TURNALL HOLDINGS LIMITED

ANNUAL REPORT

2021

CONTENTS

Scope of this Report

We are pleased to present the integrated annual report for Turnall Holdings Limited, a Group listed on the Zimbabwe Stock Exchange (ZSE), for the year ended 31 December 2021.

This report is targeted at a broad range of our stakeholders with the aim of presenting a balanced review of material issues from our operations.

This is our tenth report prepared in accordance with the Global Reporting Initiatives (GRI) Sustainability Reporting Framework and it meets the GRI-G3.1 Application Level C reporting requirements. Our sustainability reporting is integrated with our consolidated financial statements. Our consolidated financial statements were audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISA). Their report on the consolidated financial statements appears on pages 31 to 36.

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, performance, objectives or achievements of Turnall Holdings Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements. The performance of Turnall Holdings Limited is subject to changes in the operating environment and other factors. Turnall 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 this integrated annual report or to reflect the occurrence of unanticipated events.

We would welcome your feedback on our reporting and any suggestions you have in terms of what you would have liked to see incorporated in our integrated annual report for the year ended 31 December 2021. To do so, please contact us on tfcinvestor@turnall.co.zw.

B. P. Nyajeka
Chairman
28 March 2022

Z.B. B kwa
Managing Director
28 March 2022

CORPORATE HISTORY

OUR STORY

For more than 60 years, Turnall Holdings Limited has been a regional market leader in the manufacture and supply of fibre cement products made from select quality chrysotile asbestos fibres.

Alfred Porter, a dynamic Australian, who was both an engineer and entrepreneur and a specialist in the field of asbestos cement, saw the great potential of starting the industry in the country. Porter Cement Industries was born and the Harare Works produced its first asbestos cement sheets, which were used to provide cover for the machine that had made them.

Highlights of some important milestones in the development of our group and establishment of the asbestos cement industry in Zimbabwe are listed below:

1949: Bulawayo produces its first asbestos cement sheets.

1953: Turner & Newall bought out Alfred Porter, and over the next few years introduced modern techniques and expertise and built new offices and laboratories.

1962: Bulk cement silos installed at both the Harare and Bulawayo plants.

1977: A second sheeting machine built and installed in Harare.

1992: Brand new sheeting line purchased from Lamort, France, installed at Harare factory as the third sheeting line.

1996: Environment-friendly fibre treatment facilities installed at both Harare and Bulawayo factories.

2002: Completed three tier change rooms in compliance with ILO 162 Convention.

Turnall Holdings Limited was listed on the Zimbabwe Stock Exchange.

Certified to an integrated Quality and Environmental Management System (ISO 9001: 2000 and ISO 14001:1996).

2003: Certified to OHSAS 18001:1999 Occupational Health and Safety Management System.

2004: A computerised Enterprise Resource Planning system was introduced, integrating the three certified systems incorporating the HIV/AIDS management system and the Social Accountability Standard among others.

2006: Awarded, in recognition of Business Excellence, the Confederation of Zimbabwe Industries (CZI), Industrialist of the Year Award-Second Runner Up.

2008: Started manufacture of asbestos-free products destined for export markets.

2010: Won awards for the Best Manufacturing Company and Overall Best Quoted Company on the Zimbabwe Stock Exchange, sponsored by Zimbabwe Independent and African Banking Corporation of Zimbabwe Limited.

2013: Started the manufacture of concrete roofing tiles.

Overall winner of the inaugural Corporate Governance Awards 2013 - Institute of Chartered Secretaries and Administrators of Zimbabwe (ICSAZ).

Overall Winner in Sustainability Reporting Category 2013 - Institute of Chartered Secretaries and Administrators of Zimbabwe (ICSAZ).

Awarded Life Time Investor, Construction 2013 - Zimbabwe Investment Authority (ZIA).

2017: Second Prize for Best Stakeholder Practices and Sustainability Reporting under Listed Companies Category (ICSAZ).

Second Prize for Best Board Governance Disclosures under Listed Companies Category (ICSAZ).

Third Prize for Overall Best Corporate Governance Disclosures under Listed Companies Category (ICSAZ).

First Prize Energy Management - CZI Matebeleland chamber - sponsored by ZETDC.

2018: First Prize Energy Management – Matebeleland Chamber Sponsored by ZETDC

Overall Winner 2018 on Energy Management CZI Award supported by ZETDC

2019: Overall Winner 2019 on Energy Management CZI Award supported by ZETDC.

Ravenna tile product of the year at 2019 National Annual Quality Awards.

Winner in roofing construction sector at MAZ Superbrands 2019.

2019 Business Transformation Award - CSR Network Zimbabwe.

2020: Second Runner Up in the Construction Companies Sector for Superbrands 2020 by MAZ.

2021: First Runner Up in the Construction Companies Sector - Roofing for Superbrands 2021 by MAZ.

Superbrand
Brand Of The Year 2011

OUR VISION, MISSION AND VALUES

Vision

To be a global leader in the provision of high quality construction solutions.

Values

Innovation | Teamwork | Integrity | Excellence | Customer centricity

Mission

“We satisfy stakeholder needs by providing innovative, safe, sustainable and cost effective construction solutions.”

Pay Off line

We TurnAll dreams into reality

GROUP PROFILE

TURNALL HOLDINGS LIMITED

Turnall (Private) Limited

DORMANT SUBSIDIARY

Turnall Fibre Cement

TRADING DIVISION

Tractor and Equipment (Private) Limited

DORMANT SUBSIDIARY

Turnall Fibre Cement

Turnall Holdings Limited (the company) trades as Turnall Fibre Cement and comprises two main sub-divisions namely;

- Turnall Building Products and
- Turnall Piping Products.

Main raw materials are chrysotile fibre, sand and cement. Manufacturing takes place in Bulawayo and Harare.

Business Associations

Turnall Holdings Limited is a member of the following bodies;

- Confederation of Zimbabwe Industries (CZI);
- Business Council on Sustainale Development in Zimbabwe (BCSDZ)
- Zimbabwe National Chrysotile Taskforce;
- Marketers Association of Zimbabwe (MAZ);
- Institute of People Management of Zimbabwe (IPMZ); and
- Construction Industry Federation of Zimbabwe (CIFOZ).

Our Market Presence

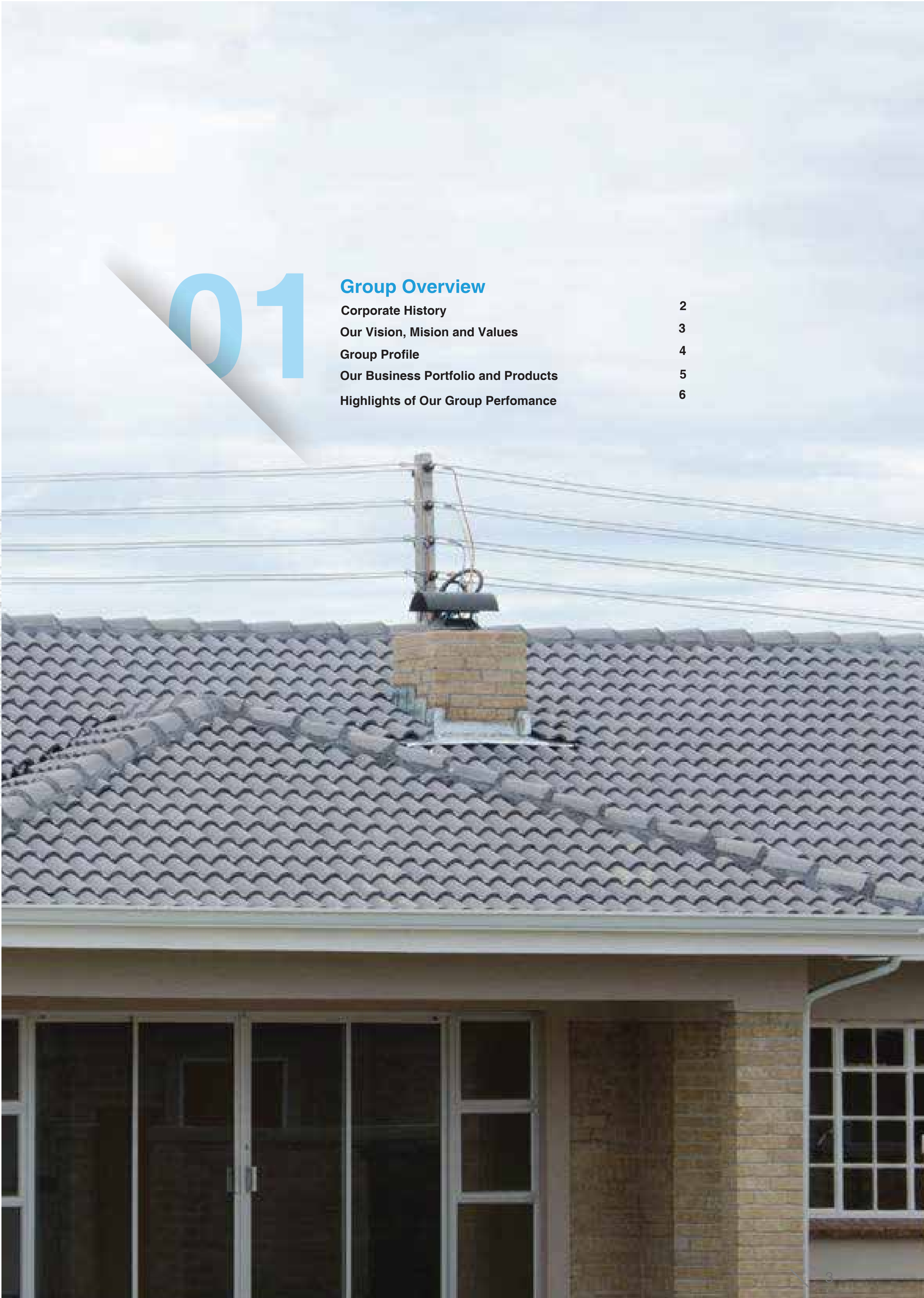
Key markets include the low-income housing sector for building products and local authorities and municipalities for piping products.

Apart from our local market, Turnall Holdings Limited supports the following regional markets with high quality and affordable construction materials;

- Botswana
- Mozambique
- South Africa; and
- Zambia

Salient details of Our Group Performance

Statistics	Inflation Adjusted: Year ended 31 December 2021	Inflation Adjusted: Year ended 31 December 2020
Group performance and position (ZWL)		
Revenue	2,109,533,045	1,606,697,277
Profit for the year	422,288,334	264,441,006
Total assets	4,209,961,444	3,831,767,060
Total liabilities	1 083 544 944	1 109 693 471
Profitability ratios (%)		
Gross profit margin	41%	33%
Operating profit margin	19%	10%
Return on shareholders equity	14%	10%
Effective tax rate	14.38%	23.01%
Statutory tax rate	24.72%	24.72%
Share performance		
Closing market capitalisation (ZWL'000)	2,120,073	458,527
Basic and diluted earnings per share (cents)	86.00	54.00
Net asset value per share (cents)	634.11	552.10
Closing share price (cents)	430.00	93.00
Highest share price (cents)	610.00	100.00
Liquidity and leverage ratios		
Interest cover (times)	251.21	29.16
Current ratio	3.55	2.29



01 Group Overview

“ Revenue increased by 31% ”

B.P. Nyajeka | Chairman

On behalf of the Board of Directors, I hereby present the Turnall Holdings Limited audited financial statements for the year ended 31 December 2021.

Operating Environment

The macroeconomic environment continued to pose a number of challenges for the business which included foreign currency shortages, pricing distortions, high levels of inflation, policy-related macroeconomic instability, high costs of borrowing particularly on local currency and the Covid-19 pandemic. The Government introduced SI 127 of 2021 which compelled companies and individuals to trade in both foreign and local currency using the official exchange rates. This resulted in the prices of goods and services skyrocketing and foreign currency cashflows declining drastically. Inevitably, most organisations reviewed their trading terms, with credit policies being substantially revamped resulting in a significant skew towards a cash economy. All these factors continued to constrain economic activity.

The Covid-19 pandemic also gave rise to global supply chain disruptions which resulted in significant delays which were very costly for business. The country was also put under a Covid-19 induced lockdown in the first two months of the year and there was very little activity in the construction sector. The Government has since embarked on a national vaccination programme which has started bearing fruit with reduced infections and Covid-19 related deaths.

Performance Overview

The company achieved a turnover of $2.1 billion which was a 31% increase compared to the preceding year in inflation adjusted terms. Sales volumes grew by 2% compared to the same period last year. The business performed well in spite of the impact of the Covid-19 lockdown measures implemented by the government, liquidity constraints, subdued aggregate demand and pricing challenges due to the exchange rate disparities which were in place throughout the year.

The company priced its products in both USD and ZWL and was able to generate its own foreign currency to fund its working capital requirements. These funds were used to import raw materials and spares for use in production.

The gross profit margin for the year increased to 41% against the same period last year of 33% as a result of cost containment strategies and the business restructuring exercise implemented during the year. Pricing issues have been a major challenge particularly on the export market owing to the depreciation of the currencies within the region against the United States Dollar (USD).The business switched to pricing exports in USD in order to eliminate this exchange rate risk.

Financing costs, at $1.6 million, declined by 72% compared to the prior year. The profit before tax was $422.3 million compared to $264.4 million achieved in the preceding year.

Chairperson's Statement (continued)

Perfomance Overview (continued)

The business paid off all its loans during the course of the year and funded its operations from internally generated cash flows which improved significantly compared to the same period last year. The company generated $651.5 million from operating activities before working capital changes. This was a 27% increase from the previous year. The company invested $402.7 million in working capital, up from $261.1 million in the previous year in order to boost volume growth. This investment was mainly in respect of the purchase of raw materials.

The net capital expenditure for the period declined from $189.5 million to $16.9 million in 2021 pending significant capital expenditure on major new plants in 2022 and 2023.The Banc ABC loan was repaid in January 2021.

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 and ISO9001 certification. We continue to comply with the relevant legislative requirements of the Environmental Management Act, Labour Act, Companies Act and other related legislations.

Future Prospects

Management is extremely optimistic that the business will continue to grow and maximize shareholder wealth. Innovation, production of affordable quality products and superior customer service will remain a top priority. There will be an increased focus going forward on re-capitalizing the plants, improving production efficiencies and reducing production costs. Plans are underway to invest in a new plant and resume production of roofing sheets in Harare. This will augment the Bulawayo plant in line with the increasing demand for the company's products, while improving customer service further and reducing Turnall's costs of shipping finished products to its largest market.

The Company is also commissioning a Glass Reinforced Plastic pipe plant which will bring diversity its range of pipes. This new large diameter pipe plant should play a critical part in the Government's plans to both create manufacturing jobs and bring improved water supplies to the country. The new plant will also reduce the country's requirement for scarce foreign currency by replacing imported pipes with local production and provide a solid base for new export opportunities into the region.

Dividend

The Board is pleased to declare a final dividend of ZWL$0.04 per share for the financial year ended 31 December 2021 which amounts to ZWL$19,721,612 and will be paid on 26 April 2022. This brings the total dividend paid in respect of the 2021 financial year to $34,808,231.

Appreciation

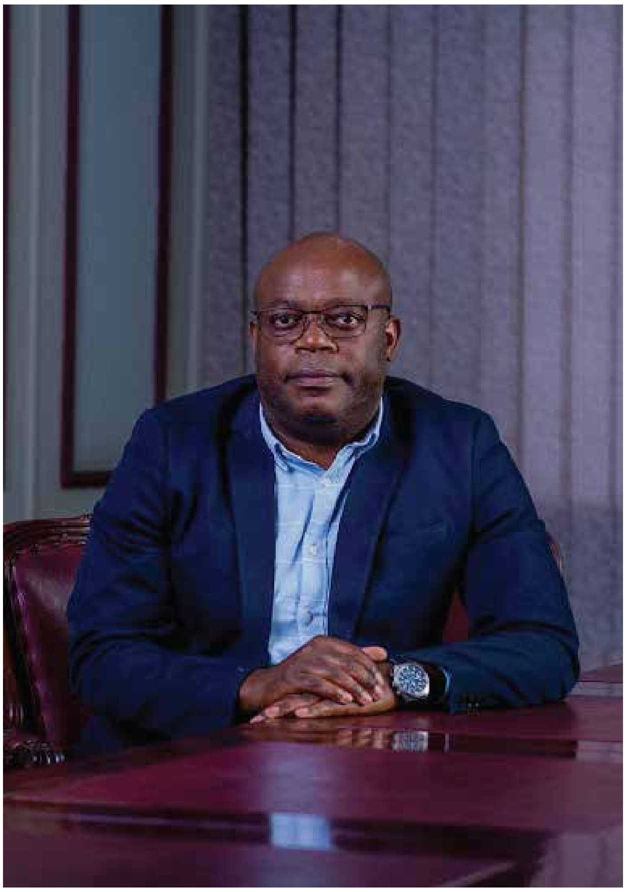
I would like to take this opportunity to thank all the stakeholders: shareholders, the Board, customers, suppliers, employees, and other business partners for their continued support.

