

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

Stand 7753, Corner Canberra Road / Greenock Road, Workington, Harare, Zimbabwe

Chairman's Statement

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 (24:31) and the Zimbabwe Stock Exchange listing requirements for provisional interim financial statements (interim reports).

Operating Overnew

The period under review was characterised by varying lockdown restrictions meant to contain the effects of the Covid-19 pandemic. Inflationary pressures slowed down in the first few months of the period, with a stable exchange rate buoyed by a bumper agricultural season. This was disrupted by the introduction of Statutory Instrument 127 of 2021 whose effects resulted in inflationary pressures as there were doubts in the use of foreign currency in local transactions. Despite this, the economy seems stabilised and a positive growth envisaged.

The group recorded revenues of ZWL\$29.992 million (Inflation adjusted \$30.643 m) for the six months ended June 30, 2021 compared to ZWL\$2.777/million (Inflation adjusted \$5.738m) for the same period last year. During the period, the recorded a loss of ZWL\$8.490 million (Inflation adjusted \$105.792m). Total assets as at 30 June 2021 amounted to ZWL\$231.036 million (Inflation adjusted \$477.059 m).

The Group will continually review its response to Covid-19 effects and the accompanying rolling waves of the virus based on the available health and medical protocols and guidelines taking staff welfare and customers safety as paramount. We hope the vaccine roll outs will reduce the effect of the pandemic thus allowing free movement and increased business activities.

There were no changes in the Directorate during the period under review

The operating environment and macro-economic conditions remain uncertain due to the COVID-19 pandemic. We howeve see some positive moves as the local lockdowns are not as severe as previous ones resulting in continual economic activity The bumper agricultural season has positively impacted industry resulting in better access to foreign currency

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

Statement of Financial Position For the six months ended June 30, 2021

Assets	Note	Inflation <i>A</i> <u>June 2021</u> ZWL\$	Adjusted June 2020 ZWL\$	Historio June 2021 ZWL\$	June 2020 ZWL\$
Non-current assets	11010	21124	21124	<u> </u>	21124
Property, plant and equipment	20	381,705,317	472,437,079	161,022,355	228,626,705
Deferred tax		29,916	61,819	29,916	29,916
Total non-current assets		381,735,233	472,498,898	161,052,271	228,656,621
Comment counts					
Current assets Inventory	8	2.859.494	2 742 070	2 950 405	1,810,906
			3,742,078	2,859,495	
Trade and other receivables	9	1,549,465	3,119,971	1,549,465	1,509,849
Related party receivables	10	14,217	28,188	14,217	13,641
Financial assets at fair value					
through profit or loss	11	5,726	11,832	5,726	5,726
Cash and cash equivalents	12	159,234	2,836,340	159,234	1,372,592
Total current assets		4,588,136	9,738,409	4,588,137	4,712,713
Assets of discontinued					
operations	17	90,735,709	186,719,217	65,395,732	90,359,121
Total assets		477,059,077	668,956,523	231,036,140	323,728,454
Equity and liabilities Equity					
Derived equity		24,729,979	24,729,979	11,967,508	11,967,508
Revaluation reserve		-	-	187,161,783	286,707,678
Retained income		356,361,911	462,074,001	(64,069,426)	(63,095,900)
Total equity		381,091,891	486,803,981	135,059,865	235,579,286
Non-current liabilities					
Shareholders' loan					
		1 025 400	2 224 705	1 025 490	1 001 101
		1,035,480	2,234,785	1,035,480	1,081,481
Deferred tax	10	53,868,373	113,678,563	53,868,373	55,012,522
Deferred tax Related party payables	10				
Deferred tax	10	53,868,373 28,320	113,678,563 58,521	53,868,373 37,407	55,012,522 28,320
Deferred tax Related party payables Total non-current liabilities Current liabilities		53,868,373 28,320 54,932,173	113,678,563 58,521 115,971,869	53,868,373 37,407 54,941,260	55,012,522 28,320 56,122,323
Deferred tax Related party payables Total non-current liabilities Current liabilities Trade and other payables	13	53,868,373 28,320 54,932,173 16,153,680	113,678,563 58,521 115,971,869	53,868,373 37,407 54,941,260 16,153,681	55,012,522 28,320 56,122,323 7,297,203
Deferred tax Related party payables Total non-current liabilities Current liabilities Trade and other payables Related party payables		53,868,373 28,320 54,932,173 16,153,680 776	113,678,563 58,521 115,971,869 15,079,031 1,604	53,868,373 37,407 54,941,260 16,153,681 776	55,012,522 28,320 56,122,323 7,297,203 776
Deferred tax Related party payables Total non-current liabilities Current liabilities Trade and other payables	13	53,868,373 28,320 54,932,173 16,153,680	113,678,563 58,521 115,971,869	53,868,373 37,407 54,941,260 16,153,681	55,012,522 28,320 56,122,323 7,297,203
Deferred tax Related party payables Total non-current liabilities Current liabilities Trade and other payables Related party payables	13 10	53,868,373 28,320 54,932,173 16,153,680 776	113,678,563 58,521 115,971,869 15,079,031 1,604	53,868,373 37,407 54,941,260 16,153,681 776	55,012,522 28,320 56,122,323 7,297,203 776

