

### Financial Highlights

ZWL'000

Revenue	999,570
Profit from operations	103,030
Profit before taxation	213,529
Profit for the period	164,516



## Chairman's Statement

### Introduction

On behalf of the Board of Directors, I hereby present the Turnall Holdings Limited audited abridged consolidated financial statements for the year ended 31 December 2020.

### Operating Environment

The Covid-19 pandemic had a major impact on the economy and the business with the resultant lockdowns and movement restrictions affecting trading activity. The informal sector, which contributes significantly to the economy was the worst affected by trade restrictions and this reduced disposal incomes and products demand.

The Group implemented the appropriate regulatory measures and guidelines to ensure that the business operates in a safe environment for its customers, staff, and all stakeholders. Management set up a Covid-19 taskforce and operating procedures to ensure that the safety protocols are adhered to. The measures increased the cost of business through acquisition of personal protective clothing, sanitisers, and private hire transport for staff.

The return of the United States dollar as a legal means of exchange in the country, together with the introduction of the foreign currency auction system helped stabilise the exchange rate and price stability. The company is now raising enough foreign currency locally to meet its import requirements.

### Financial Performance

The Group prepared financial statements in accordance with International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies. This requires Inflation adjusted financial statements to be presented, as the primary financial statements with the historical financial statements being prepared for information purposes.

Demand for the company's products was high during the year. The sales volumes for the year were 9% above the previous year despite the company having lost a full month's trading in April due to the lockdown.

Turnover for the year was 4% lower than the previous year. The company generated most of its revenues in USD and was converted at the fixed exchange rate ruling at that time resulting in the decrease in revenue compared to the previous year.

The gross profit percentage was 33% compared to 34% in the prior year and operating expenses were 27% of revenue compared to 26% in the previous year.

Export volumes were 43% lower than the previous year as they were affected by border closures, international cargo logistics constraints and lack of competitiveness in the regional markets.

The Group inflation adjusted net profit after tax for the year was \$165 million compared to \$434 million for the previous year. Earning per share were 33.37c vs 88.03c, impacted by a higher tax charge, following utilisation of accumulated tax losses in 2019.

Operating activities generated \$320 million of cash, of which \$162 million was invested into working capital, \$118 million on capital expenditure and \$20 million on loan repayment. Cash and cash equivalents increased by \$7 million.

### Outlook

There are good prospects for growth in the construction industry and particularly individual housing projects as the national housing backlog continues to grow. The new regulations prohibiting the sale of unserviced stands are expected to improve demand for water and sewage reticulation pipes.

The strict lockdown for the first one and half months of this year reduced the company's sales volumes as most of the customers' businesses were deemed not essential and were closed for business. Volumes started to improve in March and the company expects to get to the normal trading levels in the second quarter if its customers can remain open for business.

The Covid -19 pandemic continues to cause disruption and its impact on the business in the short to medium term is uncertain. Nonetheless, there is hope in the longer term with the introduction of vaccines, and the good rains of late are expected to provide a significant stimulus to economy this year. Management has implemented measures to ensure business continuity and viability in the uncertain environment and will continuously review these measures.

The health and safety of our customers, employees and stakeholders is important to us. The company adheres to the WHO Covid-19 guidelines provided by the authorities to ensure a safe working environment.

### Dividend

The Board has resolved not to declare a dividend for the period and reinvest profits to improve working capital.

### Board and Management

The Managing Director, Roseline Chisveto, left the Group after the expiry of her contract on 31 August 2020. We would like to welcome the new Managing Director, Mr. Zvidzayi Bikwa, who joined the Group on 1 December 2020. We look forward to his contributions to the Group.

### Disposal of Turnall shares by the National Social Security Authority (NSSA)

Further to the cautionary statements published earlier, the Board of Directors wish to advise shareholders that one of the company's shareholders, NSSA, is still engaged in a transaction to dispose its 32.55% shareholding in the business. The transaction if successful, could have a material impact on the value of the Company's shares.

The Board therefore advises shareholders to continue exercising caution when dealing in their Turnall Holdings Limited shares and to consult their professional advisers before dealing in their shares until such time as the results of the said development are known. Appreciation

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

By Order of the Board.

