ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

www.zimplow.com

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ANNUAL REPORT

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The intergrated
Annual Report 2016
can be viewed at
www.zimplow.com

This annual report covers the financial year from 1 January 2016 to 31 December 2016 and is prepared for Zimplow Holdings Limited (Zimplow) and its subsidiaries, together the 'group'. The reporting cycle is annual with the last report having been published in March 2016.

About Zimplow

Our Mission

Our essential aim is to serve the agriculture and mining sectors and to build value for our shareholders. We strive to be our customers' first choice by nurturing relationships that benefit everyone. We know that we will do our best to achieve this aim through cultivating the spirit of innovation, delivering high quality products, providing excellent service and investing in our employees.

Our Values

Zimplow will always stay true to its time-honored values. We believe in integrity and therefore we act honestly, responsibly and respectfully towards others at all times. We value all members of the team, and working in harmony for mutual benefit. We also believe that our history has nurtured the wisdom in us to discern what is true, right and lasting. And finally, we prize leadership and the ability to envision the future and to stay positive no matter the situation that confronts us. We aim to show the market that Zimplow is serious about service.

Our vision

Our vision is to be a dominant player in the provision of quality goods and services to the agricultural, mining and industrial sectors.

Scope of the report

We are pleased to present the annual report of Zimplow Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) for the year ended 31 December 2016. The report is targeted at the company's stakeholders and is presented in line with the recommendations of the best practise on Corporate Governance. This report also complements the previous efforts in our 2015 annual report to integrate sustainability matters with financial information and has been prepared following guidelines from the Global Reporting Initiatives (GRI) G4 guidelines. In addition, Zimplow also complied with International Financial Reporting Standards (IFRS). An independent auditor's report on the financial statements is contained on page 47 to 51.

This report is the responsibility of the company's directors. The report outlines the goal of the group towards sustainable business values, therefore covers those material aspects of the company's environmental, social and governance activities with the operational and financial performance of the business. The report also covers the approach taken to address those social, economic, environmental and governance issues which not only have a material impact on the long term success of the business but are also important to key stakeholders

Forward-looking statements

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Zimplow Holdings Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements.

The performance of Zimplow Holdings Limited is subject to effects of changes in the operating environment and other factors. Zimplow Holdings Limited undertakes no obligation to update publicly or to release any revision of these forward looking statements to reflect the events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.

This annual report is also available on the company's website at www.zimplow.com. We would welcome your feedback on our reporting and any suggestions you have in terms of what you would like to see incorporated in our report for 2017. To do so, please contact: Tinashe Dzamara on email tdzamara@zimplow.co.zw or call +263 4 754612/9.


MASSEY FERGUSON
7180

Business Profile

For three quarters of a century Zimbabwe's farmers have been tilling the soil with Zimplow's products. We have been contributing to the national agricultural output, infrastructure development and mineral wealth extraction. Our machinery and equipment can be seen in action at most of Zimbabwe's mines, construction workfields, plantations and estates. We are one of the largest distributors of agricultural, infrastructure and mining equipment in the country.

Zimplow started operations in 1939 as Rhodesia Plough manufacturing company just before the Second World War. It subsequently grew through acquisitions of Bulawayo Steel products in 1996, C.T. Bolts in 2006 and Tassburg in 2008. In 2011, Zimplow acquired of 49% of Afritrac, a South African business whose main activity is the distribution of animal drawn agricultural equipment.

The business's main activities has been revolving around animal drawn agricultural equipment, fasteners and wood screws. Between July 2012 and March 2013, Zimplow acquired 100% of Tractive Power Holdings Ltd through a step by step acquisition process. Zimplow now has a number of business units representing major brands such as Massey Ferguson and Valtra tractors, Caterpillar mining and construction equipment and generators, Monosem planters, the popular Perkins generators and a variety of other equipment. Zimplow serves a whole range of customers – from large-scale agricultural corporations through to the smallest subsistence farmer requiring tillage equipment. From the most impressive earthmoving equipment for mines, construction and engineering firms, through to the tiniest bolt that keeps it all together. At Zimplow we offer premium quality agricultural, infrastructure and mining products, but most importantly, support and backup to all those we do business with. The Group is now firmly rooted in the key sectors of the economy serving agric ulture, infrastructural development and mining. Zimplow Holdings is continually developing in ways which will best exploit potential synergies and enhance value for all stakeholders.

Zimplow is committed to honor the vision to offer our customers with premium quality equipment and power generation solutions. With our footprint stamped firmly in major cities and towns around the country, Zimplow is well-positioned to serve and supply its customers well. We are action oriented and offer cutting edge technology to our customers, providing convenience and value. We aim to service equipment well, in such a way that aids the success of our customers. We provide innovative production solutions that maximise output, at the same time setting our customers apart. We are here for our customers today, tomorrow and the future. Zimplow is serious about service.

Where we have come from

2016
Consolidation and rationalization strategy for all business units

2015
$5million Rights Issue
Exit from CASE franchise

RESTRUCTURING 2013
Group restructuring
Disposal of Puzey and Payne. Disposal of Tassburg. Delisting of TPH. New corporate identity

TPH 2012
Acquisition of Tractive Power Holdings Ltd. Which comprised of; Farmec • Barzem • Manica Road Investments • Northmec • Puzey&Payne

AFRITRAC 2011
Acquisition of African traction and associated technologies
(AFRITRAC)

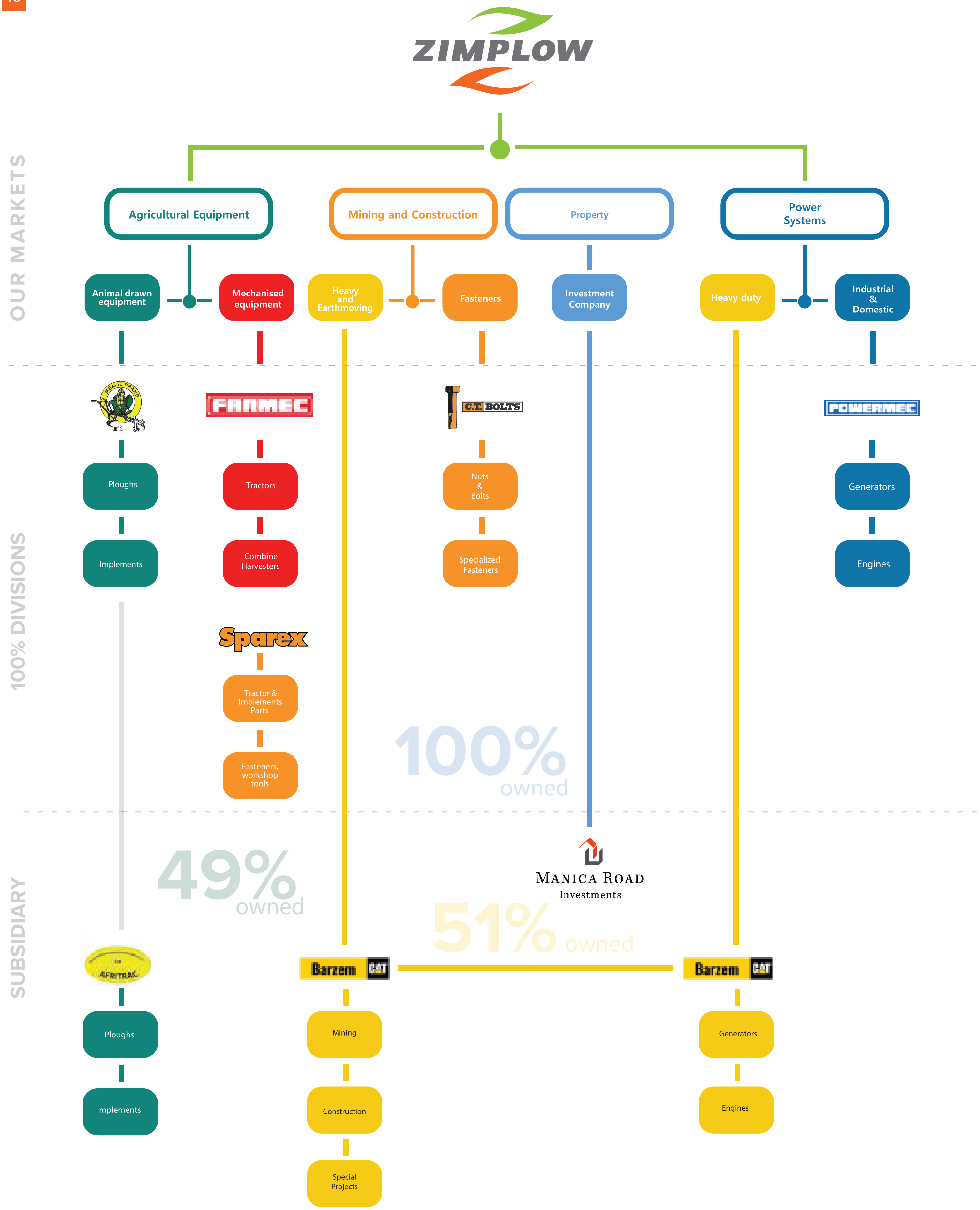
TASSBURG 2008
The Company acquires Tassburg to consolidate its position in the fasteners market

CT BOLTS 2006
The Company enters the fasteners market through the acquisition of
CT Bolts

STOCK EXCHANGE 1951
The Company is listed on the Stock exchange

FOUNDED 1931
The Company is founded

Our Corporate Structure



Where we Operate

BARZEM ENTERPRISES (PRIVATE) LIMITED

Barzem (51% owned by Zimplow effective 30 January 2016) has and continues to set the benchmark in mining equipment and provides a comprehensive range of machinery, construction equipment and power systems to the mining, construction and infrastructure sectors of Zimbabwe.

The company is a dealer representative for the Caterpillar and Hyster brands through its strong ties and agreements with Barloworld Equipment who after a recently concluded shareholding transaction, now hold a 49% stake in the company. Caterpillar and Hyster are synonymous with high quality dependable products and are specifically built to conquer even the most toughest of environments. Our equipment can be seen in action in Zimbabwe's best known mines, construction projects and large warehouses.

Providing new equipment sales, service and parts for CAT and Hyster equipment, Barzem has a branch network covering the following areas;

- Harare
- Bulawayo
- Hwange

Our technical team of artisans is regarded as one of the best qualified and knowledgeable in the CAT network of Southern Africa and its services are not only in demand in Zimbabwe but across the region. Our products range from Forklifts, Graders, Excavators, Dump trucks, Electrical Power generators, wheel loaders and bull dozers amongst others.

Barzem stocks a full range of spares for all of the products it sells.

Contact us on or visit us at:

Harare
10 Harrow Msasa
tel : + 263 4 486600-4 / 486609-15
email: catsales@barzem.co.zw

Bulawayo
5 Dunlop Road Donnington
tel : + 263 9 67781
email: catsales@barzem.co.zw

Hwange
Stand 30, Industrial Area
tel : + 263 81 20881-3/24333
email: catsales@barzem.co.zw

Our Brands

FARMEC

A 100% owned division of Zimplow, Farmec is the flagship for mechanised agriculture equipment in the group. Holding franchise agreements for Massey Ferguson, Valtra, Challenger tractors, combine harvesters as well as distributorships for Monosem, Vicon and Falcon implement ranges. The business is a one stop shop for the small to the most advanced farmer.

The division also houses the Powermec business unit (see page 16).

Farmec has branches in the main agricultural regions of the country and provides support to our valued customers and agriculture sector at large as follows;

Harare
36 Birmingham Rd,Southerton Harare
tel: +263 4 754612/22
email: farmec@farmec.co.zw

Chiredzi
54 Chironga Road, Chiredzi
tel : + 263 772 720 759
email: dulanip@farmec.co.zw

Mutare
12 Aerodrome road
Tel: 0712 978 789
email: horsefieldm@farmec.co.zw

Marondera
19 Smithfield way
Tel: 0772 609 357
email: mutambue@farmec.co.zw

Our Brands

MASSEY FERGUSON
VALTRA
Challenger
MONOSEM
Vicon
FALCON

POWERMEC

Powermec is a leading power solutions provider offering Perkins powered generators and engines as well as the maintenance thereof. Powermec caters for both the lower (Domestic/Light industry) and higher ends (Heavy industry) of the generator market. Powermec offers units ranging from as low as 9 KVA right up to 2000 KVA units to cater for heavy industry and mining usage.

Powermec is housed at the main Farmec branch in Harare.

Our Brands

Perkins

MEALIE BRAND

A 100% owned division, is the largest manufacturer and distributor of animal drawn ploughs, harrows, rippers and planters in Zimbabwe. It offers a wide range of land preparation, cultivation and planting implements in Sub-saharan Africa. Through it's ISO 9001: 2008 Certification, the quality of Mealie Brand products is guaranteed to meet the requirements of even the most discerning and export customer. As a 100% owned division, Mealie Brand is focused on empowering the African subsistence farmer. Mealie Brand works closely with conservation and extension departments in Zimbabwe to ensure the value is delivered to the grassroots level farmer in Zimbabwe and in the region.

"Mealie Brand", now tried and tested, is a household name and recognised regional brand in its own right. It was started in 1939 when the first plough was produced. With a wide distribution network, our products can be found in the best known wholesalers down to some of the most remote hardware stores. We continue to empower and resource the African farmer through our products. For more information, contact or visit us on:

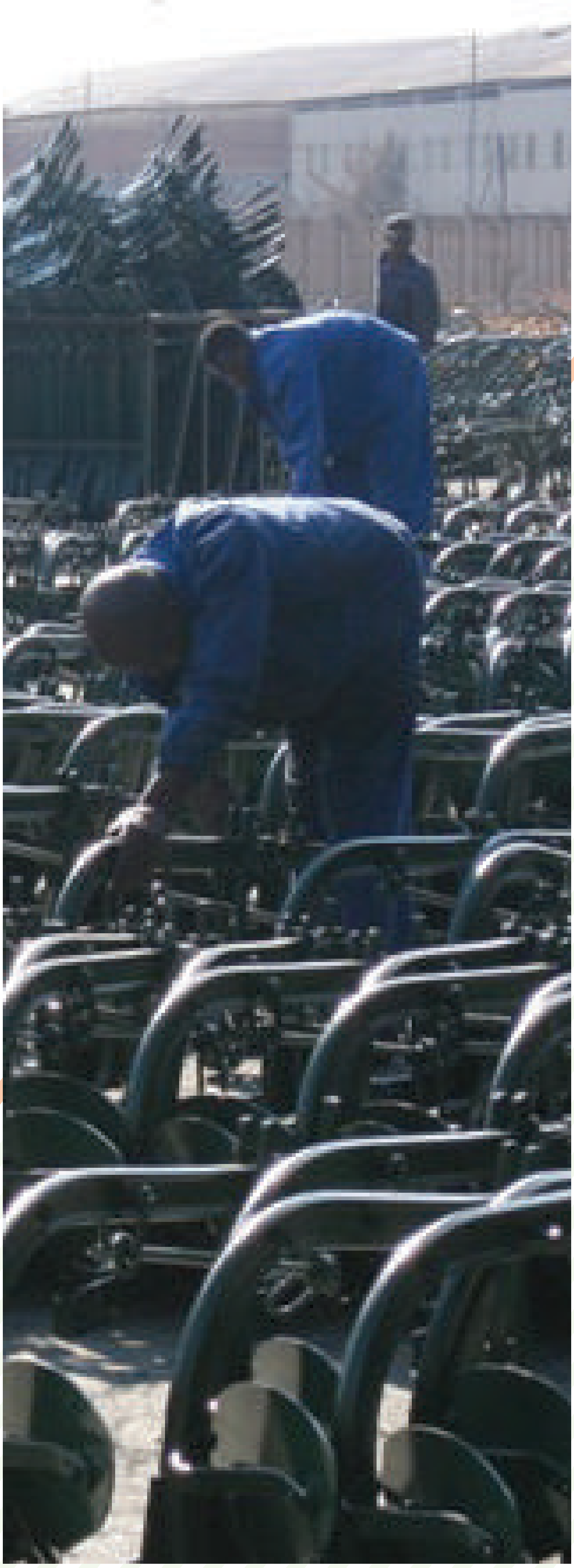
Bulawayo
39 Steelworks Rd
Heavy industrial sites
tel: +263 9 880667/71363-4
email: sales@zimplow.co.zw

Harare
36 Birmingham Road
Southerton
tel: +263 4 754612-9
email: sales@zimplow.co.zw

AFRICAN TRACTION AND ASSOCIATED TECHNOLOGIES (AFRITRAC)

A 49% owned company domiciled in South Africa that operates synergistically with Mealie Brand. The company was formed in 2001 to promote sustainable development in Agriculture in South Africa, Lesotho and Mozambique and is a distributor of Mealie Brand products in the region and other animal drawn implements. Afritrac through supplying the Mealie Brand plus other conversation tillage units has positively contributed to food security in the southern region. Contact or visit us on:

Powerville Industrial Park,
6 Taaibos Street,
1939 Johannesburg,
South Africa
Tel: + 27 164221013
email: afrishaun@telkomsa.net



CT BOLTS

A 100% owned division of Zimplow. Established in 1954 and incorporated into Zimplow since 2006, CT Bolts is a distributor of mild steel bolts, nuts, nails and a wide range of fasteners including specialised mining, construction, agriculture and infrastructure fasteners. It is a key barometer of the economy as its products are required in the most basic to the most advanced sectors of the economy

For more information, feel free to visit us or contact us on:

Bulawayo
Cnr Falcon Street and Wanderer avenue-Belmont
tel: +263 9 471591-4/467746
email: sales@ct bolts.co.zw or
buyer@ctbolts.co.zw

Harare
36 Birmingham Rd
Southerton
tel: +263 4 669940-48/ 661313
email: sales@ct bolts.co.zw or
buyer@ctbolts.co.zw

ZIMPLOW LTD T/A C.T. BOLTS

SPAREX

Sparex is a distributor of generic agricultural spare parts and accessories. Our customers include tractor and implement owners, agricultural engineers, country stores and hardware outlets. The Sparex product rage consists of over 3000 items and is broadly divided into 3 major groupings;

- Replacement parts for Agri tractors
- Replacement wearing parts for agricultural implements
- A wide range of fasteners, workshop tools, trailer equipment and paints

Sparex is housed at all Farmec branches

Message from the Chairman

General Economic Environment & Trading conditions

2016 was a difficult trading year for the group largely due to the twin effects of the 2015/6 drought and tight local liquidity conditions. The El Nino weather phenomenon severely depressed agricultural production and spend. Overall financial performance saw the Group's turnover slowed down by 21% to $24.2m with the impact being acutely felt in the first half of the year. Full year 2016 results show a tale of two halves with turnover for the second half of the year double the first half at $15.9m versus $8.3m and losses of $2m in the first half and were only $500k in the second half. Despite the material reduction in turnover our operating loss more than halved from $5,4m in 2015 to $2,5m in 2016 and this was due to greater cost discipline across most of the businesses as well impact of the restructuring efforts undertaken in 2015 and early 2016.

