2019 | ANNUAL REPORT

ZIMPLOW

YOUR AGRICULTURE, INFRASTRUCTURE & MINING PARTNER

Contents

The integrated Annual Report 2019
can be viewed at www.zimplow.com

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Introduction

This annual report covers the financial year from 1 January 2019 to 31 December 2019 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 April 2019.

Vision, Mission & Values

OUR VISION:

What we aspire to do

To be the supplier of choice for quality and innovative equipment solutions

OUR MISSION:

What we believe

To provide agricultural, mining and infrastructural engineering solutions through internationally acclaimed brands.

OUR VALUES:

How we do it

Integrity
We act honestly and ethically,

Respect
We respect people for who they are.

Teamwork
We trust, support and motivate each other.

Excellence
We deliver quality in our service, react quickly and positively in our interaction with our stakeholders.

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 2019. The report is targeted at the company's stakeholders and is presented in line with the recommendations of the best practice on Corporate Governance. This report aims 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 pages 38 to 40.

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.

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 2019. The report is targeted at the company's stakeholders and is presented in line with the recommendations of the best practice on Corporate Governance. This report aims 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) except for IAS 21 as noted in the statement of compliance on page 48. An independent auditor's report on the financial statements is contained on page 38 to 40.

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. To do so, please contact: Philbert Chipangura pchipangura@zimplow.co.zw or call +263 024 2754612/9, 08677 007184.

Business Profile

For more than 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 sites fields, plantations and estates. We are one of the largest distributors of agricultural, infrastructure and mining equipment in the country.

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 we supply it. 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 agriculture, mining and infrastructural development. Zimplow Holdings is continually developing in ways which will best exploit potential synergies and enhance value for all stakeholders.

Zimplow is committed to honour 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 maximize output, at the same time setting our customers apart from their competitors. We are here for our customers today, tomorrow and the future. Zimplow is serious about quality service.

Where we have come from

1939

FOUNDED
The Company is founded

1951

STOCK EXCHANGE
The Company is listed on the Stock Exchange

2006

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

2008

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

2011

AFRITRAC
Acquisition of African Traction and Associated Technologies. (AFRITRAC)

2012

TRACTIVE POWER HOLDINGS
Acquisition of Tractive Power Holdings Ltd. which comprised of:
- Farmec
- Barzem
- Manica Road Investments
- Northmec
- Puzey and Payne

Where we have come from (cont'd)

2013

RESTRUCTURING
Group Restructuring
Disposal of Puzey and Payne.
Disposal of Tassburg.
Delisting of Tractive Power Holdings.
New corporate identity.

2015

STAFF RATIONALISATION
Rationalization & restructuring strategy for all business units.
$5million Rights issue. Exit from CASE franchise.

2016

CONSOLIDATION
Consolidation and optimisation

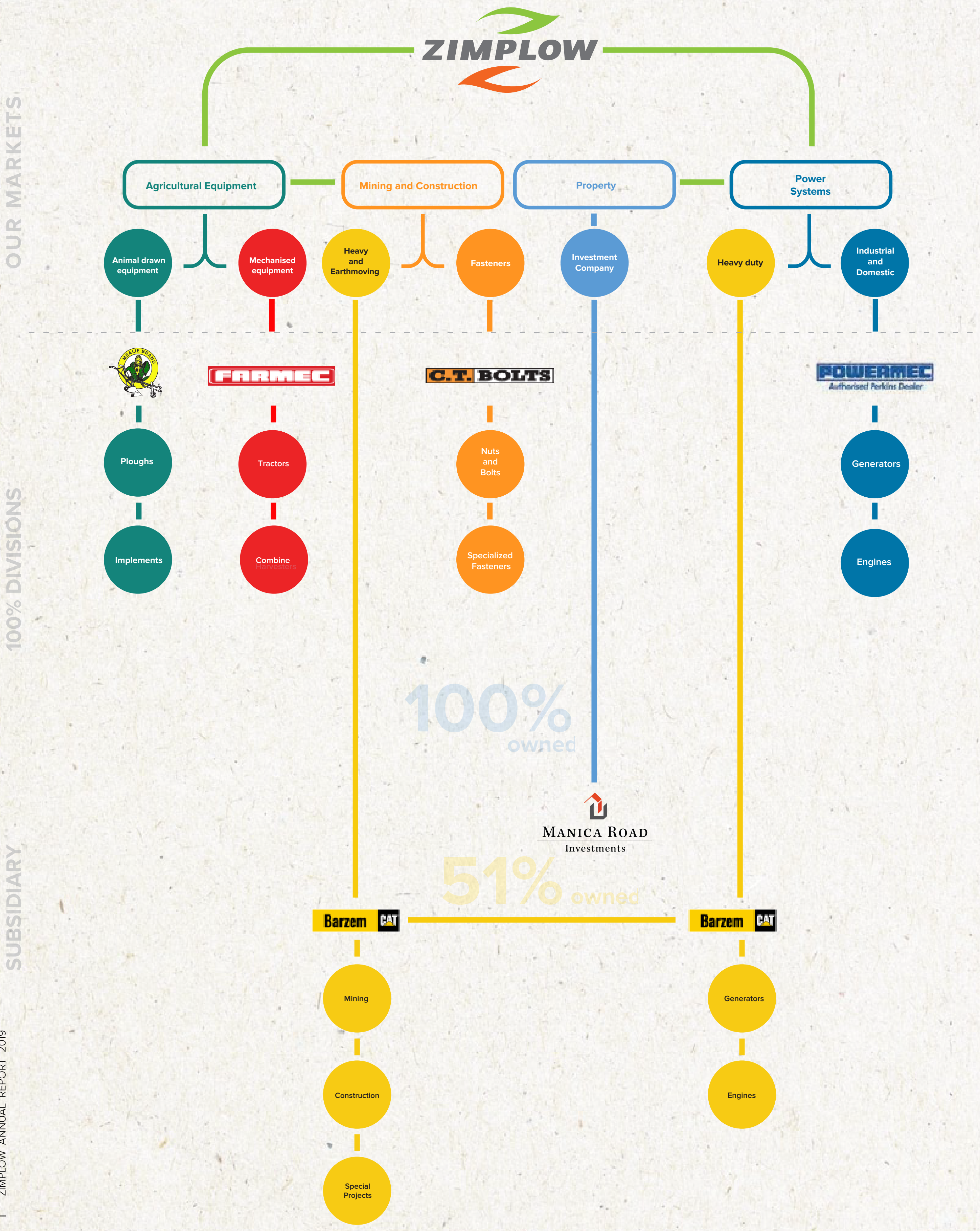
2018

RESTRUCTURING.
Disposal of Afritrac

2019

SUSTAINABLE GROWTH

Our Corporate Structure



Where we operate

Our Business Units

BARZEM ENTERPRISES (Private) Limited

Barzem (51% owned by Zimplow) 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 owns 49% stake in the company. Caterpillar and Hyster are synonymous with high quality dependable products and are specifically built to conquer even the 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 the products it sells.

Contact us on or visit us at:

Harare
10 Harrow Road, Msasa
Tel: + 263 024 2486600-4 / 2486609-15,
Email: catsales@barzem.co.zw
Website: www.barzem.co.zw

Bulawayo
5 Dunlop Road, Donnington
Tel: + 263 029 267781
Email: catsales@barzem.co.zw

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

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.

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 Road, Southerton
Tel: +263 024 2754612/9, 08677 007184
Email: farmec@farmec.co.zw
Website: www.farmec.co.zw

Chiredzi
54 Chironga Road
Tel: + 263 772 720 759, 08677 007184
Email: dulanip@farmec.co.zw

Mutare
12 Aerodrome Road
Tel: +263 712 978 789, 08677 007184
Email: horsefieldm@farmec.co.zw

Marondera
19 Smithfield way
Tel: +263 772 609 357, 08677 007184
Email: mutambue@farmec.co.zw

Bulawayo
Cnr Falcon & Wanderer Street
Tel: + 263 772 720 759, 08677 007184
Email: dulanip@farmec.co.zw

Our Business Units (cont'd)

POWERMEC

Powermec, a 100% owned division. The division was granted rights to distribute Perkins products in Zimbabwe. Powermec supplies Perkins engines spare parts and the related services of Perkins engines in the country.

Powermec is housed at the main Farmec branch in Harare. Powermec is the authorised supplier of Perkins and engines to Zimbabwe.

For more information, contact or visit us at:

Harare
36 Birmingham Road, Southerton
Tel: +263 024 2754612/9, 08677 007184
Email: farmec@farmec.co.zw
Website: www.zimplow.co.zw

MEALIE BRAND

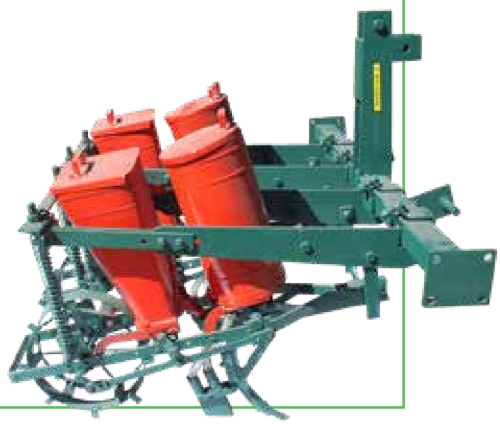
A 100% owned division, Mealie Brand is the largest manufacturer and distributor of animal drawn ploughs, harrows, rippers and planters in Zimbabwe. It offers a wide range of land preparation, cultivation and planting implements in Sub-Saharan Africa. Through its ISO 9001: 2015 Certification, the quality 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. 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 at:

Bulawayo
39 Steelworks Road
Heavy industrial sites
Tel: +263 029 2880667/71363-4, 08677 007184
Email: sales@zimplow.co.zw
Website: www.mealibrand.co.zw

Harare
36 Birmingham Road, Southerton
Tel: +263 024 2754612-9, 08677 007184
Email: sales@zimplow.co.zw



Our Business Units (cont'd)

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 at:

Bulawayo
Cnr Falcon Street and Wanderer Avenue, Belmont
Tel: +263 9 471591-4/467746, 08677 007184
Email: sales@ctbolts.co.zw or
buyer@ctbolts.co.zw

Harare
36 Birmingham Road, Southerton
Tel: +263 4 755261-2 / 755258-9, 08677 007184
Email: sales@ctbolts.co.zw or
buyer@ctbolts.co.zw
Website: www.ctbolts.co.zw

Corporate Governance

- Statement from the Chairman
- Corporate Governance Statement
- Board of Directors
- Group Executive Committee
- Brand Representation
- Board Committee Membership and Subsidiary Board Structure

Statement from the Chairman

FINANCIAL HIGHLIGHTS

INFLATION

Revenue up ▲

85% to 504m

Operating Profit up ▲

158% to 122m

PAT up ▲

199% to 100m

Dear Shareholders

The Group had a strong financial year with turnover up from $272.9m in 2018 to $504.1m in 2019. Volume performance was mixed across the Group with Powermec and Mealie Brand increasing their volumes while Farmec, Barzem and CT bolts suffered some volume reduction. Through a good mix of exports and local products sold the company was able to surpass prior year profitability in real terms. Profit after tax came in at $100.6m up from $35.4m in the prior year.

Below is a financial review by division / subsidiary.

Operational Review

Farmec

Farmec revenues were up from $99.1m to $172.1m. The business sold 104 tractors which was down 37% from 2018. Parts and implements sold were down 22% on prior year comps.

Farmec contributed 44% of Group profitability after tax at $44.6m.

Mealie Brand

Mealie Brand had a strong year with revenues up from $70m to $112.8m. The division benefited from strong export sales which were up 62% on prior year. Export sales enabled the division to have exchange gains while also providing forex for other group companies. The business achieved a profit after tax figure of $55.9m up from $17.1m.

Powermec

Driven by the ongoing electricity shortages gensets sold doubled from 49 to 102. Service hours sold increased by 28% to 3,840. Revenues grew from $22.9m in the prior year to $51.6m. In terms of profitability, the unit improved from $1.4m in 2018 to a profit after tax of $4.1m. The demand pipeline remains strong and ongoing efforts are being made to ensure that we carry sufficient stocks on hand.

CT Bolts

Revenues were up from $10.2m to $16.2m. Overall volumes were down 26% to 299 tonnes however there was a trade-off in the sales volume mix with high tensile steel bolts up 151% and mild steel down 51%. The business remains profitable and achieved a profit after tax of $493k down from $1.9m in the prior year.

Barzem

Barzem's turnover went up from $71.2m to $150.6m. Profit after tax came in at $36.3m up from $4.1m in the prior year. Going forward Barzem represents the biggest growth opportunity for the Group over the coming few years.

Outlook

We are staying very close to our customers ensuring an accurate order book which then drives our working capital posture. We remain nimble and maintain a malleable balance sheet.

Dividend

The board would like to declare a final dividend of 3.78 cents per share. A separate announcement will be made with respect to the dividend.

Appreciation

I would like to thank the board, management and staff for their continued positive efforts.

T. CHATAIKA
CHAIRMAN

Corporate Governance Statement

Board Structure

The board of directors consists of a non-executive chairman, one executive director and five non-executive directors. The chairman 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 page 16.

Audit and Risk Committee

The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee deals, inter alias 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 Committee

The remuneration committee 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 guaranteed 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 Committee 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, background, leadership and ability to exercise sound judgement, general business experience and familiarity with the Group's business. 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 integrity, ethical character and value and appreciate these qualities in others. It is expected that each director will devote the necessary time to the fulfilment of his or her duties as a director. In this regard, the Nominations Committee considers the number and nature of each director's other commitments, including other directorships. The Nominations Committee seeks 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 regularly 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 monthly.

Board of Directors

THOMAS CHATAIKA
Chairman

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

TIMOTHY M. JOHNSON
Non-Executive Director

Expertise
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.

MARK YONG
Non-Executive Director

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

VIMBAYI NYAKUDYA
Group Chief Executive Officer

Expertise
Vimbayi is a Chartered Accountant and a holder of the master of business leadership. He trained with KPMG. Before appointment as CEO, he was the CFO.

LANCE KENNEDY
Non-Executive Director

Expertise
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

Expertise
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 Master's 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 Executive Officer, the position which he still holds today.

KALPESH PATEL
Non-Executive Director

Expertise
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 an MSc in Economics from the London School of Economics.

GRANT PIO
Non-Executive Director

Expertise
Appointed 1 May 2020

Mr. Grant Pio is an industrialist with over 20 years' experience in business management, engineering, project management and product development. He is currently the MD of Warapp Engineering Zimbabwe.

Group Executive Committee

Vimbayi Nyakudya
Group Chief Executive Officer

B. Compt (Hons), CA(Z), CA(SA), MBL
Joined: 14 December 2015

Maxwell Chinorwadza
Group Company Secretary

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

Charles L. Chaibva
Group Chief Finance Officer

B. Acc (Hons.) UZ, CA(Z)
Joined: 1 April 2019

K. S. Mupandawana
Group Human Resources Executive

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

Given Maboreke
General Manager, Powermec

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

Group Executive Committee (cont'd)

Gladys Machawira
Group Internal Audit Manager

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

Henry Madovi
Country Manager, Barzem

HNDip Mgt, Dip Exec Mgt, (MBA), (CIM UK)
Joined: 1 January 2020

Randy Pote
General Manager, Farmec

MBA (NUST), BBA (IMM), Dip Agriculture
Appointed: 1 June 2020

Walter Chigwada
Managing Director, Mealie Brand

BSc Agric Honours (UZ) MSc (Aberdeen) Dip Exec Mgt (UZ)
Joined: 1 August 2013

Shepherd Sebata
General Manager, CT Bolts

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

Group Executive Committee (cont'd)

The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, and accountability, 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 IV 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 fulfils 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.

