TURNALL HOLDINGS LIMITED

2022

ANNUAL REPORT

2022

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 2022.

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 36 to 80.

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 2022. To do so, please contact us on tfcinvestor@turnall.co.zw.

G.H. Hampshire
Chairman
23 March 2023

J.P. Mkushi
Managing Director
23 March 2023

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.

2022: Second Runner Up in the Construction Companies Sector - Roofing for Superbrands 2022 by MAZ.

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

Tractor and Equipment (Private) Limited

DORMANT SUBSIDIARY

Our business portfolio and products.

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

- Turnall Building Products
- Turnall Piping Products.
- Concrete Products
- Construction

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 Zimabwe (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 2022	Inflation Adjusted Year ended 31 December 2021
Group performance and position (ZWL)		
Revenue	8,401,254,104	7,250,004,982
(Loss)/Profit for the year	(3,843,976,352)	1,451,312,901
Total assets	19,658,786,099	14,468,719,280
Total liabilities	6,377,996,091	3,723,907,647
Profitability ratios (%)		
Gross profit margin	31%	41%
Operating profit margin	-8%	19%
Return on shareholders equity	-29%	14%
Effective tax rate	-3.88%	14.37%
Statutory tax rate	24.72%	24.72%
Share performance		
Closing market capitalisation (ZWL'000)	1,996,813	2,120,073
Basic and diluted earnings per share (cents)	(780)	294
Net asset value per share (cents)	2,693.65	2,179.30
Closing share price (cents)	405.00	430.00
Highest share price (cents)	740.00	610.00
Liquidity and leverage ratios		
Interest cover (times)	(242)	251
Current ratio	1.49	3.55

GROUP OVERVIEW

01

Chairman's Statement

"Turnover increased by 16%"

G.H. Hampshire | Chairman

On behalf of the Board of Directors, I hereby present the Turnall Holdings Limited audited financial statements for the year ended 31 December 2022.

Operating Environment

The year under review saw a deepening economic crisis, characterized by foreign currency shortages, a rapidly depreciating local currency, runaway inflation which soared to 243.8% by December 2022 up from 60.74% in December 2021, as well as global supply chain disruptions as a result of the Russia-Ukraine conflict which began in February 2022. Borrowing costs were prohibitive particularly on local currency with the rates going as high as 215% per annum. Consequently, companies had to look for alternative sources of funding to continue operations with largely no and short credit terms offered on local and foreign currency transactions respectively.

The Government introduced gold coins on the 25th of July 2022 as part of several policy measures to ease demand for the greenback, stabilize the exchange rates and tame the resurgent inflation. These measures helped to stabilize the parallel market exchange rates and general prices in the economy up to year end. However, demand remained very weak due to liquidity challenges and shortages of local currency during the second half of 2022, and this negatively impacted on the Group's performance.

Economic performance is expected to remain depressed due to the current liquidity challenges and pricing distortions prevailing in the economy. The Russia-Ukraine conflict will also compound and exacerbate these challenges due to imported inflation as well as continued disruptions in supply chain logistics for key raw materials.

On a positive note, the Covid 19 cases have continued to decline during the period under review prompting the government to review the Covid-19 related restrictive measures.

Financial Performance

The Group's turnover for the year ended 31 December 2022 was ZWL8.4 billion in inflation-adjusted terms compared to ZWL7.25 billion in the previous year, representing a 16% growth inspite of a 29% reduction in sales volumes. In historical terms, revenue was ZWL5.8 billion which was a 240% growth from last year. The sales performance was mainly driven by a deliberate move to focus on the high value but low tonnage products. However, the liquidity challenges and low aggregate demand prevailing in the economy hampered the Group's efforts to realize its full potential.

The inflation adjusted gross profit margin for the year under review was at 31% in inflation-adjusted terms compared to 41% achieved last year.

Chairman's Statement (continued)

Perfomance Overview (continued)

The margins were under pressure due to official and alternative market exchange rate disparities whose negative impact on the cost of doing business could not always be sustainably recouped through selling price adjustments.

The group incurred an operating loss of $630.7 million in inflation-adjusted terms in the current year which was a 145% reduction compared to the prior year. In historical terms, the operating profit went up 21%.

Cash generated from operating activities was $592.4 million representing 2% decrease compared to same period last year. In historical terms cash generated was $421.7 billion compared with $177 million generated last year. The company continued to invest in working capital in order to preserve value in this hyperinflationary environment.

Capital expenditure for the period was $622.5 million compared to $60.2 million spend last year and this was mainly aimed at improving production efficiencies. An AC Plant with a value of $798.9 million was impaired during the year and will be replaced by the state-of-the-art plant which will be commissioned in Harare in 2024 as part of the company's recapitalization program.

The company had no borrowings during the period under review. All working capital requirements were funded from internally generated resources.

Outlook

Despite the challenging business environment, the Group has embarked on a major capital expenditure program aimed at restoring fibre cement production in Harare and introducing production of GRP pipes in order to take advantage of this fast growing local and regional market. Production of IBR sheeting is to be expanded and the roof tile line will be refurbished. A significant investment is also being made in the Bulawayo plant aimed at production of NuTec fibre cement sheeting mainly for the export market. The completely new sheeting line for Harare will utilize the latest technology with the aim of improving production efficiencies and reducing costs.

Although payments for these projects will largely be made in 2023, the main production lines are expected to become operational in 2024. The Board and management are confident that these investments will deliver substantial benefits including increased revenue and profitability, an increase in exports and a sustainable improvement in quality and production efficiency.

Directorate

During the course of the year, Mr. Innocent Chinyama, Mr. Munyaradzi Gwanzura and Mrs. Portia Marufu resigned from the Board of Directors. Consequent to this, Mr. Grenville Hampshire and Mr. John Mkushi were appointed as non-executive directors of the Board of directors. In addition, Mr. Bothwell Nyajeka resigned as Chairman of the Board of Directors and remained as a non-executive member of the Board, whilst Mr. John Mkushi was appointed as Chairman of the Board of Directors.

Subsequent to year end, Mr. Zvidzayi Bikwa left Turnall Holdings Limited to pursue personal interests. Consequently, Mr. John Mkushi stepped down as Chairman of the Board of Directors and took up the position of Managing Director and Mr Hampshire was appointed Chairman of the board of directors.

Dividend

The directors have resolved that there will not be any dividend declared in respect of the financial year under review due to the major projects that the Group is undertaking in an effort to retool the factories.

Appreciation

I would like to express my appreciation to all our stakeholders, fellow board members, management and staff for your continued support to the group.

By Order of the Board

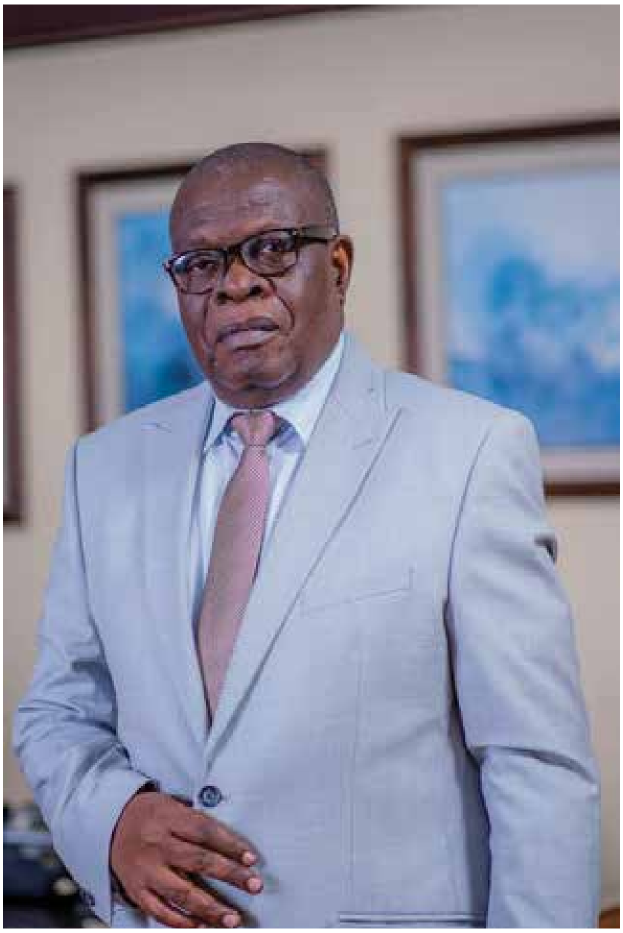
G. H Hampshire

Grenville Hampshire
Board Chairman

23 March 2023

Management Review of Operations

"Profit margins for the year were 50%."



J.P. Mkushi | Managing Director

OPERATING ENVIRONMENT

The business operating environment has remained a challenging one for the companies in Zimbabwe. The period under review was characterized by liquidity challenges, weak demand, and price distortions, which continue to constrict economic activity.

The manufacturing sector continued to suffer from inflated cost of production, competition from imported products, price distortions and aged plant and equipment. The Russia-Ukraine conflict compounded the situation in Zimbabwe as this has disrupted the supply chain of key raw materials resulting in product outage and imported inflation. The Group was not spared from these challenges.

The financial sector continues to be affected by liquidity challenges as evidenced by acute shortages at the banks and the non-availability of forex to fund foreign payments. The sector has also been affected by prohibitive cost of borrowing, resulting in reduced appetite to borrow by individuals and companies. Consequently, companies had to look at alternative sources of funding to continue operations. Inevitably, organisations have had to review trading terms, with credit policies being significantly revamped resulting in a significant skew towards a cash economy.

Turnall Holdings Limited embarked on survival strategies that included resizing and re-capitalizing the business so as to align to the changing environment.

FINANCIAL PERFOMANCE

The company posted turnover of ZWL8.4 million against prior comparable period of ZWL7.3 million in inflation adjusted terms which represents a 16% growth. In historical terms, however, revenue grew by 240% from ZWL1.7 million last year to ZWL5.8 million in the current year. Sales were negatively affected by liquidity constraints, subdued aggregate demand and price distortions prevailing in the economy. Export sales, in inflation adjusted terms, contributed only 0.13% compared to prior comparable period contribution of 0.60% and this is attributable to uncompetitive prices within the region.

Sales volumes declined by 29% compared to last year. The drop is partly due to the drive by management to push more of the low-tonnage-high- value products in order to manage margins. Sales were also affected by the disruption in the supply chain of fibre following the eruption of Russia-Ukraine war in February 2022.

