

# UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Directors report the following unaudited results in respect of the Group and Company's operations for the six months ended 30 June 2015

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED:

	GROUP		COMPANY	
	30 JUNE 2015 US\$	30 JUNE 2014 US\$	30 JUNE 2015 US\$	30 JUNE 2014 US\$
<b>TURNOVER</b>	<b>11,898,169</b>	<b>13,336,445</b>	<b>6,858,007</b>	<b>9,002,698</b>
Domestic	11,371,244	12,414,513	6,331,082	8,080,766
Export	526,925	921,932	526,925	921,932
<b>OPERATING LOSS</b>	<b>(1,665,127)</b>	<b>(1,649,047)</b>	<b>(1,754,582)</b>	<b>(547,202)</b>
Restructuring expenses	-	(45,616)	-	(45,616)
Impairment of investment in Joint Venture	(21,319)	-	(250,000)	-
Share of loss from joint venture	(31,809)	(29,770)	-	(29,770)
<b>LOSS BEFORE INTEREST AND TAX</b>	<b>(1,718,255)</b>	<b>(1,724,433)</b>	<b>(2,004,582)</b>	<b>(622,588)</b>
Finance Income	220,261	258,671	124,478	115,889
Finance Costs	(493,581)	(617,924)	(492,496)	(616,739)
<b>LOSS BEFORE TAXATION</b>	<b>(1,991,575)</b>	<b>(2,083,686)</b>	<b>(2,372,600)</b>	<b>(1,123,438)</b>
Taxation	137,917	350,133	236,374	118,183
<b>LOSS FOR THE PERIOD</b>	<b>(1,853,658)</b>	<b>(1,733,553)</b>	<b>(2,136,226)</b>	<b>(1,005,255)</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
Items that will be reclassified to profit or loss				
Gain on Available for Sale Financial Assets (AFS)	-	4,980	-	4,980
Exchange differences on translating foreign operations	(27,545)	(15,520)	-	-
Income tax relating to items that will be subsequently reclassified	-	(747)	-	(747)
	<b>(27,545)</b>	<b>(11,287)</b>	<b>-</b>	<b>4,233</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(1,881,203)</b>	<b>(1,744,840)</b>	<b>(2,136,226)</b>	<b>(1,001,022)</b>
<b>Loss attributable to:</b>				
Owners of the parent entity	(1,878,188)	(1,460,347)	(2,136,226)	(1,005,255)
Non controlling interests	24,530	(273,206)	-	-
	<b>(1,853,658)</b>	<b>(1,733,553)</b>	<b>(2,136,226)</b>	<b>(1,005,255)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent entity	(1,892,342)	(1,467,076)	(2,136,226)	(1,001,022)
Non controlling interests	11,139	(277,764)	-	-
	<b>(1,881,203)</b>	<b>(1,744,840)</b>	<b>(2,136,226)</b>	<b>(1,001,022)</b>
<b>Loss per share from operations</b>				
Basic	(0.01)	(0.01)	(0.01)	(0.01)
Diluted	(0.01)	(0.01)	(0.01)	(0.01)