Bothwell Patrick Nyajeka
Chairman

28 March 2022

Management Review of Operations

> ***Profit for the year increased by 60%.***



Z.B. Bikwa | Managing Director

OPERATING ENVIRONMENT

The world continued to grapple with Covid-19 with its impact on trading and living standards which affected all regardless of background. Turnall as an organisation navigated through the new normal by adhering to all government and world health regulations which saw the company recording zero employee deaths due to Covid-19 during the year of 2021.
The Group operates under the direction and management of an active, experienced team who add value through their industry expertise, deep market knowledge, professional management, and entrepreneurial creativity.

Turnall as a business focused on:-

- Improving production efficiencies as well as sales delivery excellence.
- Supply chain management to counter currency price distortions in production inputs.
- Stronger partnership developments with smaller distributors to control our route to market and increase market presence in smaller town communities.
- Investment in customer service as well as product quality improvement to maintain brand standards for our existing product range.

SALES AND PRODUCTION PERFORMANCE OVERVIEW

Turnall Holdings held its forte and delivered a solid global performance of 2% growth in sales volume compared to 2020 despite all the challenges of 2021. The main product was the 3600mm x 6mm sheet which continued to be the backbone of our sales. Turnall fascia boards remained the first choice for all competitor concrete roofing tiles as an accessory. Development efforts in ensuring the Turnall footprint on roofing remains strong was supported by strong investment in distribution logistics and service delivery.

Ongoing investment in operational efficiencies through performance management in all areas of our activities was a key strategic thrust that contributed to the company's bottom line. This was evidenced by the company's ability to declare dividends for the first time in 14 years which marked a turning point in ensuring that shareholder investment return is a priority in management decision.

Global sales volumes for 2021 went up by 2% compared to 2020. A deliberate decision to focus on high margin building products over concrete tiles and pavers was made.

Production output for 2021 showed a 2% increase in output from previous year's output. Production efficiencies continued to improve throughout the year which reflected in the reduction in overall production cost per tonne by 10%. These efficiencies showed in our cost of sales and gross profit management, that cost of sales of 67% in 2020 against the 59% in 2021. That gave rise to our gross profitability of 41% in 2021 versus 33% in 2020.

SUPPLY CHAIN MANAGEMENT

In the face of constant input price changes and disruption in the operations of our major raw material suppliers, management focused on putting in place procurement structures which ensured a

MANAGEMENT REVIEW OF OPERATIONS (CONT'D)

continuous supply of all critical raw materials at favourable prices. This translated into uninterrupted production for the whole year for all major product lines.

BRAND MANAGEMENT

Investment into the brand through improved customer care, effcient product support and service delivery was a priority since the Turnall business is based on referrals and a good brand name from years of quality products in the market. Pricing contributed to customer buying decisions and competing alternative products gained market share based on pricing and quality of products. Critical quality issues with specifc product lines were isolated and processes reviewed to ensure all products on offer met the brand, quality, and standard of certifcation that Turnall stands for.

HUMAN CAPITAL

COVID-19 employee education and vaccination were top priority for the company to ensure all safety precautions were observed through the provision of necessary healthcare support and psychological support since human capital was one of our greatest assets in achieving good results. Introduction of the performance management system was implemented during the year to assist in identifying critical staffing as well as optimum efficiency levels for the organisation.

OUTLOOK

The government projects and tenders which Turnall pursued in 2021 will change production and sales figures for the company due to the inevitable investments planned to increase production capacity and innovate from AC based pipe production to glass reinforced piping. The company is prepared to reclaim its position as the roofer of first choice in terms of product quality on the local market.

Despite the uncertain outlook and the increasingly complex trading environment, the Group remains focused on negating these impacts by driving volumes, ensuring pricing remains competitive, closely managing operating expenditure, and managing working capital positions in the most effective and efficient manner.

The Pipe plant production significantly went down year on year due to technological changes in pipe production and production complications where a certain quantity must be produced per run. Most of the pipes produced during the year were for repairs and maintenance. Organic production of fibre and cement pipes is quickly losing market share due to a preference to the modern technology pipes.

Inorder to mitigate the challenges with the current Pipe plant, the Group is investing in a GRP pipe plant which will enable 21st century pipe production. This pipe will serve all new housing and local authority sewer and water reticulation systems. The pipe will also be used for moving water from dams to local authorities as well as for irrigation purposes. It is a strategic export product in the SADC region and is the future of infrastructural pipes.

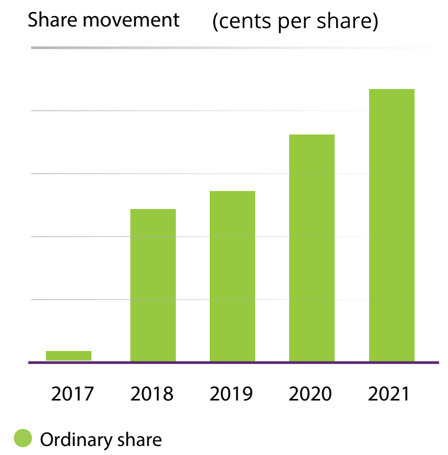
Over the years, Turnall Holdings Limited has developed powerful partnerships that will serve the Group very well and will continue to deliver superior value to all stakeholders. Turnall Holdings limited tried and tested business model in Zimbabwe will be replicated in chosen global markets.

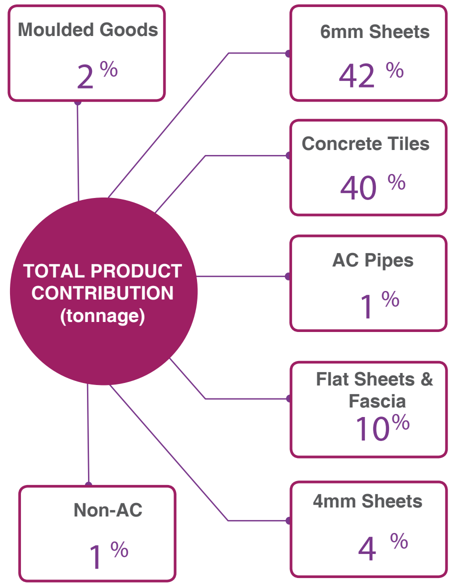
APPRECIATION

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

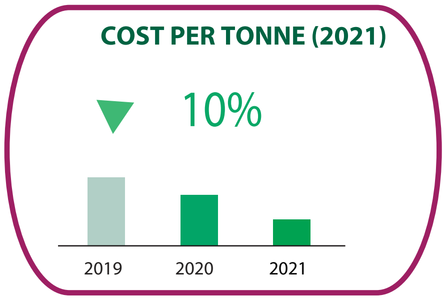
Zvidzayi B. Bikwa
Managing Director

25 March 2022





[1] *Total product contribution in 2021 by tonnage.*



OUR GOVERNANCE AND ETHICS APPROACH

Directorate

01

Bothwell P. Nyajeka
Board Chairman

02

Zvidzayi B. Bikwa
Managing Director

03

Innocent Chinyama
Non-Executive Director

04

Munyaradzi J. Gwanzura
Non-Executive Director

05

Cynthia J.Mahari
Finance Director

06

Noel F.Hayes
Non-Executive Director

07

Portia S. Marufu
Non-Executive Director

08

Bevin Ngara
Non-Executive Director

OUR GOVERNANCE AND ETHICS APPROACH (CONT'D)

The table below provides more information regarding the Board of Directors

Bothwell P. Nyajeka

Non-Executive Director - Board Chairman
BAcc (UZ), CA(Z), MBL (UNISA)
Tenure: 6 years. He is also a Non-Executive Director for several companies listed on the Zimbabwe Stock Exchange which includes;
- Zimnat Life Assurance Limited.
- Sable Chemical limited.
- Caps (Pvt) Ltd.

Zvidzayi B. Bikwa

Managing Director
Bcom Economics, Msc Tourism, MBL (UNISA)
Tenure: 2 years. He was appointed to the Turnall Holdings Limited Board in 2020.

Innocent Chinyama

Non-Executive Director
B. Compt (SA), MCF (Italy)
Tenure: 6 years.
He is also a board member for;
- AfriAxis limited (St. Kitts and Nevis)
- AfriAxis Financial South Africa.

Munyaradzi J. Gwanzura

Non-Executive Director
BA LLB (Natal) DiSAC(SA), CEDR (UK)
Tenure: 6 years.

Noel F. Hayes

Non-Executive Director
CFA (UK)
Tenure: 6 years.
- Equity Investments in FMHL, CBZ, ART Holdings.

Portia S. Marufu

Non-Executive Director
Bsc Nursing
Tenure: 7 years.

Cynthia J. Mahari

Finance Director
BAcc (UZ), ACCA member, MSMCG
Appointed to the Turnall Holdings Limited Board in 2021.

Bevin Ngara

Non-Executive Director
CFA(Zimbabwe), MBA (ESMT)
Tenure: 2 years.
He is Vice President of the Investments Professional Association of Zimbabwe (An association of local members of the CFA institute based in Zimabwe)

Our Governance and Ethics Approach (continued)

Management

Zvidzayi B. Bikwa
Managing Director

He joined Turnall Holdings Limited in 2020

Cynthia J. Mahari
Finance Director

She joined Turnall Holdings Limited in 2021

Turnall Holdings Group strategy

Salient Information

Revenue	Profit from Operations	Profit Before Taxation	Profit for The Year
31%	145%	44%	60%

Strategic value drivers

Growth	Productivity	Risk & capital management

Strategic value focus

Delivering market-leading client solutions	Ongoing disruptive market activities	Driving efficient execution	Focusing on areas that create value	Creating positive impacts

OUR GOVERNANCE AND ETHICS APPROACH (CONT'D)

Governance and Management Approach

We recognise that good corporate governance is vital to the long term success and integrity of our Group. As such, we are committed to the highest standards of ethical and sustainable business practices to enable management of risks and opportunities arising from our operations.

To reflect our commitment to good corporate governance and sustainable business practices, we have included our ninth sustainability report using the Global Reporting Initiatives (GRI's) Sustainability Reporting Guidelines. As custodians of good governance and strategy direction, we strive to ensure that there is clear allocation of responsibilities to demonstrate balance of power and authority. The Group endeavors to improve its corporate governance systems toward alignment with the National Code on Corporate Governance of Zimbabwe.

Business Ethics

Turnall Holdings Limited is a member of the Tip-offs Anonymous service provided by Deloitte & Touche. All of our staff have been trained on how to use this service should they detect or become aware of any corrupt acts impacting on the Group's profitability or operations. Where incidents of corruption are identified, investigations are carried out through our internal audit and risk department. Depending on the nature of the case, the Zimbabwe Republic Police may also be engaged.

Mechanisms for Communication with Shareholders

Turnall Holdings Limited has formal platforms for engaging and communicating with shareholders. The platforms include formal meetings, the Annual General Meeting, press announcements on interim and year-end results, presentations, the Group website, annual reporting to shareholders and exercising of shareholders voting rights through the proxy forms.

Board and Management Ethics

Turnall Holdings Limited believes that it is the responsibility of the Board and management to lead by example in observing ethical practices. As such, all Directors are required to declare their interests that may be deemed to be in conflict with their appointment or contract with the Group.

Board Structure

The structure of our Board is such that 75% are non-executive (6) and 25% are executive (2). Five of the non-executive directors are independent. The other non-executive director, Mr Noel Hayes, is a shareholder in LHG Malta which has a 10.14% shareholding in the Group.

Board Expertise

Board members possess skills that include accounting, finance and investment, health and economics. The main responsibility of our Board is to support good corporate governance, strategy formulation and guide policy implementation. Some members are further allocated responsibilities within sub-committees in areas of strategic strength and expertise.

OUR GOVERNANCE AND ETHICS APPROACH (CONT'D)

Sub-committees, Membership and Roles

Strategic to the implementation of key policies, decisions and guidance are our committees that work closely with management. These are Finance and Audit, New Business, Technical and Investments, and Human Resources Committees. It is the Group's ambition that the composition and mandates of the committees are aligned to the requirements of the National Code on Corporate Governance of Zimbabwe and the listing requirements of Zimbabwe Stock Exchange.

Committee	Composition	Roles and Responsibilities
Finance	Mr B. Ngara (Chairman) Mr N. F. Hayes Mr I. Chinyama Mr M. J. Gwanzura	• Reviewing reports from management, internal auditors and the Group's external auditors in relation to interim and Group annual financial statements, as well as accounting and internal control systems. • Recommending the appointment of external auditors and their remuneration to the main Board. • Reviewing reports on the Group's risk policies, risk assessment and risk management. The committee meets at least quarterly.
New Business, Technical & Investments	Mr I. Chinyama (Chairman) Mr N. F. Hayes Mr B. Ngara Mrs P. S. Marufu	• Identifying new business portfolios. • Conducting and appraising new projects identified to ensure they fit with the business's overall vision and mission. The committee meets at least quarterly.
Human Resources and Remuneration	Mr M. J. Gwanzura (Chairman) Mrs P. S. Marufu Mr B.P. Nyajeka	• Discussing and advising on matters pertaining to human resource policies, staff retention and remuneration of non-executive directors, executive directors and staff. The committee meets at least quarterly.

Meeting Attendance during 2021

As part of our performance and commitment, Board members are expected to attend all board meetings. These meetings shape the strategic direction and value creation by the Group. Attendance information of Board members is outlined below.

Director	Position	Date of First Appointment	Attendance at Board Meetings	Attendance at Committee Meetings
Bothwell P. Nyajeka	Chairman	25/01/2016	4/4	4/4
Innocent Chinyama	Non-Executive	08/01/2016	2/4	5/8
Munyaradzi J. Gwanzura	Non-Executive	08/01/2016	4/4	8/8
Bevin Ngara	Non-Executive	12/08/2020	4/4	8/8
Portia S. Marufu	Non-Executive	12/08/2015	4/4	6/8
Noel F. Hayes	Non-Executive	08/01/2016	4/4	8/8
Zvidzayi B. Bikwa	Managing Director	12/08/2020	4/4	8/8

Declaration of Directors' Interests

During the year under review, no director had material interests in contracts which could cause significant conflict of interest with the Group's objectives.

OUR SUSTAINABILITY APPROACH

We strive to operate our business in a socially and environmentally responsible manner. The Group continues to strengthen its systems to address both environmental and social aspects associated with its operations. The Group adopted implementation of the Global Reporting Initiatives (GRI)'s Sustainability Reporting Framework through a sustainability team responsible for assisting in identifying and managing material issues, risks and opportunities associated with the Group's operations. Our sustainability teams in Harare and Bulawayo monitored and provided performance data on our sustainability key performance indicators for the period under review.

The teams comprise of representatives from Finance, Administration, Human Resources, Sales and Marketing, Engineering, Production and World Class Practices (Quality, Environment and Health and Safety) departments. In keeping with reasonable expectations and interest of a wide range of our stakeholders who include customers, suppliers, regulators, employees, shareholders, investors, government, communities and others, Turnall Holdings Limited adopted an inclusive strategy which requires continuous engagement with stakeholders.

Our stakeholder engagement process helps us capture material issues from our stakeholders that help us balance the long term social, environmental and economic interests with the principle of maximising the Group's earnings and business value while responding to concerns of our stakeholders. The process of identifying indicators reported in this report involved an assessment of the overall business and key issues of concern from our stakeholders. In the process of identifying material issues and choice of indicators, the sustainability team made reference to the GRI-Sustainability Reporting Framework guidelines.