The Group margins declined from 41% to 31% in inflation adjusted terms owing to price distortions in the economy, excessive cost of production and reduced sales volumes. Cost of sales increased by 35% as most suppliers are using the alternative market exchange rates to price their goods and services and the business could not recover these cost distortions through selling price adjustments. All USD transactions were converted to functional currency at interbank rate. In historical terms, however, profit margins were 50% compared to 39% reported last year same period.

Management Review of Operations (continued)

The inflation adjusted operating expenses to sales ratio was at 52% compared to 23% in the prior year and in historical terms was 60% compared to 22% recorded last year. The increase is mainly due to employee termination costs amounting to ZWL1 224 702 099 which were provided for during the year. There was also a general increase in the prices in the economy as evidenced by the hyper-inflationary environment, but this was significantly mitigated through cost containment measures put in place by management.

Other income increased by 1,201% to $1.1 billion in inflation-adjusted terms due to a fair value gain on financial assets of $462 million and exchange gains of $505 million.

All these factors culminated in the group incurring an operating loss of $630.7 million in inflation-adjusted terms in the current year which was a 145% reduction compared to the prior year. In historical terms, the operating profit went up 21%.

In the year under review, the company incurred a loss on the net monetary position of $3.1 billion as compared to a gain of $308 million in the same period last year as a result of the movements in the Consumer Price Index (CPI) which increased by 244% in comparison with the previous year. This eroded the operating profit and consequently the group made loss before taxation of $3.7 billion.

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 relevant legislative requirements of the Environmental Management Act, Labour Act, Companies Act and other related legislations.

Prospects

The Group looks forward to improved profitability and cashflows following the resizing of the business subsequent to year end. The company has also embarked on a recapitalization drive and these initiatives will result in increased product availability at an affordable price. Management will leverage on supplier relationships for improved raw material sourcing and productivity. Management is engaging various suppliers and distributors of fibre across the globe in order to improve raw material supply and availability.

Management will focus on product diversification which includes introduction of IBR roofing sheets. This will bring convenience and affordability to our valued customer. In addition, the installation of an AC Plant in Harare will help reduce costs and improve profitability for the business.

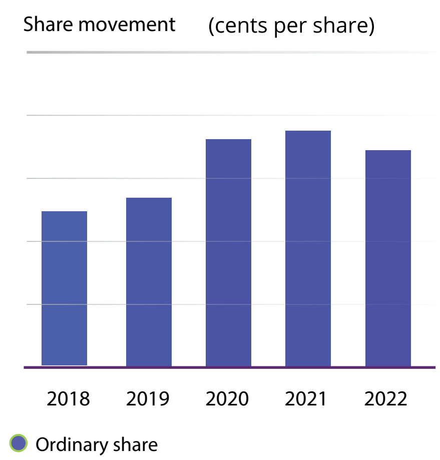
Management will continue to focus on financial growth, customers, research and development and human capital development.

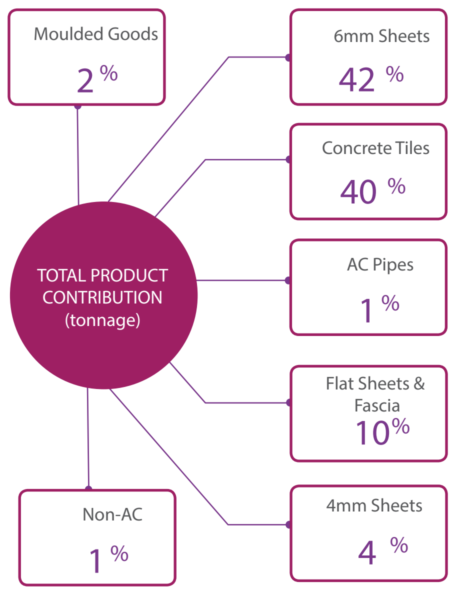
Appreciation

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

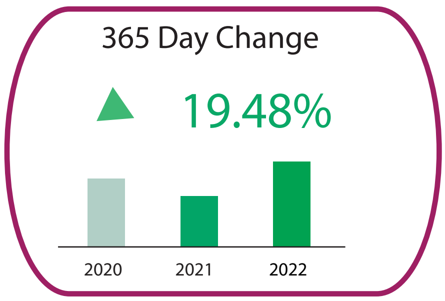
John Mkushi
Managing Director

23 March 2023





[1] Total product contribution in 2022 by tonnage.



[2] Total 365 Day share change as at 31 Dec 2022.

IT PAYS IN THE END TO BUY ASBESTOS FASCIA BOARD

USE TURNALL
SAVE TREES
FASCIA BOARDS

DURABLE
Long lasting compared to timber.
Resistant to rot and water damage.
Not affected by termite or other insect attack.

AFFORDABILITY
6% Cheaper than timber.

MINIMAL MAINTENANCE
Virtually maintenance free – cost effective.

ELEGANCE
Can be painted to suit your needs.

BUY YOURS TODAY!!!!!!!!

TURNALL FASCIA BOARD

OUR GOVERNANCE AND ETHICS APPROACH

DIRECTORS

The table below provides more information regarding the Board of Directors

Grenville H. Hampshire

Non-Executive Director - Board Chairman

BSc (Mechanical Engineering), Chartered Engineer, member UK Institute of Mechanical Engineers

Tenure: Joined in Dec 2022. He has extensive knowledge of the fibre cement industry gained in a career which extended for more than 30 years and involved him occupying adiverse range of roles from being a hands-on Production Manager, through to Technical Director and Chief Executive Officer.

John P. Mkushi

Managing Director

Msc. Food Science, Bsc. Agriculture , PG. Dip in Management Development

Tenure: Joined in Dec 2022. He has also served on the Boards of 6 listed companies in Zimbabwe and several non-listed companies including;

- Reserve Bank of Zimbabwe.

Bothwell P. Nyajeka

Non-Executive Director

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

Non-Executive Director

Bcom Economics, Msc Tourism, MBL (UNISA)

Tenure: 2 years. He was appointed to the Turnall Holdings Limited Board in 2020.

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

John P. Mkushi
Managing Director

He rejoined Turnall Holdings Limited in 2022.

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
16%	21 %	22%	18%

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 tenth 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 71% are non-executive (5) and 29% are executive (2). Four 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 G. Hampshire	• 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 G. Hampshire (Chairman) Mr N. F. Hayes Mr B. P. Nyajeka	• 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 B. P. Nyajeka (Chairman) Mr. J. P. Mkushi Mr B. Ngara	• 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.

OUR GOVERNANCE AND ETHICS APPROACH (CONT'D)

Meeting Attendance during 2022

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	3/3	3/3
Innocent Chinyama	Non-Executive	08/01/2016	2/3	4/6
Munyaradzi J. Gwanzura	Non-Executive	08/01/2016	2/3	4/6
Bevin Ngara	Non-Executive	12/08/2020	2/3	6/6
Portia S. Marufu	Non-Executive	12/08/2015	2/3	4/6
Noel F. Hayes	Non-Executive	08/01/2016	2/3	6/6
Zvidzayi B. Bikwa	Managing Director	12/08/2020	3/3	6/6
John P. Mkushi	Non-Executive	05/12/2022	1/3	3/3
Grenville H. Hampshire	Non-Executive	05/12/2022	1/3	2/2

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.

TURNALL HOLDINGS LIMITED

Ravenna Roofing Tiles

BEAUTIFULLY CRAFTED TILE RANGE

Come, buy and collect your Ravenna concrete roofing tiles at affordable prices.

WE ACCEPT ALL MODES OF PAYMENT

T's & C's apply

NO WAITING PERIOD

Hurry Hurry and Beat the Rains!!

+263 712 405 921

5 Glasgow Road, P.O. Box 3985, Workington, Harare, Zimbabwe

Tel: 263-08677004874/5, E-mail: customercare@turnall.co.zw, Web: www.turnall.co.zw

OUR GOVERNANCE AND ETHICS APPROACH (CONT'D)

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 product's 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

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 PERFOMANCE

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 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 has been developed over the years and continues to be improved upon. The organization is certified to both the Environmental Management System of ISO 14001:2015 and Quality Management system of ISO 9001:2015.

Environmental Performance

As a standard requirement that is in accordance with the Environmental Management System ISO 14001, Turnall Holdings is committed to the management and control of all environmental aspects that arise from the organization's activities and processes. 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 and effectiveness. Environmental management initiatives such as waste segregation and recycling and reuse of materials are some of the standard practices within the organization.

Policy and Management Approach

Land Pollution

The organization acknowledges that its manufacturing activities and processes have a bearing on environmental pollution. The business continued with environmental awareness in order to mitigate against land pollution in areas of management of e-waste and other solids and hazardous wastes that arises from the production processes. Working together with local councils and other regulatory authorities, Turnall Holdings 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 consumption of raw materials and improving environmental sustainability.

Water Pollution

The management of water resource is of paramount importance to the continued existence of Turnall Holdings. 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 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 MAINTANANCE

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.

WELLNESS DAY

LONG SERVICE AWARDS

		Tenure
CHEMHERE	NORBERT	10 yrs
NECHITURIKE	SIMANGALISO	15 yrs
MAKUSHA	LANGTON	15 yrs
MAPASURE	ERASMUS	15 yrs
MAGADZA	CHAKANYUKA	15 yrs
MUNODENI	CHISHAMISO	20 yrs
MARAVIRE	JEFRET	20 yrs
CHATENGA	DAVID	20 yrs
MTETWA	KOLET	20 yrs
NYATHI	PARROT	20 yrs
CHAKONA	HEBERT	20 yrs
CHIKWENHURE	EVIDENCE	20 yrs
MTEVEDZI	MIKE	20 yrs

OUR SUSTAINABILITY PERFOMANCE (CONT'D)

TOTAL WORKFORCE ANALYSIS

Performance

Employment Type	2022	2021	2020	2019
Permanent	100	116	148	163
Contract	207	199	207	198
Graduate Trainees	1	0	1	4
Apprentice	0	0	2	4
Attachment Students	29	25	3	2
Total	337	340	361	371

Work Related fatalities

0%

Workforce Distribution by Region

Employment Type	2022		2021		2020		2019	
	Hre	Byo	Hre	Byo	Hre	Byo	Hre	Byo
Permanent	45	55	50	66	73	73	79	84
Contract	91	116	92	107	74	134	75	123
Graduate Trainees	1	0	0	0	0	2	1	3
Apprentice	0	0	0	0	1	1	2	2
Attachment Students	18	11	11	14	2	1	1	1
Total	155	182	153	187	150	211	158	213

Total Workforce Distribution by Gender

Gender	2022	2021	2020	2019
Gender	298	303	326	340
Female	39	37	35	31
Total Workforce	337	340	361	371

Gender Distribution

Health and Safety

Parameter	2022	2021	2020	2019
Lost time injuries	4	4	8	5
Lost days	0	46	134	28
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

Turnall Holdings continues to be on high alert with regards to new developments in terms of management of Covid-19 and other infectious diseases. The organization continue to get regular updates through its health personnel on site. The business has not recorded any fatalities due to Covid-19 pandemic.

