

Financial Highlights

ZWL\$'000

Revenue	636,920
Profit from operations	29,960
Profit before taxation	45,931
Profit for the period	26,413

Chairman's Statement

Introduction

On behalf of the board of directors, I hereby present Turnall Holdings Limited reviewed abridged financial statements for the 6 months ended 30 June 2021.

Operating Environment

Turnall managed to withstand the challenges that the operating environment presented and realised growth in comparison to the same operating period last year for the half year under review.

The economy was characterised by a persistent hyper inflationary environment. Despite the well-intended fiscal and monetary initiatives, the operating environment remained fluid, underpinned by diminishing consumer and business confidence and compounded by exogenous shocks including the COVID19 pandemic and S1 127 of 2021.

Financial Performance

The business was required to continuously review pricing to ensure competitiveness and relevance while overhead control remained a strategic management area of focus. The USD transactions contributed 49% of the turnover and were converted to ZWL at the official rate which was averaging US\$1:ZWL85 which was far below the open market rate. This resulted in lower than anticipated turnover and gross profit margin for the period both in historical and inflation adjusted terms..

The inventory levels remained a central success factor which helped in ensuring uninterrupted operations and the ability to supply product into the market during the challenging times.

The Group continues to work closely with its financial institutions and partners to secure the necessary funding to support its growth and the associated increased values in working capital.

Adopting the best world practices toward mitigating against the effects of the candid global pandemic on production will assist in the uninterrupted supply of all Turnall products to the local and export market.

The Group prepared financial statements using the requirements of International Accounting Standard (IAS) 29 - Financial Reporting In a Hyperinflationary Economy. Inflation adjusted financial statements presented are the primary financial statements, with the historical financial statements being prepared for comparative purposes only.

Turnall Holdings posted the following highlights in comparison to the same period last year;

	Inflation Adjusted	Historical Cost
Revenue grew	52%	381%
Sales volumes were	21%	21%
Production tonnage increased	28%	28%
Export volumes were up	3%	3%
Cash generated grew	92%	302%
Increase / (decrease) in profit	(36%)	430%

The business was financed from internally generated cashflows.

Sustainability Performance

We continue to apply an integrated approach in managing our sustainability impacts and opportunities. The company adopted the Global Reporting Initiatives (GRI) Sustainability Reporting Framework as a business model in addressing and managing economic, environmental, social and governance aspects of our operations.

Legislative Environment

Turnall Holdings Limited has continued to uphold its ISO14001, ISO9001 and OHSAS 18001 certification. We continue to comply with relevant legislative requirements of the Environmental Management Act, Labour Act, Companies Act and other related legislations.

Prospects

Management is very optimistic that the business will continue to record profits and maximize shareholder wealth. Focus is now on re-capitalizing the plants and improving production efficiencies while reducing production costs. Cost containment and business rightsizing will remain a top priority to ensure profitability. Plans are underway to resuscitate the Asbestos plant in Harare to reduce cost of transferring the product from Bulawayo to Harare. Pricing issues have been a major challenge particularly on the export market owing to depreciation of currency within the region. The business is now pricing exports in USD to hedge against depreciation of weaker currencies within the region.

Board and Management

Mr. Samson Mavende resigned from the position of Finance Director effective 1st of April 2021 after four years of service to pursue other opportunities. The new Finance Director will be announced in due course.

Dividends

The Board has declared an interim dividend of 3 cents (ZWL) per share for the half year ended 30 June 2021 amounting to ZWL16 408 757 which is 4.5 times dividend cover in historical terms. This is the confidence that the Board has in the company on its' recovery path. The last dividend payout was made in 2007.

Cautionary Statement

The Board of Directors wish to advise shareholders that NSSA has notified the company that it is still engaged in a transaction to dispose its 32.55% shareholding in Turnall. The transaction if successful could have a material impact on the value of the company's shares.

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

Appreciation

I would like to take this opportunity to thank all the stakeholders: shareholders, the Board and fellow directors, customers, suppliers, employees, and other business partners for their continued support.

By Order of The Board

Mr. B.P Nyajeka
Chairman

01 September 2021



Auditor's Statement

These abridged interim consolidated financial statements for the six months ended 30 June 2021 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued therein.

This review conclusion is qualified with respect to non-compliance with International Accounting Standard (IAS 21) The Effects of Changes in Foreign Exchange Rates.

The review conclusion has been made available to management and those charged with the governance of Turnall Holdings Limited. The Independent Review report on consolidated interim financial statements is available for inspection at the company's registered offices.

