



## Chairman's Statement

### Dear Stakeholders

It gives me great pleasure, once again, to present the Zimplot Group's half year inflation adjusted financial statements to our stakeholders. The Group delivered a resilient performance driven by Powermec, Scanlink, Farmec and CT Bolts, the business units that delivered profitability and volumes growth. The Group once again demonstrated the strength in its diversified structure to achieve both revenue and profitability growth.

### Operating Environment

There has been numerous global challenges affecting Zimbabwe in general and the key market segments in which the Group operates in particular, such as erratic rainfall in the 2021/22 season, the geo-political conflict in Eastern Europe as well as the aftermaths of COVID-19 pandemic amongst the various factors. Such challenges have brought about increases in supply lead times and costs of equipment as well as various inputs required in agriculture, mining, constructions and automotive sectors. On the positive end, the increase in prices for minerals and various commodities has also been an incentive for capacity expansion for various mines and the respective value chains which supply the same raw materials.

Macro-economically, the delay in remittance of foreign currency awarded on the RBZ auction market further increased the lead times and therefore working capital cycles that had been substantially affected by the COVID-19 pandemic. The measures to reduce money supply, such as the suspension of lending in May dampened demand as most agricultural contractors decided to suspend extension of credit to the out-grower schemes in agriculture. In addition, the interest rate spike that followed discouraged bank borrowings which the Group has traditionally leveraged on to address the increased appetite for cash given the long working capital cycles.

The producer prices obtaining at the Grain Marketing Board have so far discouraged deliveries to the primary off-taker especially on the back of lower than expected 2021/22 yields and increases in inputs costs. On the mining and infrastructure segment, the delay in settling road contractors remain a bottleneck in the spending patterns of contractors both on fleet maintenance and replacement. Despite the various challenges, the Group has remained committed to finding solutions in order to support its stakeholders in the quest to be the right partner to equipment users in the segments the Group operates.

### Operational Performance

The Group continues to leverage on its diversified structure to deliver encouraging and strong performances despite the challenges prevailing in the operating environment.

### Agriculture Equipment

#### Farmec - Large Scale Farming Equipment

Farmec continue to press ahead with its strategy to deliver high tech equipment to our customers to support their cause for increased productivity. During the period under review, Farmec had a strong volume performance with tractors at 22% ahead of prior year, and tractor drawn implements 3% up on the prior period. Efforts to improve throughput and capacity in the workshops through work studies resulted in a 73% growth in hours sold when compared to the same period last year.

#### Mealie Brand - Small Scale Farming Equipment

The dry spell that persisted in the second half of the 2021/22 season had an impact on the demand for Mealie Brand products due to reduced yields by users of these products who are ordinarily dry land farmers. Animal drawn implements volumes declined by 26% against the comparative period. The spares volumes for the local market were however pleasing with a 35% growth against same period last year as farmers sought to apply the reduced disposal incomes on equipment maintenance rather than replacement. The drive to expand the business unit's capacity and product range remains on course as evidenced by the launch of the 2 Wheel Tractor range of products.

### Logistics & Automotive

#### Scanlink - Trucks & Buses

The improved supply chain dynamics with Scania had a remarkable impact on our business as volumes for trucks and buses grew by 33% and 100% compared to same period last year. In 2021, Scanlink built a strong base in aftersales performance which has been sustained this year as service hours were level against the comparative period. With the supply chain unlocked, and supported by a strong order book going into the second half of the year, Scanlink is poised for a positive performance this financial year.

#### Trentyre - Tyres

Trentyre has to a larger extent now weathered disruptions in the supply chain caused by COVID-19 and staff turnover. The adopted strategies as well as culture alignment is beginning to yield returns. However due to the stock supply gaps in Q1, new tyre sales were 33% down on prior year. On the other hand, retreading volumes grew positively by 61% compared to the previous year driven by new processes, technologies and equipment installed at the factory to enhance capacity. The unit will seek to stabilize the sales of new tyres as we enter the second half of the year.

## Mining & Infrastructure Equipment

### Powermec - Alternative Power

Powermec recorded an impressive performance buoyed by the continued improvement in reputation in service delivery by the business unit given the instability on the power grid. The unit recorded a 62% increase in service hours sold compared to prior year and sold 34% more power in KVA than 2021.

### CT Bolts - Fasteners

CT Bolts sold 12% more tonnage compared to 2021 same period under review. The focus remains on establishing relationships based on quality and strength of our product and services.

### Barzem - Earth Moving Equipment

The 6 months period under review has been challenging for Barzem. Firstly, the business unit experienced delays in the remittance of foreign payments via the auction system causing parts and equipment orders to be delayed or cancelled. The second quarter then began with a notice of termination of the CAT distributorship which is coming into effect on 1<sup>st</sup> October 2022. The business unit has therefore been seized with value preservation actions in preparation for Zimplot to transition to a new supplier of earth moving equipment albeit under a new corporate identity.

### Financial Performance

The Group recorded growth in revenue of 24% compared to prior year driven by positive operational performance and volumes growth in key segments of the Group. Profitability was 64% ahead of prior year supported by a 12 fold increase in exchange and fair value gains.

The Group remains focused on realigning the working capital position given the need to rely on internal resources arising from increased lead times, delayed remittance of auction funds and reduced demand following the liquidity squeeze driven by monetary policy measures. The Group is geared on strengthening its balance sheet position by reducing foreign liabilities, and repositioning the Group to deliver earth moving equipment through a new Original Equipment Manufacturer (OEM) or supplier.

### Outlook

The difficult trading environment continues to put pressure on our customers who in turn are focusing on value preservation strategies instead of capacity expansion. The forecast of a La Nina season offers the much needed optimism as we enter the 2022/23 season.

The Group remains positive in its strategy execution to deliver a stronger Zimplot as the year 2022 closes. In addition, the Group is pushing ahead on its commitment to the mining and infrastructure equipment sector and will soon introduce a new corporate brand to service the market's earth moving equipment needs in line with our customer's expectations.