Brands:

- MASSEY FERGUSON
- Challenger
- FALCON
- MONOSEM
- Perkins
- VALTRA
- MEALIE BRAND
- Master Farmer
- Vicon
- CAT
- HYSTER

Board Committee Membership

Board Structure

Committee	Members	Mandate
Audit and Risk Committee	Godfrey Manhambara (Chairman) Thomas Chataika Lance Kennedy	The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit committee deals, inter alias 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 Committee	Thomas Chataika (Chairman) Tim Johnson Kalpesh Patel	The remuneration committee 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 guaranteed salary as well as a performance related incentive linked to the achievement of present profit targets.
Nominations Committee	Thomas Chataika (Chairman) Kalpesh Patel Mark Yong	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 judgment, 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 judgment or otherwise discharge the fiduciary duties owed as a director to the Company and its stakeholders. All candidates must be individuals of personal integrity, ethical character and value and should appreciate these qualities in others. It is expected that each director will devote the necessary time to the fulfilment 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 Committee will seek to promote through the nominations process diversity on the Board of professional background, experience, expertise, perspective, age, gender and ethnicity.

Subsidiary Board Committee Membership

Subsidiary	Board Members
Barzem	**Lance Kennedy** Non-Executive Chairman (Appointed 31 May 2019) **Thomas Chataika** Non-Executive Director **Brett Stevens** Non-Executive Director (Resigned 31 May 2019) **Regiv Maharaj** Non-Executive Director **Mark Mencel** Non-Executive Director (Resigned 31 May 2019) **Vimbayi Nyakudya** Group Chief Executive Officer (Appointed 1 January 2019) **Mbali Tshitenge** Non-Executive Director (Appointed 1 June 2019) **Sean Walsh** Non-Executive Director (Appointed 1 June 2019)
Manica Road	**Charles Chaibva** (Appointed 1 April 2019) **Vimbayi Nyakudya**

Sustainability Reporting

- Sustainability Reporting
- Stakeholders Engagement
- Value Creation
- Value Added Statement

Sustainability Reporting (Cont'd)

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.

Supply chain management

Our strategy and management approach

Zimplow's strategy is to ensure that our supply chain and resource procurement is conducted in a professional and transparent manner, meeting prescribed standards and quality. Our objective is to ensure that the Group procures raw materials in a sustainable way that minimises business risk. The Group places responsibility on management to ensure sustainable supply chain management in all our businesses.

The Group expects suppliers to operate with our values, adhering to national laws, health and safety standards and ethics in the supply chain business relationships. We engage suppliers on our sustainability values through supplier briefings, supplier satisfaction surveys, workshops and meetings. In managing risk, our suppliers are introduced to global standards so as to sustain our brands and reputation.

Managing what matters and Reporting Practices

What matters

The Group's strategy is to dedicate attention to material impacts and where they take place within the business value chain. The Group considers material issues to be those that reflect the company's economic, environmental and social impacts, and stakeholder influence on the matters.

Materiality Process and Management

The Groups materiality process is managed through a structured process where Business Heads identify material topics within their operations. These matters are presented to the Management Committee for discussion and evaluation. The meetings determine and recommend appropriate actions. Where a matter require strategic guidance, it is elevated to the Board for decision. Senior Management have the ultimate responsibility of approving material topics to be included in the Annual Report.

Material topics

Material topics for the company are determined by evaluating their significant impacts on the business and influence on stakeholders. Engaging with our stakeholders helped us to identify the following topics as material to our businesses:

Economic	Environmental	Social
• Profitability • Foreign currency availability and management • Supply chain relationships • Indirect economic impacts	• Energy consumption and preservation and employee benefits • Water consumption and preservation • Environmental compliance • Climate change	• Employment policies & relations • Employee health and safety • Social responsibility

Sustainability Reporting (Cont'd)

Reporting Practice
The Group's reporting practice is to integrate economic, environmental and social performance in our reporting for transparency to our broad stakeholders, this approach requires that we disclose both financial and sustainability information in a single annual report.

Report Boundary
In defining the reporting boundaries, we focused on Group specific material impacts and on those impacts is material to our businesses. While sustainability reporting continued to be fully embedded across our business, we opted to define reporting boundaries by considering key Group companies with high and material impacts on economic, environmental and social aspects.

Reporting Period
The Group's reporting period spans from 1 January to 31 December each year. This report covers the 12 months for the period ending 31 December 2019.

Economic Impact
Zimplow has for the past year committed to the attainment of food security in the country. Management and staff engage the customers in various ways to ensure optimum utilisation of the land as a natural resource. The entity, is producing more efficient farming machinery to ensure higher yields per piece of land. Due to the ever-increasing population against a statistic natural resource, more efficient ways to till and conserve the land are needed and this is the thrust of the group.

Rural economies development
The Group pro-actively support the socio – economic transformations of the rural community by providing economic solutions to our customers.

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
Zimplow is cognisant of the impact its operations has on the environment and communities and has taken a commitment to minimise the impacts. The Group is committed to protecting the environment and preservation of natural resources. The impact of environmental damage 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.

Our Approach
Management ensures resource preservation for today and future generation is priority by protecting the health of the community and the environment the Group depends on. Our strategic intent is premised on:

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

RAW MATERIALS

Our management approach
Our key products are manufactured and prepared for sale from steel and oil. These require high quality standards to be met,. For the reporting year, our consumption of key materials were as follows:

Materials used	Unit	2019	2018
Steel	Tons	2,166	3,223
Oils	Litres	310	452

Sustainability Reporting (Cont'd)

Percentage of materials used that are recycled input materials

The Group's approach to recycling is to ensure that all materials that can be recycled as inputs into other products are screened for negative impacts, and that they meet the quality and standards for re-use. This mainly applies to Mealie Brand were scrap material is identified and recycle for use. For the reporting year, the percentage of materials recycled was as follows:

Materials	Unit	2019	2018
Overall material recycled	%	3.2	4.1

Environmental Stewardship

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.

Our strategy

In upholding our responsibility on the environment as a natural capital, the Group ensures that operations are in compliance with environmental laws, voluntary and international best practices and standards. We identify waste and effluent from our factories and workshops, evaluate potential risks and take appropriate measures to control or ensure appropriate disposals are undertaken with minimum impacts. We observe environmental standards procedures within the Group to minimise impacts on the ecosystem, biodiversity and climate.

WASTE AND EFFLUENT

Our management approach

The Group ensures that disposal of waste and effluent meet environmental laws, statutory obligations and international best practices and standards. Our Safety, Health,Environmental and Quality (SHEQ) Officers evaluate disposal methods and ensure that approved disposal methods are in line with our environmental stewardship values, statutory and international best practices and standards. The table below analyses our waste type, disposal method and volume during the reporting year.

Waste type	Disposal method	Unit	2019	2018
Used oil	Sold for recycling	Litres	26,235	21,976
Scrap metal	Sold for recycling	Tons	22	28

The Group continues to ensure that waste is disposed appropriately and in a responsible manner. We will continue to put in place measures to ensure that all waste is separated and quantified appropriately.

ENERGY, WATER AND CLIMATE CHANGE

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. Considering global warming, achieving energy efficiency is an important objective of our business.

Our strategy

The Group remains committed to principles of energy and water efficiency in the business value chain. We recognise climate change as a strong emerging business challenge which has financial implications. Our strategy is to monitor our own carbon footprint and water usage with the goal of ensuring that we play our part in minimising negative impacts from our business operations.

Sustainability Reporting (Cont'd)

ENERGY

Our management approach

The Group ensures that manufacturing operations and workshops are energy efficient and achieve low energy intensity. We continue to explore alternative clean energy sources to invest in. All our employees are encouraged to conserve energy in all non-core manufacturing areas. The table below presents energy consumption (within and outside the Group) during the reporting period.

Energy consumption – within the organisation

Energy type	Unit	2019	2018
Electricity	MWH	599	720
Heating (Gas)	Tons	10	10
Heating (Coal)	Tons	467	574
Fuel for generators	Litres	23,354	7,391

Energy consumption – outside the organisation

Energy type	Unit	2019	2018
Diesel	Litres	285,305	223,306
Petrol	Litres	48,428	49,219
Total		333,732	272,525

WATER RESOURCE

Our management approach

Our approach is that we minimise water leakages and wastage within our business premises. Below are the sources and quantities withdrawn from each source:

Source	Unit	2019	2018
Ground water (borehole)	m^3	18,611	29,260
Municipal water supply	m^3	12,336	15,230
Total		30,946	44,491

CLIMATE CHANGE

Our management approach

As a Group, we support climate protection by recognising that we have a part to play. Climate change impacts some of our businesses that support the agricultural sector.

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 namely minimal soil disturbance, permanent soil cover and crop rotations. Through Faccasi, our Mealie Brand division has managed to introduce a no till planter that support the conservation agriculture objectives.

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.

Sustainability Reporting (Cont'd)

Strategic Intent

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

Employer of choice

Zimplow considers employees as a critical capital for the business. 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.

The Group allows employees to join a trade union of their choice in our sector, participate in collective bargaining through their structures and belong to the National Employment Council (NEC) Engineering Iron & Steel and National Employment Council (NEC) Motor Industry.

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.

Our approach

We strive to ensure that our businesses maintain the highest standard and skill by providing opportunities to our employees to attend relevant training courses and programmes which advance their knowledge and skills that benefit our business value chain. Our learning and development opportunities are available through internal and external training activities in an equitable manner. Below the average training hours for our employees:

Average training hours per employee	Unit	2019	2018
Male	Hours	485	297
Female	Hours	78	47

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

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Sustainability Reporting (Cont'd)

Our Approach

Management tries by all means to ensure the work environment is conducive for all employees whether full time, contract or short term causal. Management engages with employees through the Workers Committee and Works Council structures in place. These platforms allow our employees to bring matters of concern to management. Managements approach is to ensure relations are good at all times. Where there are grievances, procedures in the policy are expected to be followed.
Statistics on our employees and human capital impacts are presented below:

Employee Base

Total employees	Unit	2019	2018
Male	Count	296	403
Female	Count	81	80
Total Employees		377	483

	Unit	2019	2018
Permanent	Count	186	188
Contract	Count	191	295
Total Employees		377	483

Employee skills base

Our employees and senior management are members to the following professional bodies:
Institute of Chartered Accountants Zimbabwe (ICAZ)
Institute of Charted Secretaries and Administrators Zimbabwe (ICSAZ)
Institute of People Management in Zimbabwe (IPMZ)
Institute of Internal Auditors (IIA)
Institute of Administration & Commerce (IAC)
Zimbabwe Institute of Engineers (ZIE)
Zimbabwe Institute of Occupational Safety and Health (ZIOSH)
Association of Certified Chartered Accountants (ACCA)
Institute of Marketing Management (IMM)
Chartered Institute of Management Accountants (CIMA)

Health & Safety

We are committed to creating a caring, equitable workplace and the safety and well-being 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 dependants with many opportunities to foster a lifestyle sensitive and responsive to all the dimensions of the total well-being.

Work related accidents/injuries

The Group considers health and safety in our work place as critical to all our business'. Any incidences are treated seriously and receive the necessary attention. Regular audits are conducted to ensure safety measures are in place at all times and appropriate training conducted to ensure that all employees are aware of health and safety issues. The Group's policy is to ensure incidences are kept as low as possible.

Total Employees	Unit	2019	2018
Number of Injuries	FAC/MTC/LTI	108	273
Number of work related fatalities	Incidents	0	0
Safety Training (days)	Days	173	74

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.

Sustainability Reporting (Cont'd)

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 we continue to place great emphasis on this. The group endeavours to uphold core business values and actively works to prevent the prevalence of unethical behaviour such as bribery and corruption. The company has guidelines within its Human Resources policy, Procurement policy and other operational polices that seek to highlight and enforce such matters.

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 of management.

The Group also has an audit and risk 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.

Sustainability Reporting (Cont'd)

The entity's risks have been categorized as strategic, operational, compliance and financial. The diagram below summarizes some of the main risks under each category.

Zimplow Sustainability Review Framework

1. STRATEGIC RISKS

- Growth
- Quality
- People
- Business Model
- Cost Leadership
- Differentiation

2. OPERATIONAL RISKS

- Core Processes
- Service Delivery
- Billing
- Customer Management
- Marketing
- Sales
- Enterprise Support
- Asset Management
- Security & Fraud
- Management
- HR Management
- IT Management
- Core Support Management
- Sales Channel Management
- Product Lifestyle Management
- Supply Chain Management
- Network Management

3. FINANCIAL RISKS

- Financial Reporting
- Treasury
- Liquidity & Credit
- Interest Rates & Forex
- Capital Structure
- Cash & Bank Management
- Tax
- VAT
- Transfer Pricing
- Depreciation
- Tax Audits
- Tax Litigations

4. COMPLIANCE RISKS

- Legal & regulatory compliance litigations
- Corporate
- Governance
- Code of conduct
- Privacy & Integrity
- Conflict of Interests
- Bribery & Corruption
- Environment
- Human Rights

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
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 engage-ments • Improved facilities and new options
Governance and Regulations	• Policy briefings, compli-ance inspections, formal meetings	• Regulatory compliance • Business development com-pliance	• Achieving compliance with statutory requirements • Business regulatory compli-ance
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

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 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 Zimplow's diverse 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 the Group, either as related or emerging new business opportunities, or which could be consolidated into existing integrated customer solutions.

Value Creation

Our Value Creation Model

Outcomes

Impact on Stakeholders

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

Outputs

Key Products, Solutions and impact

Flexible, Value adding, innovative customer solutions in

- Earthmoving: Mining and infrastructure
- Power systems: electric power
- Material handling: Lift trucks
- Agricultural equipment

Training and Development

- Sills development
- Required talent pool
- Increase performance and productivity

Business Activity

Activities that add value

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

Source

Plant and Equipment from OEMs and Own products

Inputs

Capital / **Components of capital**

Financial

Finance

- Appropriate debt/equity funding.
- Optimal divisional capital structures
- Access to Capital

Manufactured

Infrastructure & facilities

- Geographic footprint
- Workshop and storage facilities
- Training facilities

Intellectual

OEM and Intellect

- Captive brands
- State of art operating systems
- Premium customer solutions

Human

People

- Talent
- Skilled workforce

Social and relationship

Building long term relationships

- Stakeholder engagement

Natural

Natural resources

- Land
- Water
- Fossil fuels

OVERVIEW 1
OUR PRODUCTS 2
CORPORATE GOVERNANCE 3
SUSTAINABILITY REPORTING 4
FINANCIAL REVIEW 5
SHAREHOLDER'S ANALYSIS 6

Value Added Statement

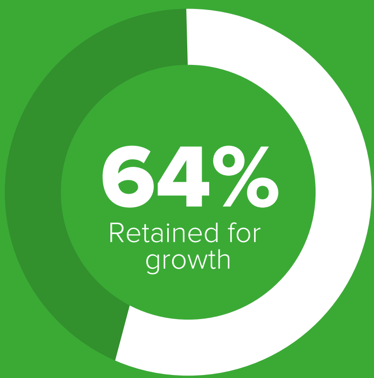
Our value-added statement below shows the value created by the group for its stakeholders;

Number of employees

377

Percentage decrease

22%



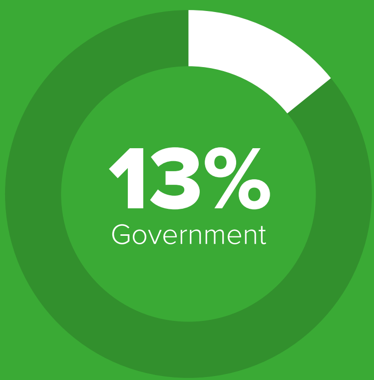
Revenue per employee

Inflated

ZWL$1,33m

Percentage increase

85%



Value created per employee

Inflated

ZWL$437k

Percentage increase

158%

Total value created

Inflated

2019 **ZWL$165m**

2018 **ZWL$84m**

Financial Review

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 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 and potential effects of COVID-19, 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. Further information is provided under note 30, in relation to events after the reporting period.