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 2022. Complete economic performance is provided in the financial statements section of this report.

Key Economic Value Generated

Direct Economic Value	2022 ZWL	2021 ZWL
Turnover	8 401 254 104	7 250 004 982
Profit from operating activities	(630 695 275)	1 391 779 840
Net cash generated from operating activities	741 919 020	854 963 754

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 2022, 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).

Supporting the United Nations Sustainable Development Goals (SDGs)

Through our activities and initiatives, Turnall Holdings Limited is contributing to progress on the UN SDGs. While we recognize that the mining industry has an opportunity to positively contribute to all 17 of the SDGs, Turnalls' sustainability strategy is most strongly aligned with the following goals:

6 CLEAN WATER AND SANITATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

Ravenna Tiles

08677004874/5

HOME SWEET RAVENNA

WHY CHOOSE RAVENNA

Inspired by classical and medieval Italian architecture, the RAVENNA range adds an instant touch of class to your home. A choice of natural grey, red or black Double Roman and Venetian giving architects and interior designers great scope for creating beautifully coordinated designs.

- **HIGH QUALITY**
- **NON- FLAMMABLE**
- **DURABLE**
- **GOOD INSULATION**

TURNALL HOLDINGS LIMITED

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ONLINE
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customercare@turnall.co.zw

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the consolidated 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 come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Group's consolidated financial statements which are set out on pages 9 to 62 were, in accordance with their responsibilities, approved by the Board of Directors on ....23.....March............. 2023 and are signed on its behalf by:

....

G. Hampshire
Chairman

....

J. Mkushi
Non- Executive Director

These consolidated financial statements were prepared under the supervision of:

....

Cynthia Mahari
Finance Executive
Registered Public Accountant (PAAB Number 04866)

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 2022.

Annual Results

Total comprehensive income to shareholders was ZWL2 634 929 445 (2021: ZWL1 451 312 901) for the year ended 31 December 2022.

Going Concern

The company has net current liabilities of ZWL239 100 010 (2021: ZWL275 654 284), indicating its ability to service short term debt when it falls due. The company continued to consolidate its performance after a successful turnaround of the business. The company 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 company continues to operate in the near future.

a. Company continues to implement cost control measures to improve the viability of the business.
b. The company will focus on improving product offering to enhance competitiveness; and
c. The company will continue to prepay for imported raw materials and spares to avoid significant exposure to foreign borrowings and related exchange losses.

The escalation of the conflict between Russia and Ukraine following the full-scale invasion by Russia at the end of February 2022 caused inflation to rise while exacerbating supply chain pressures. Markets could see continued volatility as the crisis evolves, with investors opting for safe havens and some transactions postponed. Geopolitical and economic uncertainty is likely to remain high while the military operations continue to take place.

The company has assessed the impact of the conflict between Russia and Ukraine on the following significant areas.

a. Extent of operational disruptions - the company imports fibre from Russia. The Russian supplier has challenges with current port of loading and is considering alternative ports. The company continues to engage other suppliers of fibre from China, India, and Brazil to spread the risk and reduce reliance on Russian fibres.

b. Potential shortage of asbestos roofing sheets. - the business is considering various projects which includes production of IBR roofing sheets and investment in GRP Plant. There are opportunities to produce non-asbestos products using synthetic fibres.

c. Asset impairments and changes in the values of assets – there are no indications that the company assets have been impaired because of the impact of imminent fibre shortage. A continuous assessment will be done during 2023 as the business is considering various options of moving fibre out of Russia.

d. Contractual obligations due or anticipated in one year – the company needs to pay short-term terminal benefits for the former employees, and these will be spread over 12 months. The Board believes that the company is able to meet it meet these obligations despite the disruption in operations.

e. Potential liquidity and working capital shortfalls. The fibre supply chain logistic challenges will have an impact on the company's cash flows as the company will meet fixed costs without corresponding revenues. However, the company will look at substitute products such as concrete tiles and metal roofing products.

f. The extent of the impact of fibre supply challenges on the company's operational and financial performance will depend on certain developments, including the duration and spread of the war, suppliers and employees and interventions by world leaders and Government of which all 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.

Directors' Report

Dividend

The directors have resolved that there will not be any dividend declared in respect of the fiscal year under review due to the major projects that the Group is undertaking in an effort to retool the factories.

Investment in Property, Plant and Equipment

Capital expenditure for the period was $622.5 million compared to $60.2 million spend last year and this was mainly aimed at improving production efficiencies. An AC Plant with a value of $798.9 million was impaired during the year and will be replaced by the state-of-the-art plant which will be commissioned in Harare in 2024 as part of the company's recapitalization program.

Share Capital

As of 31 December 2022, 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

23 March 2023

Grant Thornton

Turnall Holdings Limited

Annual Financial Statements

31 December 2022

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements for the year ended 31 December 2022

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

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these consolidated 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 consolidated financial statements.

The consolidated financial statements set out in this report have been prepared by management in accordance 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.

The Conceptual Framework for Financial Reporting requires that in applying fair presentation of consolidated 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 consolidated financial statements. This standard also requires an entity to make certain judgments, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act No. 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the Conceptual Framework for Financial Reporting. This has resulted in the adoption of the accounting treatment in the prior year's consolidated financial statements, which deviates from that which would have been applied if the Group had been able to fully comply with IFRS.

The Directors carried out an impact on the effect of Covid 19 on the Group's operations and income streams and came to a conclusion that the impact is not material to affect the ability of the Group to continue as a going concern for the twelve months.

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the consolidated financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based

The Group's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the consolidated 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 come to the attention of the Directors have been addressed and the Directors confirm that the system of accounting and internal control is operating in a satisfactory manner.

The Group's consolidated financial statements which are set out on pages 9 to 62 were, in accordance with their responsibilities, approved by the Board of Directors on ...23... ...March... 2023 and are signed on its behalf by:

G. H Hampshire
……………………………

G. Hampshire
Chairman

……………………………

J. Mkushi
Non- Executive Director

These consolidated financial statements were prepared under the supervision of:

……………………………

Cynthia Mahari
Finance Executive
Registered Public Accountant (PAAB Number 04866)

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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To the members of Turnall Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Turnall Holdings Limited set out on pages 9 to 62, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of Turnall Holdings Limited at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the prior financial years and International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors

During the prior financial years, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the interbank exchange 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 2022.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with IAS 8, some comparative numbers in the consolidated financial statements may be misstated. Our opinion on the current year consolidated financial statements is modified because of the possible effects of the above matters on the comparability of the current year's figures to corresponding figures of the comparative period. As a result of the residual effects of the non-compliance with IAS 21 and the non-restatement of the comparative figures in accordance with IAS 8, the accumulated loss may contain misstatements.

The effects of the above non-compliance with International Financial Reporting Standards were considered to be material but not pervasive to the consolidated financial statements.

Valuation of property, plant and equipment

The determination of fair values for property, plant and equipment presented in the consolidated financial statements is affected by the prevailing economic environment. These consolidated financial statements include property, plant and equipment that was revalued by independent professional valuers as at 31 December 2022. The property, plant and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2022.

Although the determined USD values reflect the fair value of the property, plant and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL.

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 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 'Group statements', which we obtained prior to the date of this auditor's report. The other information does not include the consolidated 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 Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the consolidated financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the relevant Statutory Instruments.

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

30 March 2023

HARARE

Group Annual **financial statements**

The reports and statements set out below comprise the consolidated financial statements for the financial year ended 31 December 2022 presented to the shareholders:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

		Inflation Adjusted		*Historical Cost	
	Notes	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Revenue	6	8 401 254 104	7 250 004 982	5 838 892 428	1 716 246 503
Cost of sales	7	(5 759 956 159)	(4 263 800 871)	(2 941 531 378)	(1 049 715 116)
Gross profit		**2 641 297 945**	**2 986 204 111**	**2 897 361 050**	**666 531 387**
Other income	8	1 072 481 769	82 404 437	946 325 380	17 325 997
Selling and distribution expenses	9.1	(930 917 828)	(654 282 485)	(645 370 784)	(154 834 972)
Administrative expenses	9.2	(3 413 557 161)	(1 022 546 223)	(2 831 514 224)	(226 697 472)
(Loss)/profit from operating activities		**(630 695 275)**	1 391 779 840	**366 801 422**	**302 324 940**
Finance costs	10	(2 603 243)	(5 540 345)	(965 015)	(1 306 582)
(Loss)/gain on net monetary position		(3 063 793 207)	308 659 142	-	-
(Loss)profit before taxation		**(3 697 091 725)**	**1 694 898 637**	**365 836 407**	**301 018 358**
Income tax expense	11.1	(146 884 627)	(243 585 736)	(121 938 128)	(94 877 106)
(Loss)/Profit for the year		**(3 843 976 352)**	**1 451 312 901**	**243 898 279**	**206 141 252**
Other comprehensive income - net of income tax					
Revaluation of property, plant and equipment	19.5	6 478 905 797	-	10 581 175 341	-
Total comprehensive income for the year		**2 634 929 445**	**1 451 312 901**	**10 825 073 620**	**206 141 252**
Earnings per share					
Number of shares in issue	12	493 040 308	493 040 308	493 040 308	493 040 308
Basic and diluted earnings (ZWL cents per share)		(780)	294	49	42