Liquidity conditions and depressed demand meant that for a greater part of the financial year we prioritised trading for cash as well as liquidating excess assets. This was in order to service bank debt and stay within our debt covenants as well as funding our operations from our own balance sheet. We offered discounts in order to stimulate customer demand in both local and exports markets. Zambia came in particularly strong as an export market for Mealie Brand ploughs.

Business Unit Operational Review

Mealie brand

The second half of the year offered better trading conditions with plough sales volumes up 45% on prior year. Local sales increased by 10% with export sales up 50% on prior year. Exports were buoyed by the opening of the Zambia Branch in July 2016 which enabled the MB200 plough to claw back market share. Overall Mealie Brand narrowed its financial year 2016 losses by 56% compared to 2015.

Farmec

Tractor volumes at Farmec were down 55% compared to prior year and this was largely due to the aforementioned difficulties in the agricultural sector. Key corporate clients took on a defensive posture focussing on maintenance with very little spend on new tractors. Implements especially planters fared much better than whole goods while parts and service sales performed better than last year's trend. Despite the material decline in turnover the business narrowed its operating loss to $127k as costs declined faster than the decline in gross profit.

We have addressed a key weakness in the lower horse power range through the introduction of the MF300 series which should see the Massey Ferguson compete for market share in the sub80 horse power range. We are already seeing the positive impact of the improved water situation and the MF300 initiative with tractor sales running at double the rate for the same period in 2016 in the New Year.

Powermec

Generator unit sales fell by 51% compared to prior year due to stable grid power as well reduced customer wallet. A very positive sign from this unit was the material increase in service hours which were up 166% on prior year. Genset volumes are expected to improve in 2017 on the back of a strong recovery from the agricultural sector

Barzem

Barzem's revenue came down 25% on prior year due to a 48% slump in new unit sales. Service hours were also down mainly as a result of the Mozambican contract coming to an end as coal-mining severely contracted in that country. Both sets of shareholders (Zimplow and Barloworld) have agreed and are acting on a plan to rejuvenate this business and return it to it's a position as a credible CAT dealership. In the third quarter, the business had the benefit of a review from experienced CAT dealership personnel from the region. To aid these efforts Barloworld agreed to second a senior and experienced CAT resource to head Zimbabwe as the country manager for a minimum period of 2 years. Brett Stevens started his employ as the Managing Director of Barzem on the 1st of November 2016 and we welcome him. In the medium term we are working to win the confidence of our customers and offer service levels which will positively discourage local CAT customers from dealing directly with South Arica

Debt / Leverage

Over the past two years we have prioritised the reduction of debt across the group and total bank debt (short and long term) has gone down from $11.9m at the beginning of 2015 to $2.1m at the end of 2016. We are on course to have fully repaid bank the term loan by the end of 2017. An unleveraged balance sheet gives us financing options as well as avoiding paying away margin to financiers.

Summary of 2016 highlights

- First full year of the new management team at Head Office and continued internal reorganisation including staff rationalisation.
- Key personnel hired to head both Farmec and Barzem
- Operating costs reduced by 33% from $14.9m in 2015 to $10m.
- Finance costs reduced by 42% from $777k to $448k
- The group's borrowings reduced by 49% to $2.1m
- Strengthened the relationship with Barloworld Equipment UK (BWE), as per the previous announcement that BWE had increased their shareholding in Barzem from 35% to 49%
- Secured Massey Ferguson dealership rights for 5 years which were previously awarded only on a 1-year basis

Outlook

The 2016/7 rainfall season has boosted farmers' confidence and the anticipated good harvests will give a boost to their buying power. As a business with a high gearing to agriculture this is very positive for us and we are already seeing a material jump in turnover and margins in the first two months of the new financial year. We acknowledge the strong support we have received from the Central Bank in terms of currency allocation and as a business which largely deals in imported products we are dependent on such continued support.

We will continue with a strong focus on matters within our control such as customer service, costs and productivity.

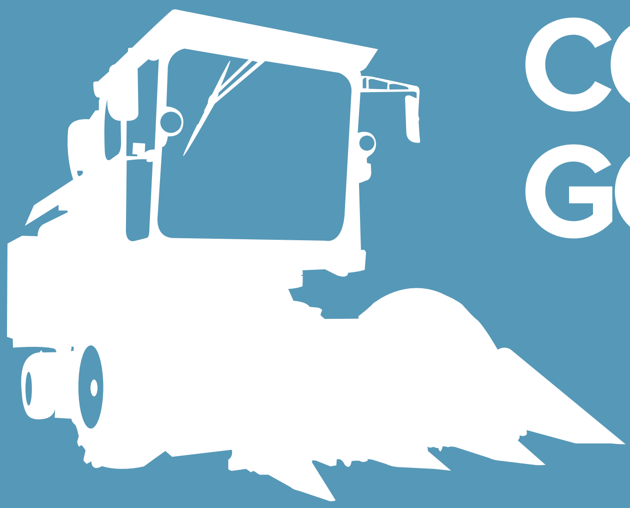
The board expresses its condolences to the Gumbo Family on the passing away of Ruston's during the past year.

In closing the Board expresses its gratitude to all the staff of the Zimplow Group for weathering what was a difficult year. We are counting on them to continue to protect and maximise shareholder value in the 2017 year and beyond.

Dividend

No dividend has been declared as the Group made a loss for the year.

T Chataika
Chairman



CORPORATE GOVERNANCE

02

Corporate Governance Statement

Board Structure

The board of directors consists of a non-executive chairman, one executive director and seven non-executive directors. The chairmen of the various committees are all non-executive directors. The board meets regularly to review results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance, certain functions and responsibilities have been delegated to the following committees. Their terms of reference and composition are regularly reviewed. Short Biographies of each of the directors are disclosed on pages 26 to 27.

Audit and Risk Committee

The Group has an audit commitee that assists the Board in the fulfillment of its duties. The audit and risk committee deals, inter alia with compliance, internal control and risk management. The commitee currently comprises of 3 (three) non-executive directors. A non-executive director chairs the audit committee. The committee meets at least 3(three) times a year with the Group's internal and external auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of systems of Internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit commitee to ensure their independence and the objectivity of their reports.

Human Resources Committee

The remuneration commitee comprises 3 (three) non-executive directors. The Group's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. Remuneration packages include a guranteed salary as well as a performance related incentive linked to the achievement of present profit targets. No share options were issued in the current year.

Nominations Commitee and Board Membership Criteria

The nominations committee is responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education and background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's businesses. Candidates should not have any interests that would materially impair their ability to exercise independent judgement or otherwise discharge the fiduciary duties owed as a director to the Company and its stakeholders. All candidates must be individuals of personal intergrity, ethical character and value and appreciate these qualities in others. It is expected that each director will devote the necessary time to the fulfillment of his or her duties as a director. In this regard, the Nominations Committee will consider the number and nature of each director's other commitments, including other directorships. The Nominations Commitee will seek to promote through the nominations process diversity on the Board of professional background, experience, expertise, perspective, age, gender and ethnicity.

Executive Committee

The executive committee sits between board meetings to deliberate and consider detailed operational issues of the Group which includes strategy implementation.

Business Unit governance

Each individual business unit in the group has an executive with clearly defined responsibilities and objectives, which is responsible for the day to day running of its operations. A comprehensive financial reporting system ensures that each business unit is brought to account on a monthly basis.

Board of Directors

THOMAS CHATAIKA
Non Executive Board Chairman

Thomas is the founder and Managing Director of INVESCI.
He is a Chartered Accountant as well as a holder of the CFA charter

TIMOTHY MICHAEL JOHNSON
Non Executive Director

Tim was educated at Falcon College and is a holder of a B.Comm degree from Rhodes University. He was the Chief Executive of Cairns Holdings and then Astra Corporation Ltd before its demerger. He was also a director of Astra Industries and Tractive Power Holdings Ltd. Tim is a Director of CABS, Cimas Medical Aid Society and Chairman of RM Insurance Company. Tim is also a Trustees Representative of the Beit Trust, a UK registered charitable organization specializing in infrastructure grants to health and educational institutions. He was a non executive director of Tractive Power Holdings Limited before its acquisition by Zimplow.

NIGEL JOSEPH GEORGE EARLE
Non Executive Director

Nigel is a founder and owner of a number of highly successful businesses. In Mr Earle's 48-year working and business career he has achieved many material accomplishments in the industrial, civil and construction, mining and petroleum industries.

LANCE KENNEDY
Non Executive Director

Lance is a holder of a Master of Science Degree in Business Management in the Agriculture and Food Industries from the Royal Agricultural College in Cirencester in the United Kingdom and several other agricultural qualifications. He has a wealth of experience in the agriculture and farming sector including hands-on experience in managing farming operations in Australia. His career in the agricultural sector spans over 20 years.

GODFREY MANHAMBARA
Non Executive Director

Godfrey holds several academic qualifications, including a Diploma in Business Studies, a Bachelor of Science in Economics degree (Honours) from the University of London, and a Masters in Business Administration. He is an accomplished member of the Chartered Institute of Transport and Logistics (MCIOTL) UK and the Zimbabwe Institute of Management (Zim). In his executive career, Godfrey worked for Affretair as Marketing Executive before being elevated to Chief Executive. He then joined the Civil Aviation Authority of Zimbabwe (CAAZ) as Chief Executive, thereafter he went on to Reacon Services as Chief Executive Officer then onto BETA Holdings as Group Chief Operating Officer which he still holds today.

Board of Directors(cont)

SIBANI MNGOMEZULU
Non Executive Director

Sibani underwent legal training at Webber, Wentzel Bowens. Thereafter he worked for Merrill Lynch for several years. He spent time in New York and London and worked with global investment banking teams. Sibani left Merrill Lynch to study a Masters degree in Banking and Finance at Kings College London. Upon his return to South Africa, he was employed by Cazenove in Corporate Finance and later recruited by Barloworld Limited where he has held a variety of senior positions in the organisation. He was also admitted as an Attorney of the High Court of South Africa. Sibani is a member of the South African Institute of financial Markets, the institute of Directors and was a fellow of the Institute of Chartered Secretaries and Administrators. He completed an Executive Development programme -ESADE Business School in Spain and is currently a Director at Barloworld South Africa (Pty) Limited and Barloworld Equipment Malawi Limited.

MARK YONG
Non Executive Director

Mark Yong is the Chairman and Director of Unchartered Group Limited (UGL), an international investment and holding company. UGL's portfolio includes real estate assets, development of commercial and residential real estate projects, luxury real estate developments, operation of luxury leisure and lifestyle businesses, leisure, hospitality and entertainment businesses. UGL's investments are found in Ho Chi Minh (Vietnam), Singapore and Australia and they include:

- A commercial building in a highly proclaimed IT district in Ho Chi Minh
- Broadway Plaza, Anson House, Tides – successful and strategic retail commercial and office buildings located in Singapore
- Hydro Majestic Hotel Blue Mountain – a high-end and historic hotel building located in New South Wales, Australia.
- Lilianfels Blue Mountain Hotel – a five star hotel housed in a historic country mansion located in New South Wales, Australia

Mark lives in Singapore. He is married and has two sons

KALPESH PATEL
Non Executive Director

Kalpesh is seasoned executive in the Steel industry and is currently the Chief Executive officer of Steelmakers Ltd in charge of its Sub-Saharan operations. He possesses a Bsc in Economics and a BA in Political Science including a Msc in Economics from the London School of Economics

MARK HULETT
Group Chief Executive Officer

Mark has extensive experience in both the agricultural and mining sectors which are the key central sectors to the Group's business. Mark has recently been the Chief Operating Officer (Tobacco Operations) of TSL Limited. Mark is a holder of Bachelor of Agricultural Science degree from the University of Adelaide. Mark is 52 and is married with three children.

Our Group Executive Committee

Mark Hulett
Group Chief Executive Officer

Qualifications:
Bsc Agric Science (Adelaide)
Joined: 1 January 2016

Vimbayi Nyakudya
Group Financial Controller

Qualifications:
B.Compt (Hons), CA(Z), CA(SA), MBL
Joined: 14 December 2016

Maxwell Chinorwadza
Group Company Secretary

Qualifications:
BBS, FCIS, CGMA, MBA
Joined: 1 July 1994

Walter Chigwada
Managing Director, Mealie Brand

Qualifications:
Bsc Agriculture Honours (UZ) Msc (Aberdeen) Dip Exec Mgt
Joined: 13 March 2013

James McSorley
General Manager, Farmec

Qualifications:
General Management Development Programme (UZ)
Joined: 1 October 2016

Bret Stevens
Managing Director, Barzem

Qualifications:
LDP, BA (ICM), BM (Damelin)
Joined: 1 November 2016

K. S. Mupandawana
Group Human Resources Executive

Qualifications:
BA (UZ), Dip IPMZ, MBA
Joined: 1 September 2013

Shepherd Sebata
General Manager, CT Bolts

Qualifications:
RPA(Z), MIIA, MIAC, PAFA, MBA
Joined: 1 June 2009

Gladys Machawira
Group Internal Audit Manager

Qualifications:
Articles of Clerkship, Bcompt (UNISA), ISO 9001:2000 Internal Auditor,
Joined: 1 August 2011

Given Maboreke
General Manager, Powermec

Qaulifications:
BSC HONS in MGT LCCI, GMDP (UZ)
Joined: 1 September 2008

...representing the following brands:

MASSEY FERGUSON

Challenger

Est. 1985 FALCON

MONOSEM

Perkins

VALTRA

MEALIE BRAND

Master Farmer

Vicon

CAT

HYSTER

Sparex

Corporate Governance Statement(cont)

Group Governance and approach

The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, and accountability and in accordance with generally accepted corporate practices, in the interests of its stakeholders. This process enables the Group's stakeholders to derive the assurance that, in protecting and creating value to Zimplow Holdings Limited's financial and human resources, the Group is being managed ethically, according to best practices. Sustainability principles are therefore pivotal to the Group's drive of value addition to its stakeholders.

Zimplow's board of directors continues to provide effective leadership based on sound, ethical business foundations. The board considers the group's appropriate application of best practice including King III as an essential feature of the way the group behaves as a responsible corporate citizen and an integral part of the group's drive to remain a leading business.

The directors are ultimately responsible for the internal controls of the group. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. Ensuring that the proper monitoring of systems and controls is in place throughout the group is essential to providing assurance to the board regarding their effectiveness.

Board Mandate

The board is responsible for approving the strategic direction of the group and assisting management in achieving its strategic goals. The board is governed by a charter that sets out the framework of its accountability, responsibility and duty to the group.

The board conducts its business in the best interest of the group and fulfills its fiduciary duty to act in good faith, with due care and diligence, and by ensuring that the group performs in the interests of its broader stakeholder group, including present and future investors in the group, its customers and clients, its business partners, employees and the societies in which it operates.