### Dividend

Given the Group's focus on realigning the company's structure to a new OEM for earth moving equipment, realignment of working capital cycles as well as the need to reduce exposures to borrowings and foreign liabilities following the monetary policy measures, the board has decided not to declare an interim dividend.

### Acknowledgements

I would like to extend my appreciation to Management and all the employees for their continued effort to deliver encouraging and resilient results despite the challenging trading environment. I would also like to thank my fellow Board members as well as our various stakeholders for their continued support to guide Zimplot into the future.

G. T. Manhambara  
Chairman

30 September 2022

## Auditor's Statement

The Group's inflation adjusted interim financial statements for the period ended 30 June 2022 from which these abridged results have been extracted have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

A qualified review conclusion has been issued in respect of non-compliance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates; International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors; International Financial Reporting Standard 13 - Fair Value Measurement and; International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies.

The auditor's review conclusion on the Group's inflation adjusted interim financial statements is available for inspection at the Company's registered office. The engagement partner on the audit resulting in this independent auditor's review conclusion is Walter Mupanguri (PAAB Number 367).

## Interim Condensed Consolidated Group and Company Statement of Financial Position as at 30 June 2022

Notes	GROUP				Notes	COMPANY			
	Reviewed Inflation Adjusted		Unaudited Historical			Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22 ZWL\$	31-Dec-21 ZWL\$	30-Jun-22 ZWL\$	31-Dec-21 ZWL\$		30-Jun-22 ZWL\$	31-Dec-21 ZWL\$	30-Jun-22 ZWL\$	31-Dec-21 ZWL\$
	<b>ASSETS</b>					<b>ASSETS</b>			
	<b>Non-current assets</b>					<b>Non-current assets</b>			
	9,133,187,247	4,007,222,506	8,045,539,944	1,599,114,730	2,276,046,260	1,284,842,496	2,084,205,162	536,154,140	
	1,905,694	6,599,852	74,585	74,585	1,905,694	6,599,852	74,583	74,583	
	499,770,000	279,360,526	499,770,000	127,610,000	1,102,800,000	356,463,243	1,102,800,000	162,830,000	
	-	-	-	5,874,175	3,267,237,765	3,267,237,765	784,179,427	784,179,427	
	443,785,849	450,358,130	443,785,849	205,720,550	-	10,636,959	-	989,993	
	1,552,090,093	1,752,558,394	578,777,779	636,712,769	352,218,674	390,885,928	352,218,674	178,554,050	
	<b>11,630,738,883</b>	<b>6,496,099,408</b>	<b>9,567,948,157</b>	<b>2,575,106,809</b>	<b>7,000,208,393</b>	<b>5,316,666,243</b>	<b>4,323,477,846</b>	<b>1,662,782,193</b>	
	<b>Current assets</b>					<b>Current assets</b>			
	7,337,205,270	5,275,802,042	2,611,799,740	1,208,237,449	4,440,797,335	2,601,504,913	1,723,947,897	757,619,739	
	1,264,886,150	1,639,626,940	1,264,886,150	748,970,504	43,811,908	83,699,321	43,811,908	38,233,284	
	578,409,573	1,080,409,331	478,097,465	431,321,134	373,258,304	287,630,578	373,258,304	131,387,704	
	79,913	174,943	79,913	79,913	315,292,688	717,111,464	297,868,530	273,211,449	
	1,773,824,602	3,109,449,839	1,773,824,602	1,420,375,670	79,913	174,943	79,913	79,913	
	<b>10,954,405,508</b>	<b>11,105,463,095</b>	<b>6,128,687,870</b>	<b>3,808,984,670</b>	<b>844,223,021</b>	<b>676,738,233</b>	<b>844,223,021</b>	<b>309,129,451</b>	
	<b>22,585,144,391</b>	<b>17,601,562,503</b>	<b>15,696,636,027</b>	<b>6,384,091,479</b>	<b>6,017,463,169</b>	<b>4,366,859,452</b>	<b>3,283,189,573</b>	<b>1,509,661,540</b>	
	<b>Total assets</b>					<b>Total assets</b>			
	<b>13,017,671,562</b>					<b>9,683,525,695</b>			
	<b>EQUITY AND LIABILITIES</b>					<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>					<b>Equity</b>			
	8,561,843	8,561,843	137,832	137,940	8,561,843	8,561,843	137,832	137,940	
	4,809,960,342	4,809,960,342	1,070,311,150	1,070,311,042	4,809,960,342	4,809,960,342	1,070,311,151	1,070,311,043	
	4,276,517,621	971,092,475	6,115,234,738	660,254,837	1,305,990,622	517,350,713	1,584,633,641	387,151,381	
	(17,206,923)	(17,206,923)	(194,451)	(194,451)	(17,206,923)	(17,206,923)	(194,451)	(194,451)	
	(80,013,482)	(80,013,482)	(904,212)	(904,212)	3,639,172,624	1,984,172,333	2,570,220,622	802,421,514	
	4,010,794,260	2,992,299,220	2,068,422,305	1,447,144,036	<b>9,746,478,508</b>	<b>7,302,838,308</b>	<b>5,225,108,795</b>	<b>2,259,827,427</b>	
	<b>13,008,613,661</b>	<b>8,684,693,475</b>	<b>9,253,007,362</b>	<b>3,176,749,192</b>	<b>9,746,478,508</b>	<b>7,302,838,308</b>	<b>5,225,108,795</b>	<b>2,259,827,427</b>	
	1,571,057,999	1,115,098,259	901,181,192	155,150,629	<b>Total equity</b>				
	<b>14,579,671,660</b>	<b>9,799,791,734</b>	<b>10,154,188,554</b>	<b>3,331,899,821</b>	<b>13,017,671,562</b>				
	<b>Non-current liabilities</b>					<b>Non-current liabilities</b>			
	3,013,074,355	1,479,413,046	710,951,025	203,589,906	1,480,065,855	640,915,505	722,452,631	149,680,241	
	<b>3,013,074,355</b>	<b>1,479,413,046</b>	<b>710,951,025</b>	<b>203,589,906</b>	<b>1,480,065,855</b>	<b>640,915,505</b>	<b>722,452,631</b>	<b>149,680,241</b>	
	<b>Current liabilities</b>					<b>Current liabilities</b>			
	3,352,708,789	4,277,319,525	3,352,708,791	1,953,850,650	659,663,350	308,237,110	679,931,401	140,800,629	
	92,838,425	47,842,888	92,838,425	21,854,309	20,268,051	21,087,913	-	9,632,817	
	321,365,446	337,457,200	321,365,446	154,148,168	160,984,039	188,697,910	160,984,039	86,195,930	
	916,412,163	1,034,698,904	755,738,932	433,234,941	433,850,591	738,315,338	302,058,084	305,477,485	
	309,073,553	625,039,206	308,844,854	285,513,684	-	3,321,984	-	1,517,460	
	<b>4,992,398,376</b>	<b>6,322,357,723</b>	<b>4,831,496,448</b>	<b>2,848,601,752</b>	<b>1,791,127,199</b>	<b>1,739,771,882</b>	<b>1,659,105,993</b>	<b>762,936,065</b>	
	<b>22,585,144,391</b>	<b>17,601,562,503</b>	<b>15,696,636,027</b>	<b>6,384,091,479</b>	<b>13,017,671,562</b>	<b>9,683,525,695</b>	<b>7,606,667,419</b>	<b>3,172,443,733</b>	
	<b>Total equity and liabilities</b>					<b>Total equity and liabilities</b>			

