



CHAIRMAN'S STATEMENT AND REVIEW OF OPERATIONS

Directors' responsibility

The Directors of Zeco Holdings Limited are responsible for the preparation and fair presentation of the group's consolidated financial statements, of which the press release represents an extract. The abridged group interim financial results have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements for provisional interim financial statements (interim reports).

Operating overview

The operating environment was subdued as players in the market expected a new currency in the economy. The new currency introduced in April brought stability in the exchange rate and slowed down inflation. Economic activity was affected by drought resulting in reduced electricity generated and low agriculture performance that resulted in the revision of economic growth projection from 3.5% to 2%.

Performance review

The group recorded revenues of ZWG\$ 689,591 for the six months ended June 30, 2024 compared to a restated figure of ZWG\$8,035 million for the same period last year. During the period, the group recorded a loss of ZWG\$1.650 million. Total assets as at 30 June 2024 amounted to ZWG\$72.12 million.

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

Dividend notice to shareholders

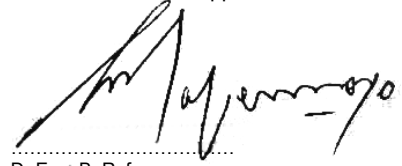
No dividend was paid.

Outlook

We expect the tight monetary conditions to persist and prices to continue stabilizing which will result in business thriving. Under the conditions we expect new business in the real estate sector as we complete renovations and construction. We will continue to positively innovate in the competitive environment by pursuing new market segments.

Acknowledgments

On behalf of the Board of Directors, I would like to thank our customers, suppliers, key stakeholders, my fellow Directors, Management and Staff of ZECO Holdings for their continued support.



Dr Eng. B. Rafemoyo
Chairman

ABRIDGED UNAUDITED FINANCIAL STATEMENTS AS AT JUNE 30, 2024

Assets	Note	UNREVIEWED	
		JUNE 2024 ZWG\$	DEC 2023 ZWG\$
Non-current assets			
Property, plant and equipment	22	69,143,365	70,728,650
Investment property		1,277,959	1,277,959
Deferred tax		2,084	2,084
Total non-current assets		70,423,408	72,008,693
Current assets			
Inventory	10	286,405	363,163
Trade and other receivables	11	27	173
Other financial assets	13	3	116
Cash and cash equivalents	14	65	-
Total current assets		286,500	363,452
Assets of discontinued operations		1,411,746	1,411,746
Total assets		72,121,654	73,783,891
Equity and liabilities			
Equity			
Derived Equity		1,340,372	1,340,372
Retained earnings		67,435,554	69,072,444
Total equity		68,775,926	70,412,816
Non current liabilities			
Deferred tax	18	1,200,840	1,200,840
Related party payables	12	198,242	198,242
Total non current liabilities		1,399,082	1,399,082
Current liabilities			
Trade and other payables	15	1,792,777	1,818,124
Total current liabilities		1,792,777	1,818,124
Liabilities associated with discontinued operations		153,869	153,869
Total equity and liabilities		72,121,654	73,783,891

ABRIDGED UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2024

	UNREVIEWED		
	Derived equity ZWG\$	Retained earnings ZWG\$	Total ZWG\$
Restated balance as at January 1, 2023	266,181	236,116,217	248,349,906
Loss for the year	-	(36,232,626)	(36,232,626)
Derived equity	168,367	-	168,367
Foreign exchange gain	-	9,586	9,586
Restated balance as at June 30, 2023	434,548	199,893,177	212,295,233
Restated balance as at January 1, 2024	1,340,372	69,072,444	70,412,816
Loss for the year	-	(1,650,807)	(1,650,807)
Foreign exchange gain	-	13,917	13,917
Balance as at June 30, 2024	1,340,372	67,435,554	68,775,926

ABRIDGED UNAUDITED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2024

Note	UNREVIEWED	
	2024 ZWG\$	2023 ZWG\$
Income		
Revenue	689,591	8,035,802
Cost of sales	(89,672)	(3,919,238)
Gross profit	599,919	4,116,564
Other income	64,137	2,132,728
Operating profit	664,056	6,249,292
Expenditure		
Administration costs	(2,314,863)	(9,383,674)
Total expenditure	(2,314,863)	(9,383,674)
Loss before tax	(1,650,807)	(3,134,382)
Loss from continuing operations	(1,650,807)	(3,134,382)
Discontinued operations		
Loss for the year after tax from discontinued operations	-	(469,486)
Loss before monetary loss	(1,650,807)	(3,603,868)
Monetary loss	-	(32,628,757)
Loss for the year	(1,650,807)	(36,232,626)
Attributable to:		
Equity holders of the parent company:	(1,650,807)	(27,659)
Loss per share (cents)		
Weighted average number of shares in issue	463,337,661	463,337,661
Basic loss per share from continuing operations	(0.00)	(0.01)
Basic loss per share from discontinued operations	-	(0.00)
Basic profit/(loss) per share	(0.00)	0.11
Diluted earnings per share from continuing operations	(0.00)	0.11