Accounting Policies

In preparing the Group financial statements set out on pages 41 to 85 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 2019 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 Chief Finance Officer, Charles Chaibva (PAAB No: 198683).

T. Chataika
Chairman
15 April 2020

V. Nyakudya
Chief Executive Officer
15 April 2020

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 2019.

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$0.0004 each.

Issued share capital

The issued share capital of the company was 238,380,780.

Unissued share capital

Unissued ordinary shares of 61,619,220 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 41 to 85 have been audited by Ernst & Young and depict the resilience of the business even with 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 foreseeable future.

Dividend

The board declared an interim dividend for the year ended 31 December 2019 of ZWL$4.61 cents per share. A further ZWL$ 3.78 cents per share has been proposed to bring the total dividend for the year to ZWL$8.39 cents per share.

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 30 June 2020, 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 on behalf of the Board of Directors.

T. Chataika
Chairman
15 April 2020

V. Nyakudya
Chief Executive Officer
15 April 2020

Building a better working world

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Report on the Audit of the inflation adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Zimplow Limited and its subsidiaries (the Group), as set out on pages 41 to 85, which comprise the inflation adjusted consolidated and Company statement of financial position as at 31 December 2019, and the inflation adjusted consolidated and Company statement of Profit or Loss and Other Comprehensive Income, inflation adjusted consolidated and Company statement of changes in equity and inflation adjusted consolidated and Company statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and Company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted Consolidated and Company financial statements do not present fairly the financial position of the Group and the Company as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standard IAS 21- "The Effects of Changes in Foreign Exchange Rates" in Prior Period and Inappropriate Application of International Financial Reporting Standard IAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

As explained in note 2.1 to the inflation adjusted consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2019 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA Real Time Gross Settlement (RTGS) Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and the Company to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. Accordingly, the consolidated and separate financial statements of the Group and the Company included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards (IFRS). The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and separate financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2.1, was to prospectively apply the change in functional currency from USD to ZWL from 23 February 2019 which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers remain misstated on the inflation adjusted Statements of Financial Position, Cash Flows, Profit or Loss and Changes in Equity. This also impacts comparability of the current period's figures

- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the inflation adjusted Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows; the matter continues to impact the balances on the inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the inflation adjusted statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here. This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.1 to the inflation adjusted consolidated financial statements, for the year ended 31 December 2019, the Group translated foreign denominated transactions and balances using interbank rates. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21 therefore the rates are not in compliance with IFRS. Had the correct rates been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried 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 Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates and we could not obtain sufficient appropriate evidence regarding the valuation of properties. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the inflation adjusted Consolidated and Company Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and company 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 inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the directors are responsible for assessing the Group's and Company'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 inflation adjusted Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and company 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 and Company’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 inflation adjusted consolidated and company 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 and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and company financial statements, including the disclosures, and whether the consolidated and company 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 and Company,to express an opinion on the inflation adjusted consolidated and company financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit.

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 inflation adjusted consolidated and company 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, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and company financial statements have not 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 Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

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

Date: 15 April 2020

Group Consolidated and Company Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2019

		Group		Company	
		Inflation adjusted		Inflation adjusted	
Description	Notes	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Continuing Operations					
Sales of goods		477,494,642	259,518,402	339,748,169	193,417,241
Rendering of services		25,138,498	12,229,032	14,104,932	7,929,104
Investment property rental income		1,484,193	1,223,403	-	-
Revenue from contracts with Customers	**4**	**504,117,333**	**272,970,837**	**353,853,101**	**201,346,345**
Cost of sales		(365,501,486)	(171,149,146)	(237,307,556)	(122,731,159)
Gross Profit		**138,615,847**	**101,821,691**	**116,545,545**	**78,615,186**
Other Income	9	99,401,293	1,760,445	83,022,578	1,113,932
Selling and distribution		(5,661,191)	(3,229,261)	(5,131,767)	(3,150,900)
Administrative expenses	5	(75,967,348)	(45,957,809)	(51,487,716)	(29,516,897)
Other Operating Expenses		(7,540,387)	(6,205,316)	(3,827,469)	(3,536,330)
Allowance for credit losses		(998,236)	(799,723)	-	(262,282)
Monetary (Loss) /Gain		(25,528,749)	-	5,562,180	-
Operating profit		**122,321,229**	**47,390,027**	**144,683,349**	**43,262,709**
Finance costs	19.4	(1,196,885)	(2,170,451)	(1,368,753)	(2,166,000)
Finance income	19.3	156,739	1,084,732	47,067	155,606
Profit before tax		**121,281,083**	**46,304,308**	**143,361,663**	**41,252,315**
Tax	8	(20,658,453)	(10,845,023)	(26,897,268)	(11,222,621)
Profit for the year from continuing operations		**100,622,630**	**35,459,285**	**116,464,395**	**30,029,694**
Discontinued Operation					
Profit from discontinued operations		-	155,572	-	-
Loss from discontinued operations		-	(1,922,033)	-	(2,110,428)
Profit for the year		**100,622,630**	**33,692,824**	**116,464,395**	**27,919,266**
Other Comprehensive Income					
Other Comprehensive income that may be reclassified through profit or loss					
Exchange difference on translation of foreign operations		(25,439)	(219,693)	(25,439)	203,217
Other comprehensive income that will not be reclassified to profit or loss					
Revaluation of Plant, Land and Buildings		103,930,651	19,286,639	30,465,894	10,194,201
Other comprehensive income for the year, net of tax		**103,905,212**	**19,066,946**	**30,440,455**	**10,397,418**
Total comprehensive income for the year		**204,527,842**	**52,759,770**	**146,904,850**	**38,316,684**
Profit for the year attributed to:					
Equity holders of the entity		82,922,980	31,632,942	116,464,393	27,919,266
Non-controlling interests		17,699,646	2,059,884	-	-
		100,622,630	**33,692,824**	**116,464,395**	**27,919,266**
Total comprehensive profit for the year attributable to:					
Owners of the parent		175,542,497	47,214,885	146,904,848	38,316,684
Non-controlling interests		28,985,341	5,544,885	-	-
		204,527,842	**52,759,770**	**146,904,850**	**38,316,684**
Earnings per share					
Basic profit for the year attributable to equity holders of the parent	28	0.35	0.13	0.49	0.12
Diluted profit for the year attributable to equity holders of the parent	28	0.35	0.13	0.49	0.12

Group Consolidated and Company Statement of Financial Position

as at 31 December 2019

Description	Notes	Group Inflation adjusted 31-Dec-19 ZWL$	Group Inflation adjusted 31-Dec-18 ZWL$	Company Inflation adjusted 31-Dec-19 ZWL$	Company Inflation adjusted 31-Dec-18 ZWL$
Assets					
Non-current Assets					
Property, plant and equipment	10	231,017,990	94,135,446	76,773,260	36,873,948
Intangible assets	10.3	563,543	727,815	563,543	636,247
Investment property	11	3,845,000	1,410,375	-	-
Investment in subsidiaries	13	-	-	64,256,811	64,256,811
Right of use assets	25	-	-	1,126,851	-
Long term receivables	22	10,588,619	5,110,140	6,326,119	3,708,641
Goodwill	14	5,185,002	5,185,002	-	-
Total non-current assets		**251,200,154**	**106,568,778**	**149,046,584**	**105,475,647**
Current Assets					
Inventories	15	156,607,003	82,843,104	125,668,279	72,430,213
Trade and other receivables	16	22,834,601	21,455,291	7,866,549	9,548,984
Prepayments	17.2	60,446,946	24,446,023	44,665,456	22,384,607
Investment in financial assets	17.1	124,394	1,048,028	124,394	794,302
Cash and bank balances	20	21,672,695	31,514,134	19,975,367	5,963,776
Total current assets		**261,685,639**	**161,306,580**	**198,300,045**	**111,121,882**
Total Assets		**512,885,793**	**267,875,358**	**347,346,629**	**216,597,529**
Equity and Liabilities					
Equity					
Issued share capital	7	534,543	534,543	534,543	534,543
Share premium		110,668,969	110,588,047	110,668,969	110,588,047
Revaluation reserve	21.1	92,644,955	-	30,465,894	-
Capital reserve		(1,090,092)	(112,709)	(1,090,092)	(112,709)
Change in ownership reserve	21.3	(5,069,009)	(5,069,009)	-	-
Share based payment reserve	27.3	-	80,922	-	80,922
Foreign currency translation reserve	21.2	169,156	194,595	169,156	194,595
Accumulated profit		134,186,863	66,585,226	140,383,755	39,240,707
Attributable to holders of the parent		**332,045,385**	**172,801,615**	**281,132,225**	**150,526,105**
Non-controlling interests	23	60,134,979	31,149,638	-	-
Total Equity		**392,180,364**	**203,951,253**	**281,132,225**	**150,526,105**
Non-current liabilities					
Long term borrowings	19.1	-	7,234,157	-	7,234,157
Intercompany payables	24.2	-	-	4,963,556	26,142,289
Deferred tax liabilities	8.3	46,441,385	15,280,768	18,222,632	6,171,529
Total non-current liabilities		**46,441,385**	**22,514,925**	**23,186,188**	**39,547,975**
Current liabilities					
Trade and other payables	18.1	23,821,891	9,903,728	1,659,847	1,686,638
Provisions	18.2	1,565,081	3,921,971	1,471,281	1,449,362
Short term portion of long term borrowings	19.1	1,641,633	15,398,684	1,641,633	15,398,684
Customer deposits	17.2	26,884,946	11,040,791	17,004,199	6,855,348
Lease liabilities	25.2	-	-	218,396	-
Current Tax liabilities		20,350,493	1,144,006	21,032,860	1,133,417
Total current liabilities		**74,264,044**	**41,409,180**	**43,028,216**	**26,523,449**
Total equity and liabilities		**512,885,793**	**267,875,358**	**347,346,629**	**216,597,529**

T. Chataika
Chairman
15 April 2020

V. Nyakudya
Chief Executive Officer
15 April 2020

Group Consolidated and Company Statement of Cash Flows

for the year ended 31 December 2019

Description	Notes	Group Inflation adjusted 31-Dec-19 ZWL$	Group Inflation adjusted 31-Dec-18 ZWL$	Company Inflation adjusted 31-Dec-19 ZWL$	Company Inflation adjusted 31-Dec-18 ZWL$
Cash flows from operating activities					
Operating profit before interest and tax from continuing operations		122,321,229	47,390,029	144,683,349	43,262,710
Operating profit from discontinued operations		-	155,572	-	-
Adjusted for:					
Depreciation of property plant & equipment and amortisation of intangible assets		4,454,568	3,925,974	4,114,649	2,088,777
Fair value adjustments		(2,434,624)	(180,009)	-	-
Share based payment expense		-	175,535	-	175,535
Movement in provisions		(2,356,890)	1,175,813	21,919	913,536
Profit on disposal of property, plant & equipment		(154,779)	(87,526)	(140,058)	(215,394)
Non cash adjustment IAS 29		(14,197,295)	-	(15,298,131)	-
		107,632,209	**52,555,388**	**133,381,728**	**46,225,164**
Working capital changes					
Increase in Inventories		(73,763,899)	(33,475,605)	(53,238,066)	(36,221,225)
(Increase) / Decrease in trade and other receivables		(1,379,310)	5,992,417	1,682,435	3,553,635
(Increase) / Decrease in prepayments		(36,000,923)	7,663,469	(22,280,849)	2,853,144
Increase / (Decrease) in customer deposits		15,844,155	(17,939,910)	10,148,851	(6,148,690)
(Decrease) / Increase in intergroup balances		-	-	(21,178,733)	522,277
Increase / (Decrease) in trade and other payables		13,918,163	(9,706,961)	(26,791)	(9,102,411)
		26,250,395	**5,088,798**	**48,488,575**	**1,681,894**
Interest received		156,739	1,084,732	47,067	155,606
Interest paid		(1,196,885)	(2,128,221)	(1,368,753)	(2,166,000)
Tax paid		(11,641,460)	(10,165,745)	(9,852,170)	(9,507,892)
Dividend paid		(15,321,347)	(4,486,944)	(15,321,347)	(4,486,944)
Net cash (utilised in) / from operating activities		**(1,752,558)**	**(10,607,380)**	**21,993,372**	**(14,323,336)**
Investing activities					
Proceeds from disposal of asset held for sale		-	672,720	-	-
Proceeds from sale of property, plant & equipment		137,332	467,355	116,718	300,005
Purchase of property, plant & equipment		(2,843,698)	(4,415,103)	(1,852,054)	(4,071,898)
Proceeds from sale of financial assets		271,018	255,987	17,294	2,259
Proceeds from disposal of subsidiary		-	654,937	-	985,999
Net cash utilised in investing activities		**(2,435,348)**	**(2,364,104)**	**(1,718,042)**	**(2,783,635)**
Financing Activities					
Lease liability principal repaid		-	-	(610,206)	-
Issue of shares to non-controlling shareholder		-	949,460	-	949,460
Share buyback		(977,386)	(112,709)	(977,386)	(112,709)
Repayments of borrowings	19.2	(7,318,543)	(12,926,283)	(7,318,543)	(12,929,977)
Proceeds from borrowings	19.2	2,642,396	27,189,080	2,642,396	27,189,080
Net cash flows from financing activities		**(5,653,533)**	**15,099,548**	**(6,263,739)**	**15,095,854**
Net (decrease) / increase in cash and cash Equivalents		**(9,841,439)**	**2,128,064**	**14,011,591**	**(2,011,117)**
Net foreign exchange difference		-	(179,308)	-	178,780
Cash and cash equivalents at 1 January		**31,514,134**	**29,565,378**	**5,963,776**	**7,796,113**
Cash and cash equivalents at 31 December	**20**	**21,672,695**	**31,514,134**	**19,975,367**	**5,963,776**
Comprising of:					
Cash and cash balances		21,672,695	31,514,134	19,975,367	5,963,776

Group Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

Inflation Adjusted ZWL$ Group	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Change in Ownership reserve	Foreign Currency translation Reserve	Share Based Payment Reserve	Retained earnings	Attributable to Owners of the parent	Non-Controlling Interest	Total
Balance on 1 January 2018	**528,006**	**-**	**109,155,070**	**10,833,245**	**(5,069,009)**	**(1,400,938)**	**282,738**	**13,008,739**	**127,337,851**	**26,822,207**	**154,160,058**
Elimination of NCI on Afritrac Disposal	-	-	-	-	-	-	-	-	-	(1,217,449)	(1,217,449)
FCTR Recycled	-	-	-	-	-	1,610,827	-	-	1,610,827	-	1,610,827
Share based payment	-	-	-	-	-	-	175,535	-	175,535	-	175,535
Dividend paid	-	-	-	-	-	-	-	(4,486,949)	(4,486,949)	-	(4,486,949)
Profit for the year	-	-	-	-	-	-	-	31,632,942	31,632,942	2,059,884	33,692,826
Other comprehensive income/(loss) net of tax	-	-	-	15,597,249	-	(15,293)	-	-	15,581,956	3,484,995	19,066,951
Share options Exercised	6,537	-	1,432,977	-	-	-	(377,351)	-	1,062,163	-	1,062,163
Share buyback	-	(112,709)	-	-	-	-	-	-	(112,709)	-	(112,709)
IAS 29 Restatement	-	-	-	(26,430,494)	-	-	-	26,430,494	-	-	-
Balance at 31 December 2018	**534,543**	**(112,709)**	**110,588,047**	**-**	**(5,069,009)**	**194,595**	**80,922**	**66,585,226**	**172,801,615**	**31,149,638**	**203,951,253**
Share based payment	-	-	80,922	-	-	-	(80,922)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(15,321,347)	(15,321,347)	-	(15,321,347)
Profit for the year	-	-	-	-	-	-	-	82,922,984	82,922,984	17,699,646	100,622,630
Other comprehensive income/(loss) net of tax	-	-	-	92,644,955	-	(25,439)	-	-	92,619,516	11,285,695	103,905,211
Share buyback	-	(977,383)	-	-	-	-	-	-	(977,383)	-	(977,383)
Balance at 31 December 2019	**534,543**	**(1,090,092)**	**110,668,969**	**92,644,955**	**(5,069,009)**	**169,156**	**-**	**134,186,863**	**332,045,385**	**60,134,979**	**392,180,364**

