinued operations		24,728,867	64,517,014	24,728,867	24,625,847
Total equity and liabilities		694,769,724	852,642,548	323,728,454	325,449,733

Abridged Reviewed Statement of profit or loss and comprehensive income
For the six months ended June 30, 2020

	Note	Inflation Adjusted		Historical Cost	
		June 2020 ZWL\$	June 2019 ZWL\$	June 2020 ZWL\$	June 2019 ZWL\$
Income					
Revenue	4	3,254,870	2,704,722	2,777,198	323,041
Cost of sales	5	(1,218,812)	(1,669,715)	(325,076)	(199,424)
Gross profit		2,036,058	1,035,007	2,452,121	123,617
Other income	6	312,743	785,710	166,494	93,842
Operating profit		2,348,801	1,820,717	2,618,616	217,459
Expenses					
Administration costs	7	(8,047,866)	(8,560,297)	(4,279,725)	(1,022,407)
Total expenses		(8,047,866)	(8,560,297)	(4,279,725)	(1,022,407)
Loss before tax		(5,699,065)	(6,739,580)	(1,661,109)	(804,948)
Loss for the year from continuing operations		(5,699,065)	(6,739,580)	(1,661,109)	(804,948)
Discontinued operations					
Loss for the year after tax from discontinued operations		(1,921,127)	(675,316)	(1,104,499)	(80,657)
Loss for the year before monetary loss		(7,620,192)	(7,414,896)	(2,765,608)	(885,605)
Non monetary gain/loss		(10,196,691)	(2,320,188)	-	-
Loss for the year		(17,816,883)	(9,735,084)		
Attributable to:					
Equity holders of the parent company:		(17 816 883)	(9 735 084)	(2 765 608)	(885 605)
Loss per share (cents)					
Weighted average number of shares in issue		463 337 661	463,337,661	463,337,661	463,337,661
Basic loss per share from continuing operations		(1.23)	(2.10)	(0.36)	(0.17)
Basic loss per share from discontinued operations		(0.41)	(0.15)	(0.24)	(0.02)
Basic loss per share		(1.64)	(2.25)	(0.60)	(0.19)
Diluted earnings per share from continuing operations		(1.23)	(1.45)	(0.36)	(0.17)
Diluted earnings per share from discontinued operations		(0.41)	(0.15)	(0.24)	(0.02)
Diluted earnings per share		(1.64)	(1.60)	(0.60)	(0.19)

Abridged Reviewed Statement of cash flows
For the six months ended June 30, 2020

	Inflation Adjusted		Historical Cost	
	June 2020 ZWL\$	June 2019 ZWL\$	June 2020 ZWL\$	June 2019 ZWL\$
Cash flow from operating activities				
Loss before tax - continuing operations	(5,699,065)	(6,739,580)	(1,661,109)	(804,948)
Loss for the year - discontinued operations	(1,921,127)	(675,316)	(1,104,499)	(80,657)
	(7,620,192)	(7,414,896)	(2,765,608)	(885,605)
Adjustments for non-cash items				
Depreciation and impairment loss	4,684,724	4,558,436	2,051,936	544,441
Non monetary loss for the year	(10,196,691)	-	-	-
Interest received	(12)	(293)	(7)	(35)
Depreciation for discontinued operations	1,921,127	675,316	1,104,499	80,657
Profit on disposal	-	(189,332)	-	(22,613)
Net cash flows after adjustments for non-cash items	(11,211,044)	(2,370,765)	390,821	(283,155)
Working capital changes				
Increase in inventories	290,673	2,602,282	(1,008,743)	310,806
Increase in trade and other receivables	428,985	-	(769,805)	-
Decrease/(increase) in related party receivables	22,097	-	-	-
Increase/decrease in related party payables	(1,257)	-	-	-
Increase in trade and other payables	(9,330,732)	-	950,397	-
Increase in deferred tax	(89,065,782)	-	-	-
Decrease in financial assets	9,275	-	-	-
Increase/decrease in discontinued operations assets	151,049,301	-	1,414,148	-
Increase in discontinued operations liabilities	(39,788,147)	-	103,020	-
Net cash flows after working capital changes	13,614,415	2,602,282	689,017	310,806
Net cash flows from operating activities	2,403,370	231,517	1,079,838	27,651
Cash flow from investing activities				
Proceeds from sale of property and equipment	-	189,332	-	22,613
Net cash flows from investing activities	-	189,332	-	22,613
Cash flow from financing activities				
Interest received	12	293	7	35
Shareholder's loan	857,889	(28,049)	996,137	(3,350)
Related party payables	(2,679,452)	(8,373)	(1,005,224)	(1,000)
Net cash flows from financing activities	(1,821,551)	(36,129)	(9,081)	(4,315)
Increase in cash and cash equivalents	581,820	384,725	1,070,758	45,950
Movement of cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	790,772	(262,852)	301,834	(31,394)
Increase in cash and cash equivalents	581,820	384,725	1,070,758	45,950
Cash and cash equivalents at the end of the period	1,372,592	121,873	1,372,592	14,556