Data measurement

Data measurement in this report is according to specific indicators selected, particularly where graphs and tables are presented. In most indicators, quantitative data is provided. Where the latter is not provided, qualitative data is provided. Data measurement is according to systems and policies of Turnall Holdings Limited.

Limitations

For the specific indicators reported, no major limitations were encountered in providing required data.

Principal Risks and Opportunities

Our Approach

We believe that our operations are subject to risks and opportunities material to the business and implementation of our strategies. Therefore, we apply a Risk Management (RM) framework which is designed to identify potential risks and manage those risks within our Group's risk appetite in order to enhance the outcome of our corporate objectives. Our risk framework considers challenges, opportunities and uncertainties that may impact our strategic and financial objectives.

Risk and Opportunity	Mitigation Measure and Action
Increased competition We are faced with increased competition from local competitors and imports supplying at a low cost to our markets. The opening of global markets has attracted competition from foreign companies. Competition could lead to a reduction in the rate at which we attract new customers especially in the export markets.	We continue focusing on high quality customer service and value of our products. We are enhancing distribution channels to get closer to customers and using targeted promotions, where appropriate, to attract and retain specific customers by offering competitive prices. We closely monitor and model competitor behavior, customer partnerships and products by understanding future intentions to be more proactive. We continue to build strong customer relations by offering free technical support.
Threats of products' ban in foreign markets The anti-asbestos campaign has led to banning of asbestos products in some of our foreign markets.	The Group plans to increase capacity of our non-asbestos plant so that it produces to meet demand in export markets. The manufacturing of concrete based roofing materials provides an alternative to asbestos based products that face the ban. The Group ensures and monitors the production and safe use of asbestos-containing materials in Zimbabwe under the guidance of the Zimbabwe National Chrysotile Task Force (NCTF).
The spread of COVID -19 disease The disease is affecting the whole world and has caused lockdowns and the closure of business operations. There is uncertainty regarding the duration of the pandemic, the impact on the economy and the measures the Government will take.	The Group will adhere to the health standards required to prevent the spread of the disease.
Huge infrastructure backlog and housing deficit The government is working on improving infrastructure and providing accommodation to citizens in a quest to be a middle-income economy by 2030.	The Group has built capacity to provide high quality, affordable construction materials. The Group is actively involved in enhancing product offering.
Access to financial capital The Group is encountering challenges in accessing affordable funding for working capital requirements. .	The Group is now profitable and debt free. The Group is now in a positive net working capital position which should attract financiers. .
Reliance on imported raw materials The Group relies heavily on imported raw material of chrysotile fibre and critical spares.	The Group is actively involved with the local mines in order to reduce the import bill. The Group is making efforts to export and to increase its presence in the regional market.
Loss of consumer confidence The confidence of consumers in our products depends on our ability to maintain high quality. Therefore, failing to provide appropriate quality could lead to loss of confidence.	We depend on continuous improvement of our production processes, strict maintenance schedules and upgrading where necessary. Product performance on our markets is also continuously monitored. We have established good relationships and processes with key suppliers to ensure provision of high-quality raw materials. We also periodically monitor the state of our equipment.

Stakeholder Engagement

Stakeholders

Investors Customers Employees
Regulators Society Planet

Critical to our strategy is building and maintaining strong relationships with key stakeholders. Our stakeholders include customers, suppliers, financial institutions, government, regulators, shareholders, investors, employees, local authorities, civil society, communities, economic sector representativ bodies and others. These stakeholders are identified following due process based on how the Group impacts them and how they impact the Group both directly and indirectly. The prioritisation of these stakeholders is conducted following internal due process supported with guidance provided in the Global Reporting Initiatives (GRI's)-Sustainability reporting framework.

The Group developed a system of engaging key internal and external stakeholders so as to capture material issues that the Group can improve on. In so doing, the Group used a broad range of strategies that included one on one formal and informal meetings, presentations, media, workshops, circulars, conferences and consultations to name a few. Outcomes of these key engagements are reviewed to provide appropriate responses and actions as reflected below:

Stakeholder	Method of engagement	Frequency	Material issues raised	Action taken / planned
Employees	• Works council meetings • NEC meetings • SHEQ meetings • Management meetings	Monthly and as agreed by both parties	Business performance, conditions of service and continued employment	Improvement of identified performance gaps and continuous updates to employee on Group performance
Shareholders	• Board meetings • Analyst briefings • Annual General Meeting • Updates on the websites	Quarterly and annually	Business performance	Improvement of identified performance gaps
Suppliers	• Meetings • Written correspondences • Supplier evaluations	Bi-annually and as appropriate	Quality of service/ product and payment models	Conforming to the agreed issues
Customers	• Meetings • Correspondence through email • Customer evaluations	Continuously	Customer service, promotions, transportation issues, pricing and product performance	Improvement on identified gaps
Government	• Meetings • Written communication	On all developments that merit a meeting/ communication as required.	Business performance and environmental, safety and health impact of policy issues	Improvement of identified performance gaps and adoption of new policies, standards and/ or legislation as appropriate
Regulators	• Written correspondences • Meetings and workshops/ conferences	At least quarterly and all developments that merit a meeting, as required.	Employee wellness and welfare, environment, process, product and service quality. Business performance with tax regulators	Regular performance monitoring through active engagement to enhance improvements
Local Authorities	• Environmental cluster meetings	At least twice a year	Waste and water management	Improved relations and waste and water management practices
Civil Society (NGOs, Trade Unions, N.E.C)	• Seminars and meetings	At least twice a year	Safe use of asbestos, environmental stewardship and conditions of employment	Improved relations

OUR SUSTAINABILITY PERFOMANCE

OUR SUSTAINABILITY PERFORMANCE

Turnall Holdings is a manufacturing company that specializes in fibre-cement roofing materials and pipes as well as concrete roofing products. In line with the company's vision of being a global leader in the production of high-quality construction solutions, Turnall Holdings is always striving to achieve excellence in service provision and environmental stewardship. The organization places special emphasis on environmental management with the aim of reducing or, where possible, eliminating pollution of all forms; air, land, and water. To this end, a comprehensive monitoring and measurement program for various performance indicators were developed over the years and continues to be improved upon. The year 2021 saw the organization being certified to both the Environmental Management System of ISO 14001:2015 and Quality Management system of ISO 9001:2015.

Environmental Performance

As per the requirements of ISO 14001, Turnall Holdings is committed to the management and control of all environmental aspects that arise from the organization's activities. The environmental management system in place has procedures that provide guidelines to ensure that manufacturing processes are done in an environmentally sustainable manner. These procedures are reviewed regularly for continual improvement. Environmental management initiatives such as waste segregation and recycling and reuse of materials are standard practice within the organization.

Policy and Management Approach

Land Pollution

Environmental awareness has increased considerably throughout the passing years globally and Turnall Holdings L i m i t e d is no exception to this. The organization realizes the importance of managing solid and hazardous waste that arises from the production processes. Working together with local councils and other regulatory authorities, Turnall Holdings Limited ensures that any solid and hazardous waste that is produced during manufacturing processes is correctly disposed of. It has also come up with initiatives of recycling waste back into the production process, thereby reducing the consumption of raw materials and improving environmental sustainability.

Water Pollution

The management of water resources is of paramount importance to the continued existence of Turnall Holdings Limited. Water is life. Manufacturing and other related processes are done with extreme caution being taken to prevent contamination of water bodies. The organization works within the regulatory framework in order to conserve the environment. A functional closed loop system is in place at the fibre-cement manufacturing plant to ensure that process water does not find its way into the environment.

Air Pollution

Acid rain and smog are some of the negative environmental impacts that can results from failure to manage air emissions within the manufacturing industry. Turnall Holdings Limited has a comprehensive aspects and impacts register that details all the initiatives to protect the environment from negative impacts. The organization is regularly monitoring air emissions from equipment such as boilers and generators to ensure that the quality of emissions released into the environment is in line with statutory requirements.

OUR SUSTAINABILITY PERFOMANCE (CONT'D)

HUMAN CAPITAL MAINTENANCE

Policy and Management Approach

People are the company's most important assets. Turnall Holdings Limited takes pride in its people. However, it is important to be aware that changes in the global market and demographics are escalating causing turmoil. The issue of COVID-19 among other things have ravaged the economy hence there was not much business activity that took place during the year.

The company continues to engage employees through the NEC platforms to resolve or diffuse any potential industrial dispute. On health issues the company continues to focus on its preventive health model for its employees by regularly having 5 minutes awareness programs encouraging employees to stay healthy. The company also encourages employees to abide to Covid-9 management guidelines by wearing face masks, practicing social distancing and sanitizing. A healthy employee is a productive employee. Employees are encouraged to take charge of their health.

C. Mugundachani 40 years
Long Service Award

AWARDS WON

SUPERBRANDS

Marketers Association of Zimbabwe

LONG SERVICE AWARDS

OUR SUSTAINABILITY PERFOMANCE (CONT'D)

TOTAL WORKFORCE ANALYSIS

Performance

Employment Type	2021	2020	2019	2018
Permanent	116	148	163	167
Contract	199	207	198	193
Graduate Trainees	0	1	4	4
Apprentice	0	2	4	4
Attachment Students	25	3	2	3
Total	340	361	371	371

Work Related fatalities

0%

Workforce Distribution by Region

Employment Type	2021		2020		2019		2018	
	Hre	Byo	Hre	Byo	Hre	Byo	Hre	Byo
Permanent	50	66	73	73	79	84	83	84
Contract	92	107	74	134	75	123	73	120
Graduate Trainees	0	0	0	2	1	3	1	3
Apprentice	0	0	1	1	2	2	2	2
Attachment Students	11	14	2	1	1	1	2	1
Total	153	187	150	211	158	213	161	210

Total Workforce Distribution by Gender

Gender	2021	2020	2019	2018
Gender	303	326	340	343
Female	37	35	31	28
Total Workforce	340	361	371	371

Gender Distribution

Health and Safety

Parameter	2021	2020	2019	2018
Lost time injuries	4	8	5	6
Lost days	46	134	28	98
Work related fatalities	0	0	0	0

The strategic goal of Turnall Holdings is to achieve ZERO HARM. The organisation has a functional health and safety system which is being reviewed continuously for effectiveness. The company has now gone beyond five years without registering any work-related fatality.

Covid-19 Pandemic

The Covid-19 pandemic had a significant impact on businesses worldwide and Turnall Holdings was no exception. To enhance effective management of the outbreak, the organisation set up a Covid-19 Taskforce whose mandate was to put in place procedures and to monitor compliance with statutory requirements as well as World Health Organisation guidelines. The company managed to test all its employees during the year and positive cases were handled as per the statutory requirements. Fortunately, there was no Covid-19 related deaths recorded within Turnall Holdings.

Certification

The certification audit to the two management systems, ISO 9001 and ISO 14001 were successfully conducted by Standards Association of Zimbabwe in 2020. The organisation managed to demonstrate the capacity to be certified and a systems culture is being developed within the employees.

OUR SUSTAINABILITY PERFOMANCE (CONTINUED)

PRODUCTS RESPONSIBILITY

Policy and Management Approach

Turnall Holdings Limited strives to continually improve the processes to ensure that there is maintenance of high quality, affordable and environmentally friendly product for its customers. Turnall offers its customers a variety of quality and safe products; that is Concrete Tiles (Venetian and Double Roman in different colours), Non Asbestos roofing products, Asbestos Cement Roofing products, pipes (water reticulation and sewer) driveway pavers, fascia boards and flower pots. Turnall Holdings Limited has stood the test of time in the provision of durable quality and safe products by running a mature quality management system and the company has upgraded to the newer version of the standard.

OUR ECONOMIC PERFORMANCE

Achievements

- Sustaining a good and open relationship with tax authorities.
- Periodic review of processes to ensure controls remain effective.

This section provide a brief summary of selected economic performance indicators of the Group in 2021. Complete economic performance is provided in the financial statements section of this report.

Key Economic Value Generated

Direct Economic Value	2021 ZWL	2020 ZWL
Turnover	2 109 533 045	1 606 697 277
Profit from operating activities	404 966 007	165 610 590
Net cash generated from operating activities	248 768 696	253 182 475

Financial Support from Government

The Group acknowledges that, in some instances, Government may assist companies in distressed positions due to economic factors beyond their control. During 2021, the business did not receive any financial support from the Government.

National Pension Scheme

All employees are required by law to be members of the National Social Security Scheme, which is a defined contribution fund. Both the employees and the Group contribute. The Group's obligation under the scheme is limited to specific contributions legislated from time to time. The Group's contributions charged to profit or loss in the current year amounted to ZWL 6 526 698 (2020: ZWL2 828 335).

QUALITY CONCRETE INTERLOCKING PAVERS

HIGH QUALITY

DURABLE

ALWAYS AVAILABLE

TURNALL
HOLDINGS
LIMITED

WE TURN ALL DREAMS INTO REALITY!!

ABOUT THE PAVER.

The interlocking concrete paver is 200mm in length, 100mm in width and has a thickness of 80mm. This allows heavy vehicles to move on top of them. They are easy to install and you require 60 pavers per square meter. They are high quality, easy to maintain and, they are found in four different colours.

marv-kay digital inc. 20211203

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DIRECTOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

It is the Directors' responsibility to ensure that the financial statements fairly present the state of affairs of the Group. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment, a continuous assessment of the ability of the Group to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

While full compliance with International Financial Reporting Standards has been possible in previous periods; only partial compliance has been achieved for the year ended 31 December 2020 and 31 December 2021. This is because it was not possible to comply with the requirements of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange rates".

IFRS Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

In the opinion of the Directors, the requirement to comply with Statutory Instrument S.I. 33 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the non-compliance with IFRS that emanates from the carry over impact of the inability to comply with IAS 21 in 2019 because of the issuance of S.I. 33 of 2019, which deviates from that which would have been applied if the Group had been able to fully comply with IFRS.

There are also limitations arising from the caveats placed by the professional valuers on the revaluation of property, plant and equipment that create inconsistencies with the fair value measurement requirements of IFRS 13, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This has resulted in accounting treatment being adopted in the prior year 2019 consolidated financial statements, which is different from that which would have been adopted if the Group had been able to fully comply with IFRS. As such, the directors and management have been unable to produce consolidated financial statements which in their view would be true and fair and urge users of the consolidated financial statements to exercise due caution.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that came to the attention of the Directors have been addressed and the Directors confirm that the system of internal control and accounting control is operating in a satisfactory manner.

The Group's financial statements for the year ended 31 December 2021 which are set out on pages 39 to 75 were, in accordance with their responsibilities, approved by the Directors on 28 March 2022 and are signed on its behalf by:

……………………..…………
B.P. Nyajeka
Board Chairman

……………………………
Z. B. Bikwa
Managing Director

……………………….........
C. J. Mahari
Finance Director

DIRECTOR'S REPORT

The Directors present their report, together with the audited consolidated and separate financial statements of the Group for the year ended 31 December 2021.

Group Annual Results

Total profit attributable to shareholders was ZWL422 288 334 (2020: ZWL264 441 006) for the year ended 31 December 2021.

Going Concern

The Group has net current assets of ZWL275 654 284 (2020: ZWL85 776 527) in historical cost terms, indicating its ability to service short term debt when it falls due. The Group reported profit for the past 2 years despite the disruptions caused by covid-19. The Group has no exposure to foreign borrowings.

In order to consolidate and sustain the gains achieved, the directors will continue with the following measures to ensure that the Group continues to operate in the foreseeable future.

a) The Group will focus on engaging other suppliers of fibre following the eruption of conflict between Russia and Ukraine. Russia has been the major supplier of fibre for the Group.
b) The Group continues to implement cost control measures to improve the viability of the business.
c) The Group will commission a Glass reinforced Pipe making plant in the upcoming year which will bring diversity to its range of pipes.
d) The Group will focus on improving product offering to enhance competitiveness; and
e) The Group will continue to prepay for imported raw materials and spares to avoid significant exposure to foreign borrowings and related exchange losses.
f) The Group will resuscitate the production of asbestos-cement products in Harare to reduce shipping costs from Bulawayo.

The uncertainty as to the future impact on the Group of the recent Covid-19 outbreak has been considered as part of the Group's adoption of the going concern basis. The Group has been running throughout the Covid-19 period as it was an essential service provider.