Company Statement of Changes in Equity
for the year ended 31 December 2019

Company	Share Capital	Capital Reserve	Share Premium	Revaluation Reserve	Share based Payment Reserve	Foreign currency translation Reserve	Retained Earnings	Total
Balance on 1 January 2018	**528,006**	**-**	**109,155,070**	**8,161,893**	**282,738**	**(8,622)**	**(2,547,707)**	**115,571,378**
Share buyback	-	(112,706)	-	-	-	-	-	(112,706)
Share based payment	-	-	-	-	175,535	-	-	175,535
Dividend paid	-	-	-	-	-	-	(4,486,952)	(4,486,952)
Share options Exercised	6,537	-	1,432,977	-	(377,351)	-	-	1,062,163
Profit for the year	-	-	-	-	-	-	27,919,267	27,919,267
Other comprehensive profit net of tax	-	-	-	10,194,206	-	203,217	-	10,397,423
IAS 29 Restatement	-	-	-	(18,356,099)	-	-	18,356,099	-
Balance at 31 December 2018	**534,543**	**(112,706)**	**110,588,047**	**-**	**80,922**	**194,595**	**39,240,707**	**150,526,108**
Share buyback	-	(977,386)	-	-	-	-	-	(977,386)
Share based payment	-	-	80,922	-	(80,922)	-	-	-
Dividend paid	-	-	-	-	-	-	(15,321,347)	(15,321,347)
Profit for the year	-	-	-	-	-	-	116,464,395	116,464,395
Other comprehensive profit/ (loss) net of tax	-	-	-	30,465,894	-	(25,439)	-	30,440,455
Balance at 31 December 2019	**534,543**	**(1,090,092)**	**110,668,969**	**30,465,894**	**-**	**169,156**	**140,383,755**	**281,132,255**

1. Corporate information

The consolidated financial statements of Zimplow Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2019 were authorized for issue by the Board of Directors on 27 February 2020. Zimplow Holdings Limited, the Company, is a limited company incorporated and domiciled in Zimbabwe and whose shares trade on Zimbabwe Stock Exchange. 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 Group's financial results have been prepared under policies consistent with the requirements of the Companies Act (Chapter 24.03). The financial results have been prepared under the current cost convention in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (IFRS) which comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. In the previous reporting periods, the Group's financial statements have complied in full with IFRSs, however, it has been impracticable in the current and prior year, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes foreign exchange rates) as well as with the principles embedded in the IFRS Conceptual Framework (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the accounting treatment adopted in the 2018 and 2019 Financial Statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

Change in functional currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of real time gross settlement (RTGS) balances, bond notes and coins collectively as RTGS dollars. RTGS dollars became part of the multi-currency system.
- Promulgated that RTGS dollars were to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument (S.I.) 33 of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the RTGS dollar as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be RTGS dollars at a rate of 1:1 to the US dollar and would become opening RTGS dollar values from the effective date. As a result of the currency changes announced by the monetary authorities, the Directors assessed as required by International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB) whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency had changed to the RTGS dollar. The Group adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February 2019 using the interbank midrate of US$1: ZWL$2.5.

Further, on 24 June 2019, Statutory Instrument 142 of 2019 introduced the Zimbabwean Dollar (ZWL) which is at par with the bond notes and RTGS dollars, that is to say each bond note unit and each RTGS dollar is equivalent to a Zimbabwe Dollar, and each hundredth part of a bond note unit and each hundredth part of a RTGS dollar is equivalent to a Zimbabwean cent.

In this regard, these financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest ZWL except when otherwise indicated. The Comparative information is presented in ZWL which is converted from prior year USD functional currency at rate of 1:1.

Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

During the reporting period, the economy continued to face significant inflationary pressures as evidenced by a rising Consumer Price Index (CPI). The high year-on year inflation amongst other indicators outlined in IAS 29 resulted in a broad market consensus within the accounting and auditing profession that the Zimbabwe economy had met the characteristics of a hyperinflationary economy. The PAAB confirmed this market consensus and issued a pronouncement in October 2019 prescribing application of inflation accounting for reporting periods ended on or after 1 July 2019.

These results have been prepared in accordance with IAS 29 as if the economy had been hyperinflationary from 1 January 2019 being the commencement date of the current financial year, however given that change in functional currency, 22 February 2019 has been treated as the last revaluation date for non-monetary items. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

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

Dates	Indices	Conversion Factors
31 December 2019	551.62	51.00
1 January 2019	98.400	5.606

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

- All comparative figures as of and of the year ended 31 December 2018 were restated by applying the change in the index from 1 January 2019 to 31 December 2019.
- On 1 January 2019, any revaluation surplus that arose in previous periods was eliminated. Restated retained earnings was derived from all the other amounts in the restated statement of financial position.
- In respect of current period information.
- Monetary assets and liabilities were not restated because they are already stated in terms of the measuring unit current at balance sheet date.
- Non-monetary assets and liabilities that are not carried at amounts current at balance sheet and components of shareholders' equity were restated by applying the change in the index from the more recent of the date of the transaction and the date of their most recent revaluation to 31 December 2019.
- Items recognised in the income statement have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred by applying the monthly index for the year ended 31 December 2019. Depreciation and amortisation amounts are based on the restated amounts.
- Gains and losses arising from the net monetary position are included in the income statement;
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income

Comparative information

- Applied the January 2019 adjustment factor to hyper inflate amounts for both December 2018 and January 2019 amounts as the Group adopted the change in functional currency date as 22 February 2020.

Current year information

Revenue, cost of sales, exchange gain/loss

- The line items were segregated into monthly totals and then the applicable monthly adjustment factor was factored to hyper-inflate these amounts.
- For Cost of Sales, the line items were segregated into monthly totals and then the applicable monthly adjustment factor in when the payment was done is factored to hyper-inflate these amounts

Other income

- The other income that was realised was segregated into the respective month in which the income accrued and then the applicable adjustment factor utilised to hyper-inflate the amounts, but unrealised income was not restated.

Depreciation

- The depreciation expense was recalculated based on the restated opening balances.

Fair value adjustments to investment property

- The fair valuation of investment property was determined at year end by professional valuators and used the December adjustment factor.

Income tax expense

- There was no hyper-inflation of the current tax expense but deferred tax expense was re-computed on the restated carrying amounts.

Other comprehensive

- The fair value measurements were determined at year end and thus an adjustment factor for December was used to hyper-inflate the fair value measurements.

Hyper-inflation adjustment approach- Statement of financial position

Property, plant and equipment

- There was no hyper-inflation of the PPE classes fair valued at year end i.e land and buildings; plant and machinery. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income.
- Motor vehicles, computers and furniture and fittings and all the disposals and additions were hyper inflated at the applicable rates.
- The fair valued amounts were assessed for impairment.

Investment property

- The investment property was fair valued at 31 December 2019 and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.
- The fair valued amounts were assessed for impairment.

Deferred tax liability

- The closing balance was calculated based on the inflation adjusted closing balances for the applicable assets and liabilities.

Inventory

- For whole goods, the amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor of the month in which the payment was done.

- For parts and spares, the amounts were classified as per inventory age analysis and the applicable monthly adjustment factor was factored to hyper-inflate these amounts.

Trade receivables

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Prepayments

- The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor the prepayment was done. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Cash and bank

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Trade payables

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Contract liabilities (revenue received in advance)

- The amount constitutes a non-monetary liability and it was hyper-inflated at the applicable adjustment factor. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Provisions

- The provisions were separated into monetary (leave pay) and non-monetary (warranty).
- The non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.
- There was no hyper-inflation adjustment on the monetary provisions.

Bank loans and borrowings

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Hyper-inflation adjustment approach - Statement of changes in equity

Revaluation reserve

- The opening revaluation reserve was eliminated against retained earnings.

Hyper-inflation adjustment approach- Statement of cash flow

- The amounts were segregated into the respective months in which the cash flows actually occurred and the applicable monthly adjustment factor used to hyper-inflate the amount.

Functional Currency

These financial statements are presented in Zimbabwe dollars (ZWL$) which is the parent Company's functional currency and all values are rounded to the nearest ZWL $1.

The Group has been using the United States dollar as its functional and reporting currency since 2009. In 2016, the monetary authorities introduced the Bond note which was at par with the US$.

On the 1st of October 2018, an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019, Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS dollar. Another Exchange Control Directive.

RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS dollar and the USD as well as other currencies in the multi-currency regime. On June 24, the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi- currencies and compelled that all transactions be done in local currency (ZWL$). The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019.

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, the 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 IFRS 16, 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 inputs, are 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 intra-group 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 with the aim of complying with International Financial Reporting Standards and presented in ZWL$ (ZIMBABWE Dollars, rounded to the dollar), which is the Group's functional and presentation currency. While full compliance with IFRS has been possible in the previous periods, only partial compliance has been achieved on 2019, because it has not been possible to comply with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS21).

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 acquiree (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.

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.

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.

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.

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 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.

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.

3.5 Revenue recognition

The Group is in the business of distributing mining and agricultural equipment and the related service for the same equipment. The equipment and services are sold both on their own in separate identified contracts with customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group recognises revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Sale of agriculture and mining equipment and spares.

Revenue from sale of **agriculture and mining equipment and spares** is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of **agriculture and mining equipment and spares**, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved Some contracts with customers provide a right of return. The group allows returns of spare parts for cash within a period of 10 days. The portion of sales at year end has been assessed as insignificant. Therefore, there is no impact on the group's reported revenue for the period.

Rights of return

The Group uses the expected value method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Group will be entitled. The Group then applies the requirements on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. The group policy allows returns of products within 10 days. At year end, any such goods that would have been returned had their terms expired, Therefore, there is no impact on financial statements.

Warranty obligations

The Group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. These assurance-type warranties are accounted for as warranty provisions, which are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Rendering of services

The Group's mining and mechanical agricultural equipment segments provides after sales service for equipment sold. These services are sold on their own in contracts with the customers. The Group accounts for the equipment and service as separate deliverables of bundled sales and allocates consideration between these deliverables based on relative stand-alone selling prices.

Advances received from customers

Generally, the Group receives only short-term advances from its customers. They are presented as part of Trade and other payables. The Group does not receive long-term advances from customers. The Group determines whether there is a significant financing component in its contracts. The Group uses the practical expediency, and will not adjust the promised amount of the consideration for the effects of a significant financing components in the contracts, where the Group expects, at contract inception, that the period between the Group transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short term advances, the Group does not account for a financing component even if it is significant.

Based on the nature of the goods and services offered and the purpose of payment terms, the Group determined that for the vast majority of the contracts that require customers to pay in advance, the payment terms were structured primarily for reason other than the provision of finance to the Group, that is. Advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer pays for the goods and the Group transfers goods to the customer is relatively short. Therefore, the Group has concluded that there is not a significant financing component in these contracts.

Presentation in financial statements

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related good or service to the customer.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established. This generally happens when a provision has been made. 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 3.6 below.

3.6 Leasing

IFRS 16

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

The Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

I) Right of use assets

The group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 – 5 years
- Land and Buildings 5 – 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as covered under section 3.14.

II) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments including in substance fixed lease payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual values guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in lease payments or a change in the option to purchase the underlying asset.

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

IAS 17

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. IAS 17 accounting policy was applied to the year ended 31 December 2018. IFRS 16 was subsequently applied in the year ending 31 December 2019.

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 straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Operating leases are accounted for as rental expenses and expensed in the period in which they accrue.

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 re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. 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 to Zimbabwean 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.

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 parties 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 counter-party renders the service.

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 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. Land and buildings and plant and equipment are however measured at fair value, less accumulated depreciation and impairment losses, if any, recognised after the date of revaluation. Valuations, performed by the Group's Directors or independent external valuators, 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 market value.

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. 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 derecognised.

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 derecognised 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 derecognised.

3.13 Intangible assets

Intangible assets acquired separately

Intangible assets with finite 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 acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de recognition 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 derecognised.

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 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.

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 - Purchase costs on weighted average 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).

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.

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. The warrant is of short term in nature since it covers the sold products for a maximum period of twelve months

3.17 Financial assets

Classification

Financial assets are classified into the following specified categories: amortized cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI). The classification is based on the measurement criteria. Under amortized cost, the asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified the financial assets and is determined at the time of initial recognition.

Trade and other financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified as financial assets at amortized cost

Measurement

Trade receivables, treasury bills and other receivables are measured at amortised cost. The assets mainly represent solely future contractual cash payments of principal and interest. These financial assets are short term in nature.

Impairment

Trade receivables

The group uses the simplified approach in calculating the ECL for trade receivables. The Group establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The debt is written off when all reasonable steps to recover the debt have failed.

Other financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all other financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The debt is written off when all reasonable steps to recover the debt have failed.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A debt is considered to be uncollectable when it meets one of the following criteria:

- All reasonable collection efforts have been exhausted.
- The cost of further collection action will exceed the amount recovered.
- The debt is legally without merit or cannot be substantiated by evidence.
- The debtor cannot be located.
- The available assets or income (current or anticipated) are insufficient.
- The debt was discharged in bankruptcy.
- The applicable statute of limitations for collection of the debt has expired.
- It is not in the public interest to pursue collection of the debt.

Determining that the debt is uncollectable does not cancel the legal obligation of the debtor to pay the debt hence the Credit Controller must continue with the efforts to recover without spending too much time and costs on the initiative.

Derecognition of financial assets

The Group derecognises 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 collateralised 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.

3.18 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.

Financial liabilities

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.

3.19 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 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.

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).

Inventory Valuation

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. An assessment is done by management regularly to assess the appropriateness of the assigned values of inventory.

Trade and Other Receivables.

Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: The Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Loans, trade receivables and other financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Long term receivables

The deposits do not have contractual rights to receive cash and are simply paid to secure service, therefore measured at face value.

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 applies the simplified approach and record lifetime expected losses on all trade receivables and other financial assets. Zimplow incorporates forward looking information in the determination of expected credit losses. Management also regards GDP as a measure of wealth that best reflect the quality of the company's customers, who are mainly into capital goods investment, which we sell. Management has also considered the impact of Inflation (CPI) and Purchasing Power Parity (International dollars) as other measures, that reflects the quality of the Group customers.

Management uses a period of 5 years to forecast the impact of forward-looking information on the expected credit loss allowance. The 5-year period is aligned to the company's business plan forecasting process for strategic planning purposes.

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 14 for additional information).

The carrying amount of goodwill on 31 December 2019 was ZWL$5,185,002 (31 December 2018: ZWL$5,185,002)

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. The following factors are considered in estimating the useful life of an asset.

- Expected usage of the asset
- Expected physical wear and tear which depends on how the asset is going to be used.
- Management also uses experience with the usage of the asset.