ABRIDGED UNAUDITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2024

	UNREVIEWED	
	Jun-24 ZWG\$	Jun-23 ZWG\$
Cash flows from operating activities		
Loss for the year	(1,650,807)	(36,232,626)
Adjustments for non-cash items		
Interest received	-	(1,054)
Fair value loss	113	828
Monetary loss	-	32,628,757
Effects of opening balances	-	17,677,463
Depreciation	1,585,285	1,585,285
Foreign exchange gain	13,917	9,586
Net cash flows after working capital changes	(51,492)	15,668,240
Working capital changes		
Decrease in trade and other inventories	76,758	881,500
Decrease in trade and other receivables	146	273,129
Decrease in related party receivables	-	(184)
Increase in related party payables	-	(6,835)
Decrease in trade and other payables	(25,347)	(8,944,776)
Decrease in discontinued operations liabilities	-	(7,024,035)
Increase in discontinued operations assets	-	(1,038,953)
Net cash inflows/(outflows) from working capital changes	51,557	(15,860,154)
Cash inflows/(outflows) from operating activities	65	(191,915)
Cash flow from financing activities		
Interest received	-	1,054
Shareholder's loan receipts	-	13
Related party receipts	-	168,367
Net cash flow from financing activities	-	169,434
Increase/(decrease) in cash and cash equivalents	65	(22,480)
Movement of cash and cash equivalents		
Cash and cash equivalents at beginning of year	-	27,443
Increase/(decrease) in cash and cash equivalents	65	(22,480)
Cash and cash equivalents at end of year	65	4,963

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

ZECO Holdings Limited specializes in steel fabrication and installation, manufacture and rehabilitation of traction, wagons, and mining rolling stock and manufacture of window frames and door frames.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation and presentation

The Group's financial statements for the half year ended 30 June 2024 have been prepared in accordance with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The group's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Gold (ZWG). The principal accounting policies applied in the preparation of the group financial statements are in terms of IFRS.

3 Significant accounting policies

3.1 Functional and presentation currency

Following the Monetary Policy Statement of 5 April 2024, the Government of Zimbabwe issued a Statutory Instrument (SI) 60 of 2024 which formalised the Reserve Bank of Zimbabwe (RBZ) (Central Bank) introduction of a structured currency called the Zimbabwean Gold (ZWG). A structured currency is generally defined as a currency that is pegged to a specific exchange rate or currency basket and backed by a bundle of foreign exchange assets (potentially including gold). This means that the Central Bank can only issue domestic notes and coins when they are fully backed by a foreign "reserve" currency or foreign exchange assets and that the currency is fully convertible into the reserve currency on demand. The ZWG is anchored by a composite basket of foreign currency and precious metals (mainly gold) held as reserves by the Reserve Bank of Zimbabwe.

With effect from 5 April 2024, Banks were required to convert the previously existing Zimbabwean Dollar (ZWS) balances into ZWG. The new currency is co-circulating with other foreign currencies in the economy. The swap rate on 5 April 2024 was ZWG 1: ZWS 2 498, 7242 as guided by the closing interbank exchange rate and the price of gold as at that date. This swap rate was used to make legitimate conversions of all ZWS balances into ZWG.

Management used judgement to determine the currency that would faithfully represent and reflect the economic effects of the underlying transactions that are relevant to the Group and its operations as required by IAS 21- The Effects of Changes in Foreign Exchange Rates given the exposure to multiple currencies circulating in the economy and they concluded that the Group's functional currency changed from the ZWS to ZWG. The interim financial results of the Group are therefore presented in Zimbabwean Gold (ZWG).