The Group has assessed the impact of Covid-19 on the following significant areas;

a) Extent of operational disruptions - the Group imports fibre from Russia and spares from Italy and South Africa. The Group is exposed to the effects of lockdowns and restrictions of movement in the source countries. The Group did not face challenges with imports as the source countries remained open for business. The cases of Covid-19 have been on the decline across the globe as many countries have introduced vaccines which have reduced the severity of the Covid-19 pandemic. The Group ensures that all its employees are vaccinated against Covid-19. The Group has also expanded and developed local suppliers of spares to reduce the reliance on imports.
b) Potential diminished demand of products and services. - the impact of the pandemic has not been severe in the Group's market which is local and the Southern African region.
c) Employees – the company has put measures in place to reduce the impact on employees and this includes social distancing, hand sanitisers, working in shifts and working from home for back-office staff. All the employees were vaccinated.
d) Asset impairments and changes in the values of assets – there are no indications that the Group assets have been impaired because of the impact of Covid-19.

e) Contractual obligations due or anticipated in one year – the Group does not have any short-term contractual obligations except overdraft facilities. The board believes that the business can service its overdraft facilities despite the disruption in operations.

The extent of the impact of Covid-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, suppliers, employees and government interventions all of which are uncertain and cannot be predicted.

The financial statements have been prepared on a going concern basis as the Board believes that the Group will continue in operating existence for the foreseeable future.

Dividend

The board of directors declared a final dividend of ZWL0.04 for the year ended 31 December 2021 which amounts to ZWL19 721 612 and was paid on the 26th of April 2022. This brings the total dividend paid for the year to ZWL34 808 231 including ZWL0.03 per share interim dividend paid at half year.

Investment in Property, Plant and Equipment

Capital expenditure for the year totalled ZWL17 507 725 which was for IT equipment. Significant capital projects will be done in 2022 which includes commissioning of Glass Reinforced Plastic Plant and Asbestos-Cement Plant.

Share Capital

As of 31 December 2021, the authorised share capital comprised of 690 000 000 ordinary shares. Issued share capital comprised 493 040 308 ordinary shares. The details of authorised and issued share capital are set out in note 19 of the consolidated financial statements.

Directors and their Interests

No director had, during or at the end of the year, any material interest in any contract with the Group which could be significant in relation to the Group's business. Related party transactions and balances are disclosed in note 22 of the consolidated financial statements.

COMPANY SECRETARY CERTIFICATION

I certify that, to the best of my knowledge and belief, the Group has lodged with the Registrar of companies all such returns as are required to be lodged by a public entity in terms of the Companies and Other Business Entities Act (Chapter 24:31) of the Republic of Zimbabwe, and that all such returns are true, correct and up to date.

C. J. Mahari

Company Secretary

25 March 2022

Grant Thornton

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Independent Auditor's Report

To the members of Turnall Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of Turnall Holdings Limited ("the Group") set out on pages 37 to 81 which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the inflation adjusted consolidated financial statements do not present fairly, in all material respects, the financial position of Turnall Holdings Limited as at 31 December 2021, 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 Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the prior and current financial years, the foreign currency denominated transactions and balances of the group were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2021.

Had the consolidated financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the consolidated financial statements as a whole.

Non-compliance with International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2021. However, its application was based on prior and current year's financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

Valuation of property and equipment

The determination of fair values for property and equipment presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include property and equipment that was last revalued by independent professional valuers as at 31 December 2019. The property and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2019.

Although the determined USD values as at 31 December 2019 reflected the fair value of the property and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL. The opinions for the years ended 31 December 2019 and 2020 were modified with regards to this matter and no subsequent revaluations were done in the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described 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), and we have fulfilled our other ethical responsibilities in accordance with the 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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

Areas of focus	How our audit addressed the key audit matter
Revenue recognition • There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240: Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. This is a significant risk and accordingly a key audit matter.	Our audit procedures incorporated a combination of tests of the Group's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following: • Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to ensure accurate processing of revenue transactions. • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which

Areas of focus	How our audit addressed the key audit matter
	mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the revenue recognition is appropriate.

Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' responsibility for financial reporting', 'historical cost information' and 'Company statements', which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the 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 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and for such internal control as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the

Group'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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 management.
- Conclude on the appropriateness of management's 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the *Basis for Adverse Opinion*, the consolidated financial statements have been properly prepared, in all material respects in accordance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhowa.

Grant Thornton

Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

29 March 2022

HARARE

Group Annual **financial statements**

The reports and statements set out below comprise the consolidated financial statements for the financial year ended 31 December 2021 presented to the shareholders:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Inflation Adjusted Group 2021 ZWL	Inflation Adjusted Group 2020 ZWL	*Historical Cost Group 2021 ZWL	*Historical Cost Group 2020 ZWL
Revenue	6	2 109 533 045	1 606 697 277	1 716 246 503	718 334 536
Cost of sales	7	(1 240 637 608)	(1 075 941 153)	(1 049 715 116)	(437 528 438)
Gross profit		**868 895 437**	**530 756 124**	**666 531 387**	**280 806 098**
Other income	8	23 977 209	57 309 560	17 325 997	19 327 278
Selling and distribution expenses	9.1	(190 376 493)	(185 488 638)	(154 834 972)	(83 178 122)
Administrative expenses	9.2	(297 530 146)	(236 966 456)	(226 697 472)	(102 585 083)
Profit from operating activities		**404 966 007**	**165 610 590**	**302 324 940**	**114 370 171**
Finance costs	10	(1 612 074)	(5 679 691)	(1 306 582)	(2 441 506)
Gain on net monetary position		89 810 512	183 561 861	-	-
Profit before taxation		493 164 445	343 492 760	301 018 358	111 928 665
Income tax expense	11.1	(70 876 111)	(79 051 754)	(94 877 106)	(33 050 202)
Profit for the year		**422 288 334**	**264 441 006**	**206 141 252**	**78 878 463**
Other comprehensive income					
Currency translation differences		-	5 080 817	-	704 611
Total comprehensive income for the year		**422 288 334**	**269 521 823**	**206 141 252**	**79 583 074**
Earnings per share	12				
Number of shares in issue		493 040 308	493 040 308	493 040 308	493 040 308
Basic and diluted earnings (ZWL cents per share)		86	54	42	16

*The historical cost 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. As a result, the auditors have not expressed an opinion on the historical financial information and corresponding notes.

Consolidated Statement of Financial Position

as at 31 December 2021

	Notes	Inflation Adjusted Group 2021 ZWL	Inflation Adjusted Group 2020 ZWL	* Historical Cost Group 2021 ZWL	* Historical Cost Group 2020 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	13	2 790 475 309	2 927 961 647	386 480 211	396 250 456
Investment property	14	19 297 898	19 371 405	250 812	255 802
Investments in financial assets	15	454 018	696 332	454 018	433 207
Deferred taxation	11.3	10 237 049	10 569 855	10 237 049	6 575 794
Total non-current assets		**2 820 464 274**	**2 958 599 239**	**397 422 090**	**403 515 259**
Current assets					
Inventories	17	956 354 969	639 518 997	242 688 503	158 782 338
Trade and other receivables	16	267 438 543	201 491 645	258 349 970	124 162 902
Cash and cash equivalents	18	165 703 658	32 157 179	165 703 658	20 005 853
Total current assets		**1 389 497 170**	**873 167 821**	**666 742 131**	**302 951 093**
Total assets		**4 209 961 444**	**3 831 767 060**	**1 064 164 221**	**706 466 352**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19.2	305 937 501	305 937 501	4 930 403	4 930 403
Share premium		11 287 613	11 287 613	181 908	181 908
Non-distributable reserve	19.4	475 016 887	475 016 887	7 655 239	7 655 239
Revaluation reserve	19.5	1 278 300 616	1 278 300 616	290 970 875	290 970 873
Retained earnings		1 055 873 883	651 540 972	277 823 793	86 769 160
Total equity		**3 126 416 500**	**2 722 083 589**	**581 562 218**	**390 507 583**
Non-current liabilities					
Deferred taxation	11.3	691 863 183	723 764 110	91 514 156	95 420 026
Trade and other payables	21.1	-	5 407 538	-	3 364 176
Total non-current liabilities		**691 863 183**	**729 171 648**	**91 514 156**	**98 784 202**
Current liabilities					
Loans and borrowings	20.1	-	5 046 944	-	3 139 841
Trade and other payables	21.1	290 779 556	305 298 684	290 185 642	170 382 433
Current tax liabilities	21.2	100 902 205	67 337 365	100 902 205	41 892 401
Bank overdraft	18	-	2 828 830	-	1 759 892
Total current liabilities		**391 681 761**	**380 511 823**	**391 087 847**	**217 174 567**
Total equity and liabilities		**4 209 961 444**	**3 831 767 060**	**1 064 164 221**	**706 466 352**

*The historical cost 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. As a result, the auditors have not expressed an opinion on the historical financial information and corresponding notes.

Chairman
28 March 2022

Managing Director
28 March 2022

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Group						
Infltion Adjusted	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Revaluation reserve ZWL	Foreign currency translation reserve ZWL	Retained earnings ZWL	Total ZWL
Balance at 1 January 2020	**305 937 501**	**11 287 613**	**475 016 887**	**1 278 300 616**	**(5 080 817)**	**387 099 966**	**2 452 561 766**
Total comprehensive income for the year	-	-	-	-	5 080 817	264 441 006	269 521 823
Balance at 31 December 2020	**305 937 501**	**11 287 613**	**475 016 887**	**1 278 300 616**	**-**	**651 540 972**	**2 722 083 589**
Total comprehensive income for the year	-	-	-	-	-	422 288 334	422 288 334
Dividend paid						(17 955 423)	(17 955 423)
Balance at 31 December 2021	**305 937 501**	**11 287 613**	**475 016 887**	**1 278 300 616**	**-**	**1 055 873 883**	**3 126 416 500**
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**
Total comprehensive income for the year	-	-	-	-	704 611	78 878 463	79 583 074
Balance at 31 December 2020	**4 930 403**	**181 908**	**7 655 239**	**290 970 873**	**-**	**86 769 160**	**390 507 583**
Total comprehensive income for the year	-	-	-	2	-	206 141 252	206 141 254
Dividend Paid						(15 086 619)	(15 086 619)
Balance at 31 December 2021	**4 930 403**	**181 908**	**7 655 239**	**290 970 875**	**-**	**277 823 793**	**581 562 218**

*The historical cost 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. As a result, the auditors have not expressed an opinion on the historical financial information and corresponding notes.

Consolidated Statement Of Cash Flows

for the year ended 31 December 2021

	Notes	Inflation Adjusted		*Historical Cost	
		Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax		**493 164 445**	**343 492 760**	**301 018 358**	**111 928 665**
Adjustment for:					
Depreciation of property, plant and equipment	13	154 594 933	153 855 535	21 178 316	19 587 724
Depreciation of investment property	14	73 506	90 381	4 995	6 637
Amortisation of financial assets	15	(20 811)	(123 572)	(20 811)	(16 465)
Finance costs	10	1 612 074	5 679 691	1 306 582	2 441 506
Currency translation differences		-	5 080 817	-	704 611
Profit from disposal of property, plant and equipment	8	(534 520)	(97 871)	(384 365)	(35 561)
Adjustment of movement in non monetary items		2 588 605	6 341 742	-	-
Operating cash flows before reinvestment in working capital changes		**651 478 232**	**514 319 483**	**323 103 075**	**134 617 117**
Increase/(decrease) in trade and other receivables		(65 946 898)	3 208 186	(134 187 067)	(108 966 966)
Increase in inventories		(316 835 972)	(250 321 160)	(83 906 166)	(128 207 677)
(Decrease)/increase in trade and other payables		(19 926 666)	(14 024 034)	116 439 033	139 529 071
Net cash generated from operating activities		**248 768 696**	**253 182 475**	**221 448 875**	**36 971 545**
Tax paid		(70 876 111)	(13 738 761)	(43 434 426)	(1 945 003)
Interest paid	10	(1 612 074)	(5 679 691)	(1 306 582)	(2 441 506)
Net cash flows generated from operating activities		**176 280 511**	**233 764 023**	**176 707 867**	**32 585 036**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	13	(17 507 725)	(189 689 002)	(11 460 911)	(14 784 593)
Proceeds from sale of property, plant and equipment		604 890	225 565	437 201	81 952
Net cash flows used in investing activities		**(16 902 835)**	**(189 463 437)**	**(11 023 710)**	**(14 702 641)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in loans and borrowings		(5 046 944)	(32 376 943)	(3 139 841)	(2 050 129)
Dividend paid		(17 955 423)	-	(15 086 619)	-
Net cash flows (used) in financing activities		**(23 002 367)**	**(32 376 943)**	**(18 226 460)**	**(2 050 129)**
INCREASE IN CASH AND CASH EQUIVALENTS		**136 375 309**	**11 923 643**	**147 457 697**	**15 832 266**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**29 328 349**	**17 404 706**	**18 245 961**	**2 413 695**
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	**165 703 658**	**29 328 349**	**165 703 658**	**18 245 961**

*The historical 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. As a result, the auditors have not expressed an opinion on the historical financial information and corresponding notes.

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Turnall Holdings Limited ("the Company") is a limited company incorporated in Zimbabwe. It is the parent and ultimate holding company of Turnall Holdings Limited ("the Group"). It's ultimate controlling party is the National Social Security Authority. The address of its registered office and principal place of business are disclosed on the second page of the report in which these consolidated financial statements are contained.

The Board of Directors approved these consolidated financial statements for issue on 24 March 2022.

INCORPORATION AND ACTIVITIES

The Group was incorporated as Penhalonga Exploration (Private) Limited on 16 August 1962. On 14 October 1970, Penhalonga Exploration (Private) Limited changed its name to Penhalonga Development Company (Private) Limited, which was again changed on 29 March 1976 to PDC (Private) Limited, and then to Turnall Holdings Limited on 31 October 2002. Its main business involves the production of building and construction materials comprising corrugated sheeting, flat sheets, pan tiles, pressure pipes, sewer pipes, concrete roofing tiles and related accessories.

1.1 Statement of compliance

1.1.1 Compliance with legislation

These consolidated financial statements, which have been prepared after restating underlying amounts prepared under the historical cost convention (except for fair value and amortized cost measurement where applicable), are in agreement with the underlying books and records, which have been properly prepared in accordance with the accounting policies set out in Note 2, and comply with the disclosure requirements of the Companies and Other Businesses Entities Act (Chapter 24:31), and the applicable Zimbabwe Stock Exchange Listing Requirements.

1.1.2 Compliance with IFRSs

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), except for the effects of non-compliance with International Accounting Standard 21 (IAS 21), (IAS 29) and the impact of the property & equipment valuation.

2. BASIS OF PREPARATION AND MEASUREMENT

2.1. Basis of preparation

The financial statements are presented in Zimbabwean 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 historical financial statements have been provided by way of supplementary information and the auditors have not expressed an opinion on them.

The Zimbabwe economy was under hyperinflationary environment effective 1 July 2009. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and the corresponding figures for previous period also be restated in terms of the same measuring unit. Although IAS 29 discourages the presentation of historical financial statements when inflation adjusted financial statements are presented, historical financial statements are included to allow comparability.

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

2. BASIS OF PREPARATION AND MEASUREMENT (continued)

2.1 Basis of preparation (continued)

In accordance with IAS 29, the financial statements and the corresponding figures for previous period have been restated to take account of the changes in general purchasing power of the Zimbabwean dollar and as a result are stated in terms of the measuring unit current at balance sheet date – 31 December 2021. The restatement is based on conversion factors derived from the Zimbabwe Consumer Price Index (CPI) compiled by the Zimbabwe Central Statistical Office.

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

- All corresponding figures as of, and for the prior period year ended, are restated by applying the change in the index from the end of the prior year to the end of the current year;
- Monetary assets and liabilities, are not restated because they are already stated in terms of the measuring unit current at balance sheet date;
- Non-monetary assets and liabilities, and components of shareholders equity/ funds, are restated by applying the change in index from date/month of transaction or, if applicable, from the date of their most recent revaluation to the balance sheet date;
- Property, plant and equipment and intangible assets are restated by applying the change in the index from the date of transaction, or if applicable from the date of their most recent / last revaluation, to the balance sheet date. Depreciation and amortization amounts are based on the restated amounts;
- Profit and loss statement items / transactions, except depreciation and amortization charges as explained above, are restated by applying the change in the average change in index during the period to balance sheet date;
- Gains and losses arising from net monetary asset or liability positions are included in the profit and loss statement; and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The following CPI indices were used to prepare the financial statements:

Dates	CPI Indices	Conversion factors
Dec-21	3,977.50	1.00
Dec-20	2,474.51	1.61
Dec-19	551.60	7.21
Dec-18	88.80	44.79

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services at the transaction date.