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 valuators to perform the valuation. The directors work closely with the qualified external valuators 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 following notes;

- Goodwill (note 14)
- Financial Instruments (note 25)
- Property, Plant and equipment (note 10)

Functional Currency

Zimbabwe adopted the multi-currency system in February 2009 which resulted in the USD being adopted as the functional currency. The currency shortage which hit the economy in 2016 resulted in the use of plastic money as an alternative to cash. The market forces of demand and supply for cash led to surfacing of an exchange rate between RTGS money and USD hard cash on the parallel market. The rates continued to fluctuate through the years 2017 and 2018 as the foreign currency shortage continued. The bond notes and coins were introduced by Reserve Bank of Zimbabwe (RBZ) in May 2016 as a way to reduce the cash flow shortage. These were being exchanged at rate of one as to one with USD. However, they also resulted in surfacing of three exchange rates to the USD which are:

- USD to electronic money (RTGS)
- USD to bond notes and bond coins
- USD to ecocash

The manner in which the USD exchange is to be paid for would determine the rate to be used that is whether RTGS, Ecocash OR Cash in the form of bond notes and coins. The commencement of the trading year 2018 in January was a continuation of the conditions that characterised the end of the year 2017.

Shortage of foreign currency
The unofficial USD to Electronic money exchange rate

The use of the bond notes and coins as legal tender
These conditions resulted in most of the entity transactions being done either in RTGS or Bond notes and coins during the year 2018 except for exports. Meanwhile, the official rate for USD to bond notes and coins remained at one as to one, meaning all the exports/foreign currency transactions were recorded in the ledger at the same rate. (NB-IAS 21 requires transactions in foreign currency to be recorded at a rate ruling on the day the transactions took place).

In October 2018, RBZ introduced the separation of bank accounts between RTGS balance accounts and foreign currency balance accounts. Foreign currency accounts were denoted by the term “Nostro”. The RTGS balances were still exchangeable to the USD balances at a rate of one as to one. The system continued through to the end of the year 2018. However, this signalled a change in policy towards introduction of another currency. Parallel forex market rates moved sharply to RTGS$ 4:1 USD.

The year 2019 began on the same footing as the year end 2018 until February 22 2019 when the RBZ through the statutory instrument (SI33), introduced RTGS dollars (RTGS$) which represents RTGS balances in the banking system. These balances were to be official exchanged to USD at a floating rate to be determined in by the banks based on the law of supply and demand. The initial rate was pegged at USD1: RTGS $ 2.5. The SI 33 prescribed that all balances as at 22 February 2019 were to be translated to RTGS$ at a rate of one as to one. The government further promulgated SI 142 of 2019 on June 24, which banned the use of the multi-currency system and made the Zimbabwe dollar the only legal tender to be used for all local transactions. The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019.

4. Revenue

Analysis of Group revenue and results for the year

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Sale of goods: Domestic	442,691,279	261,196,127	293,911,240	190,795,038
Sale of goods: Export	59,941,861	10,551,307	59,941,861	10,551,307
Investment property rental income	1,484,193	1,223,403	-	-
Total	**504,117,333**	**272,970,837**	**353,853,101**	**201,346,345**

Refer to note 6 for further analysis of revenue disaggregation according to segments. All the export proceeds fall into the farming segment.

5. Profit/ (Loss) for the year

Profit for the year has been arrived after charging:

5.1 Administrative Expenses

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Salaries and employment costs	23,753,087	28,984,642	23,753,087	18,327,789
Motor, travel & accommodation	3,618,907	2,974,267	3,618,907	1,780,604
Rental and occupancy	3,137,981	2,251,273	1,827,984	704,079
Other administrative	45,457,373	11,747,628	22,287,740	8,704,425
	75,967,348	**45,957,809**	**51,487,718**	**29,516,897**

5.2 Other operating expenses

Included in other operating expenses:				
Depreciation and Amortization	4,454,578	4,183,772	4,114,649	1,946,228
Impairment loss on trade receivables	998,236	989,240	-	989,240
Inventory obsolescence provision	428,015	550,391	(1,215,589)	360,813

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 and Farmec. The "Mining and Infrastructure" segment comprises of the following business units: Barzem and CT Bolts. Non reportable segments include the head office and shared services division. The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

6.1 Segment revenue and results

31 December 2019

Inflation adjusted	Farming	Mining and Infrastructure	Property	Non reportable Segments	Total Segments	Adjustments	Consolidated
Revenue	292,568,469	218,545,115	1,484,193	-	512,597,777	(8,480,444)	504,117,333
Segment operating profit	71,603,121	70,672,729	86,291,932	(4,065,827)	224,501,955	(102,180,726)	122,321,225
Other items							
Finance income	2,721	123,294	-	24,297	150,312	6,427	156,739
Finance costs	-	(13,066)	-	-	(13,066)	(1,183,819)	(1,196,885)
Income taxes	(23,116,046)	(4,357,921)	6,465,254	(345,783)	(21,354,496)	696,043	(20,658,453)
Group profit after tax	**48,489,796**	**66,425,036**	**92,757,186**	**(4,387,313)**	**203,284,705**	**(102,662,075)**	**100,622,630**
Segment assets	268,158,089	166,779,898	90,124,000	103,049,850	628,111,837	(115,226,044)	512,885,793
Segment liabilities	(51,003,616)	(55,596,011)	(60,907)	(26,849,450)	(133,509,984)	12,804,555	(120,705,427)
Other segment information							
Depreciation and amortisation	1,660,907	1,941,246	506,670	345,745	4,454,568	-	4,454,568
Additions to non-current assets	1,482,404	1,119,025	-	242,269	2,843,698	-	2,843,699
Impairment loss							
recognized on receivables	-	998,236	-	-	998,236	-	998,236
31 December 2018							
Inflation adjusted							
Revenue	168,989,546	104,403,243	1,223,402	-	274,616,191	(1,645,354)	272,970,837
Segment operating profit	40,129,109	10,075,488	508,924	(2,320,008)	48,393,513	(1,003,484)	47,390,027
Other items							
Finance income	14,878	929,250	-	140,604	1,084,732	-	1,084,732
Finance costs	(2,092,752)	(73,248)	(4,451)	-	(2,170,451)	-	(2,170,451)
Income taxes	(10,482,321)	(3,279,552)	1,269,999	3,644,777	(8,847,097)	(1,997,926)	(10,845,023)
Group profit after tax	**27,568,915**	**7,651,938**	**1,774,471**	**1,465,374**	**38,460,698**	**(3,001,413)**	**35,459,285**
Segment assets	120,966,618	86,824,914	57,677,132	115,727,315	381,195,979	(113,320,622)	267,875,357
Segment liabilities	8,882,992	(24,179,961)	(1,555,944)	(48,982,479)	(65,835,392)	1,911,286	(63,924,107)
Other segment information							
Depreciation and amortisation	1,508,820	1,553,954	495,738	367,462	3,925,974	-	3,925,974
Additions to non-current assets	3,260,728	1,114,623	-	39,752	4,415,103	-	4,415,103
Impairment loss							
recognized on receivables	145,991	653,732	-	-	799,723	-	799,723

The inter company assets and liabilities are eliminated on consolidation.

6.1.1 Segment Reconciliation

	Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Segment Profit/ (Loss)	203,284,705	38,460,698
Share based payments	80,917	(175,537)
Depreciation of owner occupied at consolidation	(506,670)	(495,738)
Taxation	(102,236,322)	(2,330,138)
Profit/ (Loss) after tax	**100,622,630**	**35,459,285**
Segment Assets	628,111,837	381,195,979
Investment in subsidiaries	(64,256,811)	(64,256,811)
Accumulated Depreciation owner occupied at consolidation	(495,738)	(2,478,685)
Goodwill	(5,185,002)	(5,185,002)
Deferred taxation	-	(1,951,307)
Intercompany eliminations	(4,963,556)	(26,142,289)
Reclassification adjustments	-	(13,306,526)
Total Assets	**512,885,793**	**267,875,357**
Segment Liabilities	133,509,984	65,835,392
Reclassifications	(63,271,545)	13,369,476
Deferred taxation	46,441,385	(15,280,762)
Intercompany eliminations	-	-
Total Liabilities	**120,705,429**	**63,924,107**

6.1.2 Geographic Information

Group revenue was generated from mainly Zimbabwe (2019 - ZWL$501,196,482; 2018 - ZWL$266,059,222) South Africa (2019 - Nil; 2018 - ZWL$1,259,684) and Zambia (2019 - ZWL$2,920,851;2018 - ZWL$5,651,931).

Non - Current operating assets are as follows:

	Group Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Zimbabwe	251,200,154	105,916,307
South Africa	-	315,993
Zambia	-	53,515

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-19 ZWL$	31-Dec-18 ZWL$
Mining and Construction equipment	139,637,812	67,540,310
Animal drawn equipment	110,820,939	66,070,424
Tractors and tractor drawn equipment	165,723,737	92,436,605
Service of equipment	25,138,498	12,229,026
Fasteners	16,233,460	10,220,930
Property rentals	1,484,193	1,223,402
Power systems	46,457,145	21,128,180
Adjustments for intercompany transactions	(1,378,451)	2,121,959
Total Revenue	**504,117,333**	**272,970,837**

7. Share capital

Subject to Section 183 of the Companies and Other Business Entities Act (Chapter 24.31), and to the limitations of the Zimbabwe Stock Exchange, the unissued shares are under the control of the Directors. The share capital is presented in USD and will be re-denominated at the annual general meeting to ZWL$.

7.1 Reconciliation of authorised and issued share capital

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
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
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	61,619,220	61,619,220	61,619,220	61,619,220
Reconciliation of the number of shares in issue				
Issued number of shares at the beginning of the year	238,380,780	235,465,825	238,380,780	235,465,825
Number of shares in issue at the end of the year	238,380,780	238,380,780	238,380,780	238,380,780
Issued and fully paid number of shares				
Number of ordinary shares	238,380,780	238,380,780	238,380,780	238,380,780
Nominal value per share (US$)	0.0004	0.0004	0.0004	0.0004
Total value of shares (US$)	**95,352**	**95,352**	**95,352**	**95,352**

7.2 At 31 December 2019, the Directors of the Group held directly and indirectly, the following shares:

	Year Ended 31-Dec-19 ZWL$	Year Ended 31-Dec-18 ZWL$
Name		
T Chataika	19,668,564	19,668,564
T Johnson	375	375
G Manhambara	375	375
L Kennedy	23,935,645	23,935,645
M Yong	82,491,493	82,491,493
K Patel	13,089,629	13,089,629
Total	**139,186,081**	**139,186,081**

8. Taxation

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
8.1 Charge based on income for the year				
Zimbabwe Income tax	30,821,792	10,136,375	27,132,093	8,763,147
Taxation relating to foreign operation	290,816	18,483	290,816	18,483
Deferred Tax	(10,459,492)	690,165	(530,978)	2,440,991
Withholding taxes	5,337	-	5,337	-
Taxation	**20,658,453**	**10,845,023**	**26,897,268**	**11,222,621**
8.2 Reconciliation of tax charge				
Tax on profit/(loss) before tax for the year				
at 25.75% (incl. Aids Levy)	34,414,991	11,468,500	28,421,436	10,079,043
Tax effects on expenses that are not deductible				
in determining taxable profit	975,691	1,983,071	615,482	1,154,589
Non taxable income**	(14,933,594)	(910,150)	(2,251,478)	(100,415)
Export promotion incentive	(94,788)	(1,626,086)	(184,325)	70,921
Prior year (over)/under provision	-	(36,002)	-	-
Impact of different tax rate on foreign subsidiary	296,153	(34,309)	296,153	18,483
	20,658,453	**10,845,023**	**26,897,268**	**11,222,621**

** This is mainly made up of RBZ export incentive and interest received.

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
8.3 Deferred tax				
Key Components of deferred tax				
Property, Plant and Equipment	54,013,595	20,548,195	20,823,605	8,171,563
Prepayments	-	-	-	-
Deferred income	-	(132,901)	-	-
Provisions	(7,387,636)	(5,009,753)	(2,416,399)	(1,875,261)
Assessed losses	-	-	-	-
Net exchange gains / (losses)	(184,574)	(124,773)	(184,574)	(124,773)
Share based payment reserve	-	-	-	-
Net Deferred tax liability/ (asset)	**46,441,385**	**15,280,768**	**18,222,632**	**6,171,529**
Reflect				
Deferred tax liability	46,441,385	15,280,768	18,222,632	6,171,529
Net deferred tax liability/ (asset)	**46,441,385**	**15,280,768**	**18,222,632**	**6,171,529**
8.4 Reconciliation of deferred tax (net)				
Opening balance	15,280,768	7,479,279	6,171,529	543,883
Expense/ (credit) for the year	5,629,036	690,165	(525,641)	2,440,991
Other comprehensive income	25,531,581	7,111,324	12,576,744	3,186,656
Closing balance	**46,441,385**	**15,280,768**	**18,222,632**	**6,171,529**
9. Other Income				
Commissions	7,826,609	1,827,695	4,410,555	626,134
Export Incentive	682,721	667,108	682,721	667,108
Bad Debts recovered	2,160,183	118,315	36,070	118,315
Scrap Sales	1,707,509	435,261	1,707,509	435,261
Profit/loss on sale of PPE items	313,498	87,526	296,275	215,394
Exchange Difference realised	75,482,124	(1,861,577)	74,858,849	(1,354,005)
Exchange Difference unrealised	7,204,183	-	-	-
Fair value gain on investment property	2,434,624	-	-	-
Other recoveries	1,589,842	486,118	1,030,599	405,725
Total	**99,401,293**	**1,760,445**	**83,022,578**	**1,113,932**

Other recoveries include income received from hire/rental of other property, plant and equipment and other recoveries on expenditure items.