Statement of profit or loss and other comprehensive income For the six months ended June 30, 2021

	<u>Note</u>	Inflation A June 2021 ZWL\$	djusted June 2020 ZWL\$	Historio June 2021 ZWL\$	June 2020 ZWL\$
Income					
Revenue	4	30,643,058	5,738,836	29,992,248	2,777,198
Cost of sales	5	(13,463,798)	(671,741)	(13,175,599)	(325,076)
Gross profit		17,179,260	5,067,094	16,816,649	2,452,121
Other income	6	957,059	344,044	955,906	166,494
Operating profit		18,136,319	5,411,139	17,772,556	2,618,616
Expenses Administration costs	7	(34,667,367)	(8,843,677)	(26,163,398)	(4,279,725)
Total expenses		(34,667,367)	(8,843,677)	(26,163,398)	(4,279,725)
Loss for the year from continuing	operations	(16,531,048)	(3,432,538)	(8,390,842)	(1,661,109)
Discontinued operations Loss for the year after tax from discontinued to the year before monetary.	ontinued operations	(107,293) (16,638,341)	(2,282,351) (5,714,889)	(100,000) (8,490,842)	(1,104,499) (2,765,608)
Monetary gain/(loss)		(89,073,749)	590,654,633	-	-
Loss for the year		(105,712,090)	584,939,744	(8,490,842)	(2,765,608)
Attributable to: Equity holders of the parent compar	y:	(105 712 090)	584 939 744	(8 490 842)	(2 765 608)
Loss per share (cents) Weighted average number of share Basic loss per share from continuing Basic loss per share from discontinu Basic loss per share	operations	463 337 661 (3.57) (0.02) (3.59)	463,337,661 126.24 (0.49) 125.75	463,337,661 (1.81) (0.02) (1.83)	463,337,661 (0.36) (0.24) (0.60)
Diluted earnings per share from con Diluted earnings per share from disc Diluted earnings per share	ontinued operations	(3.57) (0.02) (3.59)	(0.74) (0.49) (1.23)	(1.81) (0.02) (1.83)	(0.36) (0.24) (0.60)
Statement of Change	s in Fauity				

Julie 30, 21	U Z I		
Derived	Revaluation	Retained	Total
equity	reserve	income	
ZWL\$	ZWL\$	ZWL\$	ZWL\$
11,967,508	286,707,678	(60,330,292)	238,344,894
-	-	(2,765,608)	(2,765,608)
11,967,508	286,707,678	(63,095,900)	235,579,286
-	(99,545,895)	-	(99,545,895)
-	-	7,517,315	7,517,315
-	-	(8,490,842)	(8,490,842)
11,967,508	187,161,783	(64,069,426)	135,059,865
	Derived equity <u>ZWL\$</u> 11,967,508	equity	Derived equity Revaluation reserve Retained income income income 2WL\$ 11,967,508 286,707,678 (60,330,292) - - (2,765,608) 11,967,508 286,707,678 (63,095,900) - (99,545,895) - - 7,517,315 - (8,490,842)