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 take into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability at measurement date. Fair value for measurement and/or disclosure in these consolidated financial statements is determined on such a basis except for measurements that have similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

2. BASIS OF PREPARATION AND MEASUREMENT (continued)

2.2 Basis of measurement (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the measurement 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.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New or revised Standard or Interpretation

3.1.1 Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021); and specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

3.1.2 Amendments to IAS 1 – Classification of Liabilities as Current or Non‑current

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective date
January 1, 2022

3.1.3 Annual Improvements to IFRS 9, Financial Instrument

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Effective date
January 1, 2022

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1.4 Amendments to IAS 16 – Property, Plant and Equipment— Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Effective date
January 1, 2022

3.1.5 Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Effective date
January 1, 2022

3.1.6 Annual improvements to IFRS 16 Leases

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Effective date
January 1, 2022

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Revenue

Revenue represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and is recognised when goods or services have been collected or delivered to the customer. Revenue is derived from sales of AC pipes, building products and concrete products. Revenue is recognised when performance obligations have been satisfied.

To determine whether to recognise revenues, the Group follows a 5 step process:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transactional price to the performance obligations
5. Recognising revenues when/as performance obligation(s) are satisfied.

The Group's sales are mainly to distributors and retailers. For sale of goods to retail customers, revenue is recognised when the performance obligation has been satisfied, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. For distibutors revenue is recognised when the goods are delivered or collected by the customer.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

3.3 **Basis of consolidation**

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affects those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in Group Ownership interests in existing subsidiaries

Changes in the Groups' ownership interests in subsidiaries that do not result in the entity losing control over the subsidiaries are accounted for as equity transactions.

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost less accumulated depreciation and impairment losses, then subsequently using the revaluation model less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the anticipated costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as components, of an item of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of an item of property, plant and equipment, and are recognised within other income in profit or loss.

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Items of property, plant and equipment are revalued at least once every three years or earlier if it becomes apparent that their carrying amounts differ from their recoverable amount to a material extent.

Gross carrying amounts of plant and equipment are determined by revaluation on a net replacement basis and for property on a market value basis. Revaluation surpluses are realised on disposal of the assets.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The depreciation rates are shown below:

Industrial buildings	2.50%	per annum
Plant and machinery	7.5 - 20%	per annum
Furniture, fittings and office equipment	10 - 20%	per annum
Motor vehicles	20 - 25%	per annum

Land and capital work in progress are not depreciated.

The residual values, depreciation method and useful lives are reassessed annually.

Expenditure on additions and improvements to property, plant and equipment is capitalised for major projects based on measured work completed and qualifying for recognition.

Group Statement Of Accounting Policies (cont'd)
for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, nor use in the production or supply of goods or services nor for administrative purposes. Investment property is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment charges. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.6 Taxation

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss unless it relates to an item recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences, unless when the temporary difference arises from:
- Goodwill
- The initial recognition of an asset or liability in a transaction which:
    - is not a business combination; and
    - at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit.

Witholding tax on interest received

Withholding tax is a tax on interest earned by the business at the bank. This tax is withheld on behalf of the revenue authorities at source. Amounts withheld are recognised as part of the Group's tax charge recognised directly in profit or loss.

Where withholding tax is withheld on interest received, the interest is recognised at the gross amount with the related withholding tax recognised as part of the income tax expense unless it is otherwise reimbursable, in which case it is recognised as an asset.

3.7 Inventories

Inventories are stated 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 selling expenses.

The cost of inventories is based on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Group Statement Of Accounting Policies (cont'd)
for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

3.9 Foreign currencies

Foreign currency transactions (which are in currencies other than the functional currency), on initial recognition, are translated at the exchange rates ruling on the date of the transaction. Subsequent to that, all foreign currency denominated financial assets and liabilities are translated at each reporting date, using the exchange rates ruling at that date. Accordingly, foreign currency denominated income and expenses are recorded at exchange rates ruling on the date of the transaction.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.10 Financial instruments

3.10.1 Classification and measurement of financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet it becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from fair value at initial recognition.

The Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

- After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.1 Classification and measurement of financial instruments (continued)

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are classified into the following specified categories:

- Fair value through profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI), or
- Amortised cost (AMCO)

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not Solely Payments of Principal and Interest (SPPI); or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option

Financial assets may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance evaluated on a fair value basis, in accordance with the Group's risk management or investment strategy, and information about the grouping is provided initially on that basis, or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39.

Financial instruments, recognition and measurement, permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any resultant gain or loss recognised in profit or loss. Interest income from these financial assets is included in interest and related income using the effective interest rate method.

Financial assets at FVOCI

The Group applies the new category under IFRS (of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI) test.
  Gains and losses arising from changes in fair value are recognised directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

Financial assets at amortised cost

This includes amounts due from banks, loans and other receivables, bills of exchange and debentures with fixed or determinable payments and fixed maturity debts that the Group has the positive intent and ability to hold to maturity. Investments are recorded using the effective interest method less any impairments with revenue being recognised on an effective yield basis.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.1 Classification and measurement of financial instruments (continued)

The Group only measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold the financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Reclassifications

- If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and de-recognition of financial assets.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve.

Impairment of financial assets

The Group recognises loss allowances for Expected Credit Loss (ECLs) on the financial instruments that are not measured at FVTPL:

No impairment loss is recognised on equity investments.

The measurement of ECL reflects:

- An unbiased and probability - weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above processes and changes in credit risk since initial recognition, the financial assets migrate through the three stages.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.1 Classification and measurement of financial instruments (continued)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without considering any collateral held by the Group). Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment of financial assets (continued)

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

Write Off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.2 Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments. Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'.

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 the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities at FVTPL

Either financial liabilities are classified as at 'FVTPL' where the financial liability is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near future, or
- It is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking, or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Other financial liabilities

Other financial liabilities, including payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.2 Financial liabilities and equity instruments

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income section" above.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

Pension costs

The Group contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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.

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 to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and included in the cost of that qualifying assets. These comprise borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investment income earned on the temporary reinvestment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.14 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration.

3.15 Segment reporting

The Group have three reportable segments, as described below. The segments offer different products but are however managed by the one central team as they require similar technology, processes and marketing strategies. For each of the segments, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least monthly. The following summary describes the operations in each of the Group's reportable segments:

- Building products - production of roofing sheets, flat sheets and moulded goods.
- Piping products - production of water and sewer reticulation pipes.
- Concrete tiles - production of concrete roofing products.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Segment reporting (continued)

There is a minimal level of integration between the reportable segments that includes transfers of raw materials and shared distribution services, respectively.

Performance is measured based on segment gross profit before tax, as included in the internal management reports that are reviewed by the Group Managing Director. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following:

4.1 Valuation of property, plant and equipment

The Group reviews their estimates for residual values, useful lives and methods of depreciation of all property, plant and equipment annually. Residual values of each asset have been assessed by reviewing the fair value of the assets after considering age, usage and obsolescence. In determining recoverable amount of the assets, expected cash flows are discounted to their present values. In determining useful lives, directors consider technology changes, local operating environment and the use of each asset.

The directors also apply significant judgment', estimates and assumptions on carrying out the revaluation of property, plant and equipment in line with the policy on revaluation. The directors engage a professional valuer to perform an independent valuation.

The fair values of the land and buildings was, as a result of the above, determined in United States Dollars (USD) and converted to Zimbabwe Dollars (ZWL) at the closing interbank rate of 1USD: 16.7734 ZWL as applicable in December 2019 per the last revaluation.

4.2 Impairment of trade and other receivables

The Group recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group always recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Impairment of trade and other receivables (continued)

The Group measures the loss allowance for trade and other receivables at an amount equal to either 12-month or lifetime ECL depending on the circumstances. Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

4.3 Deferred tax assumptions on profits

Deferred tax assets should be recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised. When an entity has tax losses, the entity recognises deferred tax assets only to the extent that the entity has sufficient taxable temporary differences, or there is convincing other evidence that sufficient taxable profit will be available.

Deferred tax assets should be recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised. When an entity has tax losses, the entity recognises a deferred tax asset.

4.4 Contingent assets and liabilities

The Group have a number of contingent assets and liabilities that have been disclosed.
While the contingent liabilities are not recognised in the financial statements in line with the requirements of IFRSs, the directors and management exercise key judgments, in consultation with legal counsel, in evaluating and concluding;

- the extent to which the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or Company; and
- that it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation; or
- that the amount of the obligation cannot be measured with sufficient reliability.

The existence of the contingent assets are dependent on the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group or Company.

A change in the directors' and management judgements regarding contingent liabilities, or in the outcomes of future events impacting contingent liabilities, could result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.5 Presentation and functional currency

These inflation adjusted financial results are presented in Zimbabwe Dollars (ZWL) which is the Group's functional and presentation currency.

Group Statement Of Accounting Policies (Cont'd)

for the year ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.6 Significant increase in credit risk

Expected credit losses are measured as an allowance equal to 12-month expected credit losses for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

4.7 Calculation of loss allowance

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4.8 IFRIC 23- Uncertain tax positions

The Group has no uncertain tax positions. All the legacy debts with ZIMRA were settled.

Notes To The Consolidated Financial Statements

for the year ended 31 December 2021

	Inflation Adjusted		Historical Cost	
	Group	Group	Group	Group
	2021	2020	2021	2020
6. REVENUE	ZWL	ZWL	ZWL	ZWL
Sale of goods - local sales	2 096 966 087	1 576 440 825	1 706 411 583	707 611 475
- exports	12 566 958	30 256 452	9 834 920	10 723 061
	2 109 533 045	1 606 697 277	1 716 246 503	718 334 536

Export sales were to South Africa, Mozambique and Zambia.

7. COST OF SALES

Canteens	20 382 935	21 497 352	16 588 796	9 527 171
Depreciation of property, plant and equipment	128 291 145	145 887 886	17 151 153	18 515 510
Electricity and water	62 285 954	38 857 537	48 847 033	16 720 208
Maintenance	84 339 958	86 407 266	67 746 252	37 374 542
Raw materials	715 960 867	626 053 608	708 060 862	282 745 976
Employee benefits	188 871 586	111 958 800	159 117 519	52 693 151
Contracted maintenance services	18 299 852	13 370 479	14 727 517	5 994 991
Professional services	759 531	3 027 571	586 030	1 465 227
Plant hire	349 105	166 235	250 788	99 978
Consumables	6 556 344	4 034 897	5 269 312	1 381 623
Other	14 540 331	24 679 522	11 369 854	11 010 061
	1 240 637 608	1 075 941 153	1 049 715 116	437 528 438

8. OTHER INCOME

Rental income	1 361 692	6 692 917	1 082 688	480 175
Profit on disposal of property, plant and equipment	534 520	97 871	384 365	35 561
Scrap sales	911 749	2 395 823	646 399	1 332 884
Sundry income	3 301 779	976 955	2 914 999	398 324
Pallet sales	22 559 736	8 503 207	16 399 232	4 053 944
Exchange (loss)/gain	(4 692 267)	38 642 787	(4 101 686)	13 026 390
	23 977 209	57 309 560	17 325 997	19 327 278

9. OPERATING EXPENES

9.1 Selling and distribution expenses

Depreciation of property, plant and equipment	-	2 677 699	-	339 843
Employee benefits	41 075 680	26 512 670	34 223 125	12 249 005
Transport costs	119 134 969	121 317 573	96 909 926	54 047 246
Light motor vehicle running costs	5 700 241	7 406 070	4 409 278	2 956 127
Sales promotion	8 171 163	5 412 678	6 643 505	2 267 105
Other	16 294 440	22 161 948	12 649 138	11 318 796
	190 376 493	185 488 638	154 834 972	83 178 122

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
9. OPERATING EXPENSES				
9.2 Administrative expenses				
Auditors' remuneration - external audit	7 608 380	13 504 864	6 105 609	5 839 514
Depreciation of property, plant and equipment	26 303 787	5 289 950	4 027 162	726 719
Depreciation of investment property	73 506	90 381	4 995	3 320
Directors remuneration - non executive	1 553 682	1 109 566	1 270 675	498 758
- executive	14 718 580	6 792 753	11 573 902	3 164 395
(Reversal)/impairment of trade and other receivables	(2 406 041)	5 484 803	(2 406 041)	3 627 631
Bad debt recovered	(236 801)	-	(236 801)	-
Bank charges	9 558 658	8 298 717	7 717 928	3 506 629
Employee costs	61 275 503	28 966 922	51 795 456	13 918 794
Interest on pension liabilities	35 054 945	-	32 365 275	-
Retrenchment costs	3 290 432	9 522 145	3 106 913	5 619 375
Legal fees	4 451 493	2 273 885	3 294 257	920 590
Light motor vehicle running costs	7 363 488	9 251 525	6 053 950	3 627 132
Professional fees	5 636 747	11 402 566	4 337 802	4 837 987
Interest and penalties on legacy statutory liabilities	(2 097 897)	4 498 900	(1 966 318)	369 159
Staff welfare	28 537 605	35 837 540	22 671 031	13 973 976
Intermediated Money Transfer Tax (IMTT)	28 620 395	24 911 387	22 926 346	10 202 559
Telephone and communication	18 475 505	16 832 227	14 647 787	7 689 711
Risk control expenses	18 588 854	13 924 823	14 404 927	6 623 908
Conferences and training	59 113	3 306 476	43 522	1 765 848
Travel	3 805 901	1 936 834	3 156 361	765 223
Licences	5 653 523	3 895 893	4 888 760	1 956 251
Other	21 640 788	29 834 299	16 913 974	12 947 604
	297 530 146	236 966 456	226 697 472	102 585 083
10. FINANCE COSTS				
Interest expense	1 612 074	5 679 691	1 306 582	2 441 506
11. TAXATION				
11.1 Income tax expense				
Current tax	99 941 820	67 321 326	99 941 820	41 882 423
Deferred tax	(31 568 121)	11 536 651	(7 567 126)	(8 906 556)
Withholding tax	2 502 412	193 777	2 502 412	74 335
	70 876 111	79 051 754	94 877 106	33 050 202

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

11. TAXATION (continued)

11.2 Reconciliation of tax rate

	Inflation Adjusted		Historical Cost	
	Group 2021 %	Group 2020 %	Group 2021 %	Group 2020 %
Notional tax credit/(charge) based on (loss)/ profit for the year	(24.72)	(24.72)	(24.72)	(24.72)
Non-deductible expenses:				
Donations	(0.02)	(0.02)	(0.01)	(0.02)
Subscriptions	0.00	(0.02)	0.00	0.02
Intermediated Money Transfer Tax (IMTT)	(3.78)	(2.41)	(1.88)	(2.26)
Legal expenses	0.00	0.00	0.00	0.00
Other	14.70	4.17	(4.07)	(2.48)
Tax benefits arising from:				
Permanent differences	0.01	0.01	0.03	0.01
Recoupment on disposals	(0.06)	0.00	(0.03)	0.00
Withholding taxation	(0.51)	(0.01)	(0.83)	(0.07)
	(14.38)	(23.01)	(31.52)	(29.53)

11.3 Deferred taxation – Inflation Adjusted

	Opening balance ZWL	Recognised in profit or loss ZWL	Recognised in other comprehensive income ZWL	Closing balance ZWL
Year ended 31 December 2021				
Deferred tax liability				
Property, plant and equipment	723 764 110	(31 900 927)	-	691 863 183
Deferred tax asset				
Provisions	(10 569 855)	332 806	-	(10 237 049)
Net deferred tax liability / (asset)	**713 194 255**	**(31 568 121)**	**-**	**681 626 134**
Year ended 31 December 2020				
Deferred tax liability				
Property, plant and equipment	711 874 010	11 890 100	-	723 764 110
Deferred tax asset				
Provisions	(10 216 406)	(353 449)	-	(10 569 855)
Net deferred tax liability	**701 657 604**	**11 536 651**	**-**	**713 194 255**

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

11.3 Deferred taxation – Historical Cost

Movement in temporary differences during the year:

	Opening balance ZWL	Recognised in profit or loss ZWL	Recognised in other comprehensive income ZWL	Closing balance ZWL
Year ended 31 December 2021				
Deferred tax liability				
Property, plant and equipment	95 420 026	(3 905 870)	-	91 514 156
Deferred tax asset				
Provisions	(6 575 794)	(3 661 254)	-	(10 237 049)
Net deferred tax **liability /(asset)**	88 844 232	(7 567 126)	-	81 277 106
Year ended 31 December 2020				
Deferred tax liability				
Property, plant and equipment	99 167 606	(3 747 580)	-	95 420 026
Deferred tax asset				
Provisions	(1 416 818)	(5 158 976)	-	(6 575 794)
Net deferred tax liability /(asset)	97 750 788	(8 906 556)	-	88 844 232

12. EARNINGS PER SHARE

12.1 Inflation Adjusted

Basic and diluted earnings per share have been calculated based on a profit for the year of ZWL422 288 334 (2020: ZWL 264 441 006) and 493 040 308 (2020: 493 040 308) shares in issue for the year ended 31 December 2021.