10. Property, plant and equipment

10.1 Group

Inflation adjusted	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture & Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2018	**50,706,519**	**29,368,731**	**18,471,230**	**6,268,238**	**104,814,718**
Additions	216,021	122,637	3,095,715	947,116	4,381,489
Effects of foreign currency exchange	(96,395)	-	(218,236)	(24,762)	(339,393)
Disposals	(201,272)	(136,315)	(2,426,998)	(434,162)	(3,198,747)
Transfers	(24,509)	-	-	24,509	-
Revaluation	17,839,843	4,942,689	-	-	22,782,532
At 31 December 2018	**68,440,207**	**34,297,742**	**18,921,711**	**6,780,939**	**128,440,599**
Additions	144,174	503,183	719,964	1,476,377	2,843,698
Effects of foreign currency exchange	-	-	-	-	-
Disposals	-	(2,460,452)	(784,184)	(336,460)	(3,581,096)
Transfers	-	-	-	-	-
Revaluation	120,138,493	22,604,450	-	-	142,742,943
At 31 December 2019	**188,722,874**	**54,944,923**	**18,857,491**	**7,920,856**	**270,446,144**
Accumulated Depreciation					
At 01 January 2018	**(3,928,598)**	**(15,420,548)**	**(13,962,299)**	**(4,099,973)**	**(37,411,418)**
Charge for the year	(844,947)	(765,359)	(1,500,394)	(467,882)	(3,578,582)
Effects of foreign currency	-	-	-	-	-
Disposals	161,156	17,031	2,447,185	361,726	2,987,098
Revaluation	872,523	2,825,226	-	-	3,697,749
At 31 December 2018	**(3,739,866)**	**(13,343,650)**	**(13,015,508)**	**(4,206,129)**	**(34,305,153)**
Charge for the year	(1,212,592)	(1,069,111)	(1,333,755)	(674,838)	(4,290,296)
Effects of foreign currency	-	-	-	-	-
Disposals	-	2,448,590	784,184	501,609	3,734,383
Revaluation	(5,071,053)	503,965	-	-	(4,567,088)
At 31 December 2019	**(10,023,511)**	**(11,460,206)**	**(13,565,079)**	**(4,379,358)**	**(39,428,154)**
Carrying Amount					
At 31 December 2019	**178,699,363**	**43,484,717**	**5,292,412**	**3,541,498**	**231,017,990**
At 31 December 2018	**64,700,341**	**20,954,092**	**5,906,203**	**2,574,810**	**94,135,446**

10. Property, plant and equipment (continued)

10.2 Company

Inflation adjusted	Land and Buildings ZWL$	Plant and Machinery ZWL$	Motor Vehicles ZWL$	Office Furniture & Computer Equipment ZWL$	Total ZWL$
At cost/valuation					
At 01 January 2018	**6,057,256**	**17,004,511**	**10,904,520**	**4,115,345**	**38,081,632**
Additions	216,021	116,935	3,095,715	648,793	4,077,464
Effects of foreign currency exchange	-	(3,274)	-	(6,363)	(9,637)
Disposals	-	-	(1,529,103)	(315,819)	(1,844,922)
Revaluation	4,400,376	4,942,689	-	-	9,343,065
Transfers	(24,509)	-	-	24,509	-
At 31 December 2018	**10,649,144**	**22,060,861**	**12,471,132**	**4,466,465**	**49,647,602**
Additions	144,174	472,915	35,469	1,199,496	1,852,054
Effects of foreign currency exchange		-		-	-
Disposals	-	(25,451)	(306,158)	(38,891)	(370,500)
Revaluation	17,044,433	22,604,450	-	-	39,648,883
Transfers	-			-	-
At 31 December 2019	**27,837,751**	**45,112,775**	**12,200,443**	**5,627,070**	**90,778,039**
Accumulated Depreciation					
At 01 January 2018	**(1,008,889)**	**(4,018,299)**	**(9,204,266)**	**(2,319,643)**	**(16,551,097)**
Charge for the year	(202,982)	(637,665)	(728,079)	(447,330)	(2,016,056)
Effects of foreign currency	-	34	-	(740)	(706)
Disposals	-	-	1,505,569	254,742	1,760,311
Revaluation	1,208,670	2,825,224	-	-	4,033,894
Transfers	2,758	-	-	(2,758)	-
At 31 December 2018	**(443)**	**(1,830,706)**	**(8,426,776)**	**(2,515,729)**	**(12,773,654)**
Charge for the year	(349,304)	(800,420)	(985,056)	(473,014)	(2,607,794)
Effects of foreign currency		-		-	-
Disposals	-	19,964	306,158	205,117	531,239
Revaluation	341,465	503,965	-	-	845,430
Transfers	-			-	-
At 31 December 2019	**(8,282)**	**(2,107,197)**	**(9,105,674)**	**(2,783,626)**	**(14,004,779)**
Carrying Amount					
At 31 December 2019	**27,829,469**	**43,005,578**	**3,094,769**	**2,843,444**	**76,773,260**
At 31 December 2018	**10,648,701**	**20,230,155**	**4,044,356**	**1,950,736**	**36,873,948**

The income tax related to the revaluation gains on property, plant and equipment amounted to: Group ZW$ 38,812,293 (2018: 7,193,643), Company ZWL$ 15,162,055 (2018: 3,444,568)

Fair value measurements of Group's property, plant and machinery measured using the revalued model

The Group's property and 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 property and items of plant and equipment as at 31 December 2019 are as follows;

Fair value hierarchy: 2019

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-19 ZWL$
Property, Plant and Machinery	-	-	42,289,977	42,289,977

Fair value hierarchy: 2018

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-18 ZWL$
Property, Plant and Machinery	-	-	15,296,270	15,296,270

Revaluation of property, plant and machinery was performed by a qualified, registered and independent valuator in the current year. Property, plant and machinery were revalued at their depreciated replacement costs.

Level 3 Valuation Assumptions

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuator and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. The property consists of land and buildings located in various urban areas in Zimbabwe. As at the date of revaluation on 31 December 2019, the properties' fair values are based on valuations performed by Dawn properties consultancy, an accredited independent valuer who has valuation experience for similar properties in Zimbabwe.

Other notes on Group and company property plant and equipment

Had the cost model been applied, the carrying amount of revalued plant and machinery would have been ZWL$689,272 (2019) and ZWL$775,429 (2018) for the Group. Management also believes that the Group's property, plant and equipment is not impaired. An assessment has been done in conjunction with goodwill impairment test (refer to note 14.)

The Group is still servicing a term loan facility of ZWL$2,500,000, acquired last year secured by buildings valued at ZWL$27,840,000 as disclosed in note 19.

Sensitivity analysis on revaluation of Property, plant & equipment

An increase in revaluation of plant and equipment by 10% in isolation would result in an increase in the value of the property, plant & equipment on a linear basis by ZW$4,228,998. This results in an increase in the profit for the year by ZW$3,183,590 and an increase in deferred tax liabilities by ZW$1,045,408. The reverse applies on a 10% drop in revaluation on plant and equipment.

10.3 Intangible Assets

	Group	Company
	Software License	Software License
Inflation Adjusted	ZWL$	ZWL$
Cost		
At 01 January 2018	**1,413,838**	**727,148**
Additions	-	-
At 31 December 2018	**1,413,838**	**727,148**
Additions	-	-
At 31 December 2019	**1,413,838**	**727,148**
Amortisation and Impairment	-	-
At 01 January 2018	**(338,631)**	**(18,180)**
Amortisation	(347,392)	(72,721)
At 31 December 2018	**(686,023)**	**(90,901)**
Amortisation	(164,272)	(72,704)
At 31 December 2019	**(850,295)**	**(163,605)**
Carrying Amount at 31 December 2019	**563,543**	**563,543**
Carrying Amount at 31 December 2018	**727,815**	**636,247**

The group's amortisation period for intangible assets is 5 -10 years. This excludes SAP accounting system which is being amortised over 2.5 years.

11. Investment Property

	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January	**1,410,375**	**1,160,660**	**-**	**-**
Disposals	-	-	-	-
Fair value adjustments	2,434,625	180,010	-	-
Additions	-	-	-	-
Transfers		69,705	-	-
Balance at 31 December	**3,845,000**	**1,410,375**	**-**	**-**

11.1 Fair value measurement of the Group's investment properties

The Group's 2019 investment properties consist of vacant residential stands in Harare. As at 31 December 2019 and 31 December 2018, the fair values of the properties are based on valuations performed by independent valuators. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

Details of the group's investment properties and information about the fair value hierarchy as at 31 December 2019.

Fair value hierarchy: 2019

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-19 ZWL$
Vacant residential stands	-	-	3,845,000	3,845,000

Fair value hierarchy: 2018

	Level 1 ZWL$	Level 2 ZWL$	Level 3 ZWL$	Fair Value at 31-Dec-18 ZWL$
Vacant residential stands	-	-	1,410,375	1,410,375

Valuation techniques used to determine Level 3 values 2019

Class of Property	Valuation Technique	Key inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	ZWL$168 - 893	1,000 sq meters each.

Valuation techniques used to determine Level 3 values 2018

Class of Property	Valuation Technique	Key Inputs	Range	Property size
Vacant residential stands	Market comparable approach	Price per sq meter	ZWL$45-67	1,000 sq meters each.

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.

Description of valuation techniques used and key inputs to valuation of investment properties:

Property	Valuation technique	Significant unobservable inputs	Range (weighted average) 31-Dec-19 ZWL$	Range (weighted average) 31-Dec-18 ZWL$
Vacant residential stands (Crowhill)	Market comparable approach	Comparable market value per square metre	168 - 185	45 - 67
Vacant residential stands (Ruwa)	Market comparable approach	Comparable market value per square metre	570 - 893	45 - 67

In the case Crowhill stands, a decrease in estimated market price per square metre of ZWL$22 in isolation would result in a decrease in the fair value adjustment of the investment properties being lower on a linear basis by ZWL$418,000. This results in a decrease in the profit for the year by ZWL$334,400 and a decrease in deferred tax liabilities by ZWL$83,600.

In the case of Ruwa stands, an increase in estimated market price per square metre of ZWL$417 in isolation would result in an increase in the fair value adjustment of the investment properties being higher on a linear basis by ZWL$206,142. This results in an increase in the profit for the year by ZWL$164,913 and an increase in deferred tax liabilities by ZWL$41,229

12. Capital commitments

	Group Inflation adjusted 31-Dec-19 ZWL$	Group Inflation adjusted 31-Dec-18 ZWL$	Company Inflation adjusted 31-Dec-19 ZWL$	Company Inflation adjusted 31-Dec-18 ZWL$
Authorized but not yet contracted	1,182,865	616,660	1,182,865	616,660
Authorized and contracted	-	278,399	-	278,399
Total	**1,182,865**	**895,059**	**1,182,865**	**895,059**

13. Investments held in subsidiaries

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	%	%	ZWL$	ZWL$
Investment in Barzem Enterprises (Private) Limited	51%	51%	40,166,198	40,166,198
Investment in Manica Road Investments	100%	100%	24,090,613	24,090,613
Investment in African Traction and Associated Technologies***	-	49%	-	-
Total			**64,256,811**	**64,256,811**

*** The subsidiary was disposed of on 31 December 2018. See more details on note 28.

14. Goodwill

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$
Balance at the beginning of the year	**5,185,002**	**5,334,632**	**-**	**-**
Disposal of Afritrac	-	(264,603)		
Effect of foreign currency exchange difference	-	114,973	-	-
Balance at year end	**5,185,002**	**5,185,002**	**-**	**-**

Goodwill arose from the acquisition of Farmec through Tractive Power Holding Limited. Farmec is a division which fall under farming segment In applying IAS 36, the goodwill above has been tested for impairment at the business unit level mentioned above.

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 2020 drafted in the last quarter of 2019.
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 of 5% per annum, was used 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 25% per annum, being the group's pre-tax weighted average cost of capital, was used.

15. Inventories

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$
Raw Materials	14,034,955	12,626,244	14,034,955	12,626,245
Finished Goods	56,077,427	43,029,960	54,621,423	42,330,337
Spare and components	87,263,142	29,109,353	55,018,222	17,725,380
Other	6,387,239	4,805,292	4,530,447	3,500,608
Provision for obsolescence	(7,155,760)	(6,727,745)	(2,536,768)	(3,752,357)
Total Inventories at lower cost and net realizable value	**156,607,003**	**82,843,104**	**125,668,279**	**72,430,213**

The borrowings as disclosed in note 19 are secured by the entity's inventory. The Group acquired term loan facility of ZWL$2,000,000.00 in 2018, secured against a notarial covering bond which included the company's inventory. The cost of inventories included in cost of sales amounted to ZWL$114,945,929 for the Group (2018 - ZWL$28,790,645) and ZWL$57,314,797 for the Company (2018 - ZWL$20,715,898). The inventory obsolescence expensed during the current period is disclosed in note 5.2.

16. Trade and other receivables

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Local trade receivables	20,463,421	17,064,859	5,204,928	7,066,448
Foreign trade receivables	1,240,625	259,378	1,240,625	259,378
Other receivables	4,598,178	23,098,094	4,697,672	17,126,077
Allowance for credit losses (trade and other receivables)**	(3,467,623)	(18,967,041)	(3,276,676)	(14,902,919)
Total	**22,834,601**	**21,455,291**	**7,866,549**	**9,548,984**
Ageing of receivables that are past due but not impaired				
30-60 Days	4,359,972	3,242,149	3,989,907	927,288
61-90 Days	596,820	1,441,217	249,891	512,909
91-120 Days	61,747	1,927,369	61,747	1,070,656
Over 120 Days	501,937	6,298,314	81,936	2,164,828
Total	**5,520,476**	**12,909,050**	**4,383,481**	**4,675,681**

**The effects of IFRS 9 were considered by a re-computation of expected credit losses using an IFRS 9 compliant statistical model. However, the model resulted in a lower provision than what management believes is adequate. Therefore, management overlay was applied. Refer to Note 26 for provision matrix on trade receivables.

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. Other receivables include staff debtors and outstanding balances receivable from disposal of investments in subsidiaries in 2013 and 2018. The Group has a term loan facility of ZWL$2,000,000 acquired in 2018. These amounts are secured against a notarial covering bond which included the Company's trade receivables. The borrowings are disclosed in Note 19.

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Movement in the allowance for credit losses				
Balance at the beginning of the year	**18,967,041**	**20,879,823**	**14,902,919**	**16,519,239**
Adjustment for effects of IAS29	(15,583,692)	-	(12,244,530)	-
Impairment losses recognized on receivables	998,236	799,723	-	262,282
Amounts written off during the year as uncollectable	(293,962)	(1,932,482)	(112,548)	(1,878,603)
Amounts recovered during the year	(620,000)	(780,024)	(18,772)	-
Balance at end of the year	**3,467,623**	**18,967,041**	**3,276,676**	**14,902,919**

The credit period on sale of goods and services is 30 days. 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. Financial assets

17.1 (a) Investment in government treasury bills

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Government treasury bills	-	253,727	-	-
Reclassified to short term portion	-	(253,727)	-	-
Balance at end of the year	**-**	**-**	**-**	**-**

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$135 778 converted to ZWL$ at a rate of 1:1. 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.

17.1 (b) Investment in financial assets

	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Investment in PUPs	124,394	794,301	124,394	794,302
Government treasury bills - short term portion	-	253,727	-	-
Balance at end of the year	**124,394**	**1,048,028**	**124,394**	**794,302**
17.2 Prepayments and Customer deposits				
Prepayment to suppliers	60,446,946	24,446,023	44,665,456	22,384,607
Customer deposits	(26,884,946)	(11,040,791)	(17,004,199)	(6,855,348)
17.3 Contract liabilities				
Short term advances for goods	(26,884,946)	(11,040,791)	(17,004,199)	(6,855,348)

The Group received customer deposits which were paid to the respective suppliers for the goods in transit at year end. The balances of deposits are short term in nature as at the end of the year and are shown in the table above.

17.4 Revenue from contracts with customers

	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Amounts included in contract liabilities at the beginning of the year	(11,040,790)	(28,980,701)	(6,855,348)	(13,004,038)
Performance obligations satisfied in previous years	-	-	-	-
Performance obligations satisfied in current year	11,040,790	28,980,701	6,855,348	13,004,038
Performance obligations added during the year	(26,884,946)	(11,040,790)	(17,004,199)	(6,855,348)
Performance obligations outstanding at year end	(26,884,946)	(11,040,790)	(17,004,199)	(6,855,348)
18. Trade, Other payables and Provisions				
18.1 Trade and other payables				
Local Trade Payables	1,179,173	1,758,085	1,010,859	1,524,960
Foreign Trade Payables	1,842,567	6,936,400	58,623	943,982
Other payables and accrued expenses	20,800,151	1,209,243	590,365	(782,304)
Balance at end of the year	**23,821,891**	**9,903,728**	**1,659,847**	**1,686,638**

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.

18.2 Provisions

Inflation adjusted ZWL$	Group Emp Benefits	Group Warranty	Group Total	Company Emp Benefits	Company Warranty	Company Total
Opening Balance 2018	**3,027,512**	**493,468**	**3,520,980**	**1,175,611**	**135,037**	**1,310,648**
Charge to profit and loss	762,079	413,734	1,175,813	692,884	220,652	913,536
Payments	(679,279)	(95,543)	(774,822)	(679,279)	(95,543)	(774,822)
Closing Balance 2018	**3,110,312**	**811,659**	**3,921,971**	**1,189,216**	**260,146**	**1,449,362**
Effect of IAS29 re-statement on Opening Balance	(2,555,493)	(666,875)	(3,222,368)	(977,083)	(213,741)	(1,190,824)
Charge to profit and loss	1,208,201	67,149	1,275,350	1,181,529	67,149	1,248,678
Payments	(409,872)	-	(409,872)	(35,935)	-	(35,935)
Closing Balance 2019	**1,353,148**	**211,933**	**1,565,081**	**1,357,727**	**113,554**	**1,471,281**

Employee benefit provisions relate to provisions for bonus, leave pay and gratuity. Warranty provision is for new equipment sales such as tractors, generators, handling and earth-moving equipment. These provisions fall due for settlement within the next 12 months.