We're building the future

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Workington, Harare, Zimbabwe

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

Notes

1 General information

ZECO Holdings Limited specializes in steel fabrication and installation, manufacture of plastic components and distribution of electric motors.

2 Currency of reference

Functional and presentation currency

The council changed its functional and presentation currency from United States Dollars (US\$) to Zimbabwe dollar (ZWL\$) for the financial year ended 30 June, 2020. The change in currency was effected in response to Statutory Instrument (SI) 33 of 2019 (effective from 22 February 2019), and to enable compliance with Statutory Instrument 142 of 2019 (effective from 24 June 2019).

The promulgation of SI 142 of 2319 on 24 June 2019 resulted in the Zimbabwe Dollar being the only legally accepted legal tender for transactions in Zimbabwe apart from those transactions otherwise specified therein. Through SI 142, the Zimbabwe Dollar was placed at par with bond notes and coins and Real Time Gross Settlements dollars, (RTGSS), which forms of currency were declared legal tender with the gazetting of SI 33.

Historical cost comparative financial information as at and for the year ended 31 December 2019 was converted from US\$ to ZWL\$ at a rate of 1US\$:1ZWL\$, being the official exchange rate between US\$ and the defined ZW\$ as at that date.

With effect from 22 February 2019, transactions that are in a currency other than the Zimbabwe Dollar were reported using the official exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such balances of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the end of the reporting period are generally recognised in the statement of profit and loss.

Hyperinflation

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Accounting Standard (IAS 29) Financial Reporting in Hyperinflationary Economies in Zimbabwe. The pronouncement requires that companies generally recognised in statement of profit and loss and other comprehensive income within that prepare and financial periods ended on or after 1 July 2019 to apply present financial statements for the requirements of IAS29 Financial Reporting in Hyperinflationary Economies. Appropriate adjustments and reclassifications, including restatements for currency changes and general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical financial information. For inflation adjustments, the following indices from the Zimbabwe: Statistical Office were used. Trade economics journal from June 2019 to December 2019

	INDICES	FACTOR	
CPI as at 31 December 2019	551.63	2.62	
CPI as at June 2019	172.61	8.37	
CPI as at 31 June 2020	1,445	1	
Average CPI 2019	240	6	
Average CPI 2020	68	8	

The indices and adjusting factors have been applied to the historical cost of transactions and balances as follows

All items in income statement are restated by applying relevant monthly adjusting factors;

The net effect of inflation adjustment on the net monetary position of the company is included in the income statement as a monetary loss or gain;

Comparative information is restated using the inflation indices in terms of the measuring unit current at the reporting date;

The applicatio of the IAS29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under historical cost convention. The policies affected are;

- Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the reporting date;
- Non monetary assets and liabilities are not carried at amounts current at the reporting date and components of shareholders equity are restated by applying the relevant monthly adjusting factor

Inventories are carried at the lower of indexed cost and net realisable value

Deferred tax is provided in respect of temporary differences arising from the restatement of assets and liabilities; and

All items of cashflow statement are expressed in terms of measuring unit current at the reporting date

3 Statement of compliance

The abridged unaudited financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required to fully comply with IFRSs and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019. These financials are based on statutory records that are maintained under the historical cost convention and also inflation adjusted.