# Reviewed Interim Condensed Group Results For the Six Months Ended 30 June 2022

The Directors report the following reviewed interim condensed results in respect of the Group and Company's operations for the six months ended 30 June 2022



## Interim Condensed Consolidated Group and Company Statement of Profit or Loss and Other Comprehensive Income - For the Half Year ended 30 June 2022

Notes	GROUP			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$
Sales of goods	5,479,149,413	4,771,713,360	3,611,739,325	1,472,126,637
Rendering of services	513,376,672	56,046,680	345,920,809	78,810,891
Investment property rental income	13,781,813	11,709,970	9,281,265	1,732,283
<b>Revenue</b>	<b>6,006,307,898</b>	<b>4,839,470,010</b>	<b>3,966,941,399</b>	<b>1,552,669,811</b>
Cost of sales	(3,023,238,476)	(2,979,649,949)	(1,713,922,465)	(927,559,825)
<b>Gross profit</b>	<b>2,983,069,422</b>	<b>1,859,820,061</b>	<b>2,253,018,934</b>	<b>625,109,986</b>
Other operating income	1,505,061,696	122,633,297	1,347,588,593	39,233,825
Selling and distribution expenses	(95,246,762)	(66,808,517)	(36,162,643)	(17,393,383)
Administrative expenses	(2,589,168,949)	(1,071,366,430)	(2,416,314,791)	(331,858,881)
Other operating expenses	(848,430,298)	(180,131,410)	(26,292,387)	(42,591,749)
Allowance for expected credit losses	(91,367,699)	27,970	(91,367,699)	9,593
Monetary gain	918,474,907	127,684,613	-	-
<b>Operating profit</b>	<b>1,782,392,317</b>	<b>791,859,584</b>	<b>1,030,470,007</b>	<b>272,509,391</b>
Finance costs	(23,547,972)	(533,233)	(14,826,023)	(161,704)
Finance income	958,827	485,038	902,093	154,818
Profit before tax	1,759,803,172	791,811,389	1,016,546,077	272,502,505
Income tax expense	(916,705,398)	(125,882,756)	(246,177,802)	(45,143,428)
<b>Profit for the year</b>	<b>843,097,774</b>	<b>665,928,633</b>	<b>770,368,275</b>	<b>227,359,077</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of plant, land and buildings net of tax	3,793,127,890	-	5,991,592,093	151,487,560
<b>Total other comprehensive income for the year, net of tax</b>	<b>3,793,127,890</b>	<b>-</b>	<b>5,991,592,093</b>	<b>151,487,560</b>
<b>Total comprehensive income for the year</b>	<b>4,636,225,664</b>	<b>665,928,633</b>	<b>6,761,960,368</b>	<b>378,846,637</b>
<b>Profit for the year attributed to:</b>				
Owners of the parent	1,018,495,039	578,677,290	874,737,037	192,543,001
Non controlling interests	(175,397,265)	87,251,343	(104,368,762)	34,816,076
	<b>843,097,774</b>	<b>665,928,633</b>	<b>770,368,275</b>	<b>227,359,077</b>
<b>Total comprehensive profit for the year attributable to:</b>				
Owners of the parent	4,323,920,185	578,677,290	6,236,231,297	269,801,175
Non controlling interests	312,305,479	87,251,343	525,729,071	109,045,462
	<b>4,636,225,664</b>	<b>665,928,633</b>	<b>6,761,960,368</b>	<b>378,846,637</b>
<b>Earnings per share</b>				
Basic earnings per share	2.96	2.43	2.54	0.81
Diluted earnings per share	2.96	2.43	2.54	0.81
Headline earnings per share	2.96	2.45	2.53	0.82
Diluted Headline earnings per share	2.96	2.45	2.53	0.82