3.2 Translation

Following the Introduction of the Zimbabwean Gold Currency by the Reserve Bank of Zimbabwe (RBZ) on 5 April 2024 and the Statutory Instrument (SI) 60 of 2024, all the previously existing Zimbabwean Dollar (ZWS) balances were converted into ZWG as at that date. The swap rate of ZWG 1: ZWS 2,498.7242 was used as guided by the closing interbank exchange rate and the price

NOTES TO THE FINANCIAL STATEMENTS CONT.

of gold as at that date. The 2023 previously reported balances and transactions between 1 January 2024 and 31 March 2024 were inflated to the 30th of March 2024. These amounts were converted using the same rate for adoption as the comparative balances and current results in the financial results for the period ended 30 June 2024.

The transactions that occurred between 1 April 2024 and 30 June 2024 have not been restated using the Consumer Price Index (CPI) given that the ZWG has not as yet exhibited all the characteristics that would indicate that it is a currency of a hyperinflationary economy. Below are the indices and adjustment factors used up to restate the comparatives and transactions that happened between 1 January 2024 and 31 March 2024.

Year end	INDICES	FACTOR
CPI as at 30 June 2023	42,710.73	10.05
CPI as at 31 December 2023	65,703.45	6.53
CPI as at 31 March 2024	429,219.70	1.00

ZWL CPIs from February 2023 to March 2024 have been estimated by making use of the Total Consumption Poverty Datum lines as published by ZIMSTAT whose movement was found to have a 0.99 correlation coefficient with that of the ZWL CPIs.

4 Statement of compliance

The unaudited financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required to fully comply with IFRSs and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2023. These financials are based on statutory records that are maintained under the historical cost convention.

	UNREVIEWED	
	June 2024 ZWG\$	June 2023 ZWG\$
5 Revenue		
Sales	689,591	8,035,802
Total revenue	689,591	8,035,802
6 Cost of sales		
Direct materials	89,672	3,919,238
Total cost of sales	89,672	3,919,238
7 Other income		
Rent received	61,678	2,131,674
Scrap sales	2,459	-
Bank interest	-	1,054
Total other income	64,137	2,132,728
8 Administration costs		
Audit fees	45,173	180,731
Employee costs	366,019	4,482,405
Administration expenses	1,903,671	4,720,538
Total administration costs	2,314,863	9,383,674
9 Deferred tax liability		
Deferred tax	1,200,840	68,994
Total deferred tax liability	1,200,840	68,994
10 Inventory		
Raw materials-contents	3,531	25,008
Work in progress	68,316	108,911
Finished goods	214,558	229,244
Total inventory	286,405	363,163
11 Trade and other receivables		
Other	27	173
Total trade and other receivables	27	173
12 Related Party balances		
The Group's related parties include companies under common control, key management and others as described below:		
Related party payables		
Non-current liabilities due to:		
Pinnacle Holdings	198,242	198,242
Total	198,242	198,242
Discontinued operations		
Non-current liabilities due to:		
Pinnacle Properties (Private) Limited	3,413	3,413
Zimplastics (Private) Limited	13	13
Critical Hope (Private) Limited	7	7
Total	3,433	3,433
13 Other financial assets		
Other financial assets	3	116
Total other financial assets	3	116
14 Cash and cash equivalents		
Cash at bank	65	-
Total cash and cash equivalents	65	-
15 Trade and other payables		
Trade	56,671	1,509,203
Bank overdraft	181,130	37,344
Other	1,554,976	271,576
Total trade and other payables	1,792,777	1,818,124
UNREVIEWED		
June 2024	Dec 2023	
ZWG	ZWG	
16 Reconciliation of income tax expense		
Loss before tax	(1,650,807)	(36,232,626)
Notational tax expense at a rate of 25.75%	(425,083)	(9,329,901)
Income tax receivable	(2,075,890)	(45,562,527)
ZECO Holdings has cumulative assessed loss from prior periods hence no tax charge is applicable.		
17 Share capital		
Authorised		
600 000 000 ordinary shares at USD nil par value		
Issued and fully paid		
463 337 661 ordinary shares at USD nil par value		
18 Deferred taxation		
Deferred tax liabilities		
At 01 January	1,200,840	1,647,323
Charge to profit or loss	-	(446,482)
At 30 June 2024	1,200,840	1,200,840
Deferred tax asset		
At 01 January	2,084	2,084
At 30 June	2,084	2,084



NOTES TO THE FINANCIAL STATEMENTS CONT.