Reviewed Abridged Consolidated Statement of Comprehensive Income for the half year ended 30 June 2021

	Inflation Adjusted		Historical Cost	
	Reviewed Six months ended 30.06.2021 ZWL\$	Reviewed Six months ended 30.06.2020 ZWL\$	Reviewed Six months ended 30.06.2021 ZWL\$	Reviewed Six months ended 30.06.2020 ZWL\$
Revenue	636,919,633	419,173,941	599,645,772	124,622,309
Cost of sales	(482,519,416)	(245,675,516)	(384,242,442)	(82,272,235)
Gross profit	154,400,217	173,498,425	215,403,330	42,350,074
Other income	18,249,314	27,577,981	18,358,303	12,461,617
Selling and distribution expenses	(61,365,556)	(48,799,419)	(56,780,242)	(14,737,698)
Administrative expenses	(81,324,298)	(67,249,276)	(72,456,121)	(19,953,626)
Profit from operating activities	29,959,677	85,027,711	104,525,269	20,120,367
Finance costs	(463,600)	(1,630,188)	(462,771)	(474,859)
Gain/ (loss) on net monetary position	16,435,226	(11,259,248)	-	-
Profit before taxation	45,931,302	72,138,275	104,062,498	19,645,508
Income tax expense	(19,517,989)	(13,622,356)	(29,477,236)	(6,281,677)
Profit for the period	26,413,314	58,515,919	74,585,262	13,363,831
Other comprehensive income / (loss) - net of income tax				
Foreign currency translation differences	-	(323,386)	-	(1,297,973)
Total comprehensive income for the period	26,413,314	58,192,533	74,585,262	12,065,858
Earnings per share				
Number of shares in issue	493,040,308	493,040,308	493,040,308	493,040,308
Basic and diluted (cents per share)	5.36	11.87	15.13	2.71

Reviewed Abridged Consolidated Statement of Financial Position as at 30 June 2021

	Inflation Adjusted		Historical Cost	
	Reviewed as at 30.06.2021 ZWL	Audited as at 31.12.2020 ZWL	Reviewed as at 30.06.2021 ZWL	Audited as at 31.12.2020 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	2,142,878,939	2,198,413,604	388,479,795	396,250,456
Investment property	14,399,264	14,544,711	252,623	255,802
Investments in financial assets	433,207	522,830	433,207	433,207
Deferred taxation	6,614,839	7,936,208	6,575,794	6,575,794
Total non-current assets	2,164,326,249	2,221,417,353	395,741,419	403,515,259
Current assets				
Inventories	484,087,832	480,172,704	214,808,890	158,782,338
Trade and other receivables	156,451,798	151,286,807	153,566,379	124,162,902
Cash and cash equivalents	58,549,706	24,144,708	58,549,706	20,005,853
Total current assets	699,089,336	655,604,219	426,924,975	302,951,093
Total assets	2,863,415,585	2,877,021,572	822,666,394	706,466,352
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	229,708,324	229,708,324	4,930,403	4,930,403
Share premium	8,475,125	8,475,125	181,908	181,908
Non-distributable reserve	356,658,902	356,658,902	7,655,239	7,655,239
Revaluation reserve	959,791,760	959,791,760	290,970,873	290,970,873
	-	-	-	-
Retained Earnings	515,612,528	489,199,214	161,354,423	86,769,160
Total equity	2,070,246,639	2,043,833,325	465,092,846	390,507,583
Non-current liabilities				
Deferred taxation	531,015,425	543,426,812	95,420,026	95,420,026
Trade and other payables	2,998,405	4,060,164	2,998,405	3,364,176
Total non-current liabilities	534,013,830	547,486,976	98,418,431	98,784,202
Current liabilities				
Loans and borrowings	-	3,789,418	-	3,139,841
Trade and other payables	176,829,128	229,228,679	176,829,128	170,382,433
Current tax liabilities	71,127,140	50,559,192	71,127,141	41,892,401
Bank overdraft	11,198,848	2,123,982	11,198,848	1,759,892
Total current liabilities	259,155,116	285,701,271	259,155,117	217,174,567
Total equity and liabilities	2,863,415,585	2,877,021,572	822,666,394	706,466,352

Reviewed Abridged Consolidated Statement of Cash Flows for the half year ended 30 June 2021