12.2 Historical Cost - Group

Basic and diluted earnings per share have been calculated based on a profit for the year of ZWL 206 141 252 (2020: ZWL 78 878 463) and 493 040 308 (2020: 493 040 308) shares in issue for the year ended 31 December 2020.

	Inflation Adjusted		**Historical Cost**	
Basic earnings per share	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Numerator				
Profit for the year and earnings used in basic EPS	422 288 334	264 441 006	206 141 252	78 878 463
Denominator				
Weighted average number of shares used in basic EPS	493 040 308	493 040 308	493 040 308	493 040 308
Basic earnings per share (ZW$ cents)	86	54	42	16

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

12. EARNINGS PER SHARE (continued)

	Inflation Adjusted		Historical Cost	
Basic earnings per share	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Profit for the year and earnings used in basic EPS	422 288 334	264 441 006	206 141 252	78 878 463
Currency translation differences	-	5 080 817	-	704 611
	422 288 334	269 521 823	206 141 252	79 583 074
Denominator				
Weighted average number of shares used in basic EPS	493 040 308	493 040 308	493 040 308	493 040 308
Headline earnings per share (ZW$ cents)	86	55	42	16

13. PROPERTY, PLANT AND EQUIPMENT

Inflation Adjusted

	Land ZWL	Buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Furniture and fittings ZWL	Office equipment ZWL	Capital Work in Progress ZWL	Total ZWL
Year ended 31 December 2020								
Carrying amount at 1 Jan 2021	131 828 031	1 463 628 640	1 248 899 909	14 973 585	12 904 701	20 021 011	-	2 892 255 877
Additions	-	1 983 767	183 986 307	8 464	335 223	3 375 241	-	189 689 002
Disposals	-	-	-	(143 106)	-	-	-	(143 106)
Charge for the year	-	(36 640 309)	(107 466 466)	(3 745 509)	(1 323 993)	(4 679 258)	-	(153 855 535)
Depreciation on disposals	-	-	-	15 409	-	-	-	15 409
Carrying amount 31 December 2020	131 828 031	1 428 972 098	1 325 419 750	11 108 843	11 915 931	18 716 994	-	2 927 961 647
As at 31 December 2020								
Cost/ revaluation	131 828 031	1 465 612 407	1 432 886 216	14 838 942	13 239 924	23 396 252	-	3 081 801 772
Accumulated depreciation	-	(36 640 309)	(107 466 466)	(3 730 099)	(1 323 993)	(4 679 257)	-	(153 840 125)
Carrying amount as at 31 December 2020	131 828 031	1 428 972 098	1 325 419 750	11 108 843	11 915 931	18 716 994	-	2 927 961 647
Year ended 31 December 2020								
Carrying amount as at 1 January 2021	131 828 031	1 428 972 098	1 325 419 750	11 108 843	11 915 931	18 716 994	-	2 927 961 647
Additions	-	-	304 123	994 276	1 320 496	4 523 760	10 365 071	17 507 726
Disposals	-	-	-	(544 272)	-	-	-	(544 271)
Charge for the year	-	(36 640 310)	(107 493 115)	(3 969 068)	(1 395 477)	(5 096 964)	-	(154 594 933)
Depreciation on disposals	-	-	-	145 143	-	-	-	145 140
Carrying amount as at 31 December 2021	131 828 031	1 392 331 788	1 218 230 758	7 734 922	11 840 950	18 143 790	10 365 071	2 790 475 309
As at 31 December 2021								
Cost/ revaluation	131 828 031	1 465 612 407	1 433 190 339	15 288 947	14 560 420	27 920 012	10 365 071	3 098 765 227
Accumulated depriciation	-	(73 280 619)	(214 959 581)	(7 554 025)	(2 719 470)	(9 776 223)	-	(308 289 918)
Carrying amount as at 31 December 2021	131 828 031	1 392 331 788	1 218 230 758	7 734 922	11 840 950	18 143 789	10 365 071	2 790 475 309

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

13. PROPERTY, PLANT AND EQUIPMENT

	Historical Cost							
	Land ZWL	Buildings ZWL	Plant and machinery ZWL	Motor vehicles ZWL	Furniture and fittings ZWL	Office equipment ZWL	Capital Work in Progress ZWL	Total ZWL
Year ended 31 December 2020								
Carrying amount as at 1 January 2020	18 282 000	202 976 997	173 198 276	2 076 545	1 789 634	2 776 532	-	401 099 984
Additions	-	-	14 298 492	1 200	87 403	397 498	-	14 784 593
Disposals	-	-	-	(51 997)	-	-	-	(51 997)
Charge for the year	-	(5 283 179)	(13 431 601)	(408 094)	(182 564)	(282 286)	-	(19 587 724)
Depreciation on disposals	-	-	-	5 600	-	-	-	5 600
Carrying amount as at 31 December 2020	18 282 000	197 693 818	174 065 167	1 623 254	1 694 473	2 891 744	-	396 250 456
As at 31 December 2020	18 282 000	202 976 997	187 496 768	2 025 748	1 877 037	3 174 030	-	415 832 580
Cost/ revaluation	-	(5 283 179)	(13 431 601)	(402 494)	(182 564)	(282 286)	-	(19 582 124)
Accumulated depriciation								
Carrying amount as at 31 December 2020	18 282 000	197 693 818	174 065 167	1 623 254	1 694 473	2 891 744	-	396 250 456
Year ended 31 December 2021								
Carrying amount as at 1 January 2021	18 282 000	197 693 818	174 065 167	1 623 254	1 694 473	2 891 744	-	396 250 456
Additions	-	-	178 740	667 359	1 045 789	3 570 964	5 998 060	11 460 911
Disposals	-	-	-	(75 480)	-	-	-	(75 480)
Charge for the year	-	(5 101 317)	(14 307 053)	(500 801)	(257 903)	(1 011 242)	-	(21 178 316)
Depreciation on disposals	-	-	-	22 640	-	-	-	22 640
Carrying amount as at 31 December 2021	18 282 000	192 592 501	159 936 854	1 736 972	2 482 359	5 451 466	5 998 060	386 480 211
As at 31 December 2021								
Cost/ revaluation	18 282 000	197 693 818	174 243 907	2 215 133	2 740 262	6 462 708	5 998 060	407 635 887
Accumulated depriciation	-	(5 101 317)	(14 307 053)	(478 161)	(257 903)	(1 011 242)	-	(21 155 676)
Carrying amount as at 31 December 2021	18 282 000	192 592 501	159 936 854	1 736 972	2 482 359	5 451 466	5 998 060	386 480 211

13.1 Revaluation of property, plant and equipment

In line with the Group accounting policy, a revaluation was last carried out as at 31 December 2019. The revaluation was carried out by Dawn Properties, an independent professional valuer and the basis of revaluation was as follows:

- Land and buildings	Market value
- Other asset categories	Depreciated replacement cost

Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate the ZWL values. The Company's independent valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 16.7734 at 31 December 2019.

The valuers concern with this approach were that it ignored market dynamics of demand and supply. The approach did not take into consideration the fact that different property sub-sectors would respond differently to the new currency and that a conversion at closing interbank rate would likely overstate property values.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

14. INVESTMENT PROPERTY

Investment property comprises of buildings at number 4 Darwin Road, Workington, Harare and Stand number 19644 Seke Township. The rentals are indexed to consumer prices. Subsequent renewals are negotiated with the lessee and, on average, the renewal period is 12 months.

Included in other income (Note 8) is rental income of ZWL 1 082 688 (2020: ZWL 480 175) at historical cost, and ZWL 1 361 692 (2020: ZWL 6 692 917) inflation adjusted, relating to this investment property.

	Inflation Adjusted		Historical cost	
	2021 (ZWL)	2020 (ZWL)	2021 (ZWL)	2020 (ZWL)
Cost	20 272 693	20 272 693	326 709	326 709
Opening depreciation	(901 289)	(810 907)	(70 902)	(64 270)
Charge for the year	(73 506)	(90 381)	(4 995)	(6 637)
Balance at the end of year	19 297 898	19 371 405	250 812	255 802

15. INVESTMENTS IN FINANCIAL ASSETS

In 2016, the business received treasury bills with a face value of ZWL925 625, a coupon rate of 5% (receivable bi-annually) and a tenure of 14 years from a delinquent customer as full and final payment of the amount outstanding. In 2018, treasury bills with face value of ZWL92 563 were transferred to debt collectors as full and final payment of their collection commission at 10%. As at 31 December 2021, the Group holds treasury bills with face value of ZWL 833 063.

	Inflation Adjusted		Historical cost	
	2021 (ZWL)	2020 (ZWL)	2021 (ZWL)	2020 (ZWL)
Amortised cost at beginning of year	696 332	3 005 048	433 207	416 742
Effects of inflation	(263 125)	(2 432 288)	-	-
Interest	20 811	123 572	20 811	16 465
Balance at the end of year	454 018	696 332	454 018	433 207

The treasury bills have been classified as financial assets and are measured at amortised cost.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

16. TRADE AND OTHER RECEIVABLES

16.1 Analysis

	Inflation Adjusted		Hiistorical Cost	
	2021 (ZWL)	2020 (ZWL)	2021 (ZWL)	2020 (ZWL)
Trade receivables	146 152 374	92 059 050	146 152 374	57 272 431
Allowance for credit losses	(4 767 840)	(11 531 214)	(4 767 840)	(7 173 881)
Net receivables	141 384 534	80 527 836	141 384 534	50 098 550
Prepayments	122 716 756	116 857 715	113 628 183	71 509 840
Other receivables	3 337 253	4 106 094	3 337 253	2 554 512
	267 438 543	201 491 645	258 349 970	124 162 902

Other receivables include ZWL368 244 (2020: ZWL368 244) relating to loans to former Executive directors.

The average credit period on sale of goods is 14 days. No interest is charged on trade receivables. The Group has recognized an allowance for doubtful debts against all receivables over 120 days except where there are payment plans which are being adhered to by the customers.

The Group measures the loss allowance for trade receivables at an amount equal to either 12 month or lifetime ECL depending on the individual debtor's circumstances. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. Some of the trade receivables t hat have b een writte n off are s ubject to enforcement activities.

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period given that the Group has moved to a predominantly prepayment basis with a 14-day credit exception for selected customers.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between te Group's different customer segments.

16.2 Impairment losses on trade receivables

	INFLATION ADJUSTED				
	Total ZWL	Not past due ZWL	Past due 31 - 60 days ZWL	Past due 61 - 120 days ZWL	More than 120 days ZWL
31 December 2021					
Expected loss rate		0.64%	0.64%	0.64%	100%
Gross trade receivables	146 152 374	126 427 606	15 494 796	373 667	3 856 305
Allowance for credit losses	(4 767 840)	(809 884)	(99 258)	(2 394)	(3 856 305)
Net trade receivables	141 384 534	125 617 722	15 395 538	371 273	-
31 December 2020					
Expected loss rate		9.00%	9.00%	9.00%	100%
Gross trade receivables	92 059 050	74 349 409	10 296 169	45 949	7 367 522
Allowance for credit losses	(11 531 214)	(3 226 138)	(933 389)	(4 165)	(7 367 522)
Net trade receivables	80 527 836	71 123 271	9 362 780	41 784	-

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

16. TRADE AND OTHER RECEIVABLES (continued)

Impairment losses on trade receivables

	HISTORICAL COST				
31 December 2021	Total ZWL	Not past due ZWL	Past due 31 - 60 days ZWL	Past due 61 - 120 days ZWL	More than 120 days ZWL
Expected loss rate		0.64%	0.64%	0.64%	100%
Gross trade receivables	146 152 374	126 427 606	15 494 796	373 667	3 856 305
Allowance for credit losses	(4 767 840)	(809 884)	(99 258)	(2 394)	(3 856 305)
Net trade receivables	141 384 534	125 617 722	15 395 538	371 273	-
31 December 2020					
Expected loss rate		9%	9%	9%	100%
Gross trade receivables	57 272 431	46 254 784	6 405 526	28 586	4 583 535
Allowance for credit losses	(7 173 881)	(2 007 068)	(580 687)	(2 591)	(4 583 535)
Net trade receivables	50 098 550	44 247 716	5 824 839	25 995	-

16.3 Reconciliation of impairment

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
Opening balance	11 531 214	25 571 337	7 173 881	3 467 999
Effects of inflation	(4 357 333)	-	-	-
Increase in loss allowance recognised in profit and loss	(2 406 041)	(14 040 123)	(2 406 041)	3 705 882
Balance at end of the year	4 767 840	11 531 214	4 767 840	7 173 881

16.4 Contingent assets

The Group is pursuing the recovery of specific amounts from former company employees for losses incurred during their tenure. The amounts being pursued cannot be disclosed as such disclosure could prejudice seriously the position of the Group in the legal action currently being pursued.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

17. INVENTORIES

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
Raw materials	114 544 216	118 804 223	73 955 332	37 133 361
Work in progress	3 343 564	4 230 322	3 343 564	2 631 798
Finished goods	670 021 470	404 206 891	122 765 684	87 653 376
Consumables	168 445 719	112 277 561	42 623 923	31 363 803
	956 354 969	639 518 997	242 688 503	158 782 338

18. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
Cash and bank balances	165 703 658	32 157 179	165 703 658	20 005 853
Bank overdraft	-	(2 828 830)	-	(1 759 892)
Net bank and cash balances end of year	165 703 658	29 328 349	165 703 658	18 245 961

19. SHARE CAPITAL AND RESERVES

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
19.1 Authorised				
690 000 000 ordinary shares of ZWL1 cent each	428 153 382	428 153 382	6 900 000	6 900 000
19.2 Issued and fully paid				
493 040 308 ordinary shares of ZWL1 cent each	305 937 501	305 937 501	4 930 403	4 930 403

19.3 Unissued shares

196 959 692 unissued ordinary shares of ZWL0.01 are under the control of the Directors for an indefinite period, subject to the limitations imposed by the Companies and other Businesses Entities Act (Chapter 24:31).

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

19.4 Non-distributable reserve

This reserve arose as a result of the change in the Group's functional currency from the United States Dollar to the Zimbabwe Dollar. It represents the residual equity that existed as at 1 February 2009, the date of the changeover. The fair value of each statement of financial position item was determined using various appropriate methods as prescribed by the International Financial Reporting Standards. On 20 February 2019, the Reserve Bank of Zimbabwe announced a change in functional curren cy from United States Dollars to RTGS Dollar, however the translation for 2018 has been done to comply with SI33 of 2019. The impact of the change is not compliant with the requirements of IAS 21.

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group - 2020 ZWL
Non-distributable reserve	475 016 887	475 016 887	7 655 239	7 655 239
-	475 016 887	475 016 887	7 655 239	7 655 239

19.5 Revaluation reserve

This reserve arose from a revaluation of property, plant, and equipment in line with the Group's policy on the subsequent measurement of property, plant and equipment.

The revaluation surplus included in equity in respect of items of property, plant and equipment is transferred directly to retained earnings when the asset is de-recognized.

20. Loans and borrowings

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
20.1 Short term borrowings				
BancABC	-	5 046 944	-	3 139 841
	-	5 046 944	-	3 139 841

20.3 Terms and debt repayment

On 31 January 2021, the Group successfully paid up the loan owed to BancABC.