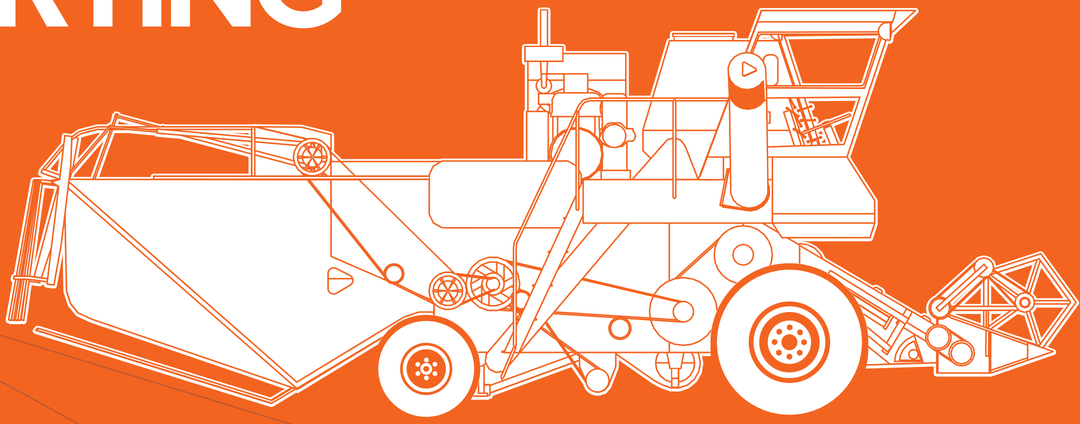
Board Committee Membership and Subsidiary Board Structure

Committee	Members	Mandate
Audit and Risk Committee	Godfrey Manhambara (Chairman) Thomas Chataika Lance Kennedy	The Group has an audit committee that assists the Board in the fulfilment of its duties. The audit committee deals, inter alia with compliance, internal control and risk management. The committee currently comprises of 3 (three) non-executive directors. A non-executive director chairs the audit committee. The committee meets at least 3(three) times a year with the Group's internal and external auditors to consider compliance with financial reporting requirements, monitor the appropriateness of accounting policies and the effectiveness of systems of Internal control and consider the findings of the internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee to ensure their independence and the objectivity of their reports.
Human Resources & Nominations Committee	Thomas Chataika (Chairman) Tim Johnson Sibani Mngomezulu Nigel Earle	The remuneration commitee comprises four non-executive directors. The Group's remuneration policy is to provide packages that attract, retain and motivate high quality individuals who will contribute substantially to the growth and success of the Group. This committee sets the remuneration of the executive directors and approves guidelines for the Group's pay reviews. Remuneration packages include a guranteed salary as well as a performance related incentive linked to the achievement of present profit targets. Nominations Commitee and Board Membership Criteria The nominations committee is responsible for developing criteria for filling vacant Board positions taking into consideration such factors as it deems appropriate. Relevant considerations include education and background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's businesses. A candidate should not have any interests that would materially impair his/her ability to exercise independent judgement or otherwise discharge the fiduciary duties owed as a director to the Company and its stakeholders. All candidates must be individuals of personal intergrity, ethical character and value and appreciate these qualities in others. It is expected that each director will devote the necessary time to the fulfillment of his or her duties as a director. In this regard, the Nominations Committee will consider the number and nature of each director's other commitments, including other directorships. The Nominations Commitee will seek to promote through the nominations process diversity on the Board of professional background, experience, expertise, perspective, age, gender and ethnicity.

Board Committee Membership and Subsidiary Board Structure(cont)

Subsidiary	Board Members
Barzem	Brett Stevens - Managing Director (Executive) Thomas Chataika - Non executive director Lance Kennedy - Non executive director Shane Fitzpatrick - Non- executive director (South African) Lesibana Lebwaba - Non Executive director (South African) Mark Hulett - Group Chief Executive Officer (Chairman)
Afritrac	Mark Hulett Vimbayi Nyakudya Oscar Guzzardi (South African) Shaun Lubaschagne (South Africa)
Manica Road	Mark Hulett Vimbayi Nyakudya

SUSTAINABILITY REPORTING



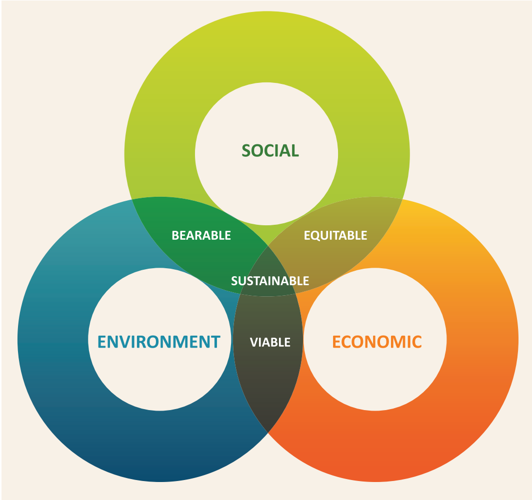
03

Sustainability Reporting

"Sustainability development ensures that we meet our present needs without compromising our ability to meet future needs."

As a significant player in the agricultural, mining and construction sector in Zimbabwe, the group focuses on optimizing the social and environmental impact of its operations without compromising economic viability.

Our sustainability strategy was developed and strengthened by the process of conducting a materiality assessment through which Zimplow defined issues of relevance to stakeholders and the business. The process began by capturing a broad scope of issues that were relevant to our industry and our company such as climate change, water conservation, food security, energy conservation and use of renewable sources of energy, suppliers, waste management, employee health and safety, community relations and environmental stewardship.



Economic Impact

Zimplow supporting the emerging farmers with 'Farm in Box' Equipment kits.

Zimplow has joined its principal in the Massey Ferguson franchise to push the farm in the box and emerging farmer equipment. This package is aimed at farmers who are taking their first step in mechanized farming and is primarily based upon the newly launched MF 300 Series tractor plus a set of MF implements which forms part of a wider package of support through the Massey Ferguson Africa distribution network. This package is at the heart of Zimplow's strategy to help transform agriculture in Africa through inclusive and sustainable mechanization solutions.

Farmec has introduced the 'Farm in the box' package at the time when the government is embarking on Command Agriculture, a program aimed at providing food security and to drive economic growth in Zimbabwe.

" To be sustainable, farm mechanization needs to be environmentally-compatible, economically-viable, affordable and adapted to local conditions," says Dr. Rob Smith, AGCO Senior Vice President

" The Massey Ferguson Farm Mechanization Package, you could call it a 'farm in a box', is designed to make staying on the land or indeed, returning to the land a viable choice. It's especially designed to encourage more young people to get involved in agribusiness," continues Dr. Smith. "Further support has been built into the package by the provision of training and support through the pioneering AGCO Future Farm project and our Massey Ferguson distribution network together with the assistance of partners such as CNFA."

The new Massey Ferguson MF 300 Series tractors feature powerful and straightforward operation, robust dependability and are ideally-equipped to meet the tough challenges of African agriculture. The range will initially consist of three models from 50hp to 85ph. The new line of complementary Massey Ferguson-branded implements includes a range of harrows, ploughs, subsoilers, planters, trailers and transport boxes.

Rural economies development

The Group proactively support the socio – economic transformations of the rural community by providing economic solutions to our customers.

Sustainability Reporting(cont)

Our Mealie Brand Division provide a set of affordable and durable farming equipment meant to empower the rural farmer and ensure food security nationwide.

Customers are also empowered with technical advice from our technical staff through one on one farm visits and demonstrations on sustainable farming.

Environmental Impact

The impact of environmental and climate change are critical to the viability of our business. Potential consequences on the environment and natural resources can be financial, physical and intangible. This necessitates the Group to take appropriate measures to minimize impact on the environment, climate and natural resources, which are considered as capital for the business.

Strategic Intent

- Conservation Agriculture
- Environmental Stewardship by our Principals
- Efficiency in water & energy consumptions.

Conservation Agriculture

Zimplow has joined the Global Conservation Agricultural Community in introducing Conservation Agriculture (CA) in the remote parts of Zimbabwe. There is a range of equipment that Zimplow is distributing to different areas as well as the region which are complementary to the above theme.

Conservation Agriculture aims to achieve sustainable and profitable agriculture and subsequently aims at improved livelihoods of farmers through the application of the three conservation agricultural principles: minimal soil disturbance, permanent soil cover and crop rotations. Through Faccasi, our Mealie Brand division has managed to introduce a no till planters that support the conservation agriculture objetives

Environmental Stewardship by our Principals

Environmental stewardship is one of the criteria for supplier selection and anchors of our environmental sustainability approaches. We represent the leading original equipment manufacturers (OEMs) such as Caterpillar, Hyster, Massey Ferguson, Challenger, Monosem, Perkins, Sparex and we are of course the pioneers of the green plough, Mealie Brand and Master Farmer. These principals and brands are synonymous with international best practice in green supply chains, in the way they support their value chains right through to the disposal of their products.

Efficiency in water & energy consumptions

Although our operations as a group do not consume much energy, Zimplow recognises the importance of reducing consumptions of energy particularly non-renewable energy sources. In light of global warming, achieving energy efficiency is an important objective of our business.

Social Impact

Zimplow recognises the value of investing in our workforce and continuously engaging with the community. We acknowledge our workforce the strength behind our brand as Zimplow therefore it is the group's intention to continuously build teams within the divisions that are motivated, inspired, self-driven and action oriented in delivering value to our stakeholders.

Strategic Intent

- Employer of Choice
- Talent management
- Leadership development
- Health and Safety
- Social and community engagement
- Regulatory compliance and ethics




Sustainability Reporting (cont)

Employer of choice

The Group offers equal opportunities to all and avoid discrimination based on race and gender through adhering to standards set out in the code of practice and establishing a culture of fairness, transparency and reward for effort.

Initiatives to establish a position of employer of choice include continuous upgrading of Company and employee facilities ("the face lift initiative") and training and development schemes. This is in addition to providing competitive remuneration for staff.

Talent Management

The group recognizes that the expertise of its staff is central to the achievement of its regional growth strategy. Zimplow is committed to ensuring that all employees are given the opportunity to develop to their full potential to meet their own aspirations and enhance the group's value. To this end, we have implemented a talent management system that aims to ensure that we attract and retain the best talent and skills available, that mission-critical positions and roles are staffed with key people and that a pipeline of talent and skills is provided for the future.

Leadership development

Together with our workforce, our human capital capability bundle includes leadership. Therefore, our human resources sustainability policy focus on developing and equipping our leaders at all levels with tools and skills to ensure that they cascade the company vision and strategy with insight and inspiration in a way that continuously transforms the Group. Every leader in our business is held accountable for ensuring that his or her team has clear direction and understanding of their role to create sustainable value for all our stakeholders.

Health & Safety

We are committed to creating a caring, equitable workplace and the safety and wellbeing of all Zimplow's employees is paramount. The focus for the year under review was on continued wellness support and learning for our employees and wellness personnel. Our Wellness Programmes continue to provide employees and their dependents with many opportunities to foster a lifestyle sensitive and responsive to all the dimensions of the total wellbeing.

Social and community engagement

The group is committed to empowering communities through provision of employment opportunities. Community engagement has been initiated through donations to various charitable groups, social clubs and organisations.

Farmec and Mealie Brand periodically holds equipment field days around the country which educate the emerging farmer on current and upcoming farming technologies. CT Bolts and Mealie Brand through their various distribution channels in Zimbabwe have sought out small indigenous businesses and provided them with distributorship and support of their products.

Regulatory compliance and ethics

The Group strives to comply with the various legislative and regulatory frameworks in which it operates and is committed to abide with all applicable laws and regulations in carrying out its mandate.

We value honesty, integrity and fair dealings and this is embedded in all our business practices and continue to place great emphasis on this. The group endeavors to uphold core business values and actively works to prevent the prevalence of unethical behaviors such as bribery and corruption. The company has guidelines within its Human Resources policy, Procurement policy hand other operational polices that seek to highlight and enforce such matters.

Sustainability Reporting (cont)

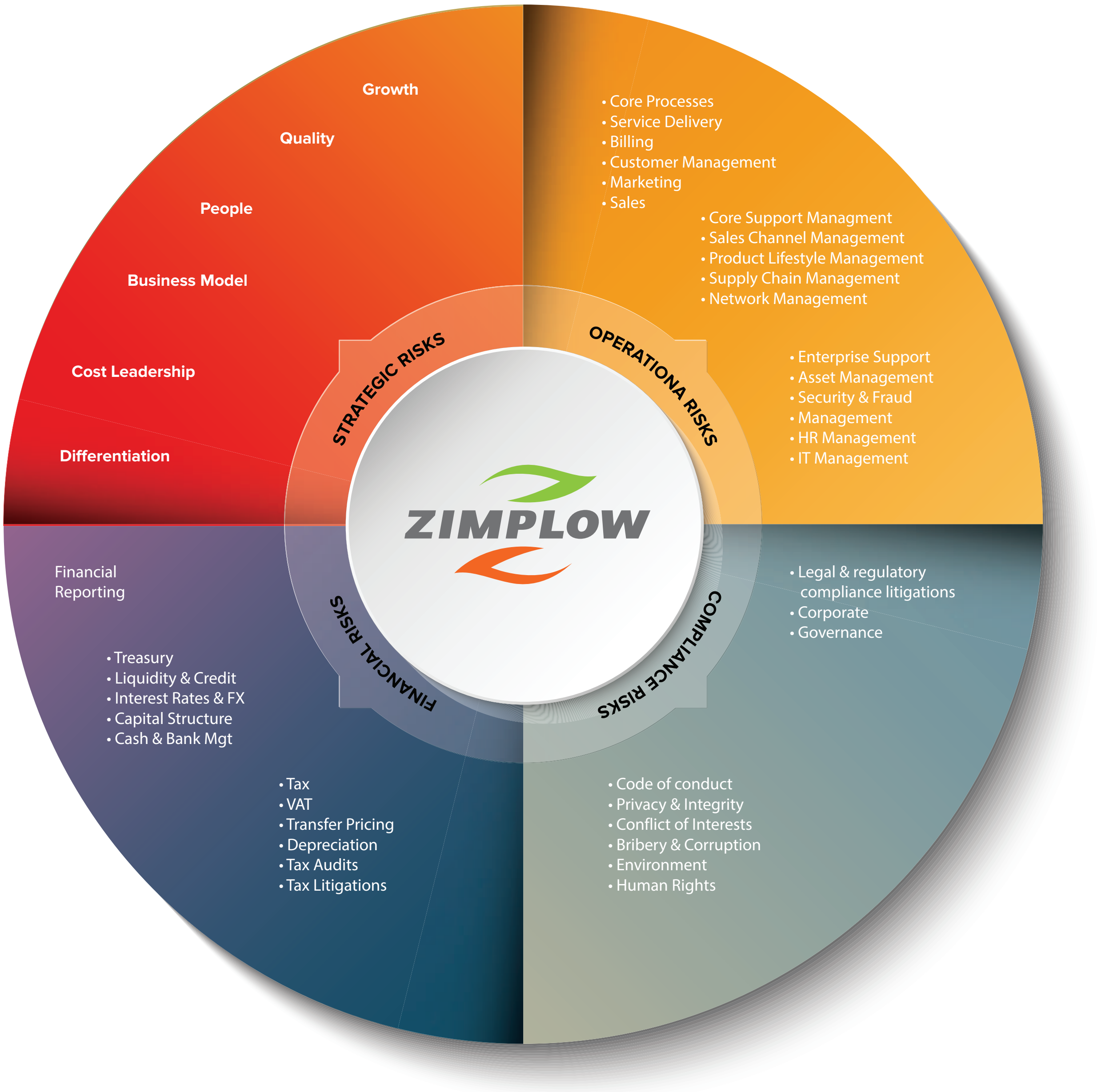
We also have an-house team of internal auditors who regularly assess financial, business and compliance risks that the business is facing and conduct their operations independent to management.

The Group also has an audit committee that takes responsibility for setting out appropriate ethical reviews.

The key roles and responsibilities for risk management in our organisation are summarised below:

Level	Key risk management roles and responsibilities
Board of directors (Board)	Corporate governance oversight of risk management performed by the executive management. Review the performance of the board committees (Remco and audit and risk committees).
Board audit and risk committee	• Assists the board in fulfilling its corporate governance oversight responsibilities with regard to identification, evaluation and mitigation of operational, strategic and external environment risks • Monitoring and reviewing risk management practices of the company. • Reviewing and approving risk-related disclosures.
Board remuneration committee (Remco)	• Monitors trends in the Group industry's salary and bonus structures, policies and practices. • Monitors the incentive programs to ensure that they promote people effectiveness, retention of critical skills as well as on-going long term shareholder value.
Executive management committee	• Reviews risks, views the progress and effectiveness of mitigation actions. • Formulates and deploys risk management policies. • Deploys practices for the identification, assessment, monitoring, mitigation and reporting of risks.
Business Unit management	• Responsible for managing their functions as per the Group risk management philosophy. • Responsible for managing risks relating to the business decisions in their units, span of control or area of operations. • Manage risks that may arise from time to time at the unit level.
Employees	Adhering to risk management policies and procedures Implementation of prescribed risk mitigation actions. Reporting risk events and incidents in a timely manner.

The entity’s risks have bee categorize as strategic, operational, compliance and financial. The digram below summarize some of the main risks under each category.



Zimplow sustainability review framework

Stakeholders Engagement

Stakeholder	Mode of Engagement	Material Issues Raised	Responses/Action Taken
Customer Communities	• Customer Surveys • Product Road Shows • Customer Network Events	• Delivery of value and competitive pricing • Product range and promotions	• Understanding customer needs • Loyalty • Continuous customer engagement
Employees	• Works Council • Trade Unions • Employee surveys	• Income and benefits • Working conditions • Careers and opportunities	• Review and improvements • Enhance shared values
Suppliers	• Supplier briefings • Supplier satisfaction surveys • Workshops and meetings	Procurement opportunities • Sustainable sourcing and pricing • Supply chain efficiencies	• Continued engagements on options • Review terms
Shareholders	• Annual General Meetings • Investor and shareholder briefings	• Business growth • Value creation • Business risk • Long term targets	• Growth and value creation strategy implementation • Monitoring and long term investments
Finance Institutions	• Formal meetings • Briefings	• Lending terms and interest • Investment opportunities • Financial risk	• Negotiations and engagements • Improved facilities and new options
Governance and Regulations	Policy briefings, compliance inspections, formal meetings	• Regulatory compliance • Business development compliance	• Achieving compliance with statutory requirements • Business regulatory compliance

Stakeholders Engagement(cont)

The building of stakeholder trust and confidence, which underpins the profitability and sustainability of our businesses, guides Zimplow's approach to corporate social responsibility. Having adopted a transformational business philosophy, we seek opportunities to add sustainable value for all of our stakeholders and contribute to the betterment of society and the well-being of communities within our spheres of influence through responsible corporate citizenship.

While we focus on increasing value to our shareholders, we have also identified other stakeholder groups that are crucial to the success of our business due to their capacity to affect the businesses in our group and all our stakeholders. These specifically include customers, principals and suppliers, employees, the public sector, communities in the context of broader society and the natural environment, as well as the media. Zimplow's board and management give due regard to the legitimate expectations and interests of these stakeholders when taking decision in the best interests of the company.