*The historical costs 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 2022

	Notes	Inflation Adjusted as at 31.12.2022 ZWL	Inflation Adjusted as at 31.12.2021 ZWL	* Historical Cost as at 31.12.2022 ZWL	* Historical Cost as at 31.12.2021 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	13	14 996 719 287	9 590 255 028	14 551 582 794	386 480 211
Right-of-use asset	14.1	35 628 546	-	11 161 116	-
Investment property	14.3	470 000 000	66 322 666	470 000 000	250 812
Investments in financial assets	15	477 902	1 560 360	477 902	454 018
Deferred taxation	11.3	159 282 807	35 182 506	159 283 849	10 237 049
Total non-current assets		**15 662 108 542**	**9 693 320 560**	**15 192 505 661**	**397 422 090**
Current assets					
Trade and other receivables	16.1	1 315 844 461	919 127 941	1 150 507 459	258 349 970
Inventories	17	2 269 772 195	3 286 783 446	885 161 440	242 688 503
Cash and cash equivalents	18	411 060 901	569 487 333	411 060 901	165 703 658
Total current assets		3 996 677 557	4 775 398 720	2 446 729 800	666 742 131
Total assets		**19 658 786 099**	**14 468 719 280**	**17 639 235 461**	**1 064 164 221**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	19.2	1 051 440 464	1 051 440 464	4 930 403	4 930 403
Share premium		38 793 063	38 793 063	181 908	181 908
Non-distributable reserve	19.4	1 632 529 440	1 632 529 440	7 655 239	7 655 239
Revaluation reserve	19.5	10 872 146 216	4 393 240 419	10 872 146 216	290 970 875
(Accumulated loss)/Retained earnings		(314 119 175)	3 628 808 247	501 427 960	277 823 793
Total equity		**13 280 790 008**	**10 744 811 633**	**11 386 341 726**	**581 562 218**
Non-current liabilities					
Lease Liability	14.2	5 903 719	-	5 903 719	-
Deferred taxation	11.3	3 686 262 562	2 377 782 863	3 561 160 206	91 514 156
Total non-current liabilities		**3 692 166 281**	**2 377 782 863**	**3 567 063 925**	**91 514 156**
Current liabilities					
Trade and other payables	21.1	2 471 415 734	999 345 914	2 471 415 734	290 185 642
Lease Liability	14.2	4 542 139	-	4 542 139	-
Current tax liabilities	21.2	209 871 937	346 778 870	209 871 937	100 902 205
Total current liabilities		**2 685 829 810**	**1 346 124 784**	**2 685 829 810**	**391 087 847**
Total equity and liabilities		**19 658 786 099**	**14 468 719 280**	**17 639 235 461**	**1 064 164 221**

*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.

G. H Hampshire

Chairman

23 March 2023

Managing Director

23 March 2023

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital ZWL	Share premium ZWL	Non-distributable reserve ZWL	Revaluation reserve ZWL	Accumulated loss ZWL	Total ZWL
Inflation Adjusted						
Balance at 1 January 2021	**1 051 440 464**	**38 793 063**	**1 632 529 440**	**4 393 240 419**	**2 239 204 220**	**9 355 207 606**
Total comprehensive income for the year	-	-		-	1 451 312 901	- 1 451 312 901
Dividend paid	-	-	-	-	(61 708 874)	(61 708 874)
Balance at 31 December 2021	**1 051 440 464**	**38 793 063**	**1 632 529 440**	**4 393 240 419**	**3 628 808 247**	**10 744 811 633**
Total comprehensive income for the year	-	-	-	6 478 905 797	(3 843 976 352)	2 634 929 445
Dividend paid	-	-	-	-	(98 951 070)	(98 951 070)
Balance at 31 December 2022	**1 051 440 464**	**38 793 063**	**1 632 529 440**	**10 872 146 216**	**(314 119 175)**	**13 280 790 008**
Historical Cost						
Balance at 1 January 2021	**4 930 403**	**181 908**	**7 655 239**	**290 970 875**	**86 769 160**	**390 507 585**
Total comprehensive income for the year	-	-	-	-	206 141 252	- 206 141 252
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**
Total comprehensive income for the year	-	-	-	10 581 175 341	243 898 279	10 825 073 620
Dividend Paid	-	-	-	-	(20 294 112)	(20 294 112)
Balance at 31 December 2022	**4 930 403**	**181 908**	**7 655 239**	**10 872 146 216**	**501 427 960**	**11 386 341 726**

*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 2022

	Notes	Inflation Adjusted		*Historical Cost	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before income tax		**(3 697 091 725)**	**1 694 898 637**	**365 836 407**	**301 018 358**
Adjustment for:					
Depreciation of property, plant and equipment	13	534 428 909	531 309 067	27 148 843	21 178 316
Depreciation of investment property		-	252 624	-	4 995
Amortisation of financial assets	15	(23 884)	(71 523)	(23 884)	(20 811)
Amortisation of right of use asset	14.1	4 239 361	-	2 739 192	-
Impairment of Property, Plant & Equipment	13			5 998 060	
Finance costs	10	2 603 243	5 540 345	965 015	1 306 582
Investment Property fair value gains	14.3	(213 424 710)	-	(462 111 122)	-
Profit from disposal of property, plant and equipment	8	-	(1 837 028)	-	(384 365)
Effects of inflation		(1 044 969 932)	317 555 618	-	-
Adjustment of movement in non monetary items		3 063 793 207	(308 659 142)	-	-
Operating cash flows before reinvestment in working capital changes		**(1 350 445 531)**	**2 238 988 598**	**(59 447 489)**	**323 103 075**
Increase in trade and other receivables		(396 716 520)	(226 645 106)	(892 157 489)	(134 187 067)
Decrease/(Increase) in inventories		1 017 011 251	(1 088 896 133)	(642 472 937)	(83 906 165)
Increase/(Decrease) in trade and other payables		1 472 069 820	(68 483 605)	2 181 230 092	116 439 033
Net cash generated from operating activities		**741 919 020**	**854 963 754**	**587 152 177**	**221 448 876**
Tax paid		(146 884 626)	(243 585 736)	(164 444 603)	(43 434 426)
Interest paid	10	(2 603 243)	(5 540 345)	(965 015)	(1 306 582)
Net cash flows generated from operating activities		**592 431 151**	**605 837 673**	**421 742 559**	**176 707 868**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	13	(622 484 464)	(60 170 233)	(152 636 754)	(11 460 912)
Acquisition of right of use asset		(39 867 907)	-	(13 900 308)	-
Proceeds from sale of property, plant and equipment		-	2 078 873	-	437 201
Net cash flows used in investing activities		**(662 352 371)**	**(58 091 360)**	**(166 537 062)**	**(11 023 711)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in loans and borrowings		-	(17 345 245)	-	(3 139 841)
Payment of lease liabilities		10 445 858	-	10 445 858	-
Dividend paid		(98 951 070)	(61 708 874)	(20 294 112)	(15 086 619)
Net cash flows utilised in financing activities		(88 505 212)	(79 054 119)	(9 848 254)	(18 226 460)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(158 426 432)**	**468 692 194**	**245 357 243**	**147 457 697**
OPENING CASH AND CASH EQUIVALENTS		**569 487 333**	**100 795 139**	**165 703 658**	**18 245 961**
CLOSING CASH AND CASH EQUIVALENTS	18	**411 060 901**	**569 487 333**	**411 060 901**	**165 703 658**

*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 2022

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 Zimbabwe Brands. The address of its registered office and principal place of business are disclosed on the second page of the report in which these financial statements are contained.

The Board of Directors approved these financial statements for issue on 23 March 2023.

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 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) and International Accounting Standard 29 (IAS 29).

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 2022

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 2022. 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
- 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-22	13 670	1.00
Dec-21	3 978	3.44
Dec-20	2 475	5.52
Dec-19	552	24.78

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 company 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 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 2022

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 31 December 2021 (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 2022

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.

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 2022

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 company 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 company 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 company satisfies a performance obligation before it receives the consideration, the company 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.

Construction contracts

Where the outcome of construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the statement of financial position date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be measured reliably. Anticipated losses to completion are recognised immediately as an expense in contract costs. This method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15. The company becomes entitled to invoice customers on construction contracts based on achieving a series of performance related milestones. When a particular milestone is achieved the customer is sent the relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.

Where the outcome of the construction contracts cannot be reliably determined, contract revenues are recognised to the extent that the recoverability of incurred costs is probable. Contract costs are recognised as expenses in the period in which they are incurred. When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profit less recognized losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under contracts in progress and contracts receivables.

3.3 Basis of consolidation (continued)

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 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 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 2022

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 2022

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 fair value. 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. The investment property is remeasured at fair value, which 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. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

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

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.

Withholding tax is the 1/3 value added withheld tax deducted by approved Zimra agents . This tax is withheld on behalf of the revenue authorities at the point of making payment. Amounts withheld are recognised as part of the company 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, manufacturing and bringing them to their existing location and condition.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Provisions

A provision is recognised in the statement of financial position when the company 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 company'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 company 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) ; and

· 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.

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.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2022

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 company 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 2022

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 company 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.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Group Statement Of Accounting Policies (cont'd)

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Financial instruments (continued)

3.10.1 Classification and measurement of financial instruments (continued)

The company 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 company, in full (without considering any collateral held by the company). Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 90days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment of financial assets (continued)

The company 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 company'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 company has no reasonable expectations of recovering the financial asset (in either its entirety or a portion of it). This is the case when the company 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 company may apply enforcement activities to financial assets written off. Recoveries resulting from the company's enforcement activities will result in impairment gains.

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2022

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 company or a contract that will or may be settled in the company's own equity instruments and is a non-derivative contract for which the company 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 company'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 company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company'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 company'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 2022

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.

De-recognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company'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 company 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 company 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 company generally designates the whole hybrid contract at FVTPL.

Pension costs

The company 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 company assesses whether a contract is or contains a lease, at inception of the contract. The company 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 company 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 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Leases (continued)

(b) The Group as lessor

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

Leases for which the company 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 company 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 company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the company 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 company 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 company 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 company'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 company'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 2022

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 company 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 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 financial statements is included in the following:

4.1 Valuation of property, plant and equipment

The company 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 1 USD: 684.339 ZWL.

4.2 Impairment of trade and other receivables

The company 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 company 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 company'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 2022

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

4.2 Impairment of trade and other receivables (continued)

The company measures the loss allowance for trade and other receivables at an amount equal to 12-month expected credit losses. 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 company 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 company 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 company 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 company's functional and presentation currency. The company had been using the United States Dollar (US$) as its functional and reporting currency since 2009 till 2018.

In 2016 the monetary authorities introduced the Bond note which was at par with the US$. On the 1st of October 2018 an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019 Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS Dollar. Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS Dollar and the USD as well as other currencies in the multi-currency regime.

On June 24, 2019 the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that local transactions be done in local currency (ZWL). The company followed the legal instruments and changed the functional currency on the 22nd of February 2019. The requirement to comply with Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21 as well as the principles embedded in the IFRS Conceptual Framework.