	Inflation Adjusted June 2020 ZWL\$	June 2019 ZWL\$	Historical Cost June 2020 ZWL\$	June 2019 ZWL\$
4 Revenue				
Sales	3,254,870	2,704,722	2,777,198	323,041
Total revenue	3,254,870	2,704,722	2,777,198	323,041
5 Cost of sales				
Direct materials	95,703	-	5,585	-
Direct labour	301,077	1,669,715	195,026	199,424
Production overheads	822,032	-	124,465	-
Total cost of sales	1,218,812	1,669,715	325,076	199,424
6 Other income				
Sundry income	116,342	247,388	48,348	29,547
Interest Received - Bank	12	293	7	35
Rent Received	196,388	538,029	118,140	64,260
Total other income	312,743	785,710	166,494	93,842
7 Administration expenses				
Audit fees	148,825	-	99,702	-
Depreciation	4,684,724	-	2,051,936	-
Employee costs	1,439,782	-	970,429	-
Contribution to pension fund	4,811	-	1,881	-
Administration expenses	1,769,723	8,560,297	1,155,776	1,022,407
Total administration costs	8,047,866	8,560,297	4,279,725	1,022,407
8 Inventory				
Raw materials-contents	1,046,750	479,956.01	1,046,750	183,197
Work in progress	372,297	1,506,463.03	372,297	575,010
Finished goods	391,859	115,162.51	391,859	43,957
Total inventory	1,810,906	2,101,579	1,810,906	802,163
9 Trade and other receivables				
Trade	1,508,829	1,941,983.09	1,508,829	741,246
Other	4,965	7,186.36	4,965	2,743
Discontinued operations	(3,945)	(10,335.47)	(3,945)	(3,945)
Total trade and other receivables	1,509,849	1,938,834	1,509,849	740,044
10 Related Party balances				
The company's related parties include companies under common control, key management and others as described below:				
Related party receivables				
Delward Engineering (Private) Limited	10,947	28,680	10,947	10,947
Zimplasics (Private) Limited	2,694	7,058	2,694	2,694
Total	13,641	35,738	13,641	13,641
Related party payables				
Non-current liabilities due to:				
Critical Hope (Private) Limited	28,320	-	28,320	-
Pinnacle Holdings	-	2,707,772	-	1,033,544
Total	28,320	2,707,772	28,320	1,033,544
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	1,306,105	10,935,612	1,306,105	1,306,105
Zimplasics (Private) Limited	5,000	41,863	5,000	5,000
Critical Hope (Private) Limited	2,683	22,464	2,683	2,683
Total	1,313,788	10,999,939	1,313,788	1,313,788
Current liabilities due to:				
Native Investments (Private) Limited	776	2,033	776	776
Discontinued operations				
Jetmaster (Private) Limited	2,233	5,850	2,233	2,233
Total	3,009	7,883	3,009	3,009
11 Other financial assets				
Gain on financial assets	5,726	15,001	5,726	5,726
Total other financial assets	5,726	15,001	5,726	5,726
12 Cash and cash equivalents				
Cash at bank	1,372,592	790,772	1,372,592	301,834
Bank overdraft - discontinued operations	(28,597)	(74,921)	(28,597)	(28,597)
Total cash and cash equivalents	1,343,995	715,851	1,343,995	273,237
13 Trade and other payables				
Trade	2,241,902	4,201,974	2,241,902	1,603,874
Other	5,845,003	14,224,992	5,845,003	5,429,614
Continued operations	8,086,906	18,426,966	8,086,906	7,033,488
Discontinued operations	(789,703)	(1,799,034)	(789,703)	(686,683)
Total trade and other payables	7,297,203	16,627,932	7,297,203	6,346,805