Mr. B. P. Nyajeka  
Board Chairman

9 April 2021

## INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These abridged consolidated financial statements should be read in conjunction with the full set of the audited consolidated financial statements of Turnall Holdings Limited and its subsidiaries for the year ended 31 December 2020, which have been audited by Independent Auditors, Messrs Grant Thornton Chartered Accountants (Zimbabwe). The audit opinion on the consolidated financial statements is an adverse opinion because of non-compliance with International Accounting Standard (IAS) 21 – The Effects of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies. There is an emphasis of matter regarding the possible impact of the uncertainties relating to COVID-19 pandemic to the Group. The audit report includes a section on key audit matters relating to revenue recognition. The Independent Auditor's report on the consolidated financial statements is available for inspection at the company's registered office.

The engagement partner on the audit resulting in the auditor's report is Edmore Chimhwa (PAAB Number 0470)

## Consolidated Statement of Profit and Loss and other comprehensive income for the year ended 31 December 2020

	Inflation Adjusted		*Historical Cost	
	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2019 ZWL	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2019 ZWL
Revenue	999,569,948	1,038,820,789	718,334,536	102,359,893
Cost of sales	(669,372,170)	(698,164,357)	(437,528,438)	(55,854,682)
<b>Gross profit</b>	<b>330,197,778</b>	<b>340,656,432</b>	<b>280,806,098</b>	<b>46,505,211</b>
Other income	35,653,832	68,652,144	19,327,278	3,877,259
Selling and distribution expenses	(115,397,512)	(108,892,786)	(83,178,122)	(11,913,378)
Administrative expenses	(147,423,259)	(171,596,760)	(102,585,083)	(16,489,714)
<b>Profit from operating activities</b>	<b>103,030,839</b>	<b>128,819,030</b>	<b>114,370,171</b>	<b>21,979,378</b>
Finance costs	(3,533,490)	(8,247,630)	(2,441,506)	(561,343)
Gain on net monetary position	114,198,811	325,108,174	-	-
<b>Profit before taxation</b>	<b>213,696,160</b>	<b>445,679,573</b>	<b>111,928,665</b>	<b>21,418,035</b>
Income tax expense	(49,180,239)	(11,679,613)	(33,050,202)	(3,872,766)
<b>Profit for the year</b>	<b>164,515,921</b>	<b>433,999,960</b>	<b>78,878,463</b>	<b>17,545,269</b>
<b>Other comprehensive income / (loss) - net of income tax</b>	-	795,265,480	-	286,373,064
Foreign currency translation differences	3,160,914	(3,467,234)	704,611	(712,546)
<b>Total comprehensive income for the year</b>	<b>167,676,835</b>	<b>1,225,798,206</b>	<b>79,583,074</b>	<b>303,205,787</b>
<b>Earnings per share</b>				
Number of shares in issue	493,040,308	493,040,308	493,040,308	493,040,308
Basic and diluted (cents per share)	33.37	88.03	16.00	3.56