Notes	COMPANY			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$
Sales of goods	3,308,045,216	2,677,165,170	2,229,306,110	822,108,793
Rendering of services	280,273,529	32,940,149	192,406,776	48,696,487
Investment property rental income	23,671,875	-	-	-
<b>Revenue</b>	<b>3,611,990,620</b>	<b>2,710,105,319</b>	<b>2,421,712,886</b>	<b>870,805,280</b>
Cost of sales	(1,809,166,565)	(1,709,056,336)	(970,660,450)	(465,891,778)
<b>Gross profit</b>	<b>1,802,824,055</b>	<b>1,001,048,983</b>	<b>1,451,052,436</b>	<b>404,913,502</b>
Other operating income	1,460,769,068	82,813,621	1,477,309,650	26,796,711
Selling and distribution expenses	(74,012,268)	(53,529,480)	(37,526,304)	(12,838,945)
Administrative expenses	(685,648,986)	(687,206,271)	(565,987,457)	(206,672,399)
Other operating expenses	(160,092,070)	(148,694,042)	(17,341,461)	(32,395,720)
Allowance for expected credit losses	(12,931,704)	-	(3,787,103)	-
Monetary gain	258,752,868	53,104,971	-	-
<b>Operating profit</b>	<b>2,589,660,963</b>	<b>247,537,782</b>	<b>2,303,719,761</b>	<b>179,803,149</b>
Finance costs	(17,757,724)	(3,732,348)	(9,060,381)	(690,082)
Finance income	82,006	318,019	52,939	101,962
<b>Profit before tax</b>	<b>2,571,985,245</b>	<b>244,123,453</b>	<b>2,294,712,319</b>	<b>179,215,029</b>
Income tax expense	(916,984,955)	(113,713,736)	(528,608,197)	(41,883,689)
<b>Profit for the year</b>	<b>1,655,000,290</b>	<b>130,409,717</b>	<b>1,766,104,122</b>	<b>137,331,340</b>
<b>Other comprehensive income</b>				
<b>Other comprehensive income that will not be reclassified to profit or loss</b>				
Revaluation of plant, land and buildings net of tax	788,639,909	-	1,197,397,043	-
<b>Total other comprehensive income for the year, net of tax</b>	<b>788,639,909</b>	<b>-</b>	<b>1,197,397,043</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>2,443,640,199</b>	<b>130,409,717</b>	<b>2,963,501,165</b>	<b>137,331,340</b>
<b>Profit for the year attributed to:</b>				
Owners of the parent	1,655,000,290	130,409,717	1,766,104,122	137,331,340
	<b>1,655,000,290</b>	<b>130,409,717</b>	<b>1,766,104,122</b>	<b>137,331,340</b>
<b>Total comprehensive profit for the year attributable to:</b>				
Owners of the parent	2,443,640,199	130,409,717	2,963,501,165	137,331,340
	<b>2,443,640,199</b>	<b>130,409,717</b>	<b>2,963,501,165</b>	<b>137,331,340</b>
<b>Earnings per share</b>				
Basic earnings per share	4.80	0.55	5.13	0.58
Diluted earnings per share	4.80	0.55	5.13	0.58
Headline earnings per share	4.80	0.57	5.12	0.59
Diluted Headline earnings per share	4.80	0.57	-	-

## Interim Condensed Consolidated Group and Company Statement of Cash Flows - For the Half Year ended 30 June 2022

Notes	GROUP			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$
<b>Cash flows from operating activities</b>				
Operating profit before tax	1,759,803,172	791,811,389	1,016,546,077	272,502,505
<b>Adjusted to reconcile profit before tax to net cash flows:</b>				
Depreciation of property plant and equipment and amortisation of intangible assets	124,532,307	262,967,233	64,412,414	39,249,694
Net fair value adjustments	(220,409,474)	-	(48,962,688)	-
Net unrealised foreign exchange differences	(887,352,473)	(28,902,330)	(4,088,634)	(15,417,222)
Interest received	(958,827)	(364,187)	(902,093)	(154,818)
Interest paid	23,547,972	400,374	9,060,381	690,082
Movement in provisions	44,995,537	133,338,109	(19,358,506)	64,189,285
(Profit)/loss on disposal of property, plant and equipment	8,511,006	7,892,199	(2,778,071)	3,383,725
	<b>852,669,220</b>	<b>1,167,142,787</b>	<b>1,013,928,880</b>	<b>364,443,251</b>
<b>Working capital changes</b>				
(Increase) in Inventories	(2,061,403,228)	(522,836,212)	(1,403,562,291)	(336,144,851)
Decrease/(Increase) in trade and other receivables	374,740,790	(35,513,695)	(753,980,945)	(49,159,504)
Decrease/(Increase) in prepayments	501,999,758	183,526,840	(46,776,330)	26,287,954
(Decrease)/Increase in customer deposits	(118,286,741)	161,362,987	322,503,992	258,486,626
(Decrease)/Increase in trade and other payables	(924,610,736)	(180,037,624)	1,488,189,359	(67,543,404)
	<b>(1,374,890,937)</b>	<b>773,645,083</b>	<b>620,302,665</b>	<b>196,370,072</b>
Interest received	958,827	364,187	902,093	154,818
Interest paid	(23,547,972)	(400,374)	(9,060,381)	(690,082)
Income tax paid	(18,560,421)	(42,800,390)	(15,052,932)	17,214,813
Dividend paid	-	(54,690,621)	-	(24,982,306)
<b>Net cash flow from/(used) in operating activities</b>	<b>(1,416,040,503)</b>	<b>676,117,885</b>	<b>597,091,445</b>	<b>188,067,315</b>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	34,877,396	825,373	22,402,452	360,403
Purchase of property, plant and equipment	(497,630,670)	(95,307,468)	(456,399,490)	(47,578,358)
Purchase of financial assets	-	(109,417)	-	(49,981)
<b>Net cash flows from investing activities</b>	<b>(462,753,274)</b>	<b>(94,591,512)</b>	<b>(433,997,038)</b>	<b>(47,267,936)</b>
<b>Financing activities</b>				
Repayments of borrowings	(19,167,893)	(14,088,674)	(19,167,893)	(5,726,114)
Proceeds from borrowings	209,522,418	-	209,522,418	-
<b>Net cash flows from/(used) in financing activities</b>	<b>190,354,525</b>	<b>(14,088,674)</b>	<b>190,354,525</b>	<b>(5,726,114)</b>
<b>Net decrease/(increase) in cash and cash equivalents</b>	<b>(1,688,439,252)</b>	<b>567,437,699</b>	<b>353,448,932</b>	<b>135,073,265</b>
Effects of exchange rate changes on cash and cash equivalents	187,596,119	3,579,670	-	-
Effects of IAS29	179,068,816	17,380,071	-	-
<b>Cash and cash equivalents at 1 January</b>	<b>3,095,598,919</b>	<b>409,381,013</b>	<b>1,420,375,670</b>	<b>154,946,753</b>
<b>Cash and cash equivalents at 30 June</b>	<b>1,773,824,602</b>	<b>997,778,453</b>	<b>1,773,824,602</b>	<b>290,020,018</b>
Comprising of:				
Cash and cash balances	1,773,824,602	3,109,449,839	1,773,824,602	290,020,018