	Derived	Retained	Total
	equity	income	
	ZWL\$	ZWL\$	ZWL\$
Balance as at June 30, 2019	24,729,979	(130,383,058)	(105,653,079)
Exchange gain	-	7,517,315	7,517,315
Profit for the year	_	584,939,744	584,939,744
,		, ,	, ,
Balance as at December 31, 2020	24,729,979	462,074,001	486,803,981
Loss for the year	-	(105,712,090)	(105,712,090)
Balance as at June 30, 2021	24,729,979	356,361,911	381,091,891

Statement of Cashflows For th	ne six mon	ths ende	d June 30	, 2021
	Inflation A	djusted	Historic	al
	June 2021	June 2020	June 2021	June 2020
Cash flow from operating activities	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Loss before tax - continuing operations	(16,531,048)	(3,432,077)	(8,390,842)	(1,661,109)
Loss for the year - discontinued operations	(107,293) (16,638,341)	(2,282,045) (5,714,122)	(100,000) (8,490,842)	(1,104,499)
	(16,638,341)	(5,714,122)	(8,490,842)	(2,765,608)
Adjustments for non-cash items				
mpairment/disposal	83,246,351	4,239,579	(31,941,545)	2,051,936
Ion monetary loss	(89,073,749)	-	-	· · · · ·
nterest received	-	(14)	-	(7)
Depreciation for discontinued operations	-	2,282,045	-	1,104,499
Exchange gain	7,517,315	-	7,517,315	-
let cash flows after adjustments for non-cash items	(14,948,424)	807,488	(32,915,071)	390,821
Working capital changes				
Decrease/increase in inventories	882,584	(2,084,199)	(1,048,590)	(1,008,743)
Decrease/(increase) in trade and other receivables	1,570,505	(1,590,521)	(39,616)	(769,805)
Decrease/(increase) in related party receivables	13,971	-	(576)	-
ncrease/(decrease) in related party payables	(828)		9,087	
ncrease in trade and other payables	1,074,650	1,963,649	8,856,479	950,397
Decrease in deferred tax	(59,810,190)	-	(1,144,149)	-
Decrease in financial assets	6,106		- · · · · · · ·	-
ncrease in discontinued operations assets	95,983,508	2,921,822	24,963,389	1,414,148
ncrease/(decrease) in discontinued operations liabilities	(26,219,483)	212,853	151,690 31,747,714	103,020
Net cash flows after working capital changes	13,500,824	1,423,603	31,747,714	689,017
Net cash flows from operating activities	(1,447,600)	2,231,091	(1,167,358)	1,079,838
Cash flow from financing activities				
nterest received		14		7
Shareholder's loan	(1,199,305)	2.058.429	(46,001)	996.137
Related party payables	(30.201)	(2,077,207)	(40,001)	(1,005,224)
let cash flows from financing activities	(1,229,506)	(18,765)	(46,001)	(9,081)
iet casii nows ironi imancing activities	(1,229,500)	(10,765)	(46,001)	(9,081)
ncrease/(decrease) in cash and cash equivalents	(2,677,106)	2,212,326	(1,213,358)	1,070,758
Novement of cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	2.836.340	624.014	1.372.592	301.834
ncrease/(decrease) in cash and cash equivalents	(2,677,106)	2.212.326	(1,213,358)	1,070,758
Cash and cash equivalents at the end of the period	159,234	2,836,340	159,234	1,372,592
zaon ana oaon oquivalonio at tile ella di tile pelloa	100,204	2,000,040	100,204	1,072,002