## CONDENSED STATEMENT OF CASHFLOWS FOR THE SIX MONTHS ENDED:

	GROUP		COMPANY	
	30 JUNE 2015 US\$	30 JUNE 2014 US\$	30 JUNE 2015 US\$	30 JUNE 2014 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating loss before interest and taxation	(1,718,255)	(1,724,433)	(2,004,582)	(622,588)
	<b>(1,718,255)</b>	<b>(1,724,433)</b>	<b>(2,004,582)</b>	<b>(622,588)</b>
<b>Non cash items:</b>				
Share of loss from joint venture	31,809	29,770	-	29,770
Impairment of Investment in joint venture	21,319	-	250,000	-
Depreciation of property, plant and equipment	452,971	500,733	343,718	312,170
(Profit) / loss on disposal of property, plant and equipment	(20,920)	47,750	(20,920)	47,750
<b>Operating loss before working capital changes</b>	<b>(1,233,076)</b>	<b>(1,146,180)</b>	<b>(1,431,784)</b>	<b>(232,898)</b>
Working capital changes	647,331	298,550	837,255	(342,522)
<b>Cash outflow from operating activities</b>	<b>(585,745)</b>	<b>(847,630)</b>	<b>(594,529)</b>	<b>(575,420)</b>
Taxation paid	(89,758)	(202,068)	(1,430)	(43,330)
Finance income	220,261	258,671	124,478	115,889
Finance costs	(493,581)	(617,924)	(492,496)	(616,739)
<b>Net cash outflow from operating activities</b>	<b>(948,823)</b>	<b>(1,408,951)</b>	<b>(963,977)</b>	<b>(1,119,600)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of plant and equipment	(66,725)	(222,850)	(21,164)	(222,850)
Proceeds from disposal of plant and equipment	21,583	34,572	21,583	34,572
Proceeds from disposed business units	35,881	74,249	35,881	74,249
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(9,261)</b>	<b>(114,029)</b>	<b>36,300</b>	<b>(114,029)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Rights Issue	4,997,328	-	4,997,328	-
Share issue costs	(126,141)	-	(126,141)	-
Repayment of borrowings	(4,652,069)	(586,002)	(4,659,139)	(606,704)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>219,118</b>	<b>(586,002)</b>	<b>212,048</b>	<b>(606,704)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(738,966)</b>	<b>(2,108,982)</b>	<b>(715,629)</b>	<b>(1,840,333)</b>
<b>Net cash and cash equivalents at the beginning of the period</b>	<b>794,416</b>	<b>98,260</b>	<b>83,687</b>	<b>(701,080)</b>
Effects of exchange rate changes on the balance of cash held in foreign operations	(141,813)	(23,755)	-	-
<b>Net cash and cash equivalents at the end of the period</b>	<b>(66,363)</b>	<b>(2,034,477)</b>	<b>(631,942)</b>	<b>(2,541,413)</b>
<b>Cash at bank</b>	<b>866,641</b>	<b>2,681,490</b>	<b>321,062</b>	<b>2,174,554</b>
<b>Bank Overdrafts</b>	<b>(953,004)</b>	<b>(4,715,967)</b>	<b>(953,004)</b>	<b>(4,715,967)</b>
Operating cashflow per share(US\$)	(0.003)	(0.005)	(0.003)	(0.003)

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT:

	GROUP		COMPANY	
	30 JUNE 2015 US\$	31 DEC 2014 US\$	30 JUNE 2015 US\$	31 DEC 2014 US\$
<b>ASSETS</b>				
<b>Non current assets</b>	<b>16,751,837</b>	<b>16,830,764</b>	<b>23,069,538</b>	<b>23,423,925</b>
Property, plant and equipment	12,646,203	12,836,803	9,396,235	9,778,470
Investment property	1,250,000	1,250,000	-	-
Investment in subsidiaries	-	-	12,014,500	12,014,500
Deferred tax asset	1,267,729	1,078,500	1,256,502	955,515
Long term receivables	384,200	404,800	384,200	404,800
Finance lease receivable	18,101	20,640	18,101	20,640
Investment in joint venture	-	53,129	-	250,000
Investment in government treasury bills	135,778	135,778	-	-
Goodwill	1,049,826	1,051,114	-	-
<b>Current assets</b>	<b>26,543,649</b>	<b>30,034,403</b>	<b>18,643,202</b>	<b>21,505,266</b>
Inventories	14,311,702	13,582,635	10,579,649	9,678,354
Short term portion of Finance Lease receivables	26,015	25,815	26,015	25,815
Short term portion of long term receivables	861,944	877,225	861,944	861,944
Trade and other receivables	9,135,217	11,421,448	5,451,117	7,660,969
Current tax receivable	144,656	170,843	205,941	32,476
Investment in financial assets	217,474	213,795	217,474	213,795
Cash and cash equivalents	866,641	2,762,642	321,062	2,051,913
Assets classified as held for sale	980,000	980,000	980,000	980,000
<b>TOTAL ASSETS</b>	<b>43,295,486</b>	<b>46,865,167</b>	<b>41,712,740</b>	<b>44,929,191</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to owners of the parent	26,743,011	23,764,166	27,088,368	24,353,407
Transactions by shareholders in their capacity as owners	(102,336)	(102,336)	-	-
Non-controlling interest	3,333,127	3,321,988	-	-
<b>Total Equity</b>	<b>29,973,802</b>	<b>26,983,818</b>	<b>27,088,368</b>	<b>24,353,407</b>
<b>Non current liabilities</b>	<b>4,483,290</b>	<b>5,320,129</b>	<b>4,453,795</b>	<b>5,183,165</b>
Deferred tax	2,081,463	1,981,150	2,120,502	1,905,650
Long term borrowings	2,401,827	3,338,979	2,333,293	3,277,515
<b>Current liabilities</b>	<b>8,838,394</b>	<b>14,561,220</b>	<b>10,170,577</b>	<b>15,392,619</b>
Trade payables	2,587,703	3,793,943	1,681,340	2,235,123
Other payables	1,503,275	987,087	4,023,396	3,984,443
Provisions	1,260,751	1,516,414	979,176	956,249
Short term borrowings	2,533,661	6,248,578	2,533,661	6,248,578
Bank Overdraft	953,004	1,968,226	953,004	1,968,226
Current tax Liabilities	-	46,972	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,295,486</b>	<b>46,865,167</b>	<b>41,712,740</b>	<b>44,929,191</b>