Management of our relationships with key stakeholders in a proactive, open and mutually beneficial manner is at the core of our business model. Insights obtained in engagements with stakeholders assist in identifying emerging business opportunities and managing risk, and contribute to the formulation of our value propositions, strategic decisions and actions, performance and communications.

While responsibility for stakeholder engagement and management is decentralised to operations, appropriate stakeholder engagement policies, practices and reporting procedures are formulated at group level to establish clear lines of accountability and ensure compliance with the relevant laws, group standards and codes of conduct governing relationships with our stakeholders. A group executive has responsibility for stakeholder management and bringing to the board's attention potential gaps that may exist.

There is need to facilitate customer sharing across diverse Zimplow's operating divisions: This involves offering customers a single point of contact for the group to identify customer needs which could be met by other parts of he group, either as related or emerging new business opportunities, or which could be consolidated into existing integrated customer solutions.

Value Creation

<table>
<tr><th colspan="5">Our Value Creation Model</th></tr>
<tr><th colspan="2">Inputs</th><th>Business Activity</th><th>Outputs</th><th>Outcomes</th></tr>
<tr><th>Capitals</th><th>Components of capital</th><th>Activities that add value</th><th>Key Products, Solutions and impact</th><th>Impact on Stakeholders</th></tr>
<tr><td>Financial</td><td>Finance
• Appropriate debt/ equity funding.
• Optimal divisional capital structures
• Access to Capital</td>
<td rowspan="6">Source
Plant and Equipment from OEMs and Own products

Place
Our products and sales (of plant and equipment), services (maintenance and repair, storage) and solutions (supply chain optimization) in to customer base.

Grow
Our customer base and demand for our products

Service
Our customers realizing premium solutions that meet their needs</td>
<td rowspan="6">Flexible, Value adding, innovative customer solutions in
• Earthmoving: Mining and infrastructure
• Power systems: electric power
• Material handling: Lift trucks
• Agricultural equipment

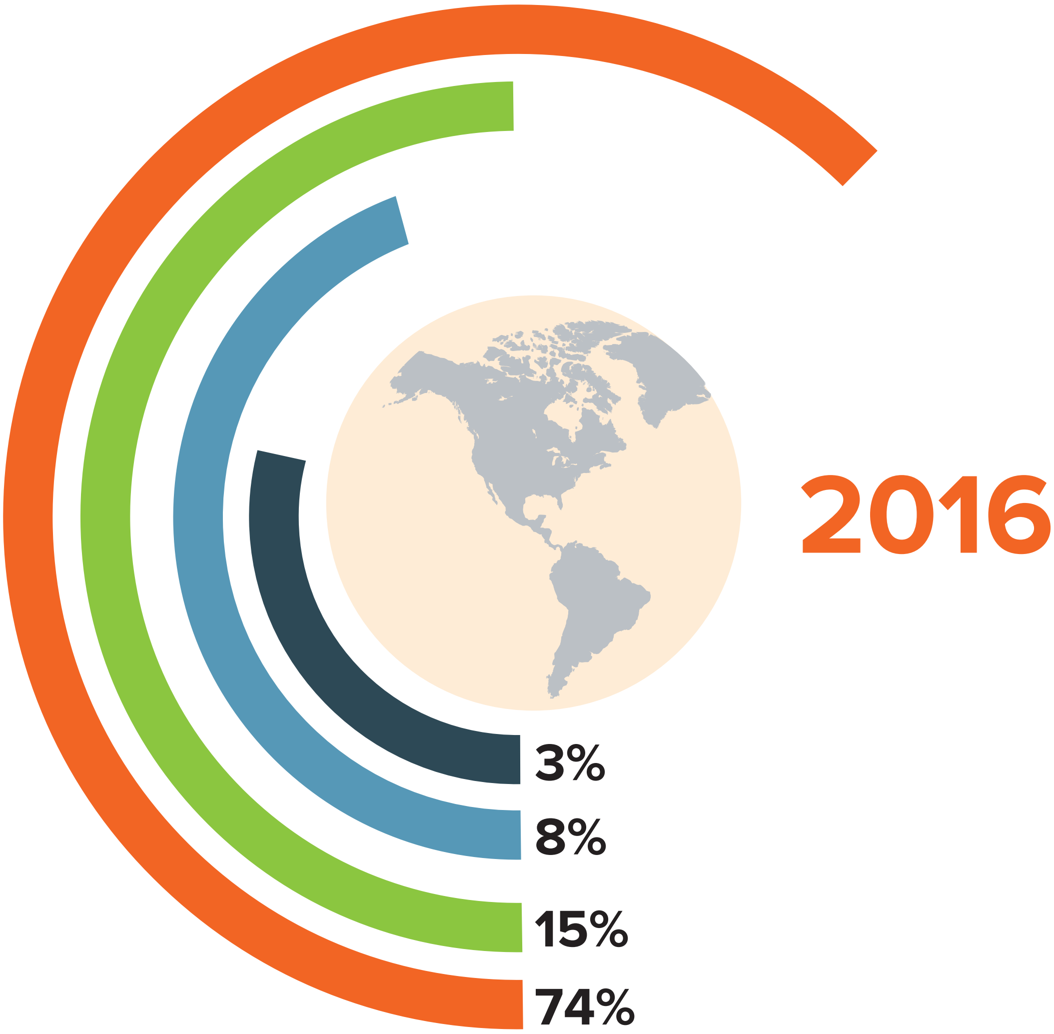
Training and Develop-ment
• Sills development
• Required talent pool
• Increase performance and productivity</td>
<td rowspan="6">Shared Value
Long-term value creation for all our stakeholders including the communities in which we operate.

Impact on Capitals
• Optimized intellectual capital
• Enhanced financial capital
• Improved social and relationship capital
• Developed human Capital
• Consumed Natural Capital</td></tr>
<tr><td>Manufac-tured</td><td>Infrastructure & facil-ities
• Geographic footprint
• Workshop and storage facilities
• Training facilities</td></tr>
<tr><td>Intellectual</td><td>OEM and Intellect
• Captive brands
• State of art operating systems
• Premium customer solutions</td></tr>
<tr><td>Human</td><td>People
• Talent
• Skilled workforce</td></tr>
<tr><td>Social and relationship</td><td>Building long term relationships
• Stakeholder engagement</td></tr>
<tr><td>Natural</td><td>Natural resources
• Land
• Water
• Fossil fuels</td></tr>
</table>

Value added Statement

Our value added statement below shows the value created by the group for its stakeholders;

Number of employees	Revenue per employees	Value created per employee
210	**US$114,307**	**US$32,542**
Down by 44%	Up by 41%	Up by 32%



Total Value Creation 2016

US$6.8m

2015: US$9.3m

- **Employees**
- **Retained for Growth**
- **Capital Providers**
- **Government**

FINANCIAL REVIEW

04

Directors' Responsibility Statement

Accounting Records And Financial Statements

The Directors are responsible for the maintenance of adequate accounting records as well as the preparation and integrity of the financial statements and related information contained in the annual report in a manner that fairly presents the state of affairs and the results of the Group's operations.

External Auditors' Role

The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon.

Systems Of Internal Control

The Directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

Going Concern

After reviewing the Group's budgets and related financial projections, the Directors have no reason, in all material respects, to believe that the Group will not continue to operate in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

Accounting Policies

In preparing the Group financial statements set out on pages 52 to 108 appropriate accounting policies have been applied, as have the relevant International Financial Reporting Standards, unless otherwise stated, and are supported, where necessary, by reasonable and prudent judgments and estimates.

Approval Of Financial Statements

The consolidated financial statements for the year ended 31 December 2016 present fairly, in all material respects the financial position and performance of Zimplow Holdings Limited and have been approved by the Board of Directors and are signed on its behalf by the Board Chair and a member Director.

These financial statements were prepared by the finance department of Zimplow Holdings Limited under the direction and supervision of the Group Financial Controller, Vimbayi Nyakudya (PAAB No.: 0629)

T Chataika
Chairman

M Hulett
Chief Executive Officer

Report of the Directors

Your directors present their report together with the audited financial statements of Zimplow Holdings Limited (Zimplow) and its subsidiaries (together being "the Group") for the year ended 31 December 2016

Principal activities

The group is a diversified mining, construction, infrastructure and agricultural equipment manufacturer and distributor listed on the Zimbabwe Stock exchange

Share Capital

Authorised share capital

The authorised share capital of the company remains unchanged at 300 000 000 (Three hundred million) shares at a nominal value of US $ 0.004 each

Issued share capital

The issued share capital of the company remains at 235,465,865 after the rights offer of 79 787 040 shares to existing shareholders in 2015.

Unissued share capital

Unissued ordinary shares of 64,534,135 remain placed under the control of directors in terms of resolutions passed in Extra-ordinary General Meetings by members.

Financial affairs

The financial results of the company, set out on pages 52 to 108 have been audited by Ernst & Young and depict the constrained economic environment under which your company operates

Your directors have determined and are implementing strategies that should see the company maintain value and ride out the tough economic wave in which it is operating.

While the economic outlook remains difficult and uncertain, the directors believe that the company will continue to operate as a going concern in the forseeable future

Capital Maintanance

The directors also report that:

1. Barloworld equipment acquired additional 14% of Barzem Enterprises for US$840 000. This additional capital was used to enhance the productive capacity of Barzem enterprizes. Refer to note 23 (Group Information about subsidiaries) for additional information regarding this transaction.

2. The sale of non core properties classified as assets held for sale and investment property yielded $1,543,773 in net proceeds. These proceeds were used to retire short term debt. Further information of these transactions is in note 9 and 12

Dividend

In view of the challenging liquidity conditions and losses posted by the company, the board did not declare a dividend for the year ended 31 December 2016

Directorate

The names of directors and secretary are those in office at the time of printing this notice.

Auditors

Messrs Ernst & Young remain in office until conclusion of the Annual General Meeting on 31 March 2017, at which members will be asked to fix their remuneration and appoint auditors for the ensuing year. Ernst & Young have indicated their willingness to continue in office for and behalf of the Board of Directors

T Chataika
Chairman

M Hulett
Chief Executive Officer

Building a better working world

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Chartered Accountants (Zimbabwe)
Registered Public Auditors
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Independent Auditor's Report

To the Shareholders of Zimplow Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zimplow Holdings Limited and its subsidiaries ("the group") set out on pages 52 to 108, which comprise the consolidated and company statement of financial position as at 31 December 2016, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated and company statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the consolidated and company financial position of the group as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the International Ethics Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Issue 1 – Recoverability of Trade Receivables	
The major risk related to Trade Receivables is credit risk which has been largely influenced by the deterioration in the economic environment. The group has a branch distribution network and sells its products on credit to various customers. An allowance for credit losses amounting to $4.2 million has been raised in the current year on Trade and Other Receivables. We have concluded that this is a key audit matter due to the high degree of estimation and judgement involved in determining the allowance for credit losses. The disclosures in relation to the provision for bad debts are included in note 17 of the consolidated financial statements.	Our procedures were focused on assessing the adequacy of the allowance for credit losses that were performed by management and included the following: • We evaluated the policies put in place by management and the assumptions applied in determining the allowance for credit losses. • We circularized confirmations to significant debtors and verified receipts from customers subsequent to year end. • We re-computed the allowance for credit losses through the review of the listing of long outstanding debtors and the consideration of the circumstances affecting each individual debtor. • We inspected lawyers' confirmations for matters handled during the year to identify any matters that were indicative of balances that may not be recoverable.
Issue 2 – Deferred Tax Asset	
As at the end of December 2016, the Group had a deferred tax asset of $2million on tax losses carried forward. In order to recognise the deferred tax assets, management has made estimates based on certain assumptions in relation to the future taxable profits of the Group. These key assumptions include growth in revenue and ultimately taxable profits and the entity's ability to execute on these plans. The recognition of deferred tax assets was significant to our audit because the determination of whether or not there will be sufficient taxable profits against which the deferred tax asset will be utilised is an area of significant judgement. The disclosures in relation to the current and deferred taxes are included in note 8 of the consolidated financial statements.	• We analysed projections of future revenue and taxable profits made by the management and ascertained whether the information was supported by business plans approved by those charged with governance. An assessment of the reasonableness of the assumptions made in determining the future taxable profits was performed based on the historical performance of the Group, the effectiveness of the measures currently put in place by management to bring the business back to profitability, the future planned measures management intends to put in place and the impact of the economic environment on these plans. • We assessed the ageing of the deferred tax asset for probability of utilization in line with the period over which the tax losses can be carried forward as per the Income Tax Act.

Issue 3 – Goodwill Impairment	
The Group has Goodwill of $948 824 as at the 31 December 2016 relating to the Farmec Business Unit. As required by ***IAS 36 Impairment,*** management and the directors performed an annual assessment of the impairment of Goodwill. The impairment of Goodwill is an area of significant judgement due to the continued losses and the current economic climate which increases the complexity of forecasting. The key assumptions made in the value in use calculation were the cashflow growth which was based on managements' and the directors' experience, expectations and plans. We have concluded that this is a key audit matter due to the high degree of estimation and judgement involved in determining whether an impairment exists. The disclosures relating to the Goodwill are found in note 15 of the consolidated financial statements.	• We performed an independent assessment of the possible impairment of Goodwill. • We obtained management's calculation of the value in use which was determined based on projected three year cash flows and discounted at the group's average pre-tax cost of capital. We assessed the reasonableness of management's assumptions in determining the recoverable amount of goodwill through the review of the historical performance of the business unit in particular. In addition, we considered the current economic environment and industry in which the business unit is operating and the effect on the planned performance of the unit, as well as the consideration of the future business plans being made by management.

Other Information

Other information comprises of information that is included in the financial statements that includes the Chairman's Statement, the Directors' Responsibility Statement and the Report of the Directors, but does not include the consolidated financial statements and our auditors report thereon. The directors are responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error [N11].

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also [N12]:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

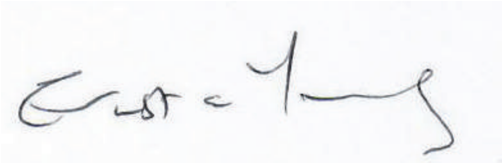
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the (consolidated) financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated and company financial statements, have in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is David Marange (PAAB Number: 0321).



Ernst & Young

Chartered Accountants (Zimbabwe)

Registered Public Auditors

Angwa City

Cnr Julius Nyerere Way/Kwame Nkrumah Avenue

Harare

30 March 2017

Consolidated and Company Statement Of Profit Or Loss And Other Comprehensive Income For the Year Ended 31 December 2016

		Group		Company	
	Notes	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Sale of goods		22,044,356	27,646,246	13,655,419	17,185,065
Rendering of services		2,148,748	2,766,624	1,032,998	1,033,005
Investment property rental income		-	46,675	-	-
Revenue	4	**24,193,104**	**30,459,544**	**14,688,417**	**18,218,070**
Cost of sales		**(17,416,169)**	**(21,183,749)**	**(10,956,856)**	**(13,513,501)**
Gross profit		**6,776,935**	**9,275,795**	**3,731,561**	**4,704,569**
Other Income	10	703,093	332,243	663,252	526,240
Selling and distribution expenses		(610,954)	(805,189)	(470,056)	(586,741)
Administrative expenses	5.1	(6,857,118)	(10,278,764)	(3,981,117)	(7,019,154)
Other operating expenses		(2,588,088)	(3,889,331)	(834,347)	(2,881,860)
Operating loss		**(2,576,132)**	**(5,365,246)**	**(890,707)**	**(5,256,946)**
Finance costs	6.4	(448,159)	(776,961)	(444,622)	(772,844)
Finance income	6.3	146,070	416,241	12,666	103,841
		(2,878,221)	**(5,725,966)**	**(1,322,663)**	**(5,925,949)**
Tax credit	8.1	349,970	945,490	228,727	1,118,261
Loss for the year		**(2,528,251)**	**(4,780,476)**	**(1,093,936)**	**(4,807,688)**
Other Comprehensive Income					
Other Comprehensive Income that may be recycled through profit or loss					
Exchange difference on translation of foreign operations		108,121	(143,021)	(1,553)	-
Total Comprehensive Income for the year		**(2,420,130)**	**(4,923,497)**	**(1,095,489)**	**(4,807,688)**
Loss for the year attributable to:					
Equity holders of the entity		(2,141,487)	(4,791,849)	(1,093,936)	(4,807,688)
Non-controlling interests		(386,765)	(11,373)	-	-
		(2,528,252)	**(4,780,476)**	**(1,093,936)**	**(4,807,688)**
Total comprehensive loss for the year attributable to:					
Owners of the parent		(2,073,473)	(4,892,400)	(1,095,489)	(4,807,688)
Non-controlling interests		(346,657)	(31,097)	-	
		(2,420,130)	**(4,923,497)**	**(1,095,489)**	**(4,807,688)**
Earnings per share					
• Basic loss for the year attributable to Equity holders of the parent	28	(0,01)	(0.03)	(0.01)	(0.03)
• Diluted loss for the year attributable to Equity holders of the parent	28	(0,01)	(0.03)	(0.01)	(0.03)