Notes	COMPANY			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$	30-Jun-22 ZWL\$	30-Jun-21 ZWL\$
<b>Cash flows from operating activities</b>				
Operating profit before tax	2,571,985,245	244,123,453	2,294,712,319	179,215,029
<b>Adjusted to reconcile profit before tax to net cash flows:</b>				
Depreciation of property plant and equipment and amortisation of intangible assets	112,276,319	86,031,090	51,824,519	31,433,645
Net fair value adjustments	(746,336,757)	-	(939,970,000)	-
Net unrealised foreign exchange differences	(618,660,507)	(28,888,492)	(4,088,634)	18,697,761
Interest received	(82,006)	(318,019)	(52,939)	(101,962)
Interest paid	17,757,724	3,732,348	9,060,381	690,082
Movement in provisions	(819,862)	2,194,400	10,635,233	2,158,436
(Profit)/loss on disposal of property, plant and equipment	(344,954)	7,892,199	(860,619)	3,383,725
	<b>1,335,775,202</b>	<b>314,766,979</b>	<b>1,421,260,260</b>	<b>235,476,716</b>
<b>Working capital changes</b>				
(Increase) in Inventories	(1,839,292,422)	(441,578,327)	(916,328,158)	(260,392,382)
(Increase) in trade and other receivables	(85,627,726)	(34,408,064)	(415,535,224)	(20,606,488)
Decrease/(Increase) in prepayments	401,818,776	176,379,385	(74,657,080)	23,413,625
(Decrease)/Increase in customer deposits	(304,464,747)	187,469,046	(3,419,401)	109,477,067
Increase/(Decrease) in intergroup balances	39,887,413	95,503	(5,578,623)	1,272,749
(Decrease)/Increase in trade and other payables	351,426,240	104,392,186	518,862,722	30,428,793
	<b>(100,477,264)</b>	<b>307,116,708</b>	<b>524,604,496</b>	<b>119,070,080</b>
Interest received	82,006	238,782	52,939	101,962
Interest paid	(17,757,724)	(2,802,404)	(9,060,381)	(690,082)
Income tax paid	(10,575,731)	(13,927,978)	(10,575,731)	(1,030,000)
Dividend paid	-	(54,690,621)	-	(24,982,306)
<b>Net cash flow from/(used) in operating activities</b>	<b>(128,728,713)</b>	<b>235,934,487</b>	<b>505,021,323</b>	<b>92,469,654</b>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	935,000	825,373	935,000	360,403
Purchase of property, plant and equipment	(72,342,861)	(41,945,277)	(46,933,058)	(27,011,314)
Purchase of financial assets	-	(109,417)	-	(49,981)
<b>Net cash flows from investing activities</b>	<b>(71,407,861)</b>	<b>(41,229,321)</b>	<b>(45,998,058)</b>	<b>(26,700,892)</b>
<b>Financing activities</b>				
Lease liability principal repaid	(2,053,688)	(2,067,399)	1,279,680	882,016
Repayments of borrowings	(27,279,512)	(14,088,674)	(19,167,893)	(5,726,114)
Proceeds from borrowings	95,475,978	-	95,475,978	-
<b>Net cash flows from/(used) in financing activities</b>	<b>66,142,778</b>	<b>(16,156,073)</b>	<b>77,587,765</b>	<b>(4,844,098)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(133,993,796)</b>	<b>1</b>		

# Reviewed Interim Condensed Group Results For the Six Months Ended 30 June 2022

The Directors report the following reviewed interim condensed results in respect of the Group and Company's operations for the six months ended 30 June 2022



**FARMEC** **MEALIEBRAND** **C.T. BOLTS** **Barzem CAT** **Wipac** **SCANIA** **POWERMEC**

## Supplementary Information

	GROUP			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	No. of shares	No. of shares	No. of shares	No. of shares
Shares in issue	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of basic EPS	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of diluted EPS	344,580,486	238,380,780	344,580,486	238,380,780
	<b>ZWL\$</b>	<b>ZWL\$</b>	<b>ZWL\$</b>	<b>ZWL\$</b>
Headline earnings	923,436,816	584,618,535	706,567,387	192,372,139
Profit for the year	923,696,497	578,677,288	709,345,458	192,543,001
Headline earnings per share	2.68	2.45	2.05	0.81
Basic profit per share	2.68	2.43	2.06	0.81
Diluted profit per share	2.68	2.43	2.06	0.81
Depreciation	120,195,189	262,967,233	64,412,414	39,249,694
<b>Taxation:</b>				
Current tax expense	(447,390,483)	211,489,868	(447,390,483)	290,439,797
Deferred tax movement	536,940,298	(85,607,111)	(15,256,996)	(12,041,981)
	COMPANY			
	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	No. of shares	No. of shares	No. of shares	No. of shares
Shares in issue	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of Basic EPS	344,580,486	238,380,780	344,580,486	238,380,780
For the purpose of Diluted EPS	344,580,486	238,380,780	344,580,486	238,380,780
	<b>ZWL\$</b>	<b>ZWL\$</b>	<b>ZWL\$</b>	<b>ZWL\$</b>
Headline earnings	1,654,740,609	136,350,964	1,765,243,503	137,160,478
Profit for the year	1,655,000,290	130,409,717	1,766,104,122	137,331,340
Headline earnings per share	4.80	0.57	5.12	0.58
Basic profit per share	4.80	0.55	5.13	0.58
Diluted profit per share	4.80	0.55	5.13	0.58
Depreciation	107,939,201	86,031,090	51,824,519	31,433,645
<b>Taxation:</b>				
Current tax expense	305,075,178	147,681,570	305,075,178	190,249,152
Deferred tax movement	611,909,776	(33,967,834)	223,533,019	22,183,248