Notes to the Financial Statements

1 General information

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

The company changed its functional and presentation currency from United States Dollars (US\$) to Zimbabwe dollar (ZWL\$) for the financial year ended 30 June, 2021. 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

Zimbabwe Dollar was placed at par with bond notes and coins and Real Time Gross Settlements dollars, (RTGS\$), 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 2018 was converted from

The promulgation of SI 142 of 2019 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

US\$ to ZWL\$ at a rate of 1US\$:1ZWL\$, being the official exchange rate between US\$ and the defined ZW\$ as at that

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

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 purpose 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 adjustments, the following indices from the Zimbabwe: Statistical Office were used. Trade economics journal from June 2020 to December 2021

	INDICIES	FACTOR
CPI as at 31 December 2020	551.63	5.41
CPI as at June 2020	1,445.21	2.07
CPI as at 31 June 2021	2,986	1

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

The application 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;

a Monetary assets and liabilities are not restated as they are already stated in terms of the measuring unit current at the

b Non monetary assets and liabilities are not carried at amounts current at the reporting date and components of

The abridged unaudited financial statements for the six months ended 30 June 2021 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 2020. These financials are based on statutory records that are maintained under the historical cost convention.

	Inflation A	ajustea	HISTORIC	aı
	June 2021	June 2020	June 2021	June 2020
4 Revenue	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Sales	30,643,058	5,738,875	29,992,248	2,777,198
Total revenue	30,643,058	5,738,875	29,992,248	2,777,198
5 Cost of sales				
Direct materials	12,601,951	11,541	12,314,752	5,585
Direct labour	861,847	403,007	860,847	195,026
	001,047		000,047	
Production overheads	42 462 700	257,198	42 475 500	124,465
Total cost of sales	13,463,798	671,746	13,175,599	325,076
6 Other income				
Sundry income	957,059	99,908	955,906	48,348
Interest Received - Bank	-	14	-	7
Rent Received	-	244,127	-	118,140
Total other income	957,059	344,049	955,906	166,494
7 Administration expenses	4 740 000		4 700 000	00 700
Audit fees	1,742,636	206,027	1,739,838	99,702
Depreciation	7,612,185	4,240,176		2,051,936
Employee costs	12,560,315	2,005,321	12,117,078	970,429
Contribution to pension fund	67,838	3,887	64,982	1,881
Administration expenses	12,684,392	2,388,327	12,241,500	1,155,776
Total administration costs	34,667,367	35,832,809	26,163,398	4,279,725
8 Inventory				
Raw materials-contents	_	2.163.031	_	1.046,750
Work in progress	1.126.617	769,324	1.126.617	372,297
Finished goods	1,732,878	809,725	1,732,878	391,859
Total inventory	2,859,494	3,742,078	2,859,495	1,810,906
9 Trade and other receivables	4 505 440	0.447.004	4 505 440	4 500 000
Trade	1,525,110	3,117,884	1,525,110	1,508,829
Other	28,301	10,260	28,301	4,965
Discontinued operations	(3,946) -		(3,946)	(3,945)
Total trade and other receivables	1,549,465	3,119,971	1,549,465	1,509,849