	Inflation Adjusted		Historical Cost	
	Reviewed Six months ended 30.06.2021	Reviewed Six months ended 30.06.2020	Reviewed Six months ended 30.06.2021	Reviewed Six months ended 30.06.2020
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	45,931,302	72,138,275	104,062,498	19,645,508
Adjustment for:				
Depreciation of property, plant and equipment	57,979,151	52,805,621	10,202,759	9,675,093
Depreciation of investment property	33,931	58,097	3,184	3,321
Amortisation of financial assets	(427,972)	(1,395,123)	-	-
Finance costs	463,600	1,630,188	462,771	474,859
Currency translation differences	-	(323,386)	-	(1,297,973)
Profit from disposal of property, plant and equipment	(154,488)	(73,485)	(384,365)	(35,561)
Non-cash adjustments IAS 29	129,253,006	(3,313,637)	-	-
Operating cash flow before working capital changes	233,078,531	121,526,550	114,346,847	28,465,247
Movement in working capital				
(Increase)/decrease in trade and other receivables	(91,039,143)	59,522,008	(29,403,477)	(8,603,028)
Increase in inventories	(108,648,452)	(83,215,094)	(56,026,552)	(37,518,343)
(Increase)/decrease in trade and other payables	38,813,136	(71,108,235)	35,315,662	24,666,453
Net cash generated from operating activities	72,204,072	26,725,229	64,232,480	7,010,329
Tax paid	(19,517,989)	(257,367)	(29,477,236)	(31,656)
Interest paid	(463,600)	(1,630,188)	(462,771)	(474,859)
Net cash flows generated from operating activities	52,222,483	24,837,674	34,292,473	6,503,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	454,172	169,363	437,201	81,958
Acquisition of property, plant and equipment	(2,744,171)	(12,550,835)	(2,484,937)	(5,055,566)
Net cash flows used in investing activities	(2,289,999)	(12,381,472)	(2,047,737)	(4,973,608)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in loans and borrowings	(25,951,939)	(2,147,314)	(3,139,841)	7,368,697
Net cash flows (used in)/raised from financing activities	(25,951,939)	(2,147,314)	(3,139,841)	7,368,697
INCREASE IN CASH AND CASH EQUIVALENTS	23,980,545	10,308,888	29,104,895	8,898,903

Reviewed Abridged Consolidated Statement of Changes in Equity for the half year ended 30 June 2021

Inflation Adjusted	Share Capital ZWL\$	Share Premium ZWL\$	Non-Distributable reserves ZWL\$	Revaluation reserves ZWL\$	Foreign currency translation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
Balance at 1 January 2020	229,708,324	8,475,125	356,658,902	959,791,760	(3,814,851)	290,655,805	1,841,475,065
Profit for the year	-	-	-	-	-	198,550,087	198,550,087
Other comprehensive income	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	3,814,851	-	3,814,851
Balance at 31 December 2020	229,708,324	8,475,125	356,658,902	959,791,760	-	489,199,214	2,043,840,003
Profit for the period	-	-	-	-	-	26,413,314	26,413,314
Other comprehensive income	-	-	-	-	-	-	-
Balance at 30 June 2021	229,708,324	8,475,125	356,658,902	959,791,760	-	515,612,528	2,070,253,317
Historical Cost							
Balance at 1 January 2020	4,930,403	181,908	7,655,239	290,970,873	(704,611)	7,890,697	310,924,509
Profit for the year	-	-	-	-	-	78,878,463	78,878,463
Other comprehensive income	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	704,611	-	704,611
Balance at 31 December 2020	4,930,403	181,908	7,655,239	290,970,873	-	86,769,160	390,507,583
Profit for the period	-	-	-	-	-	74,585,262	74,585,262
Other comprehensive income	-	-	-	-	-	-	-
Balance at 30 June 2021	4,930,403	181,908	7,655,239	290,970,873	-	161,354,422	465,092,845

Supplementary Information

1. Basis of Preparation

The Abridged Interim Consolidated financial statements are presented in Zimbabwe dollars. They are based on historical cost approach and restated to take account of effects of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) – IAS 29. Accordingly, the inflation adjusted financial statements represent the principal financial statements of the Group.

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 30 June 2021:

	Index	Conversion factor
CPI as at 30 June 2021	2,986.4	1.00
CPI as at 31 December 2020	2,474.5	1.21
CPI as at 30 June 2020	1,445.2	2.07

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. Contingent liabilities

The Group has no pending matters.

4. Approval of interim financial results

The reviewed abridged financial results for the half year ended 30 June 2021 were approved by the board on 26 August 2021.

FOR MORE INFO
+263 8677004874/5

RELIABILITY STARTS FROM THE TOP!!!

NEED
A NEW
ROOF?

WHY CHOOSE HONEYCOMB?

The Honeycomb Slate is classic and unique. Inspired by the bee honeycomb, this Slate is fully blended for beautiful natural slate color and cuts and nails with ease – you can walk on the roof with no breakage issues. Our Technical Product support team is available to give on-site demonstrations to all our valued customers of Turnall Holdings products before and during fixing.

5 Glasgow Road,
Southerton, Harare.

customercare@turnall.co.zw
www.turnall.co.zw

Spanish
PAVERS
quality, durable concrete pavers

TURNALL HOLDINGS LIMITED
08677004874/5
5 GLASGOW ROAD, SOUTHERTON, HARARE

Long lasting concrete pavers suitable for all your driveways, paths and walkways.

beautifully crafted
concrete roof tiles...

www.turnall.co.zw

'Home Sweet Ravena'