19. Financial Liabilities: Interest bearing loans and borrowings

19.1 Borrowings

	Group Inflation adjusted 31-Dec-19 ZWL$	Group Inflation adjusted 31-Dec-18 ZWL$	Company Inflation adjusted 31-Dec-19 ZWL$	Company Inflation adjusted 31-Dec-18 ZWL$
Short term portion of long term borrowings				
Bank loan	1,641,633	14,482,104	1,641,633	14,482,104
8% Debenture	-	916,580	-	916,580
Total short term portion of long term borrowings	**1,641,633**	**15,398,684**	**1,641,633**	**15,398,684**
Non-current borrowings				
Bank loan	-	7,234,157	-	7,234,157
Other		-	-	-
Total non-current borrowings	**-**	**7,234,157**	**-**	**7,234,157**
Total borrowings				
Short term portion of long term borrowings	1,641,633	15,398,684	1,641,633	15,398,684
Non-current	-	7,234,157	-	7,234,157
Total	**1,641,633**	**22,632,841**	**1,641,633**	**22,632,841**
Maturity profile of borrowings				
Due within one year				
0-3 months	853,426	2,968,924	853,426	2,968,924
3-6 months	399,633	3,912,419	399,633	3,912,419
6-12 months	388,574	8,517,341	388,574	8,517,341
Total due within one year	**1,641,633**	**15,398,684**	**1,641,633**	**15,398,684**
Due after one year				
1-5 years	-	7,234,157	-	7,234,157
Total due after one year	**-**	**7,234,157**	**-**	**7,234,157**

19.2 Movement in borrowings

Description	Inflation adjusted Group 31-Dec-19 ZWL$	Inflation adjusted Company 31-Dec-18 ZWL$
Opening Balance: 1 Jan 2018	**8,518,232**	**8,373,738**
Paid during the year	(12,926,283)	(12,929,977)
Acquired during the year	27,189,080	27,189,080
Disposal of Afritrac	(148,189)	-
Closing Balance: 31 Dec 2018	**22,632,840**	**22,632,841**
Paid during the year	(7,318,543)	(7,318,543)
Acquired during the year	2,642,396	2,642,396
Monetary gain*	(16,315,061)	(16,315,061)
Closing Balance: 31 Dec 2019	**1,641,633**	**1,641,633**

*The monetary gain relates to IAS 29 restatements made on the opening historical borrowings balance.

The group acquired term loan facility of ZWL$2,000,000.00 secured against a notarial covering bond which included the company's inventory. The group also acquired ZWL$2,000,000.00 facility secured against a building. The average cost of the borrowings was at 25%.

19.3 Finance income

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Bank deposits and Investments	156,739	126,012	47,067	126,012
Other loans and receivables	-	958,720	-	29,594
Total	**156,739**	**1,084,732**	**47,067**	**155,606**

19.4 Finance Costs

	Group 31-Dec-19 ZWL$	Group 31-Dec-18 ZWL$	Company 31-Dec-19 ZWL$	Company 31-Dec-18 ZWL$
Finance costs arising from				
Long term facilities with financial institutions	-	1,476,709	-	1,473,682
Short term facilities with financial institutions	1,196,885	693,742	1,240,101	692,318
Lease liabilities		-	128,652	-
Total	**1,196,885**	**2,170,451**	**1,368,753**	**2,166,000**

20. Cash and Bank Balances

	Group 31-Dec-19 ZWL$	Group 31-Dec-18 ZWL$	Company 31-Dec-19 ZWL$	Company 31-Dec-18 ZWL$
Cash at bank and on hand (ZWL$)	21,093,548	30,530,405	19,404,462	5,026,252
Foreign cash at bank (other than US$)	30,879	68,842	22,637	22,637
Cash at bank and on hand (Nostro)	548,268	914,887	548,268	914,887
Total Cash and Cash equivalents	**21,672,695**	**31,514,134**	**19,975,367**	**5,963,776**

As a result of foreign currency shortages there have been delays in remitting the foreign payments. The Group has therefore queued foreign payments awaiting remittance by the bank that may affect the bank balances significantly if foreign currency is made available immediately.

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.

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 and Other Business Entities Act (Chapter 24.31) of Zimbabwe and relevant case law. Amounts may also be effectively distributed out of the revaluation reserve as part of a share buy-back or financing of bonus shares.

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 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 (ZWL$) 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.

21.3 Change in ownership reserve

The Change in ownership reserve arose from changes in the company's interest in subsidiaries without change in degree of control. 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.

22. Long term receivables

	Group Inflation adjusted 31-Dec-19 ZWL$	Group Inflation adjusted 31-Dec-18 ZWL$	Company Inflation adjusted 31-Dec-19 ZWL$	Company Inflation adjusted 31-Dec-18 ZWL$
Long term receivables	10,588,619	5,110,140	6,326,119	3,708,641
Short term portion of long term receivables	-	-	-	-
Total long term receivables	**10,588,619**	**5,110,140**	**6,326,119**	**3,708,641**

The long term receivables relate to deposits tied up with distributorship agreements with key principal suppliers in Barloworld UK, AGCO and Total Zimbabwe.

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-19	Proportion of ownership interests and voting rights held by the Group 31-Dec-18
Barzem Enterprises (Private) Limited	Sale, distribution and maintenance of mining and earthmoving equipment	Zimbabwe	51%	51%
Manica Road Investments (Private) Limited	Property rental and management	Zimbabwe	100%	100%

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 31-Dec-19	Proportion of ownership interests and voting rights held by non-controlling interests 31-Dec-18	Profit/(Loss) allocated to non-controlling interests 31-Dec-19	Profit/(Loss) allocated to non-controlling interests 31-Dec-18	Accumulated non-controlling interests 31-Dec-19	Accumulated non-controlling interests 31-Dec-18
Barzem Enterprises (Private) Limited*	Zimbabwe	49%	49%	17,699,646	5,669,932	60,134,979	31,149,638
Total				**17,699,646**	**5,669,932**	**60,134,979**	**31,149,638**

*Zimplow Holdings Limited issued new shares amounting to an additional 14% to Barloworld Equipment which resulted in Zimplow's ownership in Barzem being diluted from 65% to 51%. The allotted shares were 36,373 at a consideration of $ 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. There has been no change in the Group's ownership in Barzem since then.

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

	Inflation adjusted 31-Dec-19 ZWL$	Inflation adjusted 31-Dec-18 ZWL$
Summarized statement of financial position		
Current Assets	63,174,042	52,354,851
Non-current Assets	73,069,455	28,780,348
Current liabilities	(30,311,673)	(15,785,477)
Non-current liabilities	(11,494,584)	(3,232,202)
Total Equity	**94,437,240**	**62,117,520**
Non-controlling interests	60,134,979	332,045,385
Summarized statement of profit or loss		
Revenue	150,692,672	71,238,306
Expenses and taxation	16,258,585	18,903,065
Profit/ (loss) for the year	36,121,726	4,101,136
Dividends paid to non-controlling interests	-	-
Other comprehensive	23,032,032	11,630,518
Summarized statement of cash flows		
Net cash inflow from operating activities	(2,384,003)	763,670
Net cash outflow from investing activities	(717,305)	15,830
Net cash inflow from financing activities	-	-
Net cash inflow/ (outflow)	**(3,101,308)**	**779,500**

24. 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;

24.1 Balances & transactions with companies controlled by non-executive directors

24.1.1 Balances with companies controlled by non-executive directors

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Company Name				
Amount owed to Steelmakers	(180,577)	(170,860)	(180,577)	(170,860)
Amount receivable from				
Kencor Management Services	(643,598)	-	(643,598)	-

Balances payable or receivable from entities controlled by non-executive directors above are disclosed under trade and other receivables and payables in the statement of financial position.

24.1.2 Transactions with companies controlled by directors

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Company & transactions				
Steel Makers: Purchase of raw materials	19,804,600	22,692,476	19,804,600	22,692,477
Kencor Management Services: Rental Income	189,525	188,361		-
Kencor Management Services: Sale of goods	2,716,260	2,627,065	2,716,260	2,627,065
Welgra Farming: Sales of goods	-	103,745		103,745
Steel Makers: Sale of goods	2,383,668	1,051,791	2,383,668	1,051,791

24.2 Transactions with companies controlled by Zimplow Holdings Limited

Company Name	Barzem		Manica		Total	
	Inflation adjusted		Inflation adjusted		Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Transaction: Shared service fees	473,964	333,843	153,417	188,148	627,381	521,991
Balance receivables/(payable)	**64,042**	**31,994**	**(5,027,598)**	**(26,174,283)**	**(4,963,556)**	**(26,142,289)**

Zimplow Company	Sales and services rendered to related parties Inflation adjusted		Purchases and services received from related parties Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Transactions				
Transactions with companies controlled by Zimplow holdings Limited	473,964	418,751	732,775	624,906

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.

24.3 Compensation to key management personnel

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Short term employee benefits	41,854,393	14,735,422	36,910,767	11,952,892
Post-employment benefits	919,465.74	878,530	817,153.48	729,307
Termination benefits	-	-	-	-
Total	**42,773,858**	**15,613,952**	**37,727,921**	**12,682,199**

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

24.4 Directors Fees and Emoluments

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Directors fees	569,246	463,708	569,246	463,708
Total	**569,246**	**463,708**	**569,246**	**463,708**

The remuneration of the executive director is included in the note 23.3, compensation to key management.

25. Lease Assets and Liabilities

The Company leases property from Manica Road Investments (Private) Limited. The property is mainly used as office space, showrooms and to house workshops where repairs are undertaken. The entity applied the modified retrospective transition method and thus prior year comparatives were not restated. The entity has elected to present right-of-use assets and lease liabilities separately in the statement of financial position.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

25.1 Right of use assets	Inflation adjusted 31-Dec-19 ZWL$	Inflation adjusted 31-Dec-18 ZWL$
Cost	2,561,002	-
Accumulated depreciation and impairment	(1,434,151)	-
	1,126,851	-
Opening net carrying amount at 1 January	**1,273,135**	**-**
Re-measurement	1,287,867	-
Depreciation	(1,434,151)	-
Closing net carrying amount at 31 December	**1,126,851**	**-**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

25.2 Lease liabilities	31-Dec-19 ZWL$	31-Dec-18 ZWL$
As at 1 January	**1,273,135**	**-**
Accretion of interest	128,652	-
Payments	(2,471,258)	-
Re-measurement	1,287,867	-
As at 31 December	**218,396**	**-**
Current	218,396	-
Non-current		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	225,287	-
One to five years	-	-
More than five years	-	-

25.3 The following are the amounts recognised in profit or loss:	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Depreciation expense of right-of-use assets	(1,434,151)	-
Interest expense on lease liabilities	(128,652)	-
Total amount recognised in profit or loss	(1,562,803)	-

25.4 Impact of IFRS 16 Adoption

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Assets		
Right-of-use assets	1,273,135	-
Liabilities		
Lease liabilities	1,273,135	-

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Assets		
Operating lease commitments as at 31 December 2018	1,588,844	-
Weighted average incremental borrowing rate as at 1 January 2019	12%	-
Discounted operating lease commitments as at 1 January 2019	1,355,864	-
Less:		
Commitments relating to short-term leases	(82,729)	-
Add:		
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018		
Lease liabilities as at 1 January 2019	1,273,135	-

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

26. Capital Management

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 2016. The capital structure of the Group consists of net debt (borrowings as detailed in note 19) 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.

Group	Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Debt(1)	(1,641,633)	(22,632,846)
Cash and Bank balances net of bank overdraft	21,672,695	31,514,134
Net cash/(debt)	20,031,062	8,372,422
Equity(2)	392,180,364	182,207,255
Net cash/debt to equity ratio	**5%**	**5%**

(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.

26.1 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 analyse 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 executive committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

Foreign exchange risk
From the beginning of 2016, banks became reluctant to commit in foreign currency transactions. The Group made a decision to engage foreign suppliers and customers on a prepayment basis to reduce or avoid foreign exchange risk. The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings are settled as promptly as possible if interest rates are unfavourable and the Group always strives to negotiate the most favourable rates and tenures to avoid interest rate risk. The Group endeavours 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.

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 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.

Trade receivables and other receivables
Trade receivables comprise a relatively large and widespread customer base. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. 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 counter-party or any group of counter-parties having similar characteristics. The Group's maximum exposure to credit risk at 31 December 2019 and further specific credit risk mitigating activities adopted by the entity are as shown in Notes 17, 20 and 22.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 16. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its credit customers are thoroughly screened.

Set out below is the information about the credit risk exposure on the Group and Company's trade receivables using a provision matrix:

		Trade Receivables Days past due							
	Other receivables	Current	30 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	>180 days	Total
Group 2019									
Expected credit loss rate	100%	1%	3%	2%	10%	20%	2%	98%	
Estimated Total gross carrying amount at default	2,505,525	10,596,251	10,054,286	372,032	60,874	151,044	5,894	463,665	24,209,571
Expected credit loss	2,505,525	90,364	291,846	6,568	5,997	29,865	130	456,125	3,386,420
Group 2018									
Expected credit loss rate	100%	1%	3%	5%	11%	22%	44%	100%	
Estimated Total gross carrying amount at default	2,505,525	787,584	578,336	257,085	343,805	289,633	170,815	663,048	5,595,830
Expected credit loss	2,505,525	7,876	17,350	12,854	37,819	63,719	75,158	663,048	3,383,349
Company 2019									
Expected credit loss rate	100%	0%	2%	3%	10%	2%	2%	91%	
Estimated Total gross carrying amount at default	2,269,138	5,425,331	641,217	234,210	37,957	16,991	5,894	83,953	8,714,691
Expected credit loss	2,269,138	13,519	15,248	6,568	3,752	374	130	76,412	2,385,140
Company 2018									
Expected credit loss rate	100%	1%	3%	5%	11%	22%	44%	100%	
Estimated Total gross carrying amount at default	2,269,138	472,734	165,410	91,493	190,984	29,523	16,351	340,289	3,575,922
Expected credit loss	2,269,138	4,727	4,962	4,575	21,008	6,495	7,194	340,289	2,658,389

Other Receivables

Other receivables comprise of fully provided for balances which emanated from group restructuring which was done in prior years. Therefore, there is no risk expected to arise from these balances.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. 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 using bank overdrafts and bank loans, whilst always considering the need for potential funding source diversification through 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 19) at 31 December 2019 based on contractual undiscounted payments:

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Maturity profile of trade and other payables				
Due within 1 year	-	-	-	-
On demand	-	-	-	-
Less than 3 months	23,821,891	9,903,728	1,659,847	1,686,638
Total	**23,821,891**	**9,903,728**	**1,659,847**	**1,686,638**

Refer to note 19 for disclosure of the maturity profile of interest bearing borrowings.

27. Share based payments

27.1 Details of the employee share option

The Company had 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 ZWL$0.065 per ordinary share.

The scheme related to a total of 7,783,941 shares which approximates 3% 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 share options were granted as a percentage of the total outstanding share options as follows:

- Granted in 2014 10%
- Granted in 2015 20%
- Granted in 2016 30%
- Granted in 2017 40%

The employee can exercise the share options one year from the grant date. Each option has a vesting period of one year from grant date and expires after five years.