Consolidated and Company Statement Of Financial Position
As at 31 December 2016

	Notes	Group 31-Dec-16 US$	Group 31-Dec-15 US$	Company 31-Dec-16 US$	Company 31-Dec-15 US$
Assets					
Non-current Assets					
Property, Plant and Equipment	11	12,274,143	11,901,526	3,798,699	3,974,041
Intangible asset	11.3	114,326	-	-	-
Investment Property	12	207,039	1,620,276	-	-
Investment in Subsidiaries	14.1	-	-	12,014,500	12,014,500
Investment in government treasury bills	17.1	90,520	135,778	-	-
Deferred tax assets	8.3	2,010,131	2,138,632	1,790,497	1,560,996
Long term receivables	22	712,464	157,200	462,464	157,200
Goodwill	15	948,824	951,702	-	-
		16,357,447	**16,905,114**	**18,066,160**	**17,706,737**
Current Assets					
Inventories	16	8,688,502	12,629,612	5,372,303	9,233,923
Short term portion of long term receivable	22	233,167	144,733	233,167	144,733
Trade and other receivables	17	6,083,539	5,708,333	3,038,252	2,952,496
Prepayments		739,443	27,959	506,602	27,959
Investment in financial assets		190,244	225,100	144,985	225,100
Current tax receivable		166,128	-	2,425	-
Cash and bank balances	20	1,854,078	2,391,234	820,439	1,292,661
		17,955,101	**21,126,971**	**10,118,173**	**13,876,872**
Assets held for sale	9	150,000	980,000	-	-
Total Assets		**34,462,548**	**39,012,085**	**28,184,333**	**31,583,609**
Equity and Liabilities					
Equity					
Issued share capital		94,186	94,186	94,186	94,186
Share premium		19,471,129	19,471,129	19,471,129	19,471,129
Capital reserve		-	5,258,192	-	7,036,174
Revaluation reserve		1,932,439	1,932,439	2,330,628	2,330,628
Change In ownership reserve	21.4	(904,212)	(102,336)	-	-
Foreign currency translation reserve		(275,751)	(316,618)	(1,553)	-
Accumulated losses		345,130	(2,696,375)	(3,325,607)	(9,267,845)
Attributable to holders of the parent		**20,662,921**	**23,640,617**	**18,568,783**	**19,664,272**
Non-controlling interests		4,565,481	3,290,891	-	-
Total Equity		**25,228,402**	**26,931,508**	**18,568,783**	**19,664,272**
Non-current liabilities					
Long term borrowings	19	17,552	468,547	-	435,995
Intercompany payables	24.2	-	-	4,419,392	3,124,947
Deferred tax liabilities	8.3	1,329,754	1,763,946	-	-
		1,347,306	**2,232,493**	**4,419,392**	**3,560,942**
Current liabilities					
Trade and other payables	18.1	4,642,424	4,249,137	2,761,242	3,054,360
Provisions	18.2	1,136,761	1,775,913	327,261	1,481,001
Short term portion of long term borrowings	19	780,437	2,339,342	780,437	2,339,342
Bank Overdraft		1,327,218	1,483,692	1,327,218	1,483,692
		7,886,840	**9,848,084**	**5,196,158**	**8,358,395**
Total equity and liabilities		**34,462,548**	**39,012,085**	**28,184,333**	**31,583,609**

Chairman
T Chataika

Chief Executive Officer
M Hulett

Consolidated and Company Statement Of Cashflows For the Year Ended 31 December 2016

		Group		Company	
	Notes	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Cash flows from operating activities					
Operating loss before interest and tax Adjusted for:		**(2,576,132)**	**(5,365,246)**	**(890,707)**	**(5,256,946)**
Depreciation and Impairment of property, plant and equipment		677,967	836,495	348,756	509,290
Share of loss from liftquip		-	31,809	-	-
Impairment of goodwill attributable to liftquip		-	98,124	-	-
Impairment of investment in joint venture		-	21,319	-	250,000
Loss on disposal of investment property		448,378	-	-	-
Loss on disposal assets held for sale		87,850	-	-	-
Profit on disposal of property, plant & equipment		(60,884)	(47,411)	(23,401)	(47,411)
Dividend received		-	-	(63,375)	
		(1,422,821)	**(4,424,910)**	**(628,727)**	**(4,545,067)**
Working capital changes					
Decrease in Inventories		3,941,110	953,023	3,861,620	444,431
(Increase)/Decrease in Trade and other receivables		(1,730,388)	6,494,649	(975,051)	5,791,141
Decrease in Finance Lease receivables		-	46,455	-	46,455
(Decrease)/Increase in Trade and other payables		(245,865)	(272,394)	(152,413)	484,493
		542,036	**2,796,823**	**2,105,429**	**2,221,453**
Interest received		146,070	416,240	12,666	103,841
Interest paid		(448,159)	(776,961)	(444,622)	(772,844)
Tax paid		-	(361,505)	-	(15,761)
Net cash flow from operating activities		**239,947**	**2,074,597**	**1,673,473**	**1,536,689**
Investing activities					
Proceeds from sale of investment property		801,623	-	-	-
Proceeds from disposal of assets held for sale		742,150	-	-	-
Proceeds from sale of property, plant and equipment		114,259	88,140	76,776	108,142
Purchase of property, plant and equipment		(1,141,935)	(127,412)	(219,003)	(61,084)
Proceeds from sale of financial assets		80,115	-	80,115	-
Dividend received		-	-	63,375	-
Net cash inflows from disposed subsidiaries		-	41,105	-	41,105
Net cash flows from in investing activities		**596,212**	**1,833**	**1,263**	**88,163**
Financing Activities					
Issue of shares via rights offer in parent company		-	4,977,328	-	4,977,328
Issue of shares to non controlling shareholder		840,000	-	-	-
Share issue costs		-	(126,141)	-	(126,141)
Repayment of borrowings		(2,009,900)	(6,779,668)	(1,994,900)	(6,750,756)
Net cash flows from financing activities		**(1,169,900)**	**(1,928,481)**	**(1,994,900)**	**(1,899,569)**
Net Decrease/Increase in cash and cash equivalents		**(333,741)**	**167,950**	**(320,164)**	**(274,717)**
Net foreign exchange difference		(46,941)	(54,824)	4,415	-
Cash and cash equivalents at 1 January		**907,542**	**794,416**	**(191,030)**	**83,687**
Cash and Cash equivalents at 31 December		**526,860**	**907,542**	**(506,779)**	**(191,030)**
Comprising of:		**526,860**	**907,542**	**(506,779)**	**(191,030)**
Cash and Bank balances		1,854,078	2,391,234	820,439	1,292,661
Bank Overdraft		(1,327,218)	(1,483,692)	(1,327,218)	(1,483,692)

Group Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2016

Group	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Change in Ownership reserve (Note 21.4)	Foreign Currency translation Reserve	Retained earnings	Attributable to Owners of the parent	Non-Cotrolling Interest	Total
Balance on 1 Jan 2015	**62,271**	**14,631,857**	**5,258,192**	**1,932,439**	**(102,336)**	**(216,067)**	**2,095,474**	**23,661,830**	**3,321,988**	**26,983,818**
Issue of shares via rights offer	31,136	4,966,192	-	-	-	-	-	4,997,328	-	4,997,328
Issue of shares to underwriter	779	124,221	-	-	-	-	-	125,000	-	125,000
Share issue costs	-	(251,141)	-	-	-	-	-	(251,141)	-	(251,141)
Loss for the year	-	-	-	-	-	-	(4,791,849)	(4,791,849)	11,373	(4,780,476)
Other comprehensive loss net of tax	-	-		-	-	(100,551)	-	(100,551)	(42,470)	(143,021)
Balance at 31 December 2015	**94,186**	**19,471,129**	**5,258,192**	**1,932,439**	**(102,336)**	**(316,618)**	**(2,696,375)**	**23,640,617**	**3,290,891**	**26,931,508**
Loss for the year	-	-	-	-	-	-	(2,141,487)	(2,141,487)	(386,765)	(2,528,252)
Other comprehensive loss net of tax	-	-	-	-	-	40,867	-	40,867	67,254	108,121
Transfer to retained earnings	-	-	(5,258,192)	-	-	-	5,258,192	-	-	-
Revaluation reversal	-	-	-	-	-	-	(75,200)	(75,200)	-	(75,200)
Change in ownership	-	-	-	-	(801,876)	-	-	(801,876)	1,641,876	840,000
Dividend paid	-	-	-	-	-	-	-	-	(47,775)	(47,775)
Balance at 31 December 2016	**94,186**	**19,471,129**		**1,932,439**	**(904,212)**	**(275,751)**	**345,130**	**20,662,921**	**4,565,481**	**25,228,402**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Foreign currency translation reserve	Retained earnings	Attributable to Owners of the parent
Balance on 1 Jan 2015	**62,271**	**14,631,857**	**7,036,174**	**2,330,628**	**-**	**(4,460,157)**	**19,600,773**
Issue of shares via rights offer	31,136	4,966,192	-	-	-	-	4,997,328
Issue of shares to underwriter	779	124,221	-	-	-	-	125,000
Share issue costs	-	(251,141)	-	-	-	-	(251,141)
Loss for the year	-	-	-	-	-	(4,807,688)	(4,807,688)
Other comprehensive loss net of tax	-	-	-	-	-	-	-
Balance at 31 December 2015	**94,186**	**19,471,129**	**7,036,174**	**2,330,628**	**-**	**(9,267,845)**	**19,664,272**
Transfer to retained earnings	-	-	(7,036,174)	-	-	7,036,174	-
Loss for the year	-	-	-	-	-	(1,093,936)	(1,093,936)
Other comprehensive loss net of tax	-	-	-	-	(1,553)	-	(1,553)
Balance at 31 December 2016	**94,186**	**19,471,129**	**-**	**2,330,628**	**(1,553)**	**(3,325,607)**	**18,568,783**

The directors transfered the balance in the capital reserve to retained earnings in the current year.

Notes to the Financial Statements

1. Corporate information

The consolidated financial statements of Zimplow Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorized for issue by the Board of Directors on 24 March 2017. Zimplow Holdings Limited, the Company, is a limited company incorporated and domiciled in Zimbabwe and whose shares are publicly traded. The registered office is located at 39 Steelworks Road, Heavy Industrial Sites in Bulawayo, Zimbabwe.

The principal activities of the Group are: manufacture and distribution of animal drawn implements, manufacture and distribution of metal fasteners for mining, construction and agricultural industries, distribution of tractors, generators and mechanized implements as well as the distribution of earthmoving and mining equipment.

2. Significant Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on a historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair value at the end of each reporting, as explained in the accounting policies below.

The consolidated financial statements are presented rounded off to a dollar. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly

observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, he Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 t s a re quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs, are unobservable inputs for the asset or liability.

The consolidated financial statements provide comparative information in respect of the previous period

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including: the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and presented in United States dollars (US dollars rounded to the dollar), which is the Group's functional and presentation currency.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are always recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share - based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date and;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Notes to the Financial Statements(Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree' s identifiable net assets. The choice of measurement basis is made on a transaction by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39 Financial instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses (if any). For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of

Notes to the Financial Statements (Continued)

the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss.

An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.6 below.

3.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its; present condition (subject only to terms that are usual and customary for sales of such asset or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence or joint control over the associate or joint venture.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

Notes to the Financial Statements (Continued)

- it is probable that the economic benefits associated with the transaction will follow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established which is generally when provided that it is probable that the economic benefits will follow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is recognised when it is probable that the economic benefits will follow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described in note 3.7 below.

3.6 Leasing

Leases are classified as Finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under Finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under Finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a Finance lease obligation. Lease payments are apportioned between Finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straightline basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

3.7 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Notes to the Financial Statements (Continued)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.8 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement plans are recognised in profit or loss in the year of contribution. A liability for termination benefits recognised at the earlier of when the entity can no longer withdraw the offer of termination benefit and when the entity recognizes any related restructuring costs. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.9 Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share - based payment transactions with par ties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The measurement of deferred tax liabilities and assets reflects the tax

Notes to the Financial Statements(Continued)

consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.
The directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that a re-recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Property, plant and equipment

Items of Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any, apart from plant and machinery which are measured at fair value, less accumulated depreciation and impairment losses, if any, recognised after the date of an evaluation. Valuations, performed by the Group's Directors or independent external valuers, are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

When items of property, plant and equipment are revalued, any accumulated depreciation at the date of a revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount after revaluation equals its revalued amount.

Any revaluation surplus (increase in the carrying amount of an asset as a result of a revaluation) is recognised in other comprehensive income and accumulated in equity (revaluation reserve) in the statement of changes in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. The decrease, however, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity as a revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Notes to the Financial Statements(Continued)

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will follow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of the asset as follows:

- Buildings: 50 years;
- Plant and machinery: 5 to 50 years;
- Motor vehicles: 5 years;
- Office furniture and computer equipment: 4 to 10 years.
- Freehold land is not depreciated

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The depreciation methods, useful lives and residual values of assets are reviewed and adjusted, if appropriate, at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

3.12 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.13 Intangible assets

Intangible assets acquired separately

Intangible assets with infinite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are

Notes to the Financial Statements(Continued)

acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

3.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of

Notes to the Financial Statements(Continued)

allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.15 Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Raw materials - Purchase costs on weighted average cost.

Consumable stores - Landed cost

Whole goods, parts and work in progress - Direct material and labour cost, appropriate share of production expenses and where applicable, customs duty paid. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes to the Financial Statements(Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.18 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that

Notes to the Financial Statements (Continued)

exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.
- A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39permits the entire combined contract to be designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 40.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition , held - to maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others [describe]) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to-maturity investments or (c)

Notes to the Financial Statements (Continued)

financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of the Available for Sale reserve.

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the Available for Sale Reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Other foreign exchange gains and losses are recognised in other comprehensive income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Notes to the Financial Statements (Continued)

3.19 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified, as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to the applicable reserve. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

Notes to the Financial Statements(Continued)

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the roup manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

  A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both ,which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37; and
- the amount initially recognised less, where appropriate, cumulative amortization recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Notes to the Financial Statements(Continued)

3.20 Derivative financial instruments

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

3.21 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

3.22 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 3.29.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits

Notes to the Financial Statements(Continued)

embodied in the investment properties over time, rather than through sale.

Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Control over Afritrac (Pty) Limited

Afritrac (Pty) Limited is a subsidiary of the Group even though the Group has only a 49% ownership interest and has only 49% of the voting rights in Afritrac (Pty) Limited.

The Group has held its 49% ownership since 2011 and the remaining 51% of the ownership interests are held by four shareholders in equal capacity that are unrelated to the Group. The directors of the Company assessed whether or not the Group has control over Afritrac (Pty) Limited based on whether the Group has the practical ability to direct the relevant activities of Afritrac (Pty) Limited unilaterally.

In making their judgement, the directors considered the Group's absolute size of holding in Afritrac, the relative size of and dispersion of the shareholdings owned by the other shareholders and the Group's ability to appoint or remove the majority of Afritrac Board members. After assessment, the directors concluded that the Group has a sufficiently dominant voting interests to direct the relevant activities of Afritrac (Pty) Limited and therefore the Group has control over the company.

Key sources of estimation and uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred Tax Assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies (refer to note 8 for additional information).

Trade and Other Receivables

At the end each reporting period, management assess whether there is any objective evidence that trade and other receivables are impaired. If such evidence exist, allowance for credit losses is recognised as the difference between amortised cost and the present value of estimated future cash flows discounted at the original effective interest rate. The group first assesses individually significant trade receivables for impairment. Balances that are not significant and individually impaired are then assessed collectively for impairment in groups of similar credit risks such as geographical area or nature of trade. Impairment losses is recognised in profit and loss through an allowance account.

Notes to the Financial Statements(Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise (refer to note 15 for additional information).

The carrying amount of goodwill on 31 December 2016 was $948,824 (31 December 2015: $951 702)

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The directors determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed under the applicable notes.

Notes to the Financial Statements(Continued)

4. Revenue

An Analysis of Group revenue and results for the year

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Sale of goods and services: Domestic	22,143,721	29,091,696	12,639,034	16,850,222
Sale of goods and services: Export	2,049,383	1,367,848	2,049,383	1,367,848
Total	**24,193,104**	**30,459,544**	**14,688,417**	**18,218,070**

5. Loss for the year

Loss for the year has been arrived after charging:

5.1 Administrative Expenses

	Group		**Company**	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Salaries and Employment costs	4,717,785	5,023,039	2,780,806	4,342,048
Staff restructuring costs	234,475	1,001,709	234,475	1,001,709
Motor and travelling	678,818	831,801	438,309	582,367
Rental and occupancy	601,204	745,286	299,329	356,605
Other administrative	624,836	2,676,929	228,198	736,425
Total	**6,857,118**	**10,278,764**	**3,981,117**	**7,019,154**

5.2 Depreciation, amortization and foreign exchange differences included in consolidated profit or loss

	Group		**Company**	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Included in other operating expenses				
Depreciation	677,967	836,495	348,756	509,290
Impairment loss on trade receivables	1,561	2,083,176	1,227	1,761,774
Loss on disposal of properties	536,228	-	-	-
Profit on disposals of property, plant and equipment	(60,884)	(47,411)	(23,401)	(47,411)
Exchange difference	96,227	(92,175)	14,658	(92,175)

Notes to the Financial Statements(Continued)

6. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the sector of the economy serviced and the type of goods or services delivered or provided. The directors of the Company have chosen to organize the Group around the differences in sectors of the economy and products or services. Specifically the Group's reportable segments under IFRS 8: Operating segments are therefore as follows;

Mining and infrastructure

- Mining equipment, parts and related services

Farming

- Animal drawn equipment, parts and related services
- Tractors, tractor drawn equipment, parts and related services

Property

- Property rental and property management

The disclosed results are an analysis of the Group's revenue and results from operations by reportable segment. Segment revenue reported below represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit/ (loss) represents the profit/ (loss) earned by each segment without allocation of central administration costs and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Internal transactions are appropriately eliminated on consolidation and data aggregation.