Total trade and other receivables	1,549,465	3,119,971	1,549,465	1,509,849
	ludiation A	ali	Historio	1
	Inflation A June 2021	June 2020	June 2021	June 2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
0 Related Party balances				
The company's related parties include companies u	under common control, key	management and	l others as describ	bed
below:				
Related party receivables				
Delward Engineering (Private) Limited	12,947	22,621	12,947	10,947
ZECO Holdings	1,250		1,250	- - .
Zimplastics (Private) Limited	20	5,567	20	2,694
Total	14,217	28,188	14,217	13,641
Related party payables				
Non-current liabilities due to:				
ZECO Holdings	28,320	58,521	28,320	28,320
Crittal Hope (Private) Limited	_	-	9,087	-
Total	28,320	58,521	37,407	28,320
Discontinued operations				
Non-current liabilities due to:				
Pinnacle Properties (Private) Limited	1,306,105	2,698,970	1,306,105	1,306,105
Zimplastics (Private) Limited	43,306	10,332	43,306	5,000
Crittal Hope (Private) Limited	2.683	5,544	2.683	2.683
Total	1,352,094	2,714,847	1,352,094	1,313,788
				1,397,510
Current liabilities due to:				
Native Investments (Private) Limited	776	1,604	776	776
Discontinued operations		1,001		
T and S Marketing	5,000		5,000	
9		4.044		0.000
Jetmaster (Private) Limited Total	2,233 8,009	4,614 6,218	2,233 8,009	2,233 3,009
Total	0,003	0,210	0,003	3,009
1 Other financial assets				
Gain on financial assets	5,726	11,832	5,726	5,726
Total other financial assets	5,726	11,832	5,726	5,726
	·			
2 Cash and cash equivalents				
Cash at bank	159,234	2,836,360	159,234	1,372,592
Bank overdraft - discontinued operations	(28,597)	(59,094)	(28,597)	(28,597)
Total cash and cash equivalents	130,637	2,777,266	130,637	1,343,995
3 Trade and other payables				
Trade	3,251,826	4,632,727	3,251,826	2,241,902
Other	13,799,942	12,078,272	13,799,942	5,845,003
Continued enerations	17.051.767	16 710 000	17 051 769	9 096 006

16.153.680

15,079,135

16.153.681

7,297,203

ZWL\$	ZWL\$	ZWL\$	ZWL
	-		
-	-	-	_
987,543	2,135,742	987,543	1,033,544
47,937	99.058	47,937	47,937
1,035,480	2,234,800	1,035,480	1,081,481
	47,937	47,937 99,058	47,937 99,058 47,937

At the beginning of the period

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

	33,000,373	110,070,040	33,000,373	55,012,522
Discontinued operations	-	-	-	-
At the end of the period	53,868,373	113,679,349	53,868,373	55,012,522
The movement in deferred income tax assets a offsetting of balances is as follows;	and liabilities during the year, v	vithout taking into	consideration the	
Deferred tax liabilities				
At the beginning of the period	55,012,522	113,679,349	55,012,522	55,012,522
Charge to profit or loss	(1,144,149)		(1,144,149)	-
At the end of the period	53,868,373	113,679,349	53,868,373	55,012,522
Deferred tax asset At the beginning of the period	29,916	61,819	29,916	29,916
Chargo to profit or loce				

June 2021

June 2020 ZWL\$ 113,679,349
 June 2021
 June 2020

 ZWL\$
 ZWL\$

 53,868,373
 55,012,522

At the end of the period Zimplastics (Private) Limited

The subsidiary's operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The business had become unsustainable with no prospects o

	Inflation Adjusted		Historical	
	June 2021	June 2020	June 2021	June 2020
D	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Revenue	-	-	-	-
Cost of sales Gross profit/(loss)	-	-	-	-
Other income		-	-	-
Other (losses)/gains		-	-	-
Administration expenses	(107,293)	(2.282.351)	(100.000)	(1,104,499)
Operating loss before tax	(107,293)	(2,282,351)	(100,000)	(1,104,499)
Taxation	(107,293)	(2,202,331)	(100,000)	(1,104,433)
Loss for the year from discontinued operations	(107,293)	(2,282,351)	(100,000)	(1,104,499)
Assets				
Property, plant and equipment	90,731,763	186,712,356	65,391,786	90.355,176
Trade receivables	3,946	8,152	3.946	3,945
Assets classified as held for sale	90,735,709	186,720,509	65,395,732	90,359,121
Liabilities				
Deferred tax liability	22,594,547	46,689,977	22,594,547	22,594,547
Shareholders loan - Pinnacle Holdings (Private) Limited	1,306,105	2,698,970	1,306,105	1,306,105
Shareholders loan - T & S Marketing (Private) Limited	5,000	10,332	5,000	5,000
Zimplastics (Private) Limited	43,306	-	43,306	-
Trade and other payables	898,086	1,631,861	898,086	789,702
Related party payables	2,683	5,544	2,683	2,683
Bank overdraft	28,597	59,094	28,597	28,597
Jetmaster	2,233	4,614	2,233	2,233
Liabilities associated with assets classified as				
held for sale	24,880,557	51,100,393	24,880,557	24,728,867
Net assets associated with discontinued operations	65,855,152	171.944.056	40,515,175	65,630,254
At 01 January		, , , , , , , , , , , , , , , , , , , ,	29,915	29,915
Charge to profit or loss				,-
At 31 December			29,915	29,915