## Notes to the financial statements

### 1. Presentation and statement of compliance

#### Basis of preparation

The Group's interim condensed consolidated financial statements for the six months ended 30 June 2022 have not been prepared under policies consistent with the requirements of International Financial Reporting Standards (IFRS). This is due to non-compliance with International Financial Reporting Standards (IAS 21) - The Effects of Changes in Foreign Exchange Rates and IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors in Prior Year. The Interim condensed financial statements have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies and IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

#### Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). These results have been prepared in accordance with IAS 29 which requires that the interim condensed financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

The Group adopted the Zimbabwe consumer price index (CPI) compiled by Zimbabwe National Statistics Agency (ZIMSTAT) as the general price index to restate transactions and balances as appropriate. The indices and conversion factors used to restate these financials are given below.

Dates	Indices	Conversion Factors
30 June 2022	8,707.4	1.00
31 December 2021	3,977.5	2.19
30 June 2021	2,986.44	2.92
01 January 2021	2,608.80	3.34

The procedures applied in the above restatement of transactions and balances are as follows:

- Comparative information
- All comparative figures as of and of the half-year ended 30 June 2021 were restated by applying the change in the index to 30 June 2022 using the relevant factor of 2.92, for the statement of Profit or Loss and Other Comprehensive Income, statement of Cash Flows and statement of Changes in Equity. The statement of Financial position, comparatives were restated by applying a factor of 2.19.
- Current period information
- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of shareholders' equity were restated by applying the change in the index from the more recent of the date of the transaction and the date of their most recent revaluation to 30 June 2022.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred by applying the monthly index for the half year ended 30 June 2022. Depreciation and amortisation amounts are based on the restated amounts.
- Gains and losses arising from the net monetary position are included in the income statement.
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

#### Hyper Inflation

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZWL\$). Professional judgement was used and appropriate adjustments in preparing financial statements according to IAS 29. The indices used were obtained from the Zimbabwe National Statistics Agency for the period.

#### Statement of compliance

These consolidated financial statements have been prepared with the aim of complying with International Financial Reporting Standards and presented in ZWL\$ (Zimbabwe Dollars, rounded to the dollar), which is the Group's functional and presentation currency. While full compliance with IFRS has been possible in the previous periods, compliance has not been achieved from 2019.

### 2. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 3. Borrowings

The Group and Company acquired a term loan facility of ZWL95,910,335 and ZWL113,612,083 respectively. The average cost of borrowing was 60% per year for the period, however the interest rates will be raised to a minimum of 200% per year as from July 2022.

### 4. Revenue

An analysis of Group revenue and results for the year:

Group	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Sale of goods: Domestic	5,854,506,278	4,605,637,443	3,450,298,938	2,487,982,722
Sale of goods: Export	138,019,807	222,122,597	138,019,807	222,122,597
<b>Total revenue from contracts with customers</b>	<b>5,992,526,085</b>	<b>4,827,760,040</b>	<b>3,588,318,745</b>	<b>2,710,105,319</b>
Investment property rental income	13,781,813	11,709,970	23,671,875	-
<b>Total revenue</b>	<b>6,006,307,898</b>	<b>4,839,470,010</b>	<b>3,611,990,620</b>	<b>2,710,105,319</b>
Company	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Sale of goods: Domestic	3,170,025,409	2,455,042,573	2,115,429,004	773,412,306
Sale of goods: Export	138,019,807	222,122,597	113,877,106	48,696,487
Sale of services: Domestic	280,273,529	32,940,149	192,406,776	48,696,487
Investment property rental income	23,671,875	-	-	-
<b>Total revenue from contracts with customers</b>	<b>3,611,990,620</b>	<b>2,710,105,319</b>	<b>2,421,712,886</b>	<b>870,805,280</b>