The "Farming" segment comprises the following business units: Mealiebrand, Farmec and Afritrac The "Mining and Infrastructure" segment comprises of the following business units: Barzem and CT Bolts The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

Notes to the Financial Statements(Continued)

6.1 Segment revenue and results(Continued)

31 DECEMBER 2016	Farming	Mining and Infrastructure	Property	Adjustments	TOTAL
Revenue	14,173,457	10,105,559	27,410	-	**24,306,426**
Intersegment revenue	-	(85,912)	(27,410)	-	**(113,322)**
Total revenue	**14,173,457**	**10,019,647**	**-**	**-**	**24,193,104**
Segment operating loss	**(1,250,307)**	**(1,127,992)**	**(548,331)**	**350,498**	**(2,576,132)**
Other items					
Finance Income	13,298	132,772	-	-	**146,070**
Finance costs	(420,870)	(27,289)	-	-	**(448,159)**
Income taxes	527,102	15,260	(328,750)	136,358	**349,970**
Group loss after tax					**(2,528,251)**
Segment assets	17,483,155	13,189,325	10,251,600	(6,461,532)	**34,462,548**
Segment liabilities	(6,003,080)	(3,670,212)	(332,668)	771,814	**(9,234,146)**
Other Segment Information					
Depreciation	201,034	277,176	-	199,757	**677,967**
Additions to non-current assets	845,139	113,299	129,732	53,764	**1,141,935**
Impairment loss recognized on receivables	1,227	334	-	-	**1,561**

The inter company assets and liabilities are eliminated on consolidation. Head office costs, being a non reportable segment has been included under adjustments.

31 DECEMBER 2015	Farming	Mining and Infrastructure	Property	Adjustments	TOTAL
Revenue	12,885,802	17,736,850	60,234	-	**30,682,886**
Intersegment revenue	-	(209,784)	(13,558)	-	**(223,342)**
Total revenue	**12,885,802**	**17,527,066**	**46,676**	**-**	**30,459,544**
Segment operating profit/(loss)	**69,357**	**(4,367,562)**	**(122,892)**	**(944,149)**	**(5,365,246)**
Other items					
Finance Income	307,264	246,997	642	(138,662)	**416,241**
Finance costs	(49,249)	(866,374)	-	138,662	**(776,961)**
Income taxes	(97,510)	1,011,166	31,834	-	**945,490**
Group loss after tax					**(4,780,476)**
Segment assets	11,587,919	45,971,410	4,653,765	(23,201,009)	**39,012,085**
Segment liabilities	(2,372,167)	(19,947,468)	(88,902)	10,327,960	**(12,080,577)**
Other Segment Information					
Depreciation	237,159	599,336	-	-	**836,495**
Additions to non-current assets	51,348	76,065	-	-	**127,412**
Impairment loss recognized on receivables	321,402	1,761,774	-	-	**2,083,176**

Notes to the Financial Statements(Continued)

6.2 Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	31-Dec-16 US$	31-Dec-15 US$
Mining and Construction equipment	1,918,087	4,407,154
Animal drawn equipment	6,077,027	5,267,623
Tractors and tractor drawn equipment	4,260,328	9,051,726
Service of equipment	2,691,483	2,766,623
Parts and fasteners of equipment	8,139,895	8,919,743
Property rentals	-	46,675
Power systems	1,192,196	-
Adjustments for intercompany transactions	(85,912)	-
Total Revenue	**24,193,104**	**30,459,544**

6.3 Finance income

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Bank deposits and investments	143,100	21,486	9,696	16,283
Other loans and receivables	2,970	394,755	2,970	87,558
Total	**146,070**	**416,241**	**12,666**	**103,841**

6.4 Finance Costs

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Finance costs arising from				
Long term facilities with financial institutions	3,537	421,799	-	417,682
Short term facilities with financial institutions	262,495	133,884	262,495	133,884
Overdrafts held with financial institutions	182,127	158,671	182127	158,671
Other Interest bearing borrowings-letter of credit facility	-	62,607	-	62,607
Total	**448,159**	**776,961**	**444,622**	**772,844**

7. Share capital

Subject to Section 183 of the Companies Act (Chapter 24:03), and to the limitations of the Zimbabwe Stock Exchange, the unissued shares are under the control of the Directors, in terms of Extraordinary General Meetings of Members held on 30 August 1989, 10 November 2004, 16 November 2005, 14 November 2007, 29 June 2013, 29 December 2014.

Notes to the Financial Statements(Continued)

7.1 Reconciliation of authorised and issued share capital

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Authorized share capital				
Number of ordinary shares at the beginning of the year	300,000,000	300,000,000	300,000,000	300,000,000
Increase during the year	**-**	**-**	**-**	**-**
Number of ordinary shares at the end of the year	300,000,000	300,000,000	300,000,000	300,000,000
Nominal value per share (US$)	0.0004	0.0004	0.0004	0.0004
Total value of shares (US$)	120 000	120 000	120 000	120 000
Unissued shares under the control of the directors	**64,534,135**	**64,534,135**	**64,534,135**	**64,534,135**
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	**235,465,825**	**155,678,825**	**235,465,825**	**155,678,825**
Shares issued pursuant to issue	-	77,840,000	-	77,840,000
Shares issued to under righter pursuant to rights issue	-	1,947,000	-	1,947,000
Number of shares in issue at the end of the year	**235,465,825**	**235,465,825**	**235,465,825**	**235,465,825**
Issued and fully paid number of shares				
Number of ordinary shares	235,465,825	235,465,825	235,465,825	235,465,825
Nominal value per share (US$)	0.0004	0.0004	0.0004	0.0004
Total value of shares (US$)	**94,186**	**94,186**	**94,186**	**94,186**

7.2 At 31 December 2016, the directors of the Group held directly and indirectly, the following shares:

Name	Year Ended 31-Dec-16	Year Ended 31-Dec-15
T Chataika	19,668,564	-
M Hullet+	-	-
N Earle	-	-
T Johnson	417	417
G Manhambara	417	417
L Kennedy	23,935,645	23,935,645
S Mngomezulu	417	417
M Yong	82,037,257	96,006,854
K Patel	13,089,629	13,089,629
Z Kumwenda*	-	6,054
F Rwakonda*	-	417

+ Appointed during the period
* Resigned during the year 2015

Notes to the Financial Statements(Continued)

8. Taxation

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
8.1 Charge based on income for the year				
Zimbabwe Income tax	-	313,324	-	-
Taxation relating to foreign operation	-	(1,209)	-	-
Deferred Tax Credit	(305,691)	(1,277,336)	(229,501)	(1,136,783)
Withholding taxes	(44,279)	18,522	774	18,522
Taxation	**(349,970)**	**(945,490)**	**(228,727)**	**(1,118,261)**
8.2 Reconciliation of tax charge				
Tax on loss before tax for the year at 25.75% (inc aids levy)	(741,142)	(1,449,066)	(340,586)	(1,525,932)
Tax effects on expenses that are not deductible in determining taxable profit	255,031	630,538	57,695	509,233
Export promotion incentive	(8,797)	(9,699)	(8,797)	(9,699)
Prior under/(over provision)	184,638	(110,385)	62,187	(110,385)
Taxation charge /(credit) from foreign subsidiary	4,579	(29)	-	-
Withholding tax	(44,279)	18,522	774	18,522
	(349,970)	**(945,490)**	**(228,727)**	**(1,118,261)**
8.3 Deferred tax liability				
Key Components of deferred tax				
Accelerated wear and tear	2,755,188	2,385,617	935,643	704,670
Investment properties	-	124,500	-	-
Prepayments	124,446	12,306	169,657	12,306
Deferred income	(168,342)	(77,263)	(168,342)	(62,147)
Provisions	(867,755)	(1,023,662)	(308,595)	(409,029)
Assessed losses	(2,517,300)	(1,827,216)	(2,412,246)	(1,827,216)
Net exchange gains/(losses)	(6,614)	20,420	(6,614)	20,420
Deferred taxes in foreign subsidiary	-	10,612	-	-
Net Deferred tax asset	**(680,377)**	**(374,686)**	**(1,790,497)**	**(1,560,996)**

Deferred Asset Recognition

The Group has recognized deferred tax asset relating to tax losses as the group will generate enough taxable profits in the future as a result of the following factors which were considered in assessing the future profitability:

- Good rainy season in the year 2017.
- Improvement in working capital following the clearance of borrowings which were weighing down the group heavily on its cash flows.
- The cash flows are also set to improve due to cost rationalisation which was done in current and prior year.
- The year 2017 has begun on a good note, a period which traditionally records low sales. Revenue for the first two months of 2017 was 81% above last year comparative.

Notes to the Financial Statements(Continued)

Reflected in the statement of financial position as follows;

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Deferred tax assets	(2,010,131)	(2,138,632)	(1,790,497)	(1,560,996)
Deferred tax liability	1,329,754	1,763,946	-	-
Net deferred tax asset	**(680,377)**	**(374,686)**	**(1,790,497)**	**(1,560,996)**

8.4 Reconciliation of deferred tax liabilities (net)

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Opening balance	(374,686)	902,650	(1,560,996)	(424,213)
Release for the year	(305,691)	(1,277,336)	(229,501)	(1,136,783)
Tax expense during the period in other comprehensive income	-	-	-	-
Closing balance	**(680,377)**	**(374,686)**	**(1,790,497)**	**(1,560,996)**

9. Assets classified as held for sale

	Group	
	31-Dec-16	31-Dec-15
	US$	US$
	US$	**US$**
Freehold land and buildings held for sale	980,000	980,000
Disposed during the year	(830,000)	-
Classified as held for sale during the year	-	-
Closing balance at end of the year	**150,000**	**980,000**

10. Other Income

	Group	
	31-Dec-16	**31-Dec-15**
	US$	**US$**
Rent	132,364	60,123
Commission	288,497	156,095
Export Incentive	90,428	-
Bad Debts recovered	70,126	65,237
Scrap sales	90,903	14,216
Other	30,775	36,572
Total	**703,093**	**332,243**

Notes to the Financial Statements(Continued)

11. Property, plant and equipment

11.1 Group	Land And Buildings	Plant And Machinery	Motor Vehicles	Office Furniture And Computer Equipment	Total
At cost/valuation	**US$**	**US$**	**US$**	**US$**	**US$**
At 01 January 2015	**9,253,298**	**4,997,351**	**4,747,172**	**941,720**	**19,939,541**
Additions	-	22,895	64,320	40,198	127,413
Effects of foreign currency exchange	(11,885)	-	(19,649)	(2,365)	(33,899)
Disposals	(60,000)	(800)	(663,717)	(16,452)	(740,969)
At 31 December 2015	**9,181,413**	**5,019,446**	**4,128,126**	**963,101**	**19,292,086**
Additions	129,732	83,077	695,758	110,875	1,141,934
Effects of foreign currency exchange	24,841	-	38,929	6,346	70,116
Disposals	-	(5,850)	(549,666)	(48,437)	(603,953)
At 31 December 2016	**9,335,986**	**5,096,673**	**4,313,147**	**1,031,885**	**19,900,183**
Accumulated Depreciation					
At January 2015	**(452,499)**	**(2,380,811)**	**(3,622,884)**	**(646,544)**	**(7,102,738)**
Charge for the year	(175,010)	(119,376)	(459,256)	(82,853)	(836,495)
Effects of foreign currency	1,558	-	16,768	1,672	19,998
Disposals	3,879	63	516,560	8,173	528,675
At 31 December 2015	**(622,072)**	**(2,500,124)**	**(3,548,812)**	**(719,552)**	**(7,390,560)**
Charge for the year	(179,894)	(120,681)	(301,416)	(67,810)	(677,967)
Effects of foreign currency	(1,691)	-	(7,457)	(817)	(9,965)
Disposals	-	618	541,562	24,598	566,778
At 31 December 2016	**(803,657)**	**(2,620,187)**	**(3,316,123)**	**(763,581)**	**(7,511,714)**
Carrying Amount					
At 31 December 2016	**8,532,329**	**2,476,486**	**997,024**	**268,304**	**12,274,143**
At 31 December 2015	**8,559,341**	**2,519,322**	**579,314**	**243,549**	**11,901,526**

Management adjusted the group's costs and accumulated depreciation previously recorded. There was no impact on the carrying amount. Below is the impact of the adjustment.

	1 Jan 2015 US$	31 Dec 2015 US$
Cost		
Previously recorded	(15,115,401)	(14,467,946)
Adjusted	19,939,541	19,292,086
Net increase	**4,824,140**	**4,824,140**
Accumulated depreciation		
Previously recorded	(2,278,598)	(2,566,420)
Adjusted	7,102,738	7,390,560
Net increase	**4,824,140**	**4,824,140**
Impact on carrying amount	**-**	**-**

Notes to the Financial Statements(Continued)

The group's plant and machinery are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Details of the fair value hierarchy of the group's plant and machinery as at 31 December 2016 are as follows:

Fair value hierarchy: 2016

	Level 1 US$	Level 2 US$	Level 3 US$	Fair Value at 31-Dec-16 US$
Manufacturing plant and Equipment	-	-	2,519,323	**2,519,323**

Fair value hierarchy: 2015

	Level 1 US$	Level 2 US$	Level 3 US$	Fair Value at 31-Dec-15 US$
Manufacturing plant and Equipment	-	-	2,519,323	**2,519,323**

11.2 Company	Land And Buildings	Plant And Machinery	Motor Vehicles	Office Furniture And Computer Equipment	Total
At cost/valuation	**US$**	**US$**	**US$**	**US$**	**US$**
At 01 January 2015	**1,226,069**	**2,951,815**	**2,741,546**	**594,259**	**7,513,689**
Additions	-	9,295	24,487	27,301	61,083
Disposals	(60,000)	(800)	(574,586)	(16,452)	(651,838)
At 31 December 2015	**1,166,069**	**2,960,310**	**2,191,447**	**605,108**	**6,922,934**
Additions	-	2,195	173,215	43,593	219,003
Disposals	-	(5,850)	(179,232)	(48,437)	(233,519)
At 31 December 2016	**1,166,069**	**2,956,655**	**2,185,430**	**600,264**	**6,908,418**
Accumulated Depreciation					
At January 2015	**(178,875)**	**(389,085)**	**(1,988,453)**	**(325,787)**	**(2,882,200)**
Charge for the year	(36,421)	(109,841)	(293,273)	(69,755)	(509,290)
Disposals	3,879	63	430,482	8,173	442,597
At 31 December 2015	**(211,411)**	**(489,863)**	**(1,851,244)**	**(387,689)**	**(2,949,207)**
Charge for the year	(36,024)	(104,222)	(157,683)	(50,827)	(348,756)
Disposals	-	618	163,028	24,598	188,244
At 31 December 2016	**(247,435)**	**(602,467)**	**(1,845,899)**	**(413,918)**	**(3,109,719)**
Carrying Amount					
At 31 December 2016	**918,634**	**2,354,188**	**339,531**	**186,346**	**3,798,699**
At 31 December 2015	**954,651**	**2,461,447**	**340,203**	**217,740**	**3,974,041**

Revaluation of plant and machinery were performed by a qualified, registered and independent valuer in the last revaluation cycle in 2012. Plant and machinery were revalued at their depreciated replacement costs.

Level 3 valuation assumptions

A depreciation factor was applied to each item of plant and machinery (based on maintenance patterns, obsolescence and age) as the equipment is relatively customized and has no market.

Notes to the Financial Statements(Continued)

Other notes on Group and company property plant and equipment

The Group and Company property, plant and equipment are not encumbered and do not form collateral on any borrowing and loan facilities in place. Had the cost model been applied, the carrying amount of revalued plant and machinery would have been $922,770 (2016) and $983,954 (2015) for both the Group and the Company.

Management believes that the group's property plant and equipment is not impaired. an assessment has been done in conjuction with goodwill pairment test (refer to note 8 and 15)

11.3 Intangible Assets

	Software License US$
Cost	
At 31 January 2015	-
Additions	-
At 31 December 2015	-
Additions	122,492
At 31 December 2016	122,492
Armotisation and impairment	
At 31 January 2015	-
Armotisation	-
At December 2015	-
Armotisation	8,166
At 31 December 2016	8,166
Carrying amount 31 December 2016	114,326
Carrying amount 31 December 2015	-

12. Investment Property

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Balance at 1 January 2016	1,620,276	1,250,000	-	-
Additions acquired in settlement of receivables	-	370,276	-	-
Disposals	(1,413,237)	-	-	-
Balance at 31 December 2016	**207,039**	**1,620,276**	**-**	**-**

12.1 Fair value measurement of the Group's investment properties

The Group's 2016 investment properties consist of vacant residential stands in Harare. As at 31 December 2015 and 31 December 2016, the fair values of the properties are based on valuations performed by independent valuers. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

Notes to the Financial Statements(Continued)

Details of the group's investment properties and information about the fair value hierarchy as at 31 December 2016

Fair value hierarchy: 2016

	Level 1 US $	Level 2 US$	Level 3 US$	Fair Value at 31-Dec-16 US$
Vacant residential stands	-	-	207,039	207,039

Fair value hierarchy: 2015

	Level 1 US $	Level 2 US$	Level 3 US$	Fair Value at 31-Dec-15 US$
Commercial properties	-	-	1,250,000	**1,250,000**
Vacant residential stands	-	-	370,276	370,276
Total	**-**	**-**	**1,620,276**	**1,620,276**

Valuation techniques used to determine Level 3 values 2016

Class of Property	Valuation technique	Key inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	$8 - $12	1,000 sq meters each.

Valuation techniques used to determine Level 3 values 2015

Class of Property	Valuation technique	Key inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	$8 - $12	1,000 sq meters each.
Commercial Properties	Market comparable approach	Price per sq meter	$100- $200	7,454 sq meters each.