This has resulted in the adoption of accounting treatment in the current year's company's financial statements which is at variance from that which would have been applied if the company had been able to fully comply with IFRS. The company adopted the exchange rate of 1:1 between the US$ and ZWL for the period 1 October 2018 to 23 February 2019 and thereafter adopted the interbank exchange rates.

Group Statement Of Accounting Policies (CONT'D)

for the year ended 31 December 2022

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 company considers qualitative and quantitative reasonable and supportable forward-looking information.

4.7 Calculation of loss allowance

When measuring expected credit losses, the company 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.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

		Inflation Adjusted		Historical Cost	
		2022	2021	2022	2021
6.	**REVENUE**	ZWL	ZWL	ZWL	ZWL
	Sale of goods - local sales	8 390 188 251	7 206 815 089	5 828 622 917	1 706 411 583
	- exports	11 065 83	43 189 893	10 269 511	9 834 920
		8 401 254 104	7 250 004 982	5 838 892 428	1 716 246 503

Export sales were to South Africa, Mozambique and Zambia.

7.	**COST OF SALES**				
	Canteens	121 524 035	70 051 701	83 349 533	16 588 796
	Consumables	150 350 859	22 532 724	110 010 080	5 269 312
	Contracted maintenance services	58 599 283	62 892 600	41 789 663	14 727 517
	Depreciation of property, plant and equipment	354 156 244	440 908 686	19 459 322	17 151 153
	Electricity and water	271 030 410	214 063 240	207 860 128	48 847 033
	Employee benefits	1 100 709 443	649 110 449	784 279 050	159 117 519
	Maintenance	175 055 422	289 858 042	121 629 176	67 746 252
	Other	87 705 694	49 971 943	63 330 654	11 369 854
	Plant hire	1 116 573	1 199 797	598 832	250 788
	Professional services	18 184 937	2 610 343	10 198 011	586 030
	Raw materials	3 421 523 259	2 460 601 346	1 499 026 929	708 060 862
		5 759 956 159	4 263 800 871	2 941 531 378	1 049 715 116
8.	**OTHER INCOME**				
	Rental income	18 096 335	4 679 838	8 433 382	1 082 688
	Profit on disposal of property, plant and equipment	-	1 837 028	-	384 365
	Scrap sales	6 690	3 133 482	6 690	646 399
	Fair value gain on investment property	462 140 001	-	462 140 001	-
	Sundry income	31 065 092	11 347 493	28 280 892	2 914 999
	Pallet sales	56 502 991	77 532 891	40 852 455	16 399 232
	Exchange (loss)/gain	504 670 660	(16 126 295)	406 611 960	(4 101 686)
		1 072 481 769	82 404 437	946 325 380	17 325 997

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

		Inflation Adjusted		Historical Cost	
		2022	2021	2022	2021
9.	OPERATING EXPENSES	ZWL	ZWL	ZWL	ZWL
9.1	Selling and distribution expenses				
	Employee benefits	306 635 075	141 168 154	220 885 197	34 223 125
	Transport costs	447 679 790	409 440 904	317 854 723	96 909 926
	Light motor vehicle running costs	21 371 251	19 590 487	14 458 871	4 409 278
	Sales promotion	34 117 758	28 082 506	17 908 358	6 643 505
	Other	121 113 954	56 000 434	74 263 635	12 649 138
		930 917 828	**654 282 485**	**645 370 784**	**154 834 972**
9.2	Administrative expenses				
	Auditors' remuneration - external audit	35 434 476	26 148 344	30 868 418	6 105 609
	Depreciation of property, plant and equipment	180 272 665	90 400 377	7 689 521	4 027 162
	Amortisation of right of use asset	4 239 361	-	2 739 192	-
	Depreciation of investment property	252 624	252 624	4 995	4 995
	Directors remuneration - non executive	9 838 466	5 339 668	7 209 001	1 270 675
	- executive	164 970 984	50 584 549	128 281 958	11 573 902
	Impairment/(reversal) of trade and other receivables	74 443 069	(9 082 870)	68 784 706	(2 642 842)
	Bank charges	58 767 370	32 851 024	32 615 307	7 717 928
	Employee costs	558 924 508	210 590 539	442 998 215	51 795 456
	Interest on pension liabilities	12 721 556	120 476 199	4 435 486	32 365 275
	Retrenchment costs*	1 267 248 896	11 308 497	1 257 671 681	3 106 913
	Legal fees	33 821 864	15 298 811	27 713 193	3 294 257
	Light motor vehicle running costs	39 797 846	25 306 701	29 901 661	6 053 950
	Professional fees	35 505 589	19 372 269	26 967 712	4 337 802
	Interest and penalties on legacy statutory liabilities	73 459 429	(7 210 013)	66 511 138	(1 966 318)
	Staff welfare	140 227 785	98 077 525	97 894 862	22 671 031
	Intermediated Money Transfer Tax (IMT)	103 492 776	98 362 056	70 256 922	22 926 346
	Telephone and communication	75 061 952	63 496 280	55 351 515	14 647 787
	Risk control expenses	92 927 146	63 885 836	68 575 254	14 404 927
	Conferences and training	12 700 153	203 157	6 145 040	43 522
	Travel	41 170 422	13 080 050	29 000 180	3 156 361
	Licences	246 010 440	19 429 926	241 760 796	4 888 760
	Other	152 267 784	74 374 674	128 137 471	16 913 974
		3 413 557 161	**1 022 546 223**	**2 831 514 224**	**226 697 472**

*Included in retrenchment expenses is a once off provision amounting to ZWL1 224 702 099 which relates to lawsuits with former management and the case is pending finalization in the courts.

10.	FINANCE COSTS				
	Interest expense right of use asset	1 073 157	-	693 403	-
	Finance costs	1 530 086	5 540 345	271 612	1 306 582
		2 603 243	**5 540 345**	**965 015**	**1 306 582**
11.	TAXATION				
11.1	Recognised in statement of profit and loss				
	Current tax	273 345 658	343 478 237	273 345 658	99 941 820
	Deferred tax	(126 578 541)	(108 492 746)	(151 525 040)	(7 567 126)
	Withholding tax	117 510	8 600 245	117 510	2 502 412
		146 884 627	243 585 736	121 938 128	94 877 106

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

11. TAX ATION (continued)

11.2 Reconciliation of tax rate

	Inflation Adjusted		Historical Cost	
	Group 2022 %	Group 2021 %	Group 2022 %	Group 2021 %
Notional tax credit/(charge) based on (loss)/ profit for the year	(24.72)	(24.72)	(24.72)	(24.72)
Non-deductible expenses:				
Donations	0.00	(0.02)	(0.01)	(0.01)
Subscriptions	0.01	0.00	0.00	0.00
Intermediated Money Transfer Tax (IMTT)	0.85	(3.78)	(0.01)	(1.88)
Legal expenses	0.06	0.00	(4.75)	0.00
Other	27.67	14.71	(3.51)	(4.07)
Tax benefits arising from:				
Permanent differences	0.00	0.01	0.00	0.03
Recoupment on disposals	0.00	(0.06)	0.00	(0.03)
Withholding taxation	0.00	(0.51)	(0.03)	(0.83)
	(3.88)	(14.37)	(33.33)	(31.52)

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 2022				
Deferred tax liability				
Property, plant and equipment	2 377 782 863	(2 478 240)	1 310 957 939	3 686 262 562
Deferred tax asset				
Provisions	(35 182 506)	(124 100 301)	-	(159 282 807)
Net deferred tax liability / (asset)	2 342 600 357	(126 578 541)	1 310 957 939	3 526 979 755
Year ended 31 December 2021				
Deferred tax liability				
Property, plant and equipment	2 486 275 609	(108 492 746)	-	2 377 782 863
Deferred tax asset				
Provisions	(35 182 506)	-	-	(35 182 506)
Net deferred tax liability	2 451 093 103	(108 492 746)	-	2 342 600 357

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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 2022				
Deferred tax liability				
Property, plant and equipment	91 514 156	(2 478 240)	3 472 124 290	3 561 160 206
Deferred tax asset				
Provisions	(10 237 049)	(149 046 800)	-	(159 283 849)
Net deferred tax liability /(asset)	81 277 107	(151 525 040)	3 472 124 290	3 401 876 357
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	(6 575 793)	(3 661 256)	-	(10 237 049)
Net deferred tax liability /(asset)	88 844 233	(7 567 126)	-	81 277 107

12. EARNINGS PER SHARE

12.1 Inflation Adjusted

Basic and diluted earnings per share have been calculated based on a profit/(loss) for the period of (ZWL3 843 976 352) (2021: ZWL 1 451 312 901) and 493 040 308 (2021: 493 040 308) shares in issue for the year ended 31 December 2022.

12.2 Historical Cost - Group

Basic and diluted earnings per share have been calculated based on a profit for the year of ZWL243 898 279 (2021: ZWL 206 141 252) and 493 040 308 (2021: 493 040 308) shares in issue for the year ended 31 December 2022.

	Inflation Adjusted		Historical Cost	
Basic earnings per share	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Numerator				
Profit for the year and earnings used in basic EPS	(3 843 976 352)	1 451 312 901	243 898 279	206 141 252
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)	(780)	294	49	42