### 5 Segment information

Inflation Adjusted	Agriculture ZWL\$	Mining and Infrastructure ZWL\$	Logistics and Automotive ZWL\$	Property ZWL\$	Other Segments ZWL\$	Total Segments ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$
<b>30 June 2022</b>								
Revenue	2,749,952,386	1,619,821,712	1,652,951,845	13,781,813	23,563,291	6,060,071,047	(53,763,149)	6,006,307,898
Segment operating profit	1,302,649,032	(85,969,647)	312,288,327	1,277,270,973	193,330,089	2,999,568,774	(1,217,176,457)	1,782,392,317
<b>Other items</b>								
Finance income	816,472	142,355	-	-	-	958,827	-	958,827
Finance costs	(15,224,470)	-	(7,659,686)	(191,659)	-	(23,075,815)	(472,157)	(23,547,972)
Income taxes	(560,616,874)	(125,675,733)	(111,238,419)	203,086,842	(182,374,078)	(776,818,262)	(139,887,136)	(916,705,398)
<b>Group profit after tax</b>	<b>727,624,160</b>	<b>(211,503,025)</b>	<b>193,390,222</b>	<b>1,480,166,156</b>	<b>10,956,011</b>	<b>2,200,633,524</b>	<b>(1,357,535,750)</b>	<b>843,097,774</b>
Segment assets	7,841,662,704	6,860,944,372	3,438,192,896	2,847,130,000	5,022,704,829	26,010,634,801	(3,425,490,410)	22,585,144,391
Segment liabilities	(2,084,846,600)	(2,881,010,290)	(1,594,686,883)	4,434,737	(153,162,786)	(6,709,271,822)	(1,296,200,909)	(8,005,472,731)
<b>Other segment information</b>								
Depreciation and amortisation	84,499,009	16,384,144	1,966,185	8,556,174	13,126,795	124,532,307	-	124,532,307
Additions to non-current assets	66,040,848	76,655,852	1,391,967	-	(2,921,240)	141,167,427	-	141,167,427
Inventory provision	88,996,865	271,000,173	11,942,406	-	-	371,939,444	-	371,939,444
Impairment loss recognized on receivables	12,931,704	78,435,995	-	-	-	91,367,699	-	91,367,699
Inflation Adjusted	Agriculture ZWL\$	Mining and Infrastructure ZWL\$	Logistics and Automotive ZWL\$	Property ZWL\$	Other Segments ZWL\$	Total Segments ZWL\$	Adjustments ZWL\$	Consolidated ZWL\$
<b>30 June 2021</b>								
Revenue	2,253,830,852	2,573,929,188	11,709,970	-	-	4,839,470,009	(1)	4,839,470,008
Segment operating profit	334,305,820	262,171,833	5,399,576	(60,987,972)	-	540,889,258	250,970,324	791,859,582
<b>Other items</b>								
Finance income	64,281	-	-	8,750	-	73,031	412,007	485,038
Finance costs	8,252	(38,096)	-	-	-	(29,844)	(503,389)	(533,232)
Income taxes	(88,985,313)	(63,258,043)	36,711	(18,571,811)	(170,778,456)	(44,895,699)	(125,882,756)	
<b>Group profit after tax</b>	<b>245,393,040</b>	<b>198,875,695</b>	<b>5,436,286</b>	<b>(79,551,033)</b>	<b>370,153,989</b>	<b>295,774,642</b>	<b>665,928,631</b>	
Segment assets	5,033,535,027	4,020,310,445	1,440,597,168	1,649,245,528	12,143,688,167	5,457,874,336	17,601,562,503	
Segment liabilities	(1,554,173,108)	(1,565,896,318)	5,951,585	(338,594,499)	(3,452,712,340)	(4,349,058,429)	(7,801,770,769)	
<b>Other segment information</b>								
Depreciation	97,644,797	15,550,365	12,167,548	4,330,772	129,693,482	(32,314,173)	97,379,309	
Additions to non-current assets	89,506,597	21,567,086	-	-	15,860,442	126,934,125	(31,626,657)	95,307,468
Impairment loss recognized on receivables	81,373,366	131,294,263	-	-	-	212,667,629	-	212,667,629

### 6. Barzem Enterprises: Going Concern

As of 30 June 2022, Barzem Enterprises (hereinafter referred to as Barzem) had total assets value of ZWL\$5,967,591,435 (ZWL\$4,992,847,095 - unaudited historical) and Net Asset value of ZWL\$3,038,387,597 (ZWL\$1,654,052,627 - unaudited historical). During the six months to 30 June 2022, Barzem which operates in the Mining Cluster of the Group incurred an inflation adjusted loss of ZWL\$357,953,602 (ZWL\$190,323,348 - unaudited historical). Included in the incurred loss is an inventory obsolescence provision of ZWL\$270,111,205 (ZWL\$142,161,686 - unaudited historical). Therefore, the Group has prepared the Barzem financial statements for the six months ending 30 June 2022 on the basis that it will continue to operate as a going concern. This is notwithstanding the fact that Barzem will cease to be the official distributor of the Caterpillar (CAT) franchise with effect from 30 September 2022, following the issuance of a notice of termination of the Distributorship Agreement by Barloworld Equipment UK. The Group through the Barzem Board of Directors embarked on a deliberate balance sheet preservation initiative in a bid to preserve shareholder value.

The Directors consider that there is no material uncertainties that may cast significant doubt over the above stated assumption as the judgment is premised on the fact that Zimplow being a 51% shareholder in Barzem is in an arbitration process with Barloworld Equipment UK, a 49% shareholder in Barzem. Furthermore, Zimplow is at an advanced stage in concluding discussions with a view to acquiring a new supplier of earthmoving equipment where business operations will be operated under Barzem assets. However, the potential total retrenchment costs associated with this transition is an estimated ZWL\$417,285,140.53.

#### Barzem Enterprises (Private) Limited

	Reviewed Inflation Adjusted		Unaudited Historical	
	30-Jun-22	30-Dec-21	30-Jun-22	30-Dec-21
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>Summarized statement of financial position</b>				
Current assets	3,669,139,642	4,066,021,305	1,614,117,021	320,945,543
Non-current assets	2,298,451,793	926,825,790	2,201,753,968	290,222,233
Current liabilities	(2,000,341,288)	(2,127,944,473)	(1,831,712,973)	(274,593,123)
Non-current liabilities	(784,685,221)	(519,721,805)	(330,105,393)	(37,769,641)
<b>Total equity</b>	<b>3,182,564,926</b>	<b>2,345,180,817</b>	<b>1,654,052,623</b>	<b>298,805,012</b>
Non-controlling interests	1,571,057,998	1,129,019,319	901,181,192	155,150,629
<b>Summarized statement of profit or loss</b>				
Revenue	753,456,020	2,117,654,720	429,212,415	687,106,086
Expenses and taxation	763,732,218	497,870,571	418,418,845	183,232,764
Profit for the year	(357,953,602)	178,063,963	(190,323,348)	73,462,431
Other comprehensive	995,311,722	-	1,285,913,944	224,950,973
<b>Summarized statement of cash flows</b>				
Net cash inflow from operating activities	(823,822,585)	212,180,935	-	76,025,051
Net cash outflow from investing activities	(11,805,194)	(71,069,802)	76,868,521	(2,316,610)
<b>Net cash inflow/(outflow)</b>	<b>(835,627,779)</b>	<b>141,111,133</b>	<b>76,868,521</b>	<b>73,708,441</b>