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share Capital	Share premium	Capital Reserve	Revaluation reserve	Available for sale Reserve	Change in ownership reserve	Foreign Currency Translation Reserve	Retained Earnings	Share based payment reserve	Attributable to Owners of the Parent	Non Controlling Interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2014	62,271	14,631,857	5,258,192	1,932,439	132,489	-	(177,546)	6,018,999	(327,000)	27,429,365	3,508,276	30,937,641
Loss for the period	-	-	-	-	-	(102,336)	-	(1,460,347)	-	(1,460,347)	(273,206)	(1,733,553)
Other comprehensive income / (loss)	-	-	-	-	4,233	-	(10,962)	-	-	(6,729)	(4,558)	(11,287)
Balance at 30 June 2014	62,271	14,631,857	5,258,192	1,932,439	136,722	(102,336)	(188,508)	4,558,652	(327,000)	25,962,289	3,230,512	29,192,801
Balance at 1 January 2015	62,271	14,631,857	5,258,192	1,932,439	-	(102,336)	(216,067)	2,095,474	-	23,661,830	3,321,988	26,983,818
Rights issue	31,136	4,966,192	-	-	-	-	-	-	-	4,997,328	-	4,997,328
Shares issued to underwriter	779	(779)	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	(126,141)	-	-	-	-	-	-	-	(126,141)	-	(126,141)
(Loss) / profit for the period	-	-	-	-	-	-	-	(1,878,188)	-	(1,878,188)	24,530	(1,853,658)
Other comprehensive loss	-	-	-	-	-	-	(14,154)	-	-	(14,154)	(13,391)	(27,545)
Balance at 30 June 2015	94,186	19,471,129	5,258,192	1,932,439	-	(102,336)	(230,221)	217,286	-	26,640,675	3,333,127	29,973,802

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share Capital	Share premium	Capital Reserve	Revaluation reserve	Available for sale Reserve	Retained Earnings	Share based payment reserve	Attributable to Owners of the Parent	Non Controlling Interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2014	62,271	14,631,857	7,036,174	2,330,628	132,489	-	(327,000)	27,349,110	-	27,349,110
Loss for the period	-	-	-	-	-	(1,005,255)	-	(1,005,255)	-	(1,005,255)
Other comprehensive income	-	-	-	-	4,233	-	-	4,233	-	4,233
Balance at 30 June 2014	62,271	14,631,857	7,036,174	2,330,628	136,722	-	(327,000)	26,348,088	-	26,348,088
Balance at 1 January 2015	62,271	14,631,857	7,036,174	2,330,628	-	-	-	24,353,407	-	24,353,407
Rights issue	31,136	4,966,192	-	-	-	-	-	4,997,328	-	4,997,328
Shares issued to underwriter	779	(779)	-	-	-	-	-	-	-	-
Share issue Costs	-	(126,141)	-	-	-	-	-	(126,141)	-	(126,141)
Loss for the period	-	-	-	-	-	(2,136,226)	-	(2,136,226)	-	(2,136,226)
Balance at 30 June 2015	94,186	19,471,129	7,036,174	2,330,628	-	(1,843,749)	-	27,088,368	-	27,088,368



## CHAIRMAN'S STATEMENT

### INTRODUCTION

The Group has experienced an extremely difficult trading period for the past six months. Whilst the first quarter appeared promising, the environment became tougher in the second quarter, to the extent that even confirmed orders could not be dispatched due to increased debt risk and liquidity challenges with some of our customers.

### OPERATIONAL REVIEW

#### Mealie Brand Volumes

During the first half of the year there has been a huge downturn on Mealie Brand volumes compared to last year and budgets. Total implement volumes are down by 44% compared to the same period last year. Both local and export volumes recorded huge declines at 43% and 45% respectively. The disappointing performance has been a result of the following combination of factors:

- Erratic 2014/2015 rainy season.
- Poor preparation by grain farmers because of lack of funding.
- GMB did not pay some farmers and those that were paid were not paid on time.
- Low tobacco prices and decreased tobacco volumes.
- Low cotton crop as well as very low pricing.
- General liquidity constraints within the economy.