Basic loss per share (cents)	(3.59)	(1.23)	1.83	0.60
Loss for the year from discontinued operations	(107,293)	(2,282,366)	(100,000)	(1,104,499)
Loss for the year from continuing operations	(16,531,048)	(3,432,561)	(8,390,842)	(1,661,109)

Basic loss per share is calculated by dividing the net loss attributed to shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the group and held as treasury shares.

Diluted loss per share (cents)

For diluted loss per share (cents), the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares

(16,531.048) (3.432.561) (8,390,842) (1,661,109) (16,638,341)

Inflation Adjusted Historical June 2020 ZWL\$ The weighted average number of ordinary shares in issue for the purpose of diluted loss per share weighted average number of ordinary shares used in the calculations of basic loss per share as fo

ited loss per share from discontinued operations Diluted loss per share (cents)

Year end December 31, 2020
The part book value 16,602,300 185,914,584 25,900,311
 Depreciation for the year
 (1,195,751)
 (786,330)
 (31,562)

 Closing net book value
 16,602,300
 184,718,833
 25,113,981
 585,574
 (1,595) - (4,094) (2,051,938) 25,815 120,475 55,104 228,626,705 - (1,195,751) (786,330) (31,562) (25,060) (7,545) (1,595) - (4,094) (2,051,936) 16,602,300 184,718,833 25,113,981 585,574 642,096 762,526 25,815 120,475 55,104 228,626,705
 16,602,300
 184,718,833
 25,113,981
 585,574
 642,096
 762,526
 25,815
 12,475
 55,104
 228,626,056

 8,123,427
 (23,964,78)
 12,281,533
 285,519
 314,175
 373,00
 12,631
 59,482
 26,922
 22,216,203

 (24725,727)
 73,702,134
 (872,093)
 696,271
 (135,526)
 38,461
 (179,423)
 62,096
 (65,391,768)

 161,022,355
 161,022,355
 161,022,356
 161,022,356
 183,621
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 Net book value Year end December 31, 2020 34,307,200 (3,296) - (8,460) (4,240,178) 53,344 248,951 113,868 472,437,079 Year end June 30, 2021 At June 30, 2021

Independent Auditor's Report

The review of inflation adjusted interim financial information

"We have reviewed the accompanying inflation adjusted condensed consolidated state position of ZECO Holdings Limited and its subsidiaries ("the Group") as at 30 June 2021 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 i**nterim financial information based on our 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 perceive in the prior period. The financial effects on the inflation adjusted consolidated. 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.

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 2021, 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).

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

July 20, 2021

Mai MGI (Mazhandu) Chartered Accountants Registered Public Auditors



Total trade and other payables

mgi (mazhandu) chartered accountants

2nd Floor, Methodist House 7 Central Ave, Box 6499, Harare, 2imbabwe Tel: +263 242 795247 / 253033/4 Mobile: +263 77 474 6056 / +263 71 631 9216 Email:fpange@mgi.co.zw Website:www.mgi-mcaglobal.co.zw

Independent auditor's report

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 2021 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 sixmonth 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 2021, 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).

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

Mal

MGI (Mazhandu) Chartered Accountants Registered Public Auditors Harare July 22, 2021