	Inflation Adjusted June 2020 ZWL\$	Dec 2019 ZWL\$	Historical Cost June 2020 ZWL\$	Dec 2019 ZWL\$
14 Reconciliation of income tax expense				
Loss before tax	(5,699,065)	(6,739,580)	(1,661,109)	(804,948)
Notational tax expense at a rate of 25.75%	(1,467,509)	(1,735,441)	(427,736)	(207,274)
Allowable deductions				
Interest received	3	75	2	9
Non deductible expenses				
Subscriptions	352	-	227	-
Depreciation	1,206,316	1,173,801	528,374	140,194
Legal fees	18,206	8,130	7,979	971
Income tax due (receivable)	(242,631)	1,181,931	108,845	(66,100)
The company has an assessed loss therefore no tax should be charged.				

15 Share capital				
Authorised				
600 000 000 ordinary shares at USD nil par value	-	-	-	-
Issued and fully paid				
463 337 661 ordinary shares at USD nil par value	-	-	-	-

16 Shareholders, loans				
Pinnacle Holdings	1,033,544	149,397	1,033,544	57,024
Delward Engineering (Private) Limited	47,937	74,195	47,937	28,320
Total	1,081,481	223,592	1,081,481	85,344

17 Deferred taxation				
Deferred tax is calculated on all temporary differences using the statement of financial position method at the principal rate of 25.75%.				

The net deferred tax asset is attributable to the following items;

	Inflation Adjusted June 2020 ZWL\$	Dec 2019 ZWL\$	Historical Cost June 2020 ZWL\$	Dec 2019 ZWL\$
At the beginning of the period	55,012,522	22,366,204	55,012,522	8,537,077
Charge to profit or loss	-	122,654,493	-	46,816,655
Discontinued operations	55,012,522	145,020,697	55,012,522	55,012,522
	-	176,540,937	-	21,085,331
At the end of the period	55,012,522	321,561,634	55,012,522	77,607,069

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances is as follows;

Deferred tax liabilities				
At the beginning of the period	55,012,522	22,793,259	55,012,522	8,700,082
Charge to profit or loss	-	121,333,505	-	46,312,440
At the end of the period	55,012,522	144,126,764	55,012,522	55,012,522



20 Property, plant and equipment

	Land ZWL\$	Buildings ZWL\$	Plant and machinery ZWL\$	Cranes ZWL\$	Furniture and fixtures ZWL\$	Motor vehicles ZWL\$	Office equipment ZWL\$	Computer equipment ZWL\$	Tools and equipment ZWL\$	Total ZWL\$
Year end December 31, 2019										
Opening net book value	1,359,592	80,998,740	1,738,376	248,890	-	-	1,192	5,350	-	84,352,139
Revaluation	42,136,610	406,077,046	66,117,594	1,367,939	1,747,875	2,017,501	70,619	310,281	155,092	520,000,559
Depreciation for the year	-	-	-	-	-	-	-	-	-	-
Closing net book value	43,496,202	487,075,786	67,855,970	1,616,829	1,747,875	2,017,501	71,811	315,631	155,092	604,352,699

At December 31, 2019

Cost	43,496,202	487,075,786	67,855,970	1,616,829	1,747,875	2,017,501	71,811	315,631	155,092	604,352,699
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Net book value	43,496,202	487,075,786	67,855,970	1,616,829	1,747,875	2,017,501	71,811	315,631	155,092	604,352,699

Year end June 30, 2020

Opening net book value	43,496,202	487,075,786	67,855,970	1,616,829	1,747,875	2,017,501	71,811	315,631	155,092	604,352,699
Depreciation for the year	-	(3,195,037)	(1,367,716)	(54,898)	(43,589)	(13,123)	(3,241)	-	(7,121)	(4,684,724)
Closing net book value	43,496,202	483,880,749	66,488,254	1,561,931	1,704,286	2,004,378	68,571	315,631	147,972	599,667,974