21. Trade and other payables

21.1 Trade payables

Trade payables	92 900 033	120 157 334	92 900 033	74 753 136
Amounts owing to ZIMRA	35 764 591	33 998 785	35 764 592	21 151 566
Pension	19 923 593	6 425 731	19 923 593	3 997 621
Revenue received in advance	94 254 899	104 580 868	93 660 985	45 510 435
Other payables	47 936 440	45 543 504	47 936 439	28 333 851
	290 779 556	310 706 222	290 185 642	173 746 609
Current trade and other payables	290 779 556	305 298 684	290 185 642	170 382 433
Non-current trade and other payables	-	5 407 538	-	3 364 176
	290 779 556	310 706 222	290 185 642	173 746 609

21.2 Income Tax Liability

Zimra Debt was cleared in current year and the current obligation relates to current tax obligations.

Current Tax Liability	100 902 205	67 337 365	100 902 205	41 892 401
Total	**100 902 205**	**67 337 365**	**100 902 205**	**41 892 401**

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

22. RELATED PARTY TRANSACTIONS

22.1 Non-distributable reserve

Below is a summary of all the identifiable related parties as at 31 December 2021 as defined by International Accounting Standard 24 - Related party transactions:

Entity	Nature of relationship
National Social Security Authority	Significant shareholder

	Inflation Adjusted		Historical Cost	
	Group 2021 ZWL	Group 2020 ZWL	Group 2021 ZWL	Group 2020 ZWL
22.2 Transactions and balances				
Transactions				
National Social Security Authority	5 045 794	1 998 210	5 045 794	1 243 141
Balances				
Other balances payable				
National Social Security Authority	2 549 266	1 753 597	2 549 266	1 090 960
22.3 Key management personnel remuneration				
Key management personnel compensation comprised the following:				
Remuneration for services as employees	14 718 580	5 006 355	11 573 902	2 391 646
22.4 Loans to key management personnel				
Loans owed by former executives	368 244	591 911	368 244	368 244

All transactions with all the identifiable related parties are priced on an arm's length basis. All outstanding balances with these related parties are also priced on an arm's length basis and are to be settled in cash on normal terms. All related party balances are unsecured.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

23. PENSION SCHEMES

23.1 SMM Holdings Pension Fund

The Group's employees were members of the SMM Holdings Pension Fund which is a defined contribution pension scheme for employees. On 31 August 2015, the Group ceased making contributions to the pension fund and assumed a Paid-up Status which was approved by the Insurance and Pensions Commission.

The balance outstanding as at 31 December 2021 was ZWL19 923 593 including interest (2020: ZWL6 425 730). The pension arrears were revalued in April 2021 in line with the guidelines issued by the insurance and pension commision in March 2020. The guidelines relate to the adjustment of insurance and pension values in response to currency reforms which seek to ensure there is equittable distribution of foreign currency revaluation gains amongst different member classes.

23.2 National Social Security Authority Scheme (NSSA)

All employees are required by law to be members of the National Social Security Scheme, which is a defined contribution fund. Both the employees and Group contribute. The Group's obligation under the scheme is limited to specific contributions legislated from time to time. The Group's contributions are charged to profit or loss and, in the current year, amounted to ZWL 5 045 794 (2020: ZWL2 001 457).

24. PRINCIPAL INVESTMENTS AND THE GROUP'S BENEFICIAL INTEREST

24.1	**Operating divisions**	**Percentage holding**
	Turnall Fibre Cement	100%
24.2	**Dormant subsidiary companies**	
	Turnall (Private) Limited	100%
24.3	**Operating subsidiary companies**	
	Tractor and Equipment (Private) Limited (100%)	100%

25. Contingent liabilities

As at the end of the reporting period, the Group is engaged in several legal cases involving former employees, whose values most of which could not be estimated with certainty.

Notes To The Consolidated Financial Statements (continued)

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26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

26.1 Accounting classification and fair values – Inflation Adjusted

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair values if the carrying amount is a reasonable approximation of fair value.

31-Dec-21	Designated at FVTPL ZWL	Amortised cost ZWL	Other financial liabilities ZWL	Total ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
Financial assets measured at fair value								
Cash and cash equivalents	165 703 658	-	-	165 703 658	165 703 658	-	-	165 703 658
Financial assets not measured at fair value								
Trade and other receivables -current	-	267 438 542	-	267 438 542	-	267 438 542	-	267 438 542
Treasury bills	-	454 018	-	454 018	-	454 018	-	454 018
	-	267 892 560	-	267 892 560	-	267 892 560	-	267 892 560
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	-	-				
Loans and borrowings	-	-	-	-				
Trade and other payables - non-current	-	-	-	-				
- current	-	-	391 681 761	391 681 761				
	-	-	391 681 761	391 681 761				

Accounting classification and fair values – Inflation Adjusted

31-Dec-20	Designated at FVTPL ZWL	Amortised cost ZWL	Other financial liabilities ZWL	Total ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total
Financial assets measured at fair value								
Cash and cash equivalents	32 157 179	-	-	32 157 179	32 157 179	-	-	32 157 179
Financial assets not measured at fair value								
Trade and other receivables -current	-	201 491 645	-	201 491 645	-	201 491 645	-	201 491 645
Treasury bills	-	696 332	-	696 332	-	696 332	-	696 332
	-	202 187 977	-	202 187 977	-	202 187 977	-	202 187 977
Financial liabilities not measured at fair value								
Bank overdrafts			2 828 830	2 828 830				
Loans and borrowings	-	-	5 046 944	5 046 944				
Trade and other payables - non-current	-	-	5 407 538	5 407 538				
- current	-	-	305 298 684	305 298 684				
	-	-	318 581 996	318 581 684				

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

26.1 Accounting classification and fair values – Historic Cost (cont'd)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair values if the carrying amount is a reasonable approximation of fair value.

31-Dec-21	Designated at FVTPL ZWL	Amortised cost ZWL	Other financial liabilities ZWL	Total ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total
Financial assets measured at fair value								
Cash and cash equivalents	165 703 658		-	165 703 658	165 703 658		-	165 703 658
Financial assets not measured at fair value								
Trade and other receivables -current	-	258 349 970	-	258 349 970	-	258 349 970	-	258 349 970
Treasury bills	-	454 018	-	454 018	-	454 018	-	454 018
	-	258 803 988	-	258 803 988	-	258 803 988	-	258 803 988
Financial liabilities not measured at fair value								
Bank overdrafts		-		-				
Loans and borrowings		-		-				
Trade and other payables - non-current		-		-				
- current		391 087 847		391 087 847				
		391 087 847		391 087 847				

Accounting classification and fair values – Historic Cost

31-Dec-20	Designated at FVTPL ZWL	Amortised cost ZWL	Other financial liabilities ZWL	Total ZWL	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total
Financial assets measured at fair value								
Cash and cash equivalents	20 005 853		-	20 005 853	20 005 853		-	20 005 853
Financial assets not measured at fair value								
Trade and other receivables -current	-	124 162 902	-	124 162 902	-	124 162 902	-	124 162 902
Treasury bills	-	433 207	-	433 207	-	433 207	-	433 207
	-	124 596 109		124 596 109	-	124 596 109	-	124 596 109
Financial liabilities not measured at fair value								
Bank overdrafts			1 759 892	1 759 892				
Loans and borrowings	-		3 139 841	3 139 841				
Trade and other payables - non-current	-		3 364 176	3 364 176				
- current	-		212 274 834	212 274 834				
	-		220 538 743	220 538 743				

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

26.2 Financial risk management

The Group operates a central treasury function, the objective being to minimise funding costs, optimise returns on investments and minimise financial risk. The following risks arise from the Group's financial instruments:

- market risk (which includes currency risk and interest rate risk)
- credit risk
- liquidity risk.

The Group does not use derivative financial instruments for speculative purposes.

This note presents information about the Group exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Group’s risk management policies are established to identify and analyse the risks faced by Turnall Holdings Limited, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Finance Committee oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

26.2.1 Currency risk

Currency risk is, as far as possible, managed by hedging foreign currency denominated liabilities with foreign currency denominated liquid assets. As the Zimbabwean dollar is the Group’s main trading currency, as well as the reporting currency, for the purpose of defining currency risk, all currencies other than the Zimbabwean dollar are considered foreign currencies.

The major trading currencies of the Group are the United States dollar (USD), the Euro (EUR), the Botswana Pula (BWP) and the South African Rand (ZAR). For the purposes of financial reporting, the official auction exchange rates have been used for the translation of balances other than the Zimbabwean dollar at 31 December 2021.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

26.2.1 Currency risk (continued)

	ZAR	USD	EUR	BWP
31-Dec-21				
Trade receivables	3 122 166	310 999	42 282	64 800
Trade payables				
Cash and cash equivalents	-	452 488	-	-
Net exposure	**3 122 166**	**763 487**	**42 282**	**64 800**
31-Dec-20				
Trade receivables	462 662	582 593	-	213 536
Trade payables	(51 791)	415 019	(19 734)	-
Cash and cash equivalents	140	104 534	-	48 229
Net exposure	**411 011**	**1102 146**	**(19 734)**	**261 765**

26.2.2 Interest rate risk

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged against the market rate. The Group finances their operations through a mixture of equity and bank borrowings. The Group borrows principally in Zimbabwean dollars at fixed and floating rates of interest. The interest rate characteristics of new borrowings and the refinancing of fixed borrowings are positioned according to expected movements in interest rates. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as disclosed in note 20 to the consolidated financial statements.

This analysis assumes all other variables in foreign currency exchange rates remain constant.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

26.3 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group does not normally require collateral in respect of financial assets. Management has a credit policy in place. Exposure to credit risk is monitored on an on-going basis. Non-regular customers are required to prepay their orders in order to manage credit risk.

Investments are allowed only in liquid securities, and only with counterparties that have a credit rating considered equal to or better than that of the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At statement of financial position date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Adequate provision is made against trade and other receivables considered doubtful.

The maximum exposure to credit risk at the reporting date was as follows:

	Inflation Adjusted		Historical cost	
	2021 (ZWL)	2020 (ZWL)	2021 (ZWL)	2020 (ZWL)
26.3.1 Analysis				
Trade receivables	141 384 534	80 527 835	141 384 534	50 098 550
Other receivables	126 054 009	120 963 810	116 965 436	74 064 352
	267 438 543	**201 491 645**	**258 349 970**	**124 162 902**

	Inflation Adjusted		Historical cost	
26.3.2 Analysis	2021 (ZWL)	2020 (ZWL)	2021 (ZWL)	2020 (ZWL)
Domestic	263 976 130	194 007 384	254 887 557	119 506 740
Zambia	1 080 136	2 670 322	1 080 136	1 661 280
Mozambique	1 151 055	1 313 400	1 151 055	817 102
South Africa	-	63 420	-	39 455
Botswana	1 231 222	3 437 119	1 231 222	2 138 325
	267 438 543	**201 491 645**	**258 349 970**	**124 162 902**

The impairment loss at 31 December 2021 relates to several customers that management are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable and thus have not been impaired. This is based on historic payment behaviour and extensive analysis of the underlying customer's credit ratings.

Based on historical default rates, the Group believes that, apart from the amounts already provided for as shown above, no other impairment allowance is necessary in respect of trade receivables not past due or past due.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

26.4 Liquidity and cash flow risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Inflation Adjusted

	Less than 1 month ZWL	Between 1-3 ZWL	3-12 months ZWL	Above 12 months ZWL
2021				
Payables	328 623 612	29 395 596	16 392 452	17 270 100
Borrowings				
Overdraft				
	328 623 612	**29 395 596**	**16 392 452**	**17 270 100**
2020				
Payables	246 072 848	94 488 406	31 496 135	5 407 538
Borrowings	5 046 944	-	-	-
Overdraft	2 828 830	-	-	-
	251 119 792	**94 488 406**	**31 496 135**	**5 407 538**

Historic Cost

	Less than 1 month ZWL	Between 1-3 ZWL	3-12 months ZWL	Above 12 months ZWL
2021				
Payables	328 125 315	29 351 023	16 367 596	17 243 913
Borrowings	-	-	-	-
Overdraft	-	-	-	-
	328 125 315	**29 351 023**	**16 367 596**	**17 243 913**
2020				
Payables	133 896 434	58 783 800	19 594 600	3 364 176
Borrowings	3 139 841	-	-	-
Overdraft	1 759 892	-	-	-
	138 796 167	**58 783 800**	**19 594 600**	**3 364 176**

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (continued)

26.5 Capital management

The Board's policy is to maintain a strong capital base to maintain the confidence of its shareholders, creditors and the market and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as attributable earnings divided by total shareholders' equity, as well as the return on invested capital, defined as profit before interest after tax divided by total shareholders' equity plus interest bearing debt, net of cash resources. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target was to achieve a return on capitabove 10%; in 2021 and the return was 14% (2020: 10%).

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

26.6 Borrowing powers

The Articles of Association limit Turnall Holdings Limited's borrowing powers as follows:

The Directors may exercise all the powers of the Group to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part of it, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Group or of any third party, provided that the aggregate amount at any one time owing in respect of monies borrowed by the Group and its subsidiary companies (exclusive of intercompany borrowings) shall not exceed the aggregate of the nominal amount paid up on the Group's issued share capital plus the total amount standing to the credit of the capital and reserves of the Group as shown in the latest consolidated statement of financial position of the Group except with the consent of the Group's Shareholders in general meeting by ordinary resolution. The Directors shall procure that the aggregate amount at any one time owing in respect of monies borrowed by the Group will not without such consent, exceed the aforesaid limit.

27. REPORTABLE SEGMENTS

27.1 Analysis

	Inflation Adjusted			
	Building Products ZWL	Piping Products ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2021				
Revenue from external customers	1 702 122 689	67 918 853	339 491 503	2 109 533 045
Operating profit	403 985 470	10 013 275	(9 032 738)	404 966 007
Depreciation and amortisation	104 713 978	31 345 733	18 535 222	154 594 933
Tax expense	(70 704 493)	(1 752 571)	1 580 953	(70 876 111)
Reportable assets	2 851 592 890	853 613 524	504 755 030	4 209 961 444
Reportable liabilities	(874 281 840)	(34 885 981)	(174 377 122)	(1 083 544 944)
Capital expenditure	9 481 749	-	8 025 977	17 507 726

	Inflation Adjusted			
	Building Products ZWL	Piping Products ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2020				
Revenue from external customers	1 282 991 864	42 326 885	281 378 528	1 606 697 277
Operating profit	181 727 037	2 503 045	(18 619 492)	165 610 590
Depreciation and amortisation	81 548 454	28 585 285	43 812 176	153 945 915
Tax expense	(86 744 701)	(1 194 791)	8 887 738	(79 051 754)
Reportable assets	2 087 231 168	1 296 510 171	448 025 721	3 831 767 060
Reportable liabilities	886 112 701	(29 233 537)	(194 337 232)	1 109 683 471
Capital expenditure	122 290 693	-	67 398 309	189 689 002

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

27. REPORTABLE SEGMENTS (continued)

27.1 Analysis (continued)

Historical Cost

Year ended 31 December 2021	Building Products ZWL	Piping Products ZWL	Concrete Products ZWL	Total ZWL
Revenue from external customers	1 418 217 018	55 256 538	242 772 947	1 716 246 503
Operating profit	335 716 976	7 155 196	(40 546 754)	302 325 418
Depreciation and amortisation	14 972 731	3 902 795	2 307 784	21 183 310
Tax expense	(105 363 670)	(2 247 078)	12 733 642	(94 877 106)
Reportable assets	720 804 067	215 771 243	127 588 911	1 064 164 221
Reportable liabilities	(398 797 243)	(15 537 929)	(68 266 831)	(482 602 003)
Capital expenditure	11 460 911	-	-	11 460 911

Total liabilities and assets do not include deferred tax assets and liabilities.

Historical Cost

Year ended 31 December 2020	Building Products ZWL	Piping Products ZWL	Concrete Products ZWL	Total ZWL
Revenue from external customers	540 183 692	18 923 828	159 227 016	718 334 536
Operating profit	125 495 187	1 727 826	(12 852 842)	114 370 171
Depreciation and amortisation	10 379 564	3 638 362	5 576 455	19 594 381
Tax expense	(28 879 229)	(495 413)	(3 675 560)	(33 050 202)
Reportable assets	460 710 439	154 435 680	91 320 233	706 466 352
Reportable liabilities	(237 599 288)	(8 323 628)	(70 035 853)	(315 958 769)
Capital expenditure	9 533 047	-	5 253 967	14 787 014

Total liabilities and assets do not include deferred tax assets and liabilities.