Details of income and expenditure of the group's investment properties are as follows:

	31-Dec-16 US$	31-Dec-15 US$
Rental income derived from investment properties	-	42,135
Profit arising from investment properties carried at fair value	**-**	**42,135**

Notes to the Financial Statements(Continued)

Sensitivity Analysis

The value of investment properties is subject to material changes to key valuation inputs such as the property value per square meter. An increase or decrease in the value per square meter in the group's investment property would result in a positive or negative movement in the value of the Group's investment property

13. Capital commitments

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Authorized but not yet contracted	579,870	367,484	116,000	367,484
Authorized and Contracted	-	108,515	-	40,082
Total	**579,870**	**475,999**	**116,000**	**407,566**

14.1 Investments held in subsidiaries

	31-Dec-16 %	31-Dec-15 %	31-Dec-16 US$	31-Dec-15 US$
Investment Barzem	**51%**	**65%**	**7,164,864**	**7,164,864**
Investment in Manica	100%	100%	4,297,294	4,297,294
Investment in Afritac	49%	49%	552,342	552,342
Total			**12,014,500**	**12,014,500**

14. 2 Investments held in joint ventures

Name of Joint Venture	Principal activity	Place of incorporation and business	Proportion of ownership interests and voting rights held by the Group	
			31-Dec-16	**31-Dec-15**
Liftquip (Private) Limited t/a Northmec Zimbabwe	Retails of High Horse Power tractors, combine harvesters and farming implements.	Zimbabwe	50%	50%

The above joint venture was accounted for using the equity method in these consolidated financial statements and its reporting period was identical to that of the Group.

Impairment of Investments held in joint venture

Following the non-renewal of the CASE tractor franchise by the franchisor, which anchored the operations of Liftquip (Private) Limited (the joint venture), management has assessed the investment held in the Joint Venture for impairment.

The investment was carried at cost at Company level (IAS 27.10) and equity accounted at group level as directed by the applicable IFRS. The carrying amounts of the investment were found to be fully impaired on 30 June 2016 and the company entered into winding up proceedings with effect from August 2016. As at 31 December 2016, the winding process was not yet complete.

Notes to the Financial Statements(Continued)

15. Goodwill

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Balance at the beginning of the year	**951,702**	**1,051,114**	**-**	**-**
Impairment of goodwill allocated to Liftquip (Pvt) Ltd	-	(98,124)	-	-
Effect of foreign currency exchange difference	(2,878)	(1,288)	-	-
Balance at year end	**948,824**	**951,702**	**-**	**-**

Due to synergies that arose on acquisition, the goodwill relating to the acquisition of Tractive Power Holdings Limited Group (TPH) is attributed to the Farmec business unit. The Portion attributable to business units which have been discontinued as cash generating units has long since been impaired. The residual goodwill has been allocated to Farmec and Afritrac and it represents the lowest level at which goodwill is monitored for internal management purposes.

In applying IAS 36, goodwill relating to the above acquisition has been tested for impairment at the same level as the Farmec Business unit.

Budgeted operating cash flows for the related business unit were projected and discounted at the group's average pre-tax cost of capital. The calculations performed indicated that goodwill was not impaired. The following key assumptions were made in determining the value in use:

i. The forecast horizon of 4 years was used. The forecast horizon comprises of the approved budget for 2017 drafted in the last quarter of 2016.

ii. The values assigned to the 4 year forecast; that is revenue, cost and growth assumptions reflect current trends, anticipated market developments and management's experience.

iii. The key assumptions for the recoverable amount calculation are the long term growth rate and the discounting rate. The long term growth rate used is purely for impairment testing of goodwill under IAS 36 and does not reflect the long term planning assumptions used by the group for investment proposals or for any other assessments.

iv. A discount rate of 11.5% per annum, being the group's pre-tax weighted average cost of capital, was used.

Notes to the Financial Statements(Continued)

16. Inventories

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Raw materials	620,836	718,114	620,836	718,115
Finished Goods	2,924,312	6,959,380	1,165,667	3,949,143
Spares and components	6,529,051	6,082,475	4,240,818	5,142,803
Provision for obsolescence	(1,385,697)	(1,130,357)	(655,018)	(576,138)
Total inventories at lower of cost and net realizable value.	**8,688,502**	**12,629,612**	**5,372,303**	**9,233,923**

The borrowings as disclosed in 19 are secured by the entity's inventory. The cost if inventories included in cost of sales amounted to $17,086,407 for the Group (2015 - $21,077,743) and $10,627,094 for the Company (2015 - $13,407,492). The value of inventory that was written down for the group is $255,340 and for the company is $78,880.

17. Trade and other receivables

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Local trade receivables	5,336,252	6,876,985	2,249,383	3,764,259
Foreign trade receivables	424,784	965,587	424,784	965,587
Other receivables	4,518,740	2,416,491	3,293,876	1,407,600
Allowance for credit losses (trade and other receivables)	(4,196,237)	(4,550,730)	(2,929,791)	(3,184,950)
Total	**6,083,539**	**5,708,333**	**3,038,252**	**2,952,496**
Aging of receivables that are past due but not impaired				
30-60 days	988,395	1,007,189	998,395	320,832
61-90 days	347,746	719,217	247,746	137,857
91-120 days	1,529,915	1,840,879	1,029,915	1,586,570
Over 120 days	104,209	976,552	34,209	536,646
Total	**2,970,265**	**4,543,837**	**2,310,265**	**2,581,905**

See note 26 on credit risk of trade receivables, which explains how the group manages and measures credit quality of trade receivables that are neither past due nor impaired.

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Movement in the allowance for credit losses				
Balance at the beginning of the year.	4,550,729	3,209,144	3,184,950	1,901,943
Impairment losses recognized on receivables	1,561	2,083,176	1,227	1,761,774
Amounts written off during the year as uncollectible	(199,860)	(82,197)	(100,193)	(82,197)
Amounts recovered during the year.	(156,193)	(659,393)	(156,193)	(396,570)
Balance at end of the year.	**4,196,237**	**4,550,730**	**2,929,791**	**3,184,950**

Notes to the Financial Statements(Continued)

The credit period on sales of goods ranges between 60 – 90 days. No interest is charged on outstanding trade receivables. Before accepting any new customer, members of the Group's executive team and sales administrators deliberate the prospective customer's credit worthiness. Members of the Group's executive team, its sales administrators and marketing managers often meet prospective customers in order to conduct background and screening checks and attach a credit quality rating before accepting credit trading customers. Credit limits are defined for each customer and set by the executive team. Credit limits and customer quality are constantly reviewed.

17.1 Investment in government treasury bills

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Government treasury bills.	135,778	135,778	-	-
Reclassified to short term portion	(45,258)	-	-	-
Balance at end of the year.	**90,520**	**135,778**	-	-

The Group through Barzem (Private) Limited was issued with Treasury bills by the Government of Zimbabwe as settlement of a debt that amounted to US $ 135 778. Three bills were issued on 28 August 2014 which mature in April 2017, 2018, 2019 respectively. The Treasury bills attract an interest rate of 2% per annum and a half yearly coupon. The bills were issued a discount rate of 2.009937% and have a yield to maturity rate of 2.009%. The effect of discounting these bills to present value would not be material.

18. Trade, Other payables and Provisions

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
18.1 Trade and other payables				
Local trade payables	682,764	1,343,762	612,546	1,071,049
Foreign trade payables	1,997,015	2,401,694	307,744	1,822,172
Other payables and accrued expenses	1,962,645	503,681	1,840,952	161,139
Balance at end of the year.	**4,642,424**	**4,249,137**	**2,761,242**	**3,054,360**

Management has reclassified an amount of US$3,124,947 in prior year which was classified as current liabilities under trade and other payables to inter company payables disclosed under non current liabilities. The amount relate to proceeds from disposals of assets by Manica and were provided to fund the operations of the business on a long term basis.

Local trade payables

The average credit period on local purchases of key manufacturing inputs ranges between 7-60 days (from date of invoice)

Foreign trade payables

The average credit period on foreign purchases of key manufacturing inputs is 30 days (from date of invoice). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that trade payables are paid within the pre-agreed credit terms.

Notes to the Financial Statements(Continued)

18. 2 Provisions

	Group			Company		
	Emp Benefits	Warranty	Total	Emp Benefits	Warranty	Total
Opening balance 2014	**1,366,320**	**150,094**	**1,516,414**	**922,304**	**33,945**	**956,249**
Charge to profit and loss	587,820	(6,010)	581,810	574,267	(6,010)	568,257
Payments	(322,311)	-	(322,311)	(43,505)	-	(43,505)
Closing balance 2015	**1,631,829**	**144,084**	**1,775,913**	**1,453,066**	**27,935**	**1,481,001**
Charge to profit and loss	600,683	(5,485)	595,198	-	(5,485)	(5,485)
Payments	(1,148,254)	(86,096)	(1,234,350)	(1,148,254)	-	(1,148,255)
Closing balance 2016	**1,084,258**	**52,503**	**1,136,761**	**304,812**	**22,450**	**327,261**

19. Financial Liabilities: Interest bearing loans and borrowings

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Short term portion of long term borrowings				
Bank loans	780,437	2,339,342	780,437	2,339,342
Total short term portion of long term borrowings	**780,437**	**2,339,342**	**780,437**	**2,339,342**
Non-current borrowings				
Bank loan	17,552	435,995	-	435,995
Other	-	32,552	-	-
Total non-current borrowings	**17,552**	**468,547**	**-**	**435,995**
Total borrowings				
Short term portion of long term borrowings	780,437	2,339,342	780,437	2,339,342
Non-current	17,552	468,547	-	435,995
Total	**797,989**	**2,807,889**	**780,437**	**2,775,337**
Maturity profile of borrowings				
Due within one year				
0-3 months	380,651	900,027	380,651	932,579
3-6 months	431,298	468,921	431,298	468,921
6-12 months	-	970,394	-	937,842
Total due within one year	**811,949**	**2,339,342**	**811,949**	**2,339,342**
Due after one year				
1-5 years	17,552	769,606	-	769,606
Total due after one year	**17,552**	**769,606**	**-**	**769,606**
Maturity profile of overdraft facilities				
Due within one year				
0-3 months	-	44,991	-	44,991
3-6 months	1,327,218	1,528,953	1,327,218	1,528,953
6-12 months	-	-	-	-
Total	**1,327,218**	**1,573,944**	**1,327,218**	**1,573,944**

Borrowings are held with local financial institutions and are expected to be paid by 31 July 2017. These are secured by a Notarial General covering bond on movable assets

The weighted average cost of borrowing for the year was 11.5% (2015- 11.6%).

Notes to the Financial Statements(Continued)

20. Cash and Bank Balances

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Cash at bank and on hand	1,839,726	2,388,799	806,087	1,290,226
Foreign cash at bank (other than US$)	14,352	2,435	14,352	2,435
Total	**1,854,078**	**2,391,234**	**820,439**	**1,292,661**

21. Reserves

21.1 Revaluation reserve

The Revaluation reserve arises on the revaluation of land and buildings and items of plant and machinery. When revalued assets are sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in revaluation reserve will not be reclassified subsequently to profit or loss. In the current year $7,500 was transfered to retained earnings upon disposal of the related assets.

Distributions from the revaluation reserve can be made where they are in accordance with the requirements of the Company's memorandum and articles of association, the Companies Act of Zimbabwe and relevant case law. Amounts may also be effectively distributed out of the revaluation reserve as part of a share buy-back. Generally, there is no restriction on the payment of 'bonus shares' out of the revaluation reserve.

However, the payment of cash distributions out of the reserve is restricted by the terms of the Company's memorandum and articles of association. These restrictions do not apply to any amounts transferred to retained earnings. The directors do not currently intend to make any distribution from the revaluation reserve.

21.2 Capital Reserve

The Capital reserve arose from the conversion of Zimbabwe dollar (ZWD) balances into United States dollars on 1 February 2009.

21.3 Foreign Currency Translation Reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies into the Group's presentation currency (United States dollars) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency reserve are reclassified to profit or loss on disposal of the foreign operation.

21.4 Change in ownership reserve

The Change in ownership reserve arose when Zimplow acquired there residual non-controlling interests in Tractive Power Holdings Limited in January 2014. It represents the difference between the amount by which the carrying amount of the non-controlling interest was adjusted and the fair value of the consideration paid. According to IFRS 10.B 96 such changes on ownership interest must be recognized directly in equity.

The reserve increased during the year due to the exercise of an option by the non-controlling shareholder to increase its interest in the subsidiary. Below is the impact of the change in shareholding in Barzem in the equity attributable to the owners of the parent.

Proceeds received from issue of shares	840,000
Change in non-controlling shareholder's share of net assets	(1,641,876)
Loss recognised in equity	801,876

Notes to the Financial Statements(Continued)

22. Long term receivables

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Long term receivables	712,464	157,200	462,464	157,200
Short term portion of long term receivables	233,167	144,733	233,167	144,733
Total long term receivables	**945,631**	**301,933**	**695,631**	**301,933**

The long term receivables have agreed repayment terms and attract interest at a rate of 5%. The maximum payment period is 3 years.

23. Group Information

Information about subsidiaries

Details of the group's subsidiaries at the end of the reporting period are as follows;

Name of subsidiary	Principal activity	Place of incorporation and business	Proportion of ownership interests and voting rights held by the Group	
			31-Dec-16	31-Dec-15
Barzem Enterprises (Private) Limited	Sale, distribution and maintenance of mining and earthmoving equipment	Zimbabwe	51%	65%
Manica Road Investments (Private) Limited	Property rental and management	Zimbabwe	100%	100%
African Traction and Associated Technologies (Pty) Limited	Manufacture, sale and distribution of animal drawn implements	Zimbabwe	49%	49%

An analysis of group subsidiaries with material non-controlling interests is as follows

Name of subsidiary	Place of incorporation and business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-contolling interests		Accumulated non-contolling interests	
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Barzem Enterprises (Private) Limited*	Zimbabwe	49%	35%	(370,471)	66,325	4,366,171	3,074,979
African Traction and Associated Technologies (Pty) Limited *	Zimbabwe	51%	51%	(16,294)	(54,951)	199,310	215,913

* Zimplow Holdings Limited issued new shares amounting to an additional 14% to Barloworld Equipment which will result in Zimplow's ownership in Barzem being diluted from 65% to 51%. The allotted shares were 36,373 at a consideration of US$ 840,000. The transaction was approved by the Regulatory authorities on 31 January 2016. In line with IFRS 10, Barzem continues to be a subsidiary of Zimplow holdings Limited.

* The Group has a 49% ownership interest in African Traction and Associated Technologies (Pty) Limited (Afritrac) domiciled in South Africa. The Group's interest in Afritrac was acquired in February 2011 and there has been no change in the Group's ownership in Afritrac since then. The remaining 51% of the ordinary shares of Afritrac are owned by the four previous shareholders in their individual capacities at 12.75%.

Notes to the Financial Statements(Continued)

Details of non-wholly owned subsidiaries with material non-controlling interests

The summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations is as follows;

Barzem Enterprises (Private) Limited

	31-Dec-16 US$	31-Dec-15 US$
Summarized statement of financial position		
Current Assets	8,174,022	7,491,333
Non-current Assets	3,644,291	2,803,575
Current liabilities	(2,463,835)	(1,509,255)
Non-current liabilities	-	-
Equity attributable to owners of the company	4,988,307	5,710,674
Non-controlling interests	4,366,171	3,074,979
Summarized statement of profit or loss		
Revenue	8,984,136	11,679,290
Expenses and taxation	(9,762,260)	(11,489,791)
(Loss)/Profit for the year	(778,124)	189,499
Dividends paid to non-controlling interests	47,775	-
Other comprehensive	-	-
Net cash inflow/ (Outflow) from operating activities	**152,027**	**649,759**
Net cash outflow from investing activities	**(755,716)**	**(42,075)**
Net cash outflow from financing activities	**782,544**	**-**
Net cash inflow/(Outflow)	**178,855**	**607,684**

African Traction And Associated Technologies (Pty) Limited

	31-Dec-16 US$	31-Dec-15 US$
Summarized statement of financial position		
Current Assets	432,375	477,595
Non-current Assets	70,589	80,829
Current liabilities	(94,608)	(102,513)
Non-current liabilities	(17,552)	(32,552)
Equity attributable to owners of the company	191,494	207,446
Non- controlling interests	199,310	215,913
Summarized statement of profit or loss		
Revenue	520,551	725,293
Expenses and taxation	(552,499)	(834,250)
Loss for the year	(31,948)	(108,957)
Dividends paid to non-controlling interests	-	-
Other comprehensive	-	-
Net cash outflow from operating activities	(8,852)	(122,672)
Net cash outflow from investing activities	-	(13,523)
Net cash outflow from financing activities	(18,262)	(1,159)
Net cash outflow	**(27,114)**	**(137,354)**

Notes to the Financial Statements(Continued)

24.1 Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below

Company name	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Balances				
Balances with companies controlled by key management	41,748	6,337	38,141	9,429

Balances payable or receivable from entities controlled by key management personnel are disclosed under trade and other receivables and payables in the statement of financial position.

24.2 Related Party Disclosures

Zimplow Company	Barzem		Afritrac		Manica	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Transaction: Shared service fees	195,212	202,338	-	-	-	-
Balances receivables/(payable)	14,984	(54)	35,854	-	(4,470,230)	(3,124,893)

Company name	Sales and services rendered to related parties		Purchases and services received from related parties	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Transactions				
Transactions with companies controlled by key management	38,640	97,659	-	59,566

Sales of goods to related parties were made at the Group's usual list prices with purchases being made at market prices. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Compensation to key management personal

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US$	US$	US$	US$
Short-term employee benefits	1,961,228	2,033,595	1,590,740	1,962,171
Post employment benefits	64,408	68,519	41,662	51,390
Termination benefits	-	475,000	-	475,000
Total	**2,025,636**	**2,577,114**	**1,632,402**	**2,488,561**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The remuneration of directors and key executives is determined by the Group's Remuneration Committee having regard to the performance of individuals and market trends.