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

13. PROPERTY , PLANT AND EQUIPMENT

	Inflation Adjusted							
	Land	Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Capital Work in Progress	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Year ended 31 December 2021								
Carrying amount as at 1 January 2021	453 064 192	4 911 065 440	4 555 178 606	38 178 671	40 952 457	64 326 221	-	10 062 765 587
Additions	-	-	1 045 203	3 417 111	4 538 257	15 547 175	35 622 487	60 170 233
Disposals	-	-	-	(1 870 545)	-	-	-	(1 870 545)
Charge for the year	-	(125 924 754)	(369 430 392)	(13 640 819)	(4 795 947)	(17 517 155)	-	(531 309 067)
Depreciation on disposals	-	-	-	498 820	-	-	-	498 820
Carrying amount as at 31 December 2021	453 064 192	4 785 140 686	4 186 793 417	26 583 238	40 694 767	62 356 241	35 622 487	9 590 255 028
As at 31 December 2021								
Cost/revaluation	453 064 192	4 911 065 440	4 556 223 809	39 725 237	45 490 714	79 873 396	35 622 487	10 121 065 275
Accumulated depreciation	-	(125 924 754)	(369 430 392)	(13 141 999)	(4795 947)	(17 517 155)	-	(530 810 247)
Carrying amount as at 31 December 2021	453 064 192	4 785 140 686	4 186 793 417	26 583 238	40 694 767	62 356 241	35 622 487	9 590 255 028
Year ended 31 December 2022								
Carrying amount as at 1 January 2022	453 064 192	4 785 140 686	4 186 793 417	26 583 238	40 694 767	62 356 241	35 622 487	9 590 255 028
Additions	-	-	199 970 483	5 107 817	1 158 566	6 733 592	409 514 006	622 484 464
Revaluation	936 935 808	280 784 066	3 821 670 505	103 298 539	65 054 703	110 665 083	-	5 318 408 704
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	(125 924 752)	(369 960 905)	(13 939 601)	(5 103 635)	(19 500 016)	-	(534 428 909)
Carrying amount as at 31 December 2022	1 390 000 000	4 940 000 000	7 838 473 500	121 049 993	101 804 401	160 254 900	445 136 493	14 996 719 287
As at 31 December 2022								
Cost/revaluation	1 390 000 000	5 191 849 506	8 577 864 797	148 131 593	111 703 983	197 272 071	445 136 493	16 061 958 443
Accumulated depreciation	-	(251 849 506)	(739 391 297)	(27 081 600)	(9 899 582)	(37 017 171)	-	(1065 239 156)
Carrying amount as at 31 December 2022	1 390 000 000	4 940 000 000	7 838 473 500	121 049 993	101 804 401	160 254 900	445 136 493	14 996 719 287

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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 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	11 460 912
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	-	-	-	22 639	-	-	-	22 639
Carrying amount as at 31 December 2021	18 282 000	192 592 501	159 936 854	1 736 971	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	407 635 888
Accumulated depriciation	-	(5 101 317)	(14 307 053)	(478 162)	(257 903)	(1 011 242)	-	(21 155 677)
Carrying amount as at 31 December 2021	18 282 000	192 592 501	159 936 854	1 736 971	2 482 359	5 451 466	5 998 060	386 480 211
Year ended 31 December 2022								
Carrying amount as at 1 January 2022	18 282 000	192 592 501	159 936 854	1 736 971	2 482 359	5 451 466	5 998 060	386 480 211
Additions	-	-	141 398 999	4 900 138	429 424	5 908 193	-	152 636 754
Revaluation	1 371 718 000	4 737 023 003	8 346 961 493	113 532 233	98 452 152	147 601 713	-	13 977 726 094
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	(798 862 500)	-	-	-	(5 998 060)	(5 998 060)
Depreciation Charge for the year	-	(5 101 329)	(19 459 324)	(523 526)	(307 095)	(1 757 569)	-	(27 148 843)
Elimination of accumulated depreciation.	-	15 485 825	47 197 978	1 404 177	747 561	3 051 097	-	67 886 638
Carrying amount as at 31 December 2022	1 390 000 000	4 940 000 000	7 877 173 500	121 049 993	101 804 401	160 254 900	-	14 551 582 794
As at 31 December 2022								
Cost/revaluation	1 390 000 000	4 934 716 821	7 863 741 899	120 647 504	101 621 838	159 972 614	-	14 532 000 676
Accumulated depreciation	-	5 283 179	13 431 601	402 489	182 563	282 286	-	19 582 118
Carrying amount as at 31 December 2022	1 390 000 000	4 940 000 000	7 877 173 500	121 049 993	101 804 401	160 254 900	-	14 551 582 794

13.1 Revaluation of property, plant and equipment

In line with the Group accounting policy, a revaluation was carried out as at 31 December 2022. 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, plant and equipment valuation was primarily derived using comparabe recent market transactions on arms length terms. The valuation was done by an indepenedent valuer on 31 December 2022

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

14. RIGHT OF USE ASSET

Right of use assets and lease liabilities are recognised for contracts containing a lease. The right of use at initial recognition will be recognised at cost and the company will recognise the lease liability at the present value of the lease payments not paid at that date. Right of use asset are depreciated in accordance with the accounting policy applicable to property, plant and equipment. The corresponding rentals obligation, net of finance costs, are included in long term, are included in long term borrowings. Lease finance costs are amortised to profit or loss over the duration of the leases so as to achieve a constant rate of interest on the remaining balance of the liability.

14.1 Right of use asset

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
At 1 January 2022				
Additions	39 867 907	-	13 900 308	-
Depreciation for the year	(4 239 361)	-	(2 739 192)	-
At 31 December 2022	35 628 546	-	11 161 116	-

14.2 Lease Liabilities

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
At 1 January 2022				
Additions	39 867 907	-	13 900 308	-
Interest expense	1 073 157	-	693 403	-
Lease payments	(4 003 133)	-	(3 103 868)	-
Effects of IAS 29	(26 492 073)	-	(1 043 985)	-
At 31 December 2022	10 445 858	-	10 445 858	-
Current	4 542 139	-	4 542 139	-
Non-Current	5 903 719	-	5 903 719	-
At 31 December 2022	10 445 858	-	10 445 858	-

The 3 year lease contract was entered into on the 1st of March 2022, hence it was treated in terms of IFRS 16 which came into effect on or after 1 January 2019.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

14.3 INVESTMENT PROPERTY

Investment property comprises of a building at number 4 Darwin Road, Workington, Harare and stand 19644 Seke Township. The rental is indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average, the renewal period is 12 months. No contingent rentals are charged. The fair value of the investment property as at 31 December 2022 was ZWL470 000 000. This fair value is based on a revaluation carried out as at 31 December 2022 by an independent professional and qualified valuer who holds a recognised relevant professional qualification.

The measurement of the investment property was changed from cost model to revaluation model effective 1 January 2022 as this gives a more appropriate presentation in this hyperinflationary environment.

Included in other income (Note 8) is rental income of ZWL 8 433 382 (2021: ZWL 1 082 688) at historical cost, and ZWL 18 096 335 (2021: ZWL 4 679 838) inflation adjusted, relating to this investment property.

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
Openning Balance	66 322 666	66 322 666	250 812	250 812
Reclassification - Chitungwiza Property	190 000 000	-	7 633 071	-
Fair Value adjustment	213 424 710	-	462 111 122	-
Reversal of Depreciation	252 624		4 995	
Balance at the end of year	470 000 000	66 322 666	470 000 000	250 812

15. INVESTMENTS IN FINANCIAL ASSETS

The company possess treasury bills with a face value of ZWL833 063 and are maturing in 2030. The treasury bills were received from a delinquent customer as full and final payment of the amount outstanding in 2016. As at 31 December 2022, the fair value of the treasury bills was ZWL477 902.

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
Amortised cost at beginning of year	1 560 360	2 393 140	454 018	433 207
Effects of inflation	(1 106 342)	(904 303)	-	-
Interest	23 884	71 523	23 884	20 811
Balance at the end of year	477 902	1 560 360	477 902	454 018

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

Notes To The Consolidated Financial Statements (CONT'D)

for the year ended 31 December 2022

16. TRADE AND OTHER RECEIVABLES

16.1 Analysis

	Inflation Adjusted		Hiistorical Cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
Trade receivables	585 474 326	502 293 832	585 474 326	146 152 374
Allowance for credit losses	(71 953 200)	(16 386 027)	(71 953 200)	(4 767 841)
Net receivables	513 521 126	485 907 805	513 521 126	141 384 533
Prepayments	789 400 711	421 750 725	624 063 708	113 628 183
Other receivables	12 922 624	11 469 411	12 922 625	3 337 254
	1 315 844 461'	919 127 941	1 150 507 459	258 349 970

Other receivables include ZWL 371 028 (2021: ZWL 371 028) relating to loans to former Executive directors.

The average credit period on sale of goods is 30 days. The company made provision for credit losses based on past customer behaviours and payment patterns.

The company measures the loss allowance for trade receivables at an amount equal to either 12 months expected credit losses or lifetime ECL. 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 company has recognised a loss allowance of 100 per cent against all receivables over 12 months past due because historical experience has indicated that these receivables are generally not recoverable.

The company 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. None of the trade receivables that have been written off is subject 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 company has moved to a predominantly prepayment basis with the 30-day credit exception being for selected customers.

The following table details the risk profile of trade receivables based on the company's provision matrix. As the company'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 the company'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 2022					
Expected loss rate		12.29%	12.29%	12.29%	12.29%
Gross trade receivables	585 474 326	358 966 095	35 983 994	27 416 031	163 108 206
Allowance for credit losses	(71 953 200)	(44 115 955)	(4 422 335)	(3 369 356)	(20 045 554)
Net trade receivables	513 521 126	314 850 140	31 561 659	24 046 675	143 062 652
31 December 2021					
Expected loss rate		9.00%	9.00%	9.00%	100%
Gross trade receivables	502 293 832	434 504 109	53 252 235	1 284 211	13 253 277
Allowance for credit losses	(16 386 027)	(2 783 394)	(341 129)	(8 227)	(13 253 277)
Net trade receivables	485 907 806	431 720 714	52 911 106	1 275 984	-

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

16. TRADE AND OTHER RECEIVABLES (continued)

Impairment losses on trade receivables

HISTORICAL COST

31 December 2022	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		12.29%	12.29%	12.29%	12.29%
Gross trade receivables	585 474 326	358 966 095	35 983 994	27 416 031	163 108 206
Allowance for credit losses	(71 953 200)	(44 115 955)	(4 422 335)	(3 369 356)	(20 045 554)
Net trade receivables	513 521 126	314 850 140	31 561 659	24 046 675	143 062 652
31 December 2021					
Expected loss rate		9%	9%	9%	100%
Gross trade receivables	146 152 374	126 427 606	15 494 796	373 667	3 856 305
Allowance for credit losses	(4 767 841)	(809 884)	(99 258)	(2 394)	(3 856 305)
Net trade receivables	141 384 533	125 617 722	15 395 538	371 273	-

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 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Opening balance	16 386 027	39 630 267	4 767 841	7 173 881
Effects of inflation	(11 618 187)	(14 975 205)	-	-
recognised in profit and loss	67 185 360	(8 269 035)	67 185 360	(2 406 040)
Balance at end of the year	71 953 200	16 386 027	71 953 201	4 767 841

16.4 Contingent assets

The company 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 company in the legal action currently being pursued.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

17. INVENTORIES

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Raw materials	563 716 057	393 663 490	253 343 567	73 955 332
Work in progress	38 028 961	11 491 099	37 742 359	3 343 564
Finished goods	1 263 356 012	2 302 717 660	461 602 703	122 765 684
Consumables	404 671 165	578 911 197	132 472 811	42 623 923
	2 269 772 195	3 286 783 446	885 161 440	242 688 503

18. CASH AND CASH EQUIVALENTS

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Cash at bank	409 407 974	567 144 837	409 407 974	165 022 062
Cash on hand	1 652 927	2 342 496	1 652 927	681 596
	411 060 901	569 487 333	411 060 901	165 703 658

19. SHARE CAPITAL AND RESERVES

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
19.1 Authorised				
690 000 000 ordinary shares of ZWL1 cent each	1 471 469 793	1 471 469 793	6 900 000	6 900 000
19.2 Issued and fully paid				
493 040 308 ordinary shares of ZWL1 cent each	1 051 440 464	1 051 440 464	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 2022

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.