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

Option series	Number	Percentage	Expiry date
Granted in 2014	778,394	10	2018
Granted in 2015	1,556,882	20	2019
Granted in 2016	1,258,724	30	2020
Granted in 2017	1,416,017	40	2021

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 Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Balance at beginning of the year	**625,120**	**3,750,486**	**625,120**	**3,750,486**
Granted during the year	-	-	-	-
Forfeited during the year	(625,120)	(210,443)	(625,120)	(210,443)
Exercised during the year	-	(2,914,923)	-	(2,914,923)
Balance at the end of the year	**-**	**625,120**	**-**	**625,120**

At the end of the previous year, a cumulative total of 3,798,639 share options were forfeited by former employees of the Group. The average share price during the year was $0.155. At the end of the current year 625,120 outstanding share options were also forfeited.

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

The Group then elected to change the valuation method of share options from intrinsic valuation model to the Black Scholes valuation model. The effect of the valuation on the income statement is as follows:

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Balance at beginning of the year	**80,917**	**282,733**	**80,917**	**282,733**
Expense for the year	(80,917)	175,535	(80,917)	175,535
Transferred in the current year	-	(377,351)	-	(377,351)
Balance at the end of the year	**-**	**80,917**	**-**	**80,917**
The company applied the following inputs and assumptions;				
Expected Volatility %	15.63%	15.63%	15.63%	15.63%
Risk-free interest rate %	5%	5%	5%	5%
Expected life of options in (years)	2-5	2-5	2-5	2-5
Weighted average share price ($)	0.052	0.052	0.052	0.052
Model Used	**Black-Scholes**	**Black-Scholes**	**Black-Scholes**	**Black-Scholes**

The Group used the Black-Scholes model in 2019; had the Group used the intrinsic valuation model, the expense for the year would have been nil (2019) and ZWL$21,968 (2018).

28. 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 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.

	Group Inflation adjusted		Company Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Basic earnings per share (ZWL$)				
Basic earnings/ (loss) per share	0.35	0.13	0.49	0.12
Diluted earnings per share (ZWL$)				
Diluted earnings/ (loss) per share	0.35	0.13	0.49	0.12
Headline Earnings per Share				
Headline Earnings per Share	0.35	0.13	0.48	0.12
The information below was used to calculate earnings per share				
Weighted average number of ordinary shares in issues				
For the purpose of basic loss per share	238,380,780	238,380,780	238,380,780	238,380,780
Add dilutive impact of shares	-	622,499	-	622,499
For the purposes of diluted earnings per share	238,380,780	239,003,279	238,380,780	239,003,279
Profit for the year used in the calculation of basic and diluted earnings per share	82,922,984	31,632,942	116,464,395	27,919,266
Profit for the year used in the calculation of Headline earnings per share	82,797,130	31,566,364	116,360,402	27,759,336
28.1 Reconciliation of Basic earnings to Headline earnings				
Profit for the year attributable to equity holders	82,922,984	31,632,942	116,464,395	27,919,266
Adjustment for capital items (gross of tax):				
Profit on disposal of equipment	(154,779)	(87,526)	(140,058)	(215,394)
Total tax effects of adjustments	39,856	22,538	36,065	55,464
Total non-controlling interests' share of adjustments	(10,930)	(1,590)	-	-
Headline Earnings	**82,797,130**	**31,566,364**	**116,360,402**	**27,759,336**

The company had no potential shares as the 625,120 share options were forfeited at year end and hence no dilutive effect on the year-end EPS of the company. The share options held by senior management at 2018-year end were granted at an exercise price of ZWL$0.065. The average market price of the Company's shares was ZWL$0.425 during the period.

29. Discontinued Operations

29.1 Discontinued Operations

In November 2018, the group entered into an agreement to dispose of its 49% interest in Afritrac Pvt Ltd. The disposal was completed on 31 December 2018. The results of the subsidiary operations for the period from January 1, 2018 to 31 December 2018 are as follows:

	Inflation adjusted	
	31-Dec-19 ZWL$	31-Dec-18 ZWL$
Revenue	-	709,661
Cost of sales	-	(367,723)
Distribution costs	-	(76,514)
Administrative expenses	-	(238,320)
Finance costs	-	647
Profit before tax	-	27,751
Loss on disposal of a subsidiary	-	(342,853)
Total loss from disposed subsidiary	**-**	**(315,099)**
Profit for the year (attributable to owners of the company)	**-**	**13,600**
Earnings per share		
Basic earnings per share	-	0.0001
Diluted earnings per share	-	0.0001

During the year, Afritrac Pvt Limited contributed $4,670.24 (2017: $68,344.00) to the group's net operating cash flows, paid $12,037 (2017: $18,303.98) in respect of investing activities and received $3,797.57 (2017: $34,766.41) in respect of financing activities.

The carrying amounts of the assets and liabilities of Afritrac Pvt Limited at the date of disposal are disclosed in Note 29.2 to the financial statements.

	Group		Company	
	Inflation adjusted		Inflation adjusted	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	ZWL$	ZWL$	ZWL$	ZWL$
Loss on disposal of a subsidiary	-	342,853	-	376,459

On 31 December, the company disposed of its 49% interest in Afritrac pvt Ltd for consideration of $196,059.00. The carrying value of net identifiable assets disposed of including currency translation difference amounted to $448,567.00 at 31 December 2018, resulting in a loss of $342,853.00.

29.2 Disposal of Subsidiary

As referred to in Note 29.1 to the financial statements, on December 31, 2018, the group disposed its 49% interest in Afritrac Pvt Ltd

	Inflation adjusted	
	31-Dec-19	31-Dec-18
	ZWL$	ZWL$
Details of the disposal are as follows:		
Carrying amounts of net assets over which control was lost		
Non-current Assets		
Property, plant and equipment	**-**	**56,315**
Current assets	-	
Inventories	-	221,583
Trade receivables	-	133,257
Current tax receivable	-	9,032
Bank balances and cash	-	59,055
Total current assets	**-**	**422,927**
Non-current liabilities	-	
Long Term liabilities	-	34,459
Deferred tax liability	-	13,083
Total non-current liabilities	**-**	**47,542**
Current liabilities	-	
Trade payables and other payables	-	5,877
Total current liabilities	**-**	**5,877**
Attributable Goodwill	-	22,743
Net assets derecognized	**-**	**448,567**
Gain on disposal	**-**	
Consideration received	-	175,883
Non-controlling interest derecognized	-	217,170
Net assets derecognized	-	448,567
Gain on disposal (excluding FCTR)	**-**	**(55,514)**

The gain on disposal of the subsidiary is recorded as part of profit for the year from discontinued operation in the statement of profit or loss and other comprehensive income.

	Inflation adjusted	
	31-Dec-19	31-Dec-18
	ZWL$	ZWL$
Net cash inflow arising on disposal		
Consideration received	-	175,883
Cash and cash equivalents disposed	-	59,055
	-	**116,828**
Cash flow from discontinued operations		
Net cashflow from operating activities	-	4,670
Net cashflow from investing activities	-	(12,038)
Net cashflow from financing activities	-	3,798
Net cash flow	-	(3,570)

30. Subsequent events

The world faced an unprecedented pandemic caused by a new Corona virus discovered in main land China in December 2019 (Covid-19). The World Health Organisation (WHO) declared this highly infectious disease a pandemic 11 March 2020 after it was discovered that it was highly contagious and to contain its spread across the world, governments had to promote social distancing which eventually led to lock downs of large sections of economies. On 27 March 2020, Zimbabwe's President through Statutory instrument (S.I) 82/3 of 2020, (Public Health – Covid-19 Prevention, Containment and Treatment) (National Lockdown), announced a 21days lock down on the whole economy with exclusions in some designated critical sectors, that included the agricultural sector. The impact of Covid-19 is still difficult to financially quantify for most companies in the country and around the world, however directors have made the following assessment.

Ability to continue as a going concern

- With the Zimbabwean Government declaring a 21 days' lockdown, has resulted in our Divisions either closing or operating with minimal staff. This has resulted in drop in cash sales, delayed customer collection, delayed supplier payments, and limited cash flow generation. Our Farmec division in the agricultural sector has been specifically given an essential company status and allowed to trade during the lockdown, through S.I 83 of 2020
- On an international scale, this has affected supply chain through delayed shipments of goods in transit mainly due to lockdown in South Africa where most of our shipments dock in Durban.
- Operationally, we have been faced with staff working from home, resulting in work inefficiencies.
- We have been faced with the following fixed costs: security costs, insurance, medical aid, salary costs, and subscriptions.
- Our relationship with key suppliers has not been stained because we are on track with our orders and payments to suppliers are on track. The delayed receipt of goods, is not expected to impact on demand, since demand is already curtailed by the pandemic. Our current stocking levels are adequate to meet current and anticipated increase in demand starting at the end of April.
- We have no legal proceeding and/or projected legal issues to arise due to the covid-19 pandemic.
- We do not anticipate our cash flows to take a huge knock since we already in the off-season period. We however, expect cash flows to increase from end April when most farmers will be harvesting and tobacco auction floors opening up.
- Loan obligations, the company has been able to meet its loan repayment obligations timeously with one of the 2 loans fully settled end March.

Impact on Statement of Financial Position

Line by line assessment on the current uncertainty (Covid-19 pandemic) may impact any of the amounts presented at 31 December 2019.

Line Description	Potential Impact
Property, plant & equipment	no impact.
Goodwill	no impact. We still expect project profits from the CGU and the same range as initially projected.
Accounts receivables	minimal impact. We expect a slight delay in customer payments as customer cash flows are constrained by the pandemic and the lockdown. We have instituted a strict cash collection strategy and also reviewed our credit policy to 7 days.
Inventory	no impact. Our goods are purchased based on confirmed orders from customers. We don't expect a increase in provision of obsolete stock as inventory sales might be delayed but will be confirmed.
Prepayments to suppliers	no impact.
Cash & cash equivalents	no impact.
Equity	no impact.
Trade and other payables	we expect delayed payments to suppliers to manage cash flow. Our strategy is negotiating with suppliers for delayed payment arrangements.
Loans	we expect to settle as they fall due timeously.

Management is therefore satisfied that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future.

31. Application of new and amended standards and interpretations

31.1 Standards issued and effective in the current year

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 like 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 re-measure 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 re-measurement 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 largely uses owner occupied buildings for its operations. The exception is for one building which is leased under an operating lease agreement. The lease agreement term is 12 months. Accordingly, the standard exempts lease that are less than 12 months, hence there will be no impact on the group's financial results.

IAS 28 Investments in Associates and Joint Ventures

The amendments clarify that:

Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

The amendments are effective for periods beginning on or after 1 January 2019.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments.

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation is not expected to have a major impact on the group financial statements.

31.2 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 17 Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects Zimplow group is not an insurance and does not issue insurance contracts. Therefore, the standard is not expected to have a major impact on the group financial statements.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8:

Definition of Material in October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.


P&H

Corporate and Shareholder's Information

- Shareholder Analysis
- Notice to AGM
- Proxy Form

Shareholder Analysis

Zimplow Limited: Analysis by Volume as at : 31-December-2019

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	966,205	4.84	1,107	3,255.88
5001-10000	570,643	2.86	79	232.35
10001-25000	1,199,854	6.01	75	220.59
25001-50000	1,036,539	5.19	29	85.29
50001-100000	2,357,417	11.81	32	94.12
100001-200000	2,285,782	11.45	16	47.06
200001-500000	6,001,772	30.06	19	55.88
500001-1000000	2,708,674	13.56	04	11.76
1000001 and Above	221,253,894	1,107.98	22	64.71
Totals	**238,380,780**	**100.00**	**1,383**	**100.00**

Zimplow Limited: Analysis by Industry as at : 31-December-2019

Industry	Shares	Shares %	Shareholders	Shareholders %
Foreign Companies	91,422,567	38.35	02	0.14
Local Companies	73,180,171	30.7	157	11.35
Local Nominee	20,799,845	8.73	67	4.84
Pension Funds	19,969,185	8.38	34	2.46
Other Investments & Trust	17,952,199	7.53	46	3.33
Local Individual Resident	6,625,856	2.78	956	69.13
Insurance Companies	3,757,770	1.58	12	0.87
Trusts	2,072,324	0.87	17	1.23
New Non Resident	1,703,211	0.71	53	3.83
Foreign Individual Resident	631,302	0.26	04	0.29
Foreign Nominee	118,794	0.05	03	0.22
Fund Managers	80,335	0.03	06	0.43
Deceased Estates	40,398	0.02	17	1.23
Charitable	16,856	0.01	07	0.51
Government / Quasi	9,829	0	01	0.07
Employees	138	0	01	0.07
Totals	**238,380,780**	**100**	**1,383**	**100**

Shareholder Analysis (cont'd)

Zimplow Limited Top 20 : Schedule as at : 31-December-2019

Rank	Names	Shares	Percentage
1	Sino Properties (Pvt) Ltd	84,081,634	35.27
2	Stanbic Nominees (Pvt) Ltd	29,703,095	12.46
3	Kencor Holdings (Pvt) Ltd	24,936,122	10.46
4	Charter Mining (Pvt) Ltd	19,745,346	8.28
5	Tetrad Investment Bank	17,732,038	7.44
6	Yumiko Investments (Pvt) Ltd	13,089,629	5.49
7	Barloworld Equipment Uk Ltd	7,340,933	3.08
8	Invesci Asset Management (Pvt) Ltd	4,110,193	1.72
9	Flame Lily Venture Capital Group	4,054,625	1.70
10	Tractive Power Holdings Workers Trust (Pvt) Ltd	3,683,201	1.55
11	Old Mutual Life Ass Co Zim Ltd	2,828,527	1.19
12	Invesci Nominees (Pvt) Ltd	1,748,611	0.73
13	Mining Industry Pension Fund	1,720,016	0.72
14	Guramatunhu Family Trust	1,699,102	0.71
15	Bernard Norman Chitepo	1,587,620	0.67
16	Econet Life (Pvt) Ltd-Invesci	1,477,970	0.62
17	Zimplow Pension Fund - Invesci	1,248,594	0.52
18	TFS Nominees (Pvt) Ltd	1,086,127	0.46
19	Maxwell Chinorwadza	1,058,576	0.44
20	Mega Market (Pvt) Ltd	1,001,500	0.42
	Selected Shares	**223,933,459**	**93.94**
	Non - Selected Shares	**14,447,321**	**6.06**
	Issued Shares	**238,380,780**	**100.00**

Notice of an Annual General Meeting (AGM)

NOTICE IS HEREBY GIVEN THAT the Seventieth Annual General Meeting of Shareholders will be held at Zimplow Holdings Limited Head Office 36 Birmingham Road, Southerton Harare at 1000hrs on 30 June 2020 to consider the following:

As Ordinary Resolutions

1. To approve the minutes of the Annual General Meeting held on 13 June 2019.
2. To receive and consider the Director's report and the audited financial statements for the year ended 31 December 2019.
3. To elect Director in place of Mr. Thomas Chataika, who retires from the Board by rotation and being eligible, offers himself for re-election.
4. To elect Director in place of Mr. Lance Kennedy, who retires from the Board by rotation and being eligible, offers himself for re-election.
5. To elect Director in place of Mr. Grant Pio, who was appointed to the Board this year also retires in terms of the company's articles of association and being eligible, offers himself for re-election.
6. To approve the remuneration of directors for the year ended 31 December 2019.
7. To fix the auditors remuneration for the year ended 31 December 2019.
8. To appoint auditors for the financial year ending 31 December 2020.

Special Resolutions

1. To approve the re-denomination of share capital from United States Dollar base to Zimbabwe Dollar base.

By order of the Board

M CHINORWADZA
COMPANY SECRETARY

9 June 2020

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 there at 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

a) In terms of Section 171 (1) of the Companies and Other Business Entities Act (Chapter 24:31), 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.

b) 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 the form of a resolution of the Corporate body.

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

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...2020

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 initialled 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

Notes

DESIGNED & LAYOUT BY WETWO

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ZIMPLOW

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