Notes to the Financial Statements(Continued)

25 Operating Lease: with no contingent rent

Future minimum lease payments: 2016	Up To 1 Year	1-5 Years
	US$	US$
Future minimum lease payments at 31 December 2016	46,800	93,600
Future minimum lease payments: 2015		
Future minimum lease payments at 31 December 2015	84,150	336,600

25.1 Operating lease with no contingent rentals

The Group Corporate office leased offices from the Zimplow Group Pension Fund in the current year up to 30 April 2016. The total lease payments for the 4 months amounted to $ 21,037 with no contingent rent payments. The Group office has since moved to premises housing Farmec, one of its divisions.

Afritrac leases certain office properties. Leases are negotiated for an average term of 3 years and are fixed for the agreed period. No contingent rentals are payable.

25.2 Operating lease with contingent rentals

Operating leases relate to premises occupied by CT Bolts (Bulawayo). The non – cancellable nature of the Group's leases would ordinarily necessitate disclosures in accordance with IAS 17: 35 ("Leases"). Rentals are charged as a percentage of monthly turnover. In this regard, future minimum lease payment commitments over prescribed periods would need to be disclosed in accordance with the particulars of lease arrangements. Given the contingent rental payment terms in place throughout most of the current reporting period and in place as at period end, the afore mentioned disclosures are not considered relevant and accordingly do not form part of the note. The Group's contingent rental payment terms, introduced in previous years, are based on a percentage of the monthly turnover of CT Bolts. Payments are remitted monthly, in arrears, to the former owner of the business unit. Set payment terms are not leveraged or indexed to any external sources and are considered to relate only to the Zimbabwean economic environment.

Group	2016	2015
	US$	US$
Payments recognized as an expense	19,941	49,183

Company	2016	2015
	US$	US$
Payments recognised as an expense	24,536	49,183

26. Financial instruments

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing return to stakeholders through the optimization of the debt and equity balance. The Group's strategy remains unchanged from 2015. The capital structure of the Group consists of net debt (borrowings as detailed in note 20) offset by cash and bank balances and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests) The Group is not subject to any externally imposed capital requirements. The Group's risk management committee reviews the capital structure of the Group bi-annually. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 15%-35% determined as the proportion of net debt to equity.

Notes to the Financial Statements(Continued)

Group	2016 US$	2015 US$
Debt (1)	2,125,200	4,291,581
Cash and Bank Balances	(1,854,078)	(2,391,234)
Net debt	**271,122**	**1,900,347**
Equity(2)	25,228,402	26,983,818
Net debt to equity ratio	**1%**	**7.04%**

(1) Debt is defined as long- and short-term borrowings
(2) Equity includes all capital and reserves of the Group that are managed as capital

26.2 Financial Risk Management Objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	31-Dec-16			31-Dec-15		
Group	S. African Rand US$	Botswana Pula US$	ZMW US$	S. African Rand US$	Botswana Pula US$	British Pounds US$
Assets						
Trade and other receivables	7,212	(268)	-	6,419	252	-
Cash and cash equivalents	4,028	8,102	4,744	3,328	89	-
Total assets	**11,240**	**7.834**	**4,744**	**9,747**	**341**	**-**
Liabilities						
Trade and other payables	(328,536)	-	-	(584,780)	-	(109,280)
Total net position	**(317,296)**	**7,834**	**4,744**	**(575,033)**	**341**	**(109,280)**

	31-Dec-16			31-Dec-15		
Company	S. African Rand US$	Botswana Pula US$	ZMW US$	S. African Rand US$	Botswana Pula US$	British Pounds US$
Assets						
Trade and other receivables	7,212	268	-	6,419	252	-
Cash and cash equivalents	1,798	89	4,744	3,328	89	-
Total assets	**9,010**	**357**	**4,744**	**9,747**	**341**	**-**
Liabilities						
Trade and other payables	(328,536)	-	-	(584,780)	-	(109,280)
Total net position	**(319,526)**	**357**	**4,744**	**(575,033)**	**341**	**(109,280)**

Notes to the Financial Statements(Continued)

The table below details the Group's sensitivity to the strengthening of the US$ against the South African Rand, Botswana Pula and the British Pound by 10%, with all other variables held constant. The analysis was applied to monetary items at the reporting.

	31-Dec-16				31-Dec-15			
Group	S. African Rand US$	Botswana Pula US$	ZMW US$	Total US$	S. African Rand US$	Botswana Pula US$	British Pound US$	Total US$
Profit before taxation	43,486	(910)	(431)	42,145	3,356	(3)	16,307	19,660

	31-Dec-16				31-Dec-15			
Company	S. African Rand US$	Botswana Pula US$	British Pound US$	Total US$	S. African Rand US$	Botswana Pula US$	British Pound US$	Total US$
Profit before taxation	30,386	(712)	(431)	29,242	3,413	(3)	16,307	19,717

Interest rate risk

The Group may be exposed to interest rate risk because entities in the Group may borrow funds at variable interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Alternatively, borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings are settled as promptly as possible if interest rates are unfavorable and the Group always strives to negotiate the most favorable rates and tenures to avoid both cash flow and fair value interest rate risk. The Group endeavors to maximize interest rates on investments and minimize interest rates on borrowings. The Group policy is to adopt anon – speculative policy on managing interest rate risk. In the current and presented prior period, Group borrowings were at fixed terms and interest rates. The assessment made by the directors of the company revealed that the current interest rates in borrowings approximated market rates.

Credit risk

Credit risk relates to the risk that trade counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred. Potential concentrations of credit risk consist principally of short term cash and cash equivalents, investments and trade receivables. Credit risk related to cash deposits was attributed to Group deposits and short term cash surpluses held with major banks and financial institutions of high credit standing and within investment limits assigned to each counter party. Investment limits with banks and financial institutions are assigned by the Group's Executive Committee in an effort to minimize the concentration of risk and therefore mitigate financial loss through potential counter party failure. The Group's Board of Directors reviews the limits and investment placements on a periodic basis and approves the Committee's proposals accordingly, or alternatively rejects related proposals and effects changes to Group policy. The Group similarly adopts the afore mentioned approach in formulating policy over equity security investments. Credit risk related to trade receivables: Trade receivables comprise a relatively large and widespread customer base. Group entities perform on going credit evaluations of the financial condition of their customers. Credit limits are established for all customers based on internal credit rating assessments after extensive prospective customer background and credit reference checks are performed.

Outstanding customer receivables are regularly monitored and a full time credit control department exists to independently perform this function. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Accordingly, the Group has no significant exposure of credit risk which has not been adequately provided for. The Group's

Notes to the Financial Statements(Continued)

maximum exposure to credit risk at 31 December 2016 and further specific credit risk mitigating activities adopted by the entity are as shown in note 17 and 20.

Liquidity risk

Liquidity risk relates to a risk of a shortage of corporate funds being experienced. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility in funding by maintaining funding availability under committed credit lines. The Group's objective is to maintain a beneficial balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans, whilst always considering the need for potential funding source diversificationthrough the introduction of Finance lease or hire purchase arrangements, or the issuance of preference shares. As at the reporting period end date, the Group's external funding sources were limited to bank overdrafts and interest bearing loans and borrowings. The Group has access to financing facilities, which were fully utilized in the current period. The Group expects to meet its core trading based obligations from operating cash flows and proceeds from the realization of its financial assets. The table below summarizes the maturity profile of the Group's financial liabilities (excluding borrowings, whose maturity profile is disclosed under note 20) at 31 December 2016 based on contractual undiscounted payments:

	Group		Company	
Maturity profile of trade and other payables	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Due within 1 year	-	1,067,046	-	1,067,046
On demand	653,754	442,547	653,754	480,888
Less than 3 months	3,988,670	2,739,544	2,107,488	1,506,426
Total	**4,642,424**	**4,249,137**	**2,761, 242**	**3,054,360**

Refer to note 19 for disclosure of the maturity profile of borrowings based on contractual undiscounted

Fair Value

The estimated net fair values of all financial instruments approximate the carrying amounts disclosed in the financial statements.

27 Share based payments

27.1 Details of the employee share option

The Company has a share option scheme for executives and senior employees of the Group and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at annual general meeting, executive and senior employees with more than five years' service with the Group would be granted options to purchase ordinary shares at an exercise price of US$0.065 per ordinary share.

The scheme related to a total of 7,783,941 shares which approximates 5% of the issued share capital of the Company. Each employee share option is converted into one ordinary share of the Company on exercise. No amounts would be paid or payable by the recipient on receipt of the option. The options carried neither rights to dividends nor voting rights and could be exercised at any time from the date of vesting to the date of their expiry.

The employee can exercise the share options one year from the grant date.

The number of options granted was calculated in accordance with the performance-based formula approved by shareholders at previous annual general meetings and approved by the Human Resources Committee. The formula rewards executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial and customer service measures:

- improvement in share price
- reduction in warranty claims
- improvement in net profit
- results of client satisfaction surveys
- improvement in return to shareholders
- reduction in rate of staff turnover

Notes to the Financial Statements(Continued)

Option series	Number	Percentage	Expiry date
Granted in 2015	1,556,788	20%	2020
Granted in 2016	-	-	-

27.2 Movements in share options during the year

The following reconciles the share options that were outstanding at the beginning and the end of the year.

	Group		Company	
	31-Dec-16 Number of options	31-Dec-15 Number of options	31-Dec-16 Number of options	31-Dec-15 Number of options
Balance at beginning of the year	2,335,182	778,394	2,335,182	778,394
Granted during the year	-	1,556,788	-	1,556,788
Exercised during the year	-	-	-	-
Balance at the end of the year	**2,335,182**	**2,335,182**	**2,335,182**	**2,335,182**

No options were exercised during the year and none were exercisable at the end of the year.

27.3 Value of share options at the end of the year.

Similar to the prior period, the company's share price at 31 December 2016 of 0,033 was lower than the exercise price of 0,065. As such no entries have been recorded to value the current option series.

28.0 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Financial Statements(Continued)

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Basic loss per share(US$)				
Basic loss per share	(0.01)	(0.03)	(0.01)	(0.03)
Diluted loss per share(US$)				
Diluted loss per share	(0.01)	(0.03)	(0.01)	(0.03)

The information below was used to calculate earnings per:

	Group		Company	
	31-Dec-16 US$	31-Dec-15 US$	31-Dec-16 US$	31-Dec-15 US$
Weighted average number of ordinary shares in issues				
For the purpose of basic loss per share	**235,465,865**	**168,039,505**	**235,465,865**	**168,039,505**
Add dilutive impact of shares	-	-	-	-
For the purposes of diluted loss per share	**235,465,865**	**168,039,505**	**235,465,865**	**168,039,505**
Loss for the year used in the calculation of basic and diluted loss per share	(2,141,487)	(4,791,849)	(1,093,936)	(4,807,688)

The 2.335.183 share options held by senior management at year end were granted at an exercise price of US $0.065. The average market price of the Company's shares was US $0.0265 during the period. In accordance with IAS 33.46 and IAS 33.47 the options held by senior management were not dilutive.

29. Application of new and amended standards and interpretations

29.1 Standards issued and effective in the current year

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The application of the standards did not have a material efect on the financial statements except as explained below:

IAS 1 Disclosure initiative - amendment to IAS 1

The Group disaggregated the revenue and operating costs lines and also reclassfied some items in to and out of the operating loss line resulting in the previously reported 2015 operating loss increasing by US$944,148. The change in presentation also affected the disclosures on the segment report.

29.2 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with

Notes to the Financial Statements(Continued)

some limited exceptions. The group expects to apply the simplified approach and record lifetime expected losses on all trade recievabes. The group expects an impact on its equity due to unsecured nature of its loans and recievables.

(a) Classification and measurement
The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.
Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects an impact on its equity, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is still assessing the impact of the standard on its contracts with customers.

Amendments to IFRS 10 and IAS 28:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The amendments will not have any impact on the financial statements as the Group does not have interests in associates and joint ventures.

Notes to the Financial Statements(Continued)

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The amendment will result in the Group disclosing information about changes in liabilities as part of its cash flow statements disclosures.

IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact.

The adoption of the standard is not expected to have significant impact on the financial statement of the

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group will asses the impact of the amendement.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The group is still assessing the impact of the standards.

IAS 40 Investment Property

The amendment states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list. The application of the amendment has no impact on amounts recognized in the group's consolidated financial statements.

The standard is not expected to have a major impact.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The IFRIC is effective for annual periods beginning on or after 1 January 2018. The Group is still assessing the impact the adoption of the interpretation will have on the financial statements.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation Or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. Early application of interpretation is permitted and must be disclosed. First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS.

The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. The Group will consider the amendment, where applicable when it becomes effective.

IFRS 12 Disclosure of Interests in Other Entities

Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively. The Group will consider the amendment where applicable when it becomes effective.

CORPORATE AND SHAREHOLDER INFORMATION

05

Shareholders' analysis

	Shares	Shares %	Shareholders	Shareholders %
1-5000	1,010,277	0.43	1,136	79.89
5001-10000	602,417	0.26	84	5.91
10001-25000	1,440,129	0.61	88	6.19
25001-50000	1,123,037	0.48	32	2.25
50001-100001	2,546,553	1.08	35	2.46
100001-200000	1,976,993	0.84	14	0.98
200001-500000	3,816,029	1.62	12	0.84
500001-1000000	857,174	0.36	01	0.07
1000001 and Above	222,093,256	94.32	20	1.41
Totals	**235,465,865**	**100**	**1,422**	**100**
Type of shareholders				
FOREIGN NOMINEE	96,985,816	41.19%	13	0.91
LOCAL COMPANIES	73,236,153	31.1%	193	13.57
PENSION FUNDS	34,121,501	14.49%	26	1.83
LOCAL NOMINEE	13,055,145	5.54%	62	4.36
LOCAL INDIVIDUAL RESIDENT	9,188,950	3.9%	981	68.99
FUND MANAGERS	2,668,175	1.13%	21	1.48
INSURANCE COMPANIES	2,530,574	1.07%	11	0.77
CHARITABLE AND TRUSTS	1,903,211	0.81%	30	2.11
NEW NON RESIDENT	1,723,654	0.73%	55	3.87
DECEASED ESTATES	31,632	0.01%	18	1.27
FOREIGN INDIVIDUAL RESIDENT	9,430	0%	01	0.07
OTHER INVESTMENTS & TRUST	8,818	0%	09	0.63
GOVERNMENT / QUASI	2,668	0%	01	0.07
EMPLOYEES	138	0%	01	0.07
	235,465,865	**100%**	**1,422**	**100**
Top 10 largest shareholders				
SINO PROPERTIES PVT LTD				35%
KENCOR HOLDINGS PVT LTD				11%
CHARTER MINING PVT LTD				8%
STANBIC NOMINEES (PVT) LTD.				7%
YUMIKO INVESTMENTS PVT LTD				6%
T F S NOMINEES (PRIVATE) LIMITED				5%
NATIONAL RAILWAYS OF ZIMBABWE CONTRIBUTORY P/F				5%
TFS NOMINEES (PVT) LTD				4%
BARLOWORLD EQUIPMENT UK LTD				3%
SCB NOMINEES 033663700053				3%

Form of Proxy for the Annual General meeting

I / We ....Of...

Being member/members of the above Company, hereby appoint:

Mr. / Mrs. / Ms. / Dr ....Or failing

him...Of..

..........................as my/our proxy to vote for me/us on my/our behalf at the Annual General

Meeting of the Company and any adjournment thereof.

Signature...Signed this ....of 2017

Note

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, and speak in his stead. The person appointed need not be a member.

2. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.

3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialed by the
signatory/signatories.

4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

Physical and Postal Delivery

Zimplow Holdings Limited
36 Birmingham Rd
Southerton
Harare
Zimbabwe

Email: headoffice@zimplow.co.zw

NOTICE OF AN ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN THAT the sixty-seventh Annual General Meeting of Shareholders will be held at Zimplow Holdings Limited Head Office 36 Birmingham Road, Southerton Harare at 1000hrs on 30 May 2017 to consider the following:

As Ordinary Resolutions

1. To approve the minutes of the Annual General Meeting Held on 2 June 2016
2. To receive and consider the Director's report and the audited financial statements for the year ended 31 December 2016.
3. To elect Directors in place of those retiring

   Messrs Lance Kennedy, Thomasmore Chataika and Nigel Joseph Earle retire from the Board by rotation and being eligible, offer themselves for re-election.
4. To approve the remuneration of directors for the year ended 31 December 2016
5. To fix the auditors remuneration for the year ended 31 December 2016.
6. To appoint auditors for the financial year ending 31 December 2017.

By order of the Board

M CHINORWADZA **4 May 2017**
COMPANY SECRETARY

Zimplow Holdings Limited
Head Office
36 Birmingham Road
Southerton
Harare

Notes:

1. Voting eligibility

a) On a show of hands, every Shareholder who (being an individual) is present in person or by proxy at the AGM or which (being a company or body corporate) is represented thereat by a representative appointed as proxy, shall have one vote (irrespective of the number of shares held), and on a poll, every Shareholder who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented by proxy at the general meeting, shall have one vote for every Zimplow Holdings Limited share of which it is the holder.

2. Appointment of Proxies

b) In terms of Section 129 (3) of the Corporate Act (Chapter 24:03), members entitled to attend the above meeting may appoint one or more proxies, to act in the alternative, to attend, speak and vote on their behalf, including voting on a poll. A proxy need not to be a member of the company.

c) Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the form of Proxy in a representative capacity, unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the AGM. This authority must take te form of a resolution of the Corporate body.

d) Completion of a form of proxy does not preclude a person from subsequently attending the AGM and voting in person.

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DESIGNED & LAYOUT BY 0774110504

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

36 Birmingham Rd
Southerton.
Harare

Tel: 04 883 888-98
www.zimplow.com