On the export front, the region has been severely affected by the strengthening of the USD and falling commodity prices in general and a sharp decline in oil prices. Confirmed orders into the region remain undispached due to payment difficulties from export customers. It is hoped that the business will somewhat recover part of the lost ground in the second half. Total spares are also down by 54% compared to the similar period last year. Whilst exports of spares increased by 12%, this increase was heavily weighed down by a 63% decrease in local part sales. Similar trends have been experienced at Afritrac with implements and spares decreasing by 16% and 37% respectively.

#### Farmec Tractor Volumes

Combined volumes of generator sets and tractors increased by 4% over the same period last year. Market share for tractors up to the end of June stood at 28%. Implements volumes on the other hand increased by 36% compared to prior year. Service hours are just 5% ahead of last year. Gross margins for agricultural business have suffered during the period under review owing to product mix as well as factory under recoveries.

#### Mining and Construction

Barzem wholegoods are 29% ahead of last year (excluding power generation units) mainly because of a surge in lift truck sales. The volumes are still thin compared to levels reached in 2012 due to the proliferation of lowly priced brands from the east and low activity in the construction sector. Additionally liquidity levels are still low in the economy. Power generation units at Barzem were at the same levels as last year. Farmec power generation units were 36% above last year's achievement which is encouraging. Service hours at Barzem recorded a 100% increase over last year, mainly attributed to the regional placement of skills. CT Bolts volumes on high tensile and mild steel bolts and units are 19% below last year's achievement. The unit had a challenge on stock levels in the first quarter of the year. This has been rectified and currently the trend is looking upwards.

### Northmec

The tractor franchise for this unit was not renewed by the principals after its expiry. Tractor units sold for this unit before the franchise was taken over are 100% ahead of last year. However, the unit suffered heavily on service hours which were down 54%. The Board has made a decision to discontinue this operation and the impairment has been accounted for in the statement of comprehensive income.

### FINANCIAL REVIEW

Group revenue declined by 11% compared to last year. The agricultural units recorded a 24% decrease on turnover as a result of a massive downturn at Mealie Brand division. Margins on agricultural units were heavily affected by the poor performance of Mealie Brand and price wars amongst the players in the tractor industry. Net operating costs were down by 7% but this could have been 14% had it not been for provisions for doubtful debts and obsolete stock included in net operating expenses. Post half year, the Group has embarked on another cost rationalisation exercise. The significance of losses recorded at Mealie Brand and additional provision resulted in an operating loss for the year that is at the same levels as prior year.

### CORPORATE ACTIVITIES

The Group successfully raised US\$ 5 million which has all been applied together with the proceeds from property sales towards the retirement of short term debt. There are other initiatives being undertaken by the Group to continue to eliminate and reduce debt.

### DIVIDEND

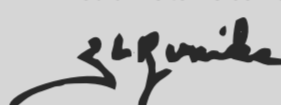
Due to the need to protect the balance sheet and preserve cash, the directors recommend that no dividend be proposed.

### PROSPECTS

The Group had anticipated that the export orders secured for Angola would have been dispatched by now. However, the negative effects of the low oil prices are being seriously felt in Angola as the country struggles to obtain foreign currency. It is hoped that the position will improve in the second half of the year. The Barzem regional skills export contract will continue in the second half and this will sustain this business which more than likely is going to post a positive result by year end. The tractor division will clearly improve their volumes in the second half as a few good orders have been secured. The Group has embarked on a massive cost reduction exercise to align with the subdued level of activity and is also realigning business models to suit the current and future operating environments. The initiative will have long term gains for the Group. However, the El Nino effect that is being forecast at the moment is a cause for concern.

### DIRECTORATE

I would like to welcome Mr. Mark Yong who was appointed to the Zimplow Board during the period under review.



ZLRUSIKE  
CHAIRMAN

## NOTES TO THE CONDENSED UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. Presentation and statement of compliance

#### 1.1 Basis of preparation

The condensed unaudited financial results for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 - Interim Financial Reporting, the Companies Act of Zimbabwe (Chapter 24:03) and the Zimbabwe Stock Exchange listing requirements.

#### 1.2 Accounting policies

The accounting policies applied in the preparation of these condensed unaudited financial results for the period under review are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in preparation of the Group's audited financial statements for the year ended 31 December 2014.