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Non-distributable reserve	1 632 529 440	1 632 529 440	7 655 239	7 655 239
	1 632 529 440	1 632 529 440	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.

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
Opening balance	4 393 240 419	4 393 240 419	290 970 875	290 970 875
Comprehensive income for the year	6 478 905 797	-	10 581 175 341	-
Balance at end of the year	10 872 146 216	4 393 240 419	10 872 146 216	290 970 875

21. Trade and other payables

21.1 Trade payables

Trade payables	453 768 343	319 277 151	453 768 343	92 900 033
Amounts owing to ZIMRA	98 303 978	122 915 099	98 303 978	35 764 592
Pension	-	68 473 043	-	19 923 593
Revenue received in advance	335 941 739	323 933 530	335 941 739	93 660 985
Other payables	1 583 401 674	164 747 091	1 583 401 674	47 936 439
	2 471 415 734	999 345 914	2 471 415 734	290 185 642

21.2 Income Tax Liability

The amounts owing to Zimbabwe Revenue Authority (Zimra) relates to current tax obligations.

Current Tax Liability	209 871 937	346 778 870	209 871 937	100 902 205
Total	209 871 937	346 778 870	209 871 937	100 902 205

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

22. RELATED PARTY TRANSACTIONS

22.1 Non-distributable reserve

Below is a summary of all the identifiable related parties as at 31 December 2022 as defined by International Accounting Standard 24 - Related party transactions:

Entity	Nature of relationship
Zimbabwean Brands (Pvt) Ltd	Significant shareholder
Mega Market (Pvt) Ltd	Owned by Zimbabwean Brands (Pvt) Ltd

	Inflation Adjusted		Historical Cost	
	Group 2022 ZWL	Group 2021 ZWL	Group 2022 ZWL	Group 2021 ZWL
22.2 Transactions and balances				
Transactions				
Mega Market (Pvt) Ltd	55 148 766	-	53 844 629	-
Balances				
Other balances payable				
Mega Market (Pvt) Ltd	35 698 103	-	35 097 698	-
22.3 Key management personnel remuneration				
Key management personnel compensation comprised the following:				
Remuneration for services as employees	164 970 984	50 584 549	128 281 958	11 573 902
22.4 Loans to key management personnel				
Loans owed by former executives	371 028	1 265 574	371 028	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 2022

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.

There was nil balance outstanding as at 31 December 2022 (2021: ZWL19 923 593). The pension arrears were settled in full during the year.

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 ZWL46 230 951 (2021: ZWL5 045 794).

24. PRINCIPAL INVESTMENTS AND THE GROUP'S BENEFICIAL INTEREST

24.1 Dormant subsidiary	Percentage holding
Tractor and Equipment (Private) Limited	100%

25. Contingent liabilities

As at the end of the reporting period, the company is engaged in legal cases involving former employees and fibre foreign supplier, Ramatex whose values most of which could not be estimated with certainty.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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-22	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	411 060 901	-	-	411 060 901	411 060 901	-	-	411 060 901
Financial assets not measured at fair value								
Trade and other receivables -current	-	1 315 844 461	-	1 315 844 461	-	1 315 844 461	-	1 315 844 461
Treasury bills	-	477 902	-	477 902	-	477 902	-	477 902
	-	1 316 322 363	-	1 316 322 363	-	1 316 322 363	-	1 316 322 363
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	-	-				
Loans and borrowings	-	-	-	-				
Trade and other payables - non-current	-	-	-	-				
- current	-	2 685 829 810		2 685 829 810				
	-	2 685 829 810		2 685 829 810				

Accounting classification and fair values – Inflation Adjusted

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	569 487 333	-	-	569 487 333	569 487 333	-	-	569 487 333
Financial assets not measured at fair value								
Trade and other receivables -current	-	919 127 941	-	919 127 941	-	919 127 941	-	919 127 941
Treasury bills	-	1 560 360	-	1 560 360	-	1 560 360	-	1 560 360
	-	920 688 301	-	920 688 301	-	920 688 301	-	920 688 301
Financial liabilities not measured at fair value								
Trade and other payables - non-current	-	-	-	-				
- current	-	-	1 346 124 784	1 346 124 784				
	-	-	1 346 124 784	1 346 124 784				

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Accounting classification and fair values – Historic Cost

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.

	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	411 060 901	-	-	411 060 901	411 060 901	-	-	411 060 901
Financial assets not measured at fair value								
Trade and other receivables -current	-	1 150 507 459	-	1 150 507 459	-	1 150 507 459	-	1 150 507 459
Treasury bills	-	477 902	-	477 902	-	477 902	-	477 902
	-	1 150 985 361	-	1 150 985 361	-	1 150 985 361	-	1 150 985 361
Financial liabilities not measured at fair value								
Trade and other payables - non-current			-	-				
- current			2 681 287 671	2 681 287 671				
			2 681 287 671	2 681 287 671				

Accounting classification and fair values – Historic Cost

31-Dec-22	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								
Trade and other payables - non-current	-	-	-	-				
- current	-	-	391 087 847	391 087 847				
	-	-	391 087 847	391 087 847				

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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

26.2 Financial risk management

The company 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 company's financial instruments:

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

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

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

The Board of Directors of the company has overall responsibility for the establishment and oversight of the company's risk management framework. The company'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 Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

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 company'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 company 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 2022.

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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

26.2.1 Currency risk (continued)

	ZAR	USD	EUR	BWP
31-Dec-22				
Trade receivables	7 493	850 018	-	64 800
Trade payables	-	(378 438)	-	-
Cash and cash equivalents	452 861	249 866	-	-
Net exposure	460 354	721 446	-	64 800
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

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 company finances their operations through a mixture of equity and bank borrowings. The company 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 company'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 2022

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

26.3 Credit Risk

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

The company 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 company. 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.

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

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
26.3.1 Analysis				
Trade receivables	513 521 126	485 907 806	513 521 126	141 384 534
Other receivables	802 323 335	433 220 135	636 986 333	116 965 436
	1 315 844 461	919 127 941	1 150 507 459	258 349 970

	Inflation Adjusted		Historical cost	
	2022 (ZWL)	2021 (ZWL)	2022 (ZWL)	2021 (ZWL)
26.3.2 Analysis				
Domestic	1 306 632 424	907 228 384	1 141 295 422	254 887 557
Zambia	5 433 522	3 712 191	5 433 522	1 080 136
Mozambique	302 120	3 955 926	302 120	1 151 055
South Africa	-	-	-	-
Botswana	3 476 395	4 231 441	3 476 395	1 231 222
	1 315 844 461	919 127 942	1 150 507 459	258 349 970

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

The impairment loss at 31 December 2022 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 amount already provided for as shown above, no other impairment allowance is necessary in respect of trade receivables not past due or past due.

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
2022				
Payables	2 083 657 788	263 822 815	125 258 266	218 994 659
Borrowings				
Overdraft				
	2 083 657 788	263 822 815	125 258 266	218 994 659
2021				
Payables	1 129 407 681	101 026 252	56 337 282	59 353 568
Borrowings	-	-	-	-
Overdraft	-	-	-	-
	1,129,407,681	101,026,252	56,337,282	59,353,568

Historic Cost

	Less than 1 month ZWL	Between 1-3 ZWL	3-12 months ZWL	Above 12 months ZWL
2022				
Payables	2 083 657 788	263 822 815	125 258 266	218 994 659
Borrowings	-	-	-	-
Overdraft	-	-	-	-
	2 083 657 788	263 822 815	125 258 266	218 994 659
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

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

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 company 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 company's target is to achieve a return on capital above 10%; in 2022, the return was 11% (2021: 11%).

There were no changes in the company's approach to capital management during the year. The company 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 company 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 company or of any third party, provided that the aggregate amount at any one time owing in respect of monies borrowed by the company and its subsidiary companies (exclusive of intercompany borrowings) shall not exceed twice the aggregate of the nominal amount paid up on the company's issued share capital plus the total amount standing to the credit of the capital and reserves of the company as shown in the latest consolidated statement of financial position of the company except with the consent of the company'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 company will not without such consent, exceed the aforesaid limit.

27. REPORTABLE SEGMENTS

27.1 Analysis

	Inflation Adjusted				
	Building Products ZWL	Piping Products ZWL	Revenue from contracts ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2022					
Revenue from external customers	5 948 911 591	296 177 411	1 098 160 408	1 058 004 694	8 401 254 104
Operating profit	(362 623 927)	11 539 951	60 726 917	(340 338 216)	(630 695 275)
Depreciation and amortisation	531 184 006	1 318 137		1 926 766	534 428 909
Tax expense	(84 452 639)	2 687 576	14 142 885	(79 262 448)	(146 884 627)
Reportable assets	19 539 423 455	48 487 207	-	70 875 436	19 658 786 099
Reportable liabilities	(6 339 270 685)	(5 730 942)	-	(22 994 464)	(6 377 996 091)
Capital expenditure	401 309 783	-	-	221 174 681	622 484 464

	Inflation Adjusted				
	Building Products ZWL	Piping Products ZWL	Revenue from contracts ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2021					
Revenue from external customers	5 751 903 785	233 422 285	97 920 660	1 166 758 252	7 250 004 982
Operating profit	1 318 252 408	34 413 442	70 157 540	(31 043 550)	1 391 779 840
Depreciation and amortisation	359 879 104	107 728 447	-	63 701 516	531 309 067
Tax expense	(230 717 132)	(6 023 204)	(12 278 791)	5 433 391	(243 585 736)
Reportable assets	9 800 302 824	2 933 683 507	-	1 734 732 949	14 468 719 280
Reportable liabilities	(3 004 716 002)	(119 895 508)	-	(599 296 137)	(3 723 907 647)
Capital expenditure	32 586 702	-	-	-	60 170 233

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

27. REPORTABLE SEGMENTS (continued)

27.1 Analysis (continued)

Historical Cost

	Building Products ZWL	Piping Products ZWL	Revenue from contracts ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2022					
Revenue from external customers	4 299 766 322	162 901 672	551 001 925	825 222 510	5 838 892 428
Operating profit	566 666 737	30 244 180	(16 239 711)	(213 869 784)	366 801 422
Depreciation and amortisation	17 049 677	2 301 812	-	7 802 349	27 153 838
Tax expense	(204 078 551)	(12 429 719)	6 674 178	87 895 965	(121 938 128)
Reportable assets	17 532 134 963	43 506 108	-	63 594 390	17 639 235 461
Reportable liabilities	6 214 927 915	15 422 384	-	22 543 435	6 252 893 735
Capital expenditure	116 182 700	-	-	36 454 054	152 636 754

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

Historical Cost

	Building Products ZWL	Piping Products ZWL	Revenue from contracts ZWL	Concrete Products ZWL	Total ZWL
Year ended 31 December 2021					
Revenue from external customers	1 390 204 953	55 256 538	28 012 065	242 772 947	1 716 246 503
Operating profit	315 638 477	7 155 196	20 078 020	(40 546 754)	302 324 940
Depreciation and amortisation	14 972 732	3 902 795		2 307 784	21 183 311
Tax expense	(107 444 772)	(2 247 078)	(2 081 102)	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.