**Ernst & Young**  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors  
Angwa City  
Cnr Julius Nyerere Way /  
Kwame Nkrumah Avenue  
P O Box 62 or 702  
Harare  
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83  
Fax: +263 24 2750707 or 2773842  
Email: admin@zw.ey.com  
www.ey.com

*To the Shareholders of Zimplow Holdings Limited*

## **Report on the Review of the Interim condensed Inflation adjusted Consolidated and Separate Financial Statements**

### **Introductions**

We have reviewed the accompanying interim condensed inflation adjusted consolidated and separate financial statements of Zimplow Holdings Limited and its subsidiaries (“the Group”), as set out on pages 12 to 32, which comprise the interim condensed inflation adjusted consolidated and separate statements of financial position as at 30 June 2022 and the related interim condensed inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income, the interim condensed inflation adjusted statements of changes in equity and the interim condensed inflation adjusted consolidated and separate statements of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed inflation adjusted consolidated and separate financial information in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated and separate 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 Qualified Review Conclusion**

**Matter 1: Non-compliance with International Financial Reporting Standards (IAS) 21 - The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors in prior year**

### **Impact of prior year modification on current period**

As explained in note 2.1 to the Interim condensed Inflation adjusted Consolidated and Separate financial statements, the Group and Company changed their functional and reporting currency from United States Dollar (US\$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

## Independent Auditor's Review Conclusion - Continued

### *Zimplow Holdings Limited*

Our most recent audit opinion and review conclusion were modified due to non-Compliance with IAS 21 due to use of inappropriate exchange rates which did not meet IAS 21 requirements for a spot rate for the period 22 February 2019 to 22 June 2020. Further, the matter emanating from 2019 wherein the Group and Company changed the functional currency from USD to ZWL on an incorrect date had a continuing impact in 2021 due to misstated opening balances. Our prior year audit report was modified due to impact of these matters on Cost of Sales and Income Tax in the Interim condensed Inflation adjusted Consolidated and Separate Statements of Profit or Loss in prior year, as well as Retained Earnings and Non-Controlling Interests (*Group only*) in the Interim condensed Inflation adjusted Consolidated and Separate Statements of Financial Position in prior year.

Management has not made retrospective adjustments in terms of IAS 8 to correct these matters.

Our review conclusion on the current period's Interim condensed Inflation adjusted Consolidated and Separate financial statements adjusted financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

### **Matter 2: Valuation of Investment Property, Freehold Land and Buildings and Manufacturing Plant and Equipment (Group and Company) (Non-compliance with IFRS 13 - Fair Value Measurement and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)**

The Group's Investment Property, Freehold Land and Buildings and Manufacturing Plant and Equipment are carried at Group ZWL499,770,000 (2021: ZWL279,360,526) Company ZWL1,102,800,000(2021: 356,463,243), Group ZWL7,414,738,884 (2021: ZWL2,687,154,668) Company ZWL950,451,911 (2021: ZWL311,460,880 ) and Group ZWL1,175,871,614, (2021: ZWL791,653,147) Company ZWL1,076,080,760 (2021: ZWL724,875,421) respectively as at 30 June 2022 as described in Note 9 and 11. The implicit investment method was applied for Industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties and vacant stands were valued in terms of the market comparable approach. In both cases, the valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using a rental yield as determined by management as described on Note 11.

We have concerns over the appropriateness of using a foreign currency for the valuation inputs and then applying a conversion rate to a US\$ valuation to calculate ZWL Investment Property, Freehold Land and Buildings and Manufacturing Plant and Equipment values as in our opinion this may not be an accurate reflection of the current dynamics. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading. We however cannot quantify the misstatements as we are unable to determine the appropriate inputs. With respect to the implicit investment approach, the US\$ estimated rentals may not be an appropriate proxy for the ZWL amounts in which rentals are settled. While historical US\$ amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rate.

Consequently, Investment Property, Freehold Land and Buildings and Manufacturing Plant and Equipment may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified due to this matter, no restatements have been made in terms of IAS 8.

## Independent Auditor's Review Conclusion - Continued

*Zimplow Holdings Limited*

### **Matter 3: Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies**

Furthermore, it is noted that IAS 29 application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 / IFRS 13 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the monetary gains or losses on the interim condensed consolidated and separate inflation adjusted financial statements stated at Group ZWL 918,474,907 (2021: ZWL127,684,613); Company ZWL258,752,868 (2021: ZWL53,104,971) are impacted. Our prior year audit report was also modified due to this matter.

### **Matter 4: Non-compliance with IAS 29 on inflation adjustment of costs of sales**

Management has used the monthly average approach in calculating the Cost of sales. Cost of sales is a calculation based on opening and closing inventory balances as well as the purchases during the period. In order to reflect the IAS 29 value of the inventory sold, each component of this calculation should be inflation adjusted separately and the calculation of cost of sales re-performed. Had the Group and Company applied the indirect approach, the cost of sales and Monetary gain/loss for the year presented on the interim condensed consolidated and separate inflation adjusted statements of profit or loss would have been different, however the misstatement could not be determined as the information required to re-perform the inflation adjustments using the correct approach were not available.

This matter is also relevant to the comparative periods. Relevant adjustments to cost of sales and monetary gain/loss on the corresponding interim condensed consolidated and separate inflation adjusted statements of profit or loss which were required were not recorded by Management as required in terms of IAS 8. Our review conclusion is therefore also modified as it relates to the corresponding amounts.

The effects of the above departures from IFRS are material but not pervasive to the interim condensed consolidated and separate inflation adjusted financial statements.

### **Qualified review conclusion**

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed inflation adjusted consolidated and separate financial statements do not present fairly, in all material respects, the financial position of Zimplow Holdings Limited as at 30 June 2022, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated and separate financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



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

18 October 2022