27.2 Revenue attributable to external parties

	Inflation Adjusted		Historical	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Attributable to Zimbabwe	2 096 966 087	1 576 440 825	1 706 411 583	707 611 475
Attributable to foreign countries	12 566 958	30 256 452	9 834 920	10 723 061
	2 109 533 045	1 606 697 277	1 716 246 503	718 334 536

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

28. GOING CONCERN

The Group has net current assets of ZWL275 654 284 (2020: ZWL85 776 527), indicating its ability to service short term debt when it falls due. The Group continued to consolidate its performance after a successful turnaround of the business. The Group has no significant exposure to foreign borrowings.

To consolidate and sustain the gains achieved, the directors will continue with the following measures to ensure that the Group continues to operate in the foreseeable future;

a) Group to continue to implement cost control measures to improve the viability of the business;
b) The Group will focus on improving product offering to enhance competitiveness; and
c) The Group will continue to prepay for imported raw materials and spares to avoid significant exposure to foreign borrowings and related exchange losses.
d) The Group will embark on a retooling exercise that will result in improved efficiencies, increase the product offering and consolidate its product supply position.

The uncertainty as to the future impact on the Group of the Covid-19 outbreak has been considered as part of the Group's adoption of the going concern basis. The Government of Zimbabwe relaxed the Covid-19 measures in December 2021 and has allowed business to operate normally following the decline in the cases of Covid-19 in Zimbabwe.

The Group has assessed the impact of Covid-19 on the following significant areas;

a) Extent of operational disruptions - the Group imports fibre from Russia and spares from Italy and South Africa.The supply chain experienced some logistical challenges which resulted in significant delays. The Group continues to engage local suppliers inorder to have a local solution and reduce reliance on imported fibres, and spares.

b) Potential diminished demand of products and services. - the impact of the pandemic has not been severe in the Group's market which is mainly local and the Southern African region. There is potential increase in demand for roofing material in the short term from health authorities as they build isolation centres for infected people.

c) Employees – the company has put measures in place to reduce the impact on Covid-19 on employees and this includes social distancing, hand sanitisers, working in shifts and working from home for back office staff.

d) Asset impairments and changes in the values of assets – there are no indications that the Group assets have been impaired because of the impact of Covid-19. A continuous assessment will be done during 2022 as the pandemic is still ongoing.

e) Contractual obligations due or anticipated in one year – the Group does not have any short-term contractual obligations except overdraft facilities. The Board believes that the company is able to meet the loan repayment and interest obligations despite the disruption in operations.

The extent of the impact of Covid-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, suppliers and employees and government interventions all of which are uncertain and cannot be predicted.

The financial statements have been prepared on a going concern basis as the Board believes that the Group will continue in operating existence for the foreseeable future.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2021

29. EVENTS AFTER REPORTING PERIOD

Event

On the 24th February 2022, a conflict erupted between Ukraine and Russia.

Impact

The Group imports fibre for production of cement-fibre products from Northfield and Lerox International which are based in Russia. At the moment over 90% of the fibre was being imported from Russia.

Implications

The conflict in Russia might affect the movement of fibre from Russia and foreign payments due to the effect of sanctions.

Mitigation

The business is engaging suppliers of fibre from Brazil so that there is no interruption of fibre supply as a result of Russia-Ukraine conflict and the possible sanctions on Russia.

04

Annexes

SHAREHOLDERS' INFORMATION

as at 31 December 2021

Analysis of shares held	No. of shareholders	% of total shares	Total shares	% of total shares
0 - 500	6,906	76.16	845,875	0.17
501 - 1,000	639	7.05	458,083	0.09
1,001 - 5,000	925	10.20	2,059,734	0.42
5,001 - 10,000	199	2.19	1,364,310	0.28
10,001 - 20,000	125	1.38	1,751,447	0.36
20,001 - 50,000	122	1.35	4,117,745	0.84
50,001 -100,000	53	0.58	3,647,613	0.74
100,001 - 500,000	56	0.62	10,856,737	2.20
500,001 - 1,000,000	8	0.09	5,888,655	1.19
1,000,001 - and over	35	0.39	462,050,109	93.71
Total	**9,005**	**100.00**	**493,040,308**	**100.00**

Analysis by category of shares	No. of shareholders	% of total shares	Total shares	% of total shares
Local companies	495	5.50	207,858,542	42.16
Employees	229	2.54	8,957,008	1.82
External Companies	8	0.09	10,117	0.00
Deceased Estates	2	0.02	50,026,245	10.15
Fund Managers	16	0.18	96,052	0.02
Insurance Companies	13	0.14	154,345	0.03
Investment Trusts And Property	36	0.40	499,088	0.10
Local Resident	8,053	89.43	21,158,889	4.29
Nominees Local	61	0.68	4,838,514	0.98
Non Resident	68	0.76	925,378	0.19
Non Resident Individual	3	0.03	6,561,258	1.33
Other Corporate Holdings	3	0.03	15,359	0.00
Pension Fund	18	0.20	191,939,513	38.93
Total	**9,005**	**100.00**	**493,040,308**	**100.00**

CONSOLIDATED TOP 10 AS AT 31 DEC 2021

Account Name	Total Shareholding	% of total shareholding
NSSA - NATIONAL PENSION SCHEME	160,491,045	32.55
MEGA MARKET (PVT) LTD	83,998,402	17.04
LHG MALTA HOLDINGS LIMITED	50,012,558	10.14
FBC HOLDINGS LIMITED	32,695,901	6.63
LOCAL AUTHORITIES PENSION FUND	28,004,207	5.68
AMAVAL INVESTMENTS (PVT) LTD	15,363,773	3.12
TIRENT INVESTMENTS (PRIVATE) LIMITED	12,386,738	2.51
CASHGRANT INVESTMENTS (PVT) LTD,	10,771,614	2.18
TURNALL HOLDINGS EMPLOYEE SHARE PARTICIPATION TRUST	8,541,412	1.73
STANBIC NOMINEES (PRIVATE) LIMITED (NNR)	6,561,258	1.33
Total	**408,826,908**	**83.00**
Other Shareholders	**84,213,400**	**17.00**
Total Number Of Shares	**493,040,308**	**100.00**

Notice to Shareholders

Notice is hereby given that the Twentieth Annual General Meeting will be held by way of remote attendance on Thursday, 30 June 2022, at 0900hrs for the following business:

1. Ordinary Business

1.1 To approve the holding of the Annual General Meeting through virtual means and remote attendance.

1.2 To receive, consider and adopt the Group Consolidated Financial Statements and the reports of the Directors and Auditors for the financial year ended 31 December 2021.

1.3 To elect Directors of the Company:
Messrs. B. P. Nyajeka, N. F. Hayes and Mrs. P. S. Marufu retire from the Board in terms of Article 95 of the Company's Articles of Association. The Directors have made themselves available for re-election. There will be separate resolutions for the election of each director.

1.4 To approve the remuneration of the Directors for the financial year ended 31 December 2021.

1.5 Appointment and Remuneration of Auditors:
To reappoint Grant Thornton as the auditors for the following year and approve their remuneration for the past year.

2. General

To transact such other business as may be transacted at an Annual General Meeting.

Electronic distribution
The electronic copies of the Company's 2021 Annual Report and the financial statements and Directors' and Auditors' Reports for the financial year ended 31 December 2021 will be available on or before 16 June 2022 and will be emailed to those shareholders whose email addresses are on record. These documents will also be available on the Company's website https://www.turnall.co.zw/:

Notes:
Details of the Virtual AGM will be emailed by our transfer secretaries, First Transfer Secretaries (Pvt) Ltd, through emails to shareholders. Shareholders are advised to update their contact details with the transfer secretaries on the following contacts:

First Transfer Secretaries (Private) Limited
1 Armagh Avenue
Eastlea, Harare
Telephone: +263 242 782869/7
Email: info@fts-net.com

Shareholders are encouraged to pre-register on the online portal that will be provided by the transfer secretaries and submit their proxy forms at least 48 hours before the meeting. In order to ensure full consultations and shareholders participation, all queries/questions must be submitted to the Company and/or transfer secretaries at least 48 hours before the meeting. All the submitted questions will be read out and answered during the meeting by the Chairman and the Directors.

By order of the Board

C. Mahari
Company Secretary

Appointment of a proxy
A member entitled to attend and vote at a meeting may appoint a proxy to attend and speak, and on a poll to vote in his stead. Such proxy need not be a member of the Company. The instrument appointing a proxy shall be deposited at the Company's registered office at least forty-eight hours before the meeting.

Registered Office
5 Glasgow Road
P. O. Box 3985
Workington
Harare

09 June 2022

DETACHABLE FORM OF PROXY

For use at the Annual General Meeting ("AGM") of Turnall Holdings Limited to be held by way of remote attendance at 0900hrs on Thursday 30 June 2022.

I/We ____

(Name/s in block letters)

Of ____

Being a member of Turnall Holdings Limited ("The Group")

And entitled to ____ votes

Hereby appoint _______________________________of_____________________________

____

Or failing him/her _____________________________of ____________________________

____

1. Ordinary Business

1.1 To approve the holding of Annual General Meeting through virtual/electronic means and/or by way of remote attendance.

1.2 To receive, consider and adopt the Group Consolidated Financial Statements and the reports of the Directors and Auditors for the financial year ended 31 December 2021.

1.3 To elect Directors of the Company

1.3.1 Mr. B. P. Nyajeka retires from the Board in terms of Article 95 of the Company's Articles of Association. He has made himself available for re-election.

1.3.2 Mr. N. F. Hayes retires from the Board in terms of Article 95 of the Company's Articles of Association. He has made himself available for re-election.

1.3.3 Mrs. P.S. Marufu retires from the Board in terms of Article 95 of the Company's Articles of Association. She has made herself available for re-election.

1.4 Approve the remuneration of the Directors for the financial year ended 31 December 2021.

1.5 Appointment and remuneration of Auditors.
To reappoint Grant Thornton as the auditors for the following year and approve their remuneration for the past year.

2. General

To transact such other business as may be transacted at an AGM.

For	Against	Abstain

Full Name ____

Signature ____

Dated this ____

NOTES TO PROXY

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.

2. The Chairperson shall be entitled to decline to accept the authority of a person signing the proxy form:
(a) under a power of attorney
(b) on behalf of a company

unless that person's power of attorney or authority is deposited at the Company's registered office or the offices of the Company's transfer secretaries not less than 48 hours before the meeting.

3. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

4. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

6. Inorder to be effective, completed proxy forms must reach the Company's registered offices or the offices of the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting.

7. Whether or not you intend to be present at the AGM, please complete and return the Form of Proxy. The completion of the Form of Proxy will not prevent you from attending and voting at the meeting or any adjournment thereof, in person if you wish to do so.

Transfer Secretaries
First Transfer Secretaries
1 Armagh Avenue
Eastlea,
Zimbabwe
P.O. Box 11
Harare,
Zimbabwe

SHAREHOLDERS' DIARY

FOR THE YEAR ENDED 31 DECEMBER	2022	2021
Publication of Financial Results for the year ended 31 December	30 March 2022	28 April 2021
Annual General Meeting	30 June 2022	27 July 2021
Half Year End	30 June 2022	30 June 2021
Publication of Interim Results	30 September 2022	30 September 2021

GLOSSARY OF TERMS

AIDS	– Acquired Immuno Deficiency Syndrome
Chrysotile/White Asbestos	– It is a soft, fibourous silicate mineral in the serpentine group, composed of silica, magnesia and iron and is of a yellow to green colour.
CO2e	– Carbon Dioxide equivalency
EMA	– Environmental Management Agency
GRI	– Global Reporting Initiative is a multi-stakehoder international process whose mission is to formulate and isseminate globally applicable sustainability reporting framework to help corporate reporting of economic, environmental and social performance.
Group	– Turnall Holdings Limited
IAS	– International Accounting Standards
IFRS	– International Financial Reporting Standards
ILO	– International Labour Organisation
ISO 14001	– ISO Standard for Environmental Management
ISO 9001	– ISO Standard for Quality Management
ISO	– International Organisation for Standardisation
MW	– Megawatt Electricity Measurement
NEC	– National Employment Council
NGO	– Non-Governmental Organisation
OHSAS	– Occupational Health and Safety Standard referring to OHSAS18001
SAZ	– Standard Association of Zimbabwe
SHEQ	– Safety Health Environment and Quality
Sustainability Reporting	– A sustainability report enables companies and organisations to report sustainability information in a way that is similar to financial reporting. Systematic sustainability reporting gives comparable data, with agreed disclosures and metrics.
Sustainability	– Sustainability is a way of working and living that balances immediate needs for commerce, living, habitation, food, transportation,energy and entertainment with future needs for these resources and systems as well as the liveliness and support of nature, natural resources and future generations.
Sustainable development –	Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
PVC	– Poly Vinyl Choricle
HDPE	– High Density Polyethylene
GRP	– Glass Reinforced Plastic
Turnall	– Turnall Holdings Limited
SMM	– Shabani Mashava Mine
ZAMCO	– Zimbabwe Asset Management Company

01 GRI INDEX

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02 GRI INDEX (cnt'd)

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	Report Scope and Boundary	
3.5	Process for defining report content , including: • Determining materiality; • Prioritising topics within the report; and • Identifying stakeholders the organisation expects to use the report	19 21
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	19
3.7	Any specific limitations on the scope or boundary of the report.	19
3.10	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/between organisations.	47
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	45
3.12	GRI Index (i.e. this table).	89-91
4	**GOVERNANCE, COMMITMENTS AND ENGAGEMENTS**	
	Governance	
4.1	Governance structure of the organisation including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	12-16
4.2	Whether Chair of the Board executive or non executive?	13
4.3	Organisations with unitary board structure, state the number of members of the highest governance body that are independent and/or non executive 20 members.	13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance board.	21
	Stakeholder Engagement	
4.14	List of stakeholders engaged by the organisation.	21
4.15	Basis for identification of and selection of stakeholders with who to engage.	21

03 GRI INDEX (cnt'd)

GRI Indicator		Page No.
	ECONOMIC PERFORMANCE INDICATORS	
	Economic Performance	
EC1 (Core)	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and community investments, retained earnings, and payments to capital providers and government.	6
EC3 (Core)	Coverage of the organisation's defined plan obligations	25
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	ENVIRONMENTAL PERFORMANCE INDICATORS	
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	Energy	
EN3 (Core)	Policy and Management Approach	22
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EN8 (Core)	Policy and Management Approach	22
	Emissions, Effluents, and Waste	
EN16 (Core)	Policy and Management Approach	22
EN22 (Core)		
	SOCIAL PERFORMANCE INDICATORS	
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LA1 (Core)	Total workforce by employment type, employment contract, and region	24
LA7 (Core)	Rate of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	24

CORPORATE INFORMATION

DIRECTORS:	B. P. Nyajeka	-	Chairman
	Z. B. Bikwa	-	Managing Director
	I. Chinyama	-	Non-Executive Director
	M. J. Gwanzura	-	Non-Executive Director
	N. F. Hayes	-	Non-Executive Director
	P. S. Marufu	-	Non-Executive Director
	C. J. Mahari	-	Finance Director
	B. Ngara	-	Non-Executive Director
ADMINISTRATION	Z. B. Bikwa	-	Managing Director
	T. J. Makova	-	General Manager - Operations
	T. Mundenda	-	Human Resources Manager
	C. J. Mahari	-	Finance Director

LEGAL ADVISORS: Dube, Manikai and Hwacha Legal Practitioners
Matizanadzo and Warhurst Legal Practitioners
Sinyoro and Partners Legal Practitioners

BANKERS: CABS, First Capital Bank, cbz Bank, NMB Bank Limited, nbs, Steward Bank, BancABC part of atlasmara, Nedbank, FBC Bank Limited

GROUP SECRETARY: C. J. Mahari (Mrs.) (Appointed December 2021)

SECRETARIAL: FIRST TRANSFER SECRETARIES (PRIVATE) LIMITED

INSURERS: CBZ Insurance Company (Private) Limited

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