27.2 Revenue attributable to external parties

	Inflation Adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Attributable to Zimbabwe	8 390 188 251	7 206 815 089	5 828 622 917	1 706 411 583
Attributable to foreign countries	11 065 853	43 189 893	10 269 511	9 834 920
	8 401 254 104	7 250 004 982	5 838 892 428	1 716 246 503

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

28. GOING CONCERN

In historical terms, the company has net current liabilities of ZWL239 100 010 (2021: ZWL275 654 284) due to the effects of the exchange rates and inflation. However, in inflation adjusted terms the company has a net current asset position of ZWL1 310 847 747, indicating its ability to service short term debt when it falls due. The company continued to consolidate its performance after a successful turnaround of the business. The company 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 company continues to operate in the foreseeable future;

a) Company continues to implement cost control measures to improve the viability of the business;
b) The company will focus on improving product offering to enhance competitiveness; and
c) The company will continue to prepay for imported raw materials and spares to avoid significant exposure to foreign borrowings and related exchange losses.

The escalation of the conflict between Russia and Ukraine following the full-scale invasion by Russia at the end of February 2022 will cause inflation to rise while exacerbating supply chain pressures. Markets could see continued volatility as the crisis evolves, with investors opting for safe havens and some transactions postponed. Geopolitical and economic uncertainty is likely to remain high while the military operations continue to take place.

The company has assessed the impact of the conflict between Russia and Ukraine on the following significant areas;

a) Extent of operational disruptions - the company imports fibre from Russia. The Russian supplier has challenges with current port of loading and is considering alternative ports. The company continues to engage other suppliers of fibre from China, India and Brazil to spread the risk and reduce reliance on Russian fibres.

b) Potential shortage of asbestos roofing sheets. - the business is considering various projects which includes production of IBR roofing sheets and investment in GRP Plant. There are opportunities to produce non-asbestos products using synthetic fibres.

c) Asset impairments and changes in the values of assets – there are no indications that the company assets have been impaired because of the impact of imminent fibre shortage. A continuous assessment will be done during 2023 as the business is considering various options of moving fibre out of Russia.

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

e) Potential liquidity and working capital shortfalls. The fibre supply chain logistic challenges will have an impact on the company's cash flows as the company will meet fixed costs without corresponding revenues. However, the company will look at substitute products such as concrete tiles and metal roofing products.

The extent of the impact of fibre supply challenges on the company's operational and financial performance will depend on certain developments, including the duration and spread of the war, suppliers and employees and interventions by world leaders and Government of which all are uncertain and cannot be predicted.

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

Notes To The Consolidated Financial Statements (continued)

for the year ended 31 December 2022

29. EVENTS AFTER REPORTING PERIOD

The Group has evaluated events from 31 December 2022 through to the date the financial statements were issued. The Board concluded that other than events mentioned in note 28, no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

04

Annexes

SHAREHOLDERS' INFORMATION

as at 31 December 2022

ANALYSIS OF SHARES HELD	No. of shareholders	% of total shares	Total shares	% of total shares
0 - 500	6936	76	850,737	0.17
501-1000	652	7	469,983	0.10
1001-5000	929	10	2,064,166	0.42
5001-10000	196	2	1,348,355	0.27
10001-20000	116	1	1,606,382	0.33
20001-50000	111	1	3,652,679	0.74
50001-100000	53	1	3,652,825	0.74
100001-500000	50	1	10,225,916	2.07
500001-1000000	7	0	5,255,322	1.07
1000001-and above	27	0	463,913,943	94.09
Total	9,077	100	493,040,308	100

Analysis by category of shares	No. of shareholders	% of total shares	Total shares	% of total shares
Deacesed Estates	7	0.08	39,056	0.01
External Companies	2	0.02	213,687	0.04
Banks	3	0.03	21,358	0.00
Employees	226	2.49	8,947,300	1.81
Fund Managers	16	0.18	16,446	0.00
Insurance Companies	12	0.13	146,713	0.03
Investment Trusts And Property	15	0.17	490,000	0.10
Local Companies	485	5.34	454,932,738	92.27
Local Residents	8,205	90.39	18,838,112	3.82
Nominees Local	49	0.54	2,129,077	0.43
Non Resident Individual	52	0.57	470,864	0.10
Pension Fund	5	0.06	6,794,957	1.38
Total	**9,077**	**100**	**493,040,308**	**100**

CONSOLIDATED TOP 10 AS AT 31 DECEMBER 2022

Account Name	Total Share holding	% of total Share holding
ZIMBABWE BRANDS	252,249,460	51.16
MEGA MARKET (PVT) LTD	83,998,402	17.04
LHG MALTA HOLDINGS LIMITED	32,695,901	6.63
FBC HOLDINGS LIMITED	18,947,268	3.84
LOCAL AUTHORITIES PENSION FUND	15,363,773	3.12
AMAVAL INVESTMENTS (PVT) LTD	10,771,614	2.18
TIRENT INVESTMENTS (PRIVATE) LIMITED	8,541,412	1.73
CASHGRANT INVESTMENTS (PVT) LTD,	3,987,582	0.81
TURNALL HOLDINGS EMPLOYEE SHARE PARTICIPATION TRUST	3,673,738	0.75
STANBIC NOMINEES (PRIVATE) LIMITED (NNR)	3,527,676	0.72
Total	433,756,826	87.98
Other Shareholders	59,283,482	12.02
Total Number Of Shares	493,040,308	100.00

Notice to Shareholders

Notice is hereby given that the Twenty-first General Meeting will be held by way of remote attendance on Thursday, 29 June 2023, 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 2022.

1.3 To elect Directors of the Company:
1.3.1 Messrs. B.P. Nyajeka and B. Ngara 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.

1.3.2 Messrs. N.F. Hayes resigned from being a Director of the Company with effect from the 14th of April 2023. He is not offering himself for re-election as a director.

1.4 Removal of Director from Directorship.
1.4.1 To note the removal of Messrs. Z. Bikwa from the Board of Directors of the Company.

1.5 Appointment of a Director
Confirmation of appointment of Messrs. Kenneth, Richard, Rupert Scofield as Director of the Company.

1.6 To approve the remuneration of the Directors for the financial year ended 31 December 2022.

1.7 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 2022 Annual Report and the financial statements and Directors' and Auditors' Reports for the financial year ended 31 December 2022 will be available on or before 16 June 2023 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 2023

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 29 June 2023.

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 ______________________

____

	For	Against	Abstain
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 2022.			
1.3 To elect Directors of the Company.			
1.3.1 Messrs. B.P. Nyajeka and B. Ngara 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.			
1.3.2 Messrs. N.F. Hayes resigned from being a Director of the Company with effect from the 14th of April 2023. He is not offering himself for re-election as a director.			
1.4 Removal of Director from Directorship. To note the removal of Messrs. Z. Bikwa from the Board of Directors of the Company.			
1.5 Appointment of a Director. Confirmation of appointment of Messrs. Kenneth, Richard, Rupert Scofield as Director of the Company.			
1.6 Appointment and remuneration of Auditors. To reappoint Grant Thornton as the auditors for the following year and approve their remuneration for the past year			
1.7 Approve the remuneration of the Directors for the financial year ended 31 December 2022.			
2. General			
To transact such other business as may be transacted at an AGM.			

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 Prox y. 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	2023	2022
Publication of Financial Results for the year ended 31 December	31 March 2023	30 March 2022
Annual General Meeting	29 June 2023	30 June 2022
Half Year End	30 June 2023	30 June 2022
Publication of Interim Results	30 September 2023	30 September 2022

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

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CORPORATE INFORMATION

DIRECTORS:	G.H. Hampshire	-	Chairman
	J.P. Mkushi	-	Managing Director
	Z.B. Bikwa	-	Non-Executive Director
	B.P. Nyajeka	-	Non-Executive Director
	B.Ngara	-	Non-Executive Director
	C. J. Mahari	-	Finance Director
ADMINISTRATION	J.P. Mkushi	-	Managing Director
		-	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
Steward Bank
BancABC part of atlasmara
FBC Bank Limited

GROUP SECRETARY: L. Samunda (Ms.) (Appointed May 2023)

SECRETARIAL: First Transfer Secretaries (Private) Limited

INSURERS: CBZ Insurance Company (Private) Limited

AUDITORS: Grant Thornton

ADDRESS: 5 Glasgow Road, Southerton, Harare, Zimbabwe

Ecosheet is a new innovative fibre cement roofing option, which is manufactured locally by Turnall. Ecosheet comes in 4mm sheets, meaning, it's lighter but stronger and easier to handle and saves you time when roofing. It will not only save you money but lasts for generations to come.

For more information you can call or visit any of Turnall branches nationwide or any hardware and retail store countrywide.

Harare: 5 Glasgow Road, P.O Box 39885, Tel; (0242) 754 625-9 Fax; (0242) 754 632 **Bulawayo;** Steelworks Road, P.O Box 1753, Tel: (0292) 882230-7, Fax; (0292) 882839

Website: www.turnall.co.zw

Email: customercare@turnall.co.zw Turnall Holdings

TURNALL HOLDINGS LIMITED

WE TURN ALL DREAMS INTO REALITY!!!

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