### 2. Impairment of investment in Joint Venture

Following the non-renewal of the CASE tractor franchise by the franchisor, which anchored the operations of Liftquip (Private) Limited, management has assessed the investment held in the Joint Venture for impairment. The investment was carried at cost at Company level (IAS 27.10) and equity accounted at group level as directed by the applicable IFRS. The carrying amounts of the investment were found to be fully impaired on 30 June 2015.

### 3. Asset held for sale

As previously disclosed in the financial results for the year ended 31 December 2014, the Group intends to dispose of one of its commercial properties and residential homes within the next 6 months. The commercial property is located in Masvingo on freehold land that was previously used by the Group's disposed motoring operations. The residential properties are located in Masvingo, Bulawayo and Gweru respectively. A search is underway for the buyers. The directors of the company expect that the fair value (estimated based on recent market prices or properties in similar locations less costs to sale) is greater than the carrying amount. The properties were previously classified as investment properties prior to reclassification as held for sale.

### 4. Rights Issue

Following the approval of a Renounceable Rights Offer by the shareholders at an EGM held on 29 December 2014, the company pursued and successfully concluded the rights offer of 77 840 000 ordinary shares to holders of Ordinary Shares at a price of US\$0.0642 (6.42 US cents), on the basis of one (1) new ordinary share for every two (2) Ordinary Shares in issue. A total of Four Million Nine Hundred and Ninety Seven Thousand Three Hundred and Twenty Eight United States Dollars (\$4, 997, 328) was raised and all channelled towards retirement of borrowings. The rights issue was concluded on 14 February 2015 with subsequent listing of the rights offer shares on 28 February 2015. In accordance with IAS 33 - Earnings Per Share, the rights issue shares have been weighted in the current period for purposes of earnings per share calculations. Prior period earnings per share have been restated to take account of the rights issue.

### 5. Borrowings

The short term borrowings and overdraft which the group accessed from various local financial institutions are unsecured at a weighted average cost of 10%. The long term portion, an asset based finance facility is secured by current assets at a weighted average cost of 12%

## 6. SEGMENT REPORTING

### 30 JUNE 2015

	Farming	Mining and Infrastructure	Property	Adjustments	TOTAL
Revenue	6,462,623	5,466,443	45,966	-	11,975,032
Intersegment revenue	(70,828)	-	(6,035)	-	(76,863)
<b>Total revenue</b>	<b>6,391,795</b>	<b>5,466,443</b>	<b>39,931</b>	<b>-</b>	<b>11,898,169</b>
<b>Segment operating (loss) / profit</b>	<b>(1,668,323)</b>	<b>(7,656)</b>	<b>10,852</b>	<b>-</b>	<b>(1,665,127)</b>

#### Unallocated items:

Impairment of Investment in Joint Venture					(21,319)
Share of loss from Joint Venture					(31,809)
Net finance costs					(273,320)
<b>Group loss before tax</b>					<b>(1,991,575)</b>
Income taxes					137,917
<b>Group loss after tax</b>					<b>(1,853,658)</b>

<b>Segment assets</b>	27,015,943	11,901,499	4,801,297	(423,253)	43,295,486
<b>Segment liabilities</b>	9,930,924	2,292,009	148,798	949,952	13,321,684

#### Other segment information:

Depreciation and amortisation	279,578	129,080	-	44,313	452,971
Additions to non-current assets	11,457	46,374	-	8,894	66,725

### 30 JUNE 2014

	Farming	Mining and Infrastructure	Property	Adjustments	Total
Revenue	8,487,170	4,685,809	165,807	24,518	13,363,304
Intersegment revenue	(26,859)	-	-	-	(26,859)
<b>Total revenue</b>	<b>8,460,311</b>	<b>4,685,809</b>	<b>165,807</b>	<b>24,518</b>	<b>13,336,445</b>
<b>Segment operating (loss) / profit</b>	<b>(230,736)</b>	<b>(726,977)</b>	<b>158,425</b>	<b>(849,759)</b>	<b>(1,649,047)</b>

#### Unallocated items:

Restructuring expenses					(45,616)
Share of loss from Joint Venture					(29,770)
Net finance costs					(359,253)
<b>Group profit before tax</b>					<b>(2,083,686)</b>
Income taxes					350,133
<b>Group profit after tax</b>					<b>(1,733,553)</b>

<b>Segment assets</b>	25,837,118	10,959,949	6,008,939	6,508,914	49,314,920
<b>Segment liabilities</b>	7,482,713	1,665,375	1,066,209	9,907,822	20,122,119

#### Other segment information:

Depreciation and amortisation	239,939	214,115	-	46,679	500,733
Additions to non-current assets	58,642	7,776	-	156,432	222,850