19 Discontinued operations

Zimplastics (Private) Limited and Delward T/A ZECO (Private) Limited
The subsidiaries' operations were discontinued as it had been negatively affected by changing market dynamics and competition from cheap imports mainly from the East. The businesses had become unsustainable with no prospects of recovery.

	UNREVIEWED	
	June 2024 ZWG	Dec 2023 ZWG
Revenue	-	-
Cost of sales	-	-
Gross profit/(loss)	-	-
Audit fees	-	(133,170)
Administration expenses	-	(336,316)
Operating loss before tax	-	(469,486)
Taxation	-	-
Profit/(loss) for the year from discontinued operations	-	(469,486)
Assets		
Property, plant and equipment	1,393,081	1,393,081
Inventories	479	479
Trade receivables	18,172	18,172
Cash and bank	14	14
Assets classified as held for sale	1,411,746	1,411,746
Liabilities		
Deferred tax liability	128,215	128,215
Pinnacle Holdings (Private) Limited	3,413	3,413
T & S Marketing (Private) Limited	13	13
Trade and other payables	21,991	21,991
Shareholders loan	149	149
Related party payables	7	7
Bank overdraft	75	75
Jetmaster	6	6
Liabilities associated with assets classified as held for sale	153,869	153,869
Net assets associated with discontinued operations	1,257,877	1,257,877

20 Loss per share (cents)

	June 2024 ZWG	Dec 2023 ZWG
Basic loss per share		
Loss for the year from continuing operations	(1,650,807)	(36,232,626)
Loss for the year from discontinued operations	-	-
Loss for the year	(1,650,807)	(32,545)
Weighted average number of shares in issue	463,337,661	463,337,661
continuing operations	(0.00)	(0.08)
discontinued operations	-	(0.00)
Basic loss per share (cents)	-	0.11

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

Diluted loss per share (cents)

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

	June 2024 ZWG	Dec 2023 ZWG
Net loss used to determine diluted loss per share:		
Loss for the year from continuing operations	(1,650,807)	(36,232,626)
Loss for the year from discontinued operations	-	-
Loss for the year	(1,650,807)	(32,545)

The weighted average number of ordinary shares in issue for the purpose of diluted loss per share, reconciles to the weighted average number of ordinary shares used in the calculations of basic loss per share as follows:

	June 2024 ZWG	Dec 2023 ZWG
Weighted average number of ordinary shares in issue	463,337,661	463,337,661
Diluted loss per share from continuing operations	-	-
Diluted loss per share from discontinued operations	-	(0.00)
Diluted loss per share (cents)	(0.00)	-

21 Retirement benefit obligations

National Social Security Authority (NSSA) Scheme

The group and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The group's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	Jun-24 ZWG	Dec-23 ZWG
National Social Security Authority	5,002	8,399
Total contributions	5,002	8,399

UNREVIEWED

22 Property, plant and equipment

	Land ZWG\$	Buildings ZWG\$	Plant and machinery ZWG\$	Motor vehicles ZWG\$	Office equipment ZWG\$	Computer equipment ZWG\$	Total ZWG\$
Half Year ended June 30, 2024							
Opening net book value	5,119,067	58,353,505	7,188,270	23,918	13,367	30,523	70,728,650
Depreciation	-	(1,190,888)	(379,000)	(6,059)	(1,528)	(7,810)	(1,585,285)
Closing net book value	5,119,067	57,162,617	6,809,270	17,859	11,839	22,713	69,143,365
At June 30, 2024							
Cost/Valuation	5,119,067	59,544,393	7,567,270	29,977	14,895	38,333	72,313,935
Accumulated depreciation	-	(2,381,776)	(758,000)	(12,118)	(3,056)	(15,620)	(3,170,570)
Net book value	5,119,067	57,162,617	6,809,270	17,859	11,839	22,713	69,143,365
Year end December 31, 2023							
Opening net book value	5,119,067	59,544,393	7,554,647	29,977	14,895	38,333	72,301,312
Additions	-	-	12,623	-	-	-	12,623
Depreciation	-	(1,190,888)	(379,000)	(6,059)	(1,528)	(7,810)	(1,585,285)
Closing net book value	5,119,067	58,353,505	7,188,270	23,918	13,367	30,523	70,728,650
At December 31, 2023							
Cost/Valuation	5,119,067	58,353,505	7,188,270	23,918	13,367	30,523	70,728,650
Net book value	5,119,067	58,353,505	7,188,270	23,918	13,367	30,523	70,728,650