\*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

## Consolidated Statement of Financial Position as at 31 December 2020

	Inflation Adjusted		*Historical Cost	
	Audited as at 31.12.2020 ZWL	Audited as at 31.12.2019 ZWL	Audited as at 31.12.2020 ZWL	Audited as at 31.12.2019 ZWL
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,821,564,348	1,799,350,819	396,250,456	401,099,984
Investment property	12,051,476	12,107,704	255,802	262,439
Investments in financial assets	433,207	1,869,522	433,207	416,742
Deferred taxation	6,575,794	6,355,903	6,575,794	1,416,818
<b>Total non-current assets</b>	<b>1,840,624,825</b>	<b>1,819,683,948</b>	<b>403,515,259</b>	<b>403,195,983</b>
<b>Current assets</b>				
Inventories	397,862,111	242,130,529	158,782,338	30,574,661
Trade and other receivables	125,353,415	103,518,079	124,162,902	15,195,936
Cash and cash equivalents	20,005,853	10,827,939	20,005,853	2,413,695
<b>Total current assets</b>	<b>543,221,379</b>	<b>356,476,547</b>	<b>302,951,093</b>	<b>48,184,292</b>
<b>Total assets</b>	<b>2,383,846,204</b>	<b>2,176,160,495</b>	<b>706,466,352</b>	<b>451,380,275</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	190,332,016	190,332,016	4,930,403	4,930,403
Share premium	7,022,330	7,022,330	181,908	181,908
Non-distributable reserve	295,520,888	295,520,888	7,655,239	7,655,239
Revaluation reserve	795,265,480	795,265,480	290,970,873	290,970,873
Foreign currency translation reserve	-	(3,160,914)	-	(704,611)
Retained Earnings	405,341,309	240,825,387	86,769,160	7,890,697
<b>Total equity</b>	<b>1,693,482,022</b>	<b>1,525,805,187</b>	<b>390,507,583</b>	<b>310,924,509</b>
<b>Non-current liabilities</b>				
Deferred taxation	450,273,281	442,876,127	95,420,026	99,167,606
Loans and borrowings	-	18,571,449	-	4,139,831
Trade and other payables	3,364,176	35,004,937	3,364,176	7,803,081
<b>Total non-current liabilities</b>	<b>453,637,457</b>	<b>496,452,513</b>	<b>98,784,202</b>	<b>111,110,518</b>
<b>Current liabilities</b>				
Loans and borrowings	3,139,841	4,710,966	3,139,841	1,050,139
Trade and other payables	189,934,591	140,755,149	170,382,433	26,414,457
Current tax liabilities	41,892,401	8,436,680	41,892,401	1,880,652
Bank overdraft	1,759,892	-	1,759,892	-
<b>Total current liabilities</b>	<b>236,726,725</b>	<b>153,902,795</b>	<b>217,174,567</b>	<b>29,345,248</b>
<b>Total equity and liabilities</b>	<b>2,383,846,204</b>	<b>2,176,160,495</b>	<b>706,466,352</b>	<b>451,380,275</b>

\*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

### Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Inflation adjusted		*Historical Cost	
	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2019 ZWL	Audited year ended 31.12.2020 ZWL	Audited year ended 31.12.2019 ZWL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before income tax</b>	<b>213,696,160</b>	<b>445,679,573</b>	<b>111,928,665</b>	<b>21,418,035</b>
Adjustment for:				
Depreciation of property, plant and equipment	95,717,701	50,128,920	19,587,724	1,299,084
Depreciation of investment property	56,229	252,242	6,637	6,641
Amortisation of financial assets	(16,465)	(76,878)	(16,465)	(17,512)
Finance costs	3,533,490	8,247,630	2,441,506	561,343
Currency translation differences	3,160,914	(3,467,234)	704,611	(712,546)
Profit from disposal of property, plant and equipment	(60,888)	(1,237,814)	(35,561)	(289,639)
Non-cash adjustments IAS 29	(3,884,958)	(794,684)	-	-
<b>Operating cash flow before working capital changes</b>	<b>319,972,099</b>	<b>498,731,756</b>	<b>134,617,117</b>	<b>22,265,406</b>
Movement in working capital				
Decrease/(increase) in trade and other receivables	1,995,900	32,376,916	(108,966,966)	(10,991,462)
Increase in inventories	(155,731,582)	(56,245,727)	(128,207,677)	(23,903,992)
(Decrease)/increase in trade and other payables	(8,724,732)	(287,802,417)	139,529,071	18,047,246
<b>Net cash generated from operating activities</b>	<b>157,511,685</b>	<b>187,060,528</b>	<b>36,971,545</b>	<b>5,417,198</b>
Tax paid	(8,547,256)	(76,296)	(1,945,003)	(10,808)
Interest paid	(3,553,490)	(8,247,630)	(2,441,506)	(561,343)
<b>Net cash flows generated from operating activities</b>	<b>145,430,939</b>	<b>178,736,601</b>	<b>32,585,036</b>	<b>4,845,047</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	140,330	1,555,160	81,952	346,667
Acquisition of property, plant and equipment	(118,010,672)	(26,277,775)	(14,784,593)	(2,014,045)
<b>Net cash flows used in investing activities</b>	<b>(117,870,342)</b>	<b>(24,722,615)</b>	<b>(14,702,641)</b>	<b>(1,667,378)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in loans and borrowings	(20,142,574)	(148,333,774)	(2,050,129)	(968,655)
<b>Net cash flows used from financing activities</b>	<b>(20,142,574)</b>	<b>(148,333,774)</b>	<b>(2,050,129)</b>	<b>(968,655)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>7,418,022</b>	<b>5,680,212</b>	<b>15,832,266</b>	<b>2,209,014</b>
<b>CASH AND CASH EQUIVALENTS AT BEGGINING OF YEAR</b>	<b>10,827,939</b>	<b>5,147,727</b>	<b>2,413,695</b>	<b>204,681</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>18,245,961</b>	<b>10,827,939</b>	<b>18,245,961</b>	<b>2,413,695</b>