At June 30, 2020

Cost	43,496,202	487,075,786	67,855,970	1,616,829	1,747,875	2,017,501	71,811	315,631	155,092	604,352,699
Accumulated depreciation	-	(3,195,037)	(1,367,716)	(54,898)	(43,589)	(13,123)	(3,241)	-	(7,121)	(4,684,724)
Net book value	43,496,202	483,880,749	66,488,254	1,561,931	1,704,287	2,004,378	68,571	315,631	147,972	599,667,974

20 Property, plant and equipment

	Land US\$	Buildings US\$	Plant and machinery US\$	Cranes US\$	Furniture and fixtures US\$	Motor vehicles US\$	Office equipment US\$	Computer equipment US\$	Tools and equipment US\$	Total US\$
Year end December 31, 2019										
Opening net book value	518,950	30,916,846	663,530	95,000	-	-	455	2,042	-	32,196,823
Revaluation	16,083,350	154,997,738	25,236,781	522,136	667,156	770,071	26,955	118,433	59,198	198,481,818
Depreciation for the year	-	-	-	-	-	-	-	-	-	-
Closing net book value	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	230,678,642

At December 31, 2019

Cost	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	230,678,641
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Net book value	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	230,678,641

Year end June 30, 2020

Opening net book value	16,602,300	185,914,584	25,900,311	617,136	667,156	770,071	27,410	120,475	59,198	230,678,642
Depreciation for the year	-	(1,195,751)	(786,330)	(31,562)	(25,060)	(7,545)	(1,595)	-	(4,094)	(2,051,936)
Closing net book value	16,602,300	184,718,833	25,113,981	585,574	642,096	762,526	25,815	120,475	55,104	228,626,706

At June 30, 2020

To the members of ZECO Holdings Limited

The review of inflation adjusted interim financial information

We have reviewed the accompanying inflation adjusted condensed consolidated statement of financial position of ZECO Holdings Limited and its subsidiaries ("the Group") as at 30 June 2020 and the inflation adjusted condensed consolidated statement of comprehensive income, inflation adjusted condensed consolidated statement of changes in equity and inflation adjusted condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (24:31). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

Impact of incorrect date of application of International Accounting Standard (IAS) 21

"The Effects of Changes in Foreign Exchange Rates" on comparative financial information

The Group and Company did not comply with IAS 21 in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October, 2018, the adjustments that were recognised in the comparative 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were considered to be pervasive in the prior period. The financial effects on the inflation adjusted consolidated financial statements of this departure were not determined. Furthermore, our conclusion on the current period's financial results is modified because of the possible effects of the matter on the comparability of the current period's financial results with that of the prior year.

Independent auditor's report

To the members of ZECO Holdings Limited

The review of inflation adjusted interim financial information

Adverse conclusion

Due to the significance of the matters described in the Basis for Adverse Conclusion paragraphs, we conclude that the accompanying interim financial information of the Group does not present fairly, in all material respects, the consolidated interim inflation adjusted financial position of the Group as at 30 June 2020, and of its consolidated interim inflation adjusted financial performance and cash flows for the six month period then ended in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34) and the requirements of the Companies and Other Business Entities Act (24:31).

Emphasis of matter

We draw your attention to page 4 in the financial statements which indicates that the company has a negative retained earnings of ZWL\$63,095,900 for the year ended June 30, 2020 and, as of that date, as indicated on page 4 in the financial statements the company's current liabilities exceeded its total current assets by ZWL\$2,585,266. These conditions may indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Fanuel Pange, CA (Z)
PAAB number 0457
Managing Partner
Registered Public Auditor

MGI

MGI (Mazhandu) Chartered Accountants
Registered Public Auditors
Harare
November 16, 2020