\*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

### Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Inflation adjusted						
	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Retained Earnings ZWL	Total ZWL
<b>Balance at 31 December 2018</b>	190,332,016	7,022,330	295,520,888	-	306,321	(193,174,573)	300,006,981
Total comprehensive income for the year	-	-	-	795,265,480	(3,467,234)	433,999,960	1,225,798,206
<b>Balance at 31 December 2019</b>	190,332,016	7,022,330	295,520,888	795,265,480	(3,160,914)	240,825,387	1,525,805,187
Total comprehensive income for the year	-	-	-	-	3,160,913	164,515,921	167,676,835
<b>Balance at 31 December 2020</b>	190,332,016	7,022,330	295,520,888	795,265,480	-	405,341,309	1,693,482,022

  

	*Historical Cost						
	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Retained Earnings ZWL	Total ZWL
<b>Balance at 31 December 2018</b>	4,930,403	181,908	7,655,239	4,597,809	7,935	(9,654,572)	7,718,722
Total comprehensive income for the year	-	-	-	286,373,064	(712,546)	17,545,269	303,205,787
<b>Balance at 31 December 2019</b>	4,930,403	181,908	7,655,239	290,970,873	(704,611)	7,890,697	310,924,509
Total comprehensive income for the year	-	-	-	-	704,611	78,878,463	79,583,074
<b>Balance at 31 December 2020</b>	4,930,403	181,908	7,655,239	290,970,873	-	86,769,160	390,507,583

\*The historic amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

### Supplementary Information

#### 1. Basis of Preparation

The inflation adjusted consolidated financial statements, from which these abridged consolidated financial statements are an extract, have been prepared in accordance with International Financial Reporting Standards (IFRS), except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyper-Inflationary Economies". The Directors of Turnall Holdings Limited are responsible for the preparation and fair presentation of the Annual Group financial statements, of which this press release represents an extract.

The Group adopted IAS 29 - "Financial Reporting in Hyper-Inflationary Economies" effective 1 July 2019 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board (PAAB). The consolidated financial statements have been prepared under the current cost basis as per the provisions of IAS 29. The Group used the price indices provided by Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors up to 31 December 2020:

	Index	Conversion factor
CPI as at 31 December 2020	2,474.5	1.00
CPI as at 31 December 2019	551.6	4.49
CPI as at 31 December 2018	88.8	27.87

#### 2. Accounting policies and reporting currency

There have been no material changes in the Group's accounting policies since the date of the last consolidated financial statements. The financial statements are presented in ZWL for the current year which is the functional currency of the Group and are rounded to the nearest dollar (\$) unless otherwise indicated.

#### 3. Borrowings - Inflation adjusted

The Group has total borrowings of ZWL\$3.1 million (2019: \$23.3 million). The average borrowing cost for the period was 30 percent per annum.

Borrowings are secured by guarantee from ZIMNAT.

#### 4. Approval of financial statements

The audited abridged consolidated financial statements for the year ended 31 December 2020 were approved by the Board on 09 April 2021.

#### 5. Capital commitments

	2020 ZWL	2019 ZWL
Authorised and contracted for	43,304,189	59,908,202
Authorised but not yet contracted for	118,010,672	26,277,774

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**CONTACT DETAILS**

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