TURNALL HOLDINGS LIMITED

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Highlights	ZWL'000
Revenue	**999,570**
Profit from operations	**103,030**
Profit before taxation	**213,529**
Profit for the period	**164,516**

Chairman's Statement

Introduction

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

Operating Environment

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

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

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

Financial Performance

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

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

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

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

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

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

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

Outlook

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

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

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

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

Dividend

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

Board and Management

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

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

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

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

Appreciation

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

By Order of the Board.

Mr. B. P. Nyajeka
Board Chairman

9 April 2021

INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

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

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

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

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

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

Consolidated Statement of Financial Position as at 31 December 2020

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

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

AUDITED ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

TURNALL HOLDINGS LIMITED

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

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

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

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

Inflation adjusted

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

*Historical Cost

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

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

Supplementary Information

1. Basis of Preparation

The inflation adjusted consolidated financial statements, from which these abridged consolidated financial statements are an extract, have been prepared in accordance with International Financial Reporting Standards (IFRS), except for non-compliance with IAS21 "Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyper-Inflationary Economies". The Directors of Turnall Holdings Limited are responsible for the preparation and fair presentation of the Annual Group financial statements, of which this press release represents an extract.

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

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

2. Accounting policies and reporting currency

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

3. Borrowings - Inflation adjusted

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

Borrowings are secured by guarantee from ZIMNAT.

4. Approval of financial statements

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

5. Capital commitments

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

ecosheet The smart way to roof

Ravenna Tiles BEAUTIFULLY CRAFTED TILE RANGE

Spanish PAVERS quality, durable concrete pavers

Directors: B. P. Njajeka (Chairman), Z. B. Bikwa (Managing Director)*, I. Chinyama, M. J. Gwanzura, N. F. Hayes, S. Mavende (Finance Director)*, P. S. Marufu (Mrs), B. Ngara (*Executive)

INDEPENDENT AUDITOR'S REPORT

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To the members of Turnall Holdings Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Turnall Holdings Limited and its subsidiaries ("the Group") set out on pages 10 to 65, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Turnall Holdings Limited and its subsidiaries as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Other Business Entities Act (Chapter 24.31).

Basis of Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross

Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. During the prior financial year up to 22 February 2019, the Group transacted using a combination of Nostro FCA (USD) and RTGS FCA (electronic payments), including mobile money, bond notes and coins. In terms of IAS 21, these would be considered separate currencies requiring translation to the functional and presentation currency at appropriate exchange rates.

In order to comply with SI 33/2019, the RTGS transactions for period 1 January 2019 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. The Group changed the functional currency on 22 February 2019 in compliance with legislation. This was not consistent with IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019.

In addition, during the period 22 February 2019 to 22 June 2020, the foreign currency denominated transactions and balances were translated into ZWL using the official interbank exchange rate which is not considered an appropriate spot rate 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 2020.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

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

The Directors have applied the IAS 29 – Financial Reporting in Hyperinflationary Economies with effect from 1 January 2019 to 31 December 2020. However, its application was based on prior and current year's consolidated financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the financial statements would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements.

Fair value determination for assets, transactions and liabilities

The determination of fair values for assets, transactions and liabilities presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

Emphasis of Matter

We draw attention to **Note 28** of these financial statements which describe the uncertainties relating to the possible effects of the COVID-19 pandemic on the Group's operations. Our opinion is not modified in respect of this matter.

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 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
IFRS 15 was applied on 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 'Company statements', which we obtained prior to the date of this auditor's report, and the other reports which are expected to be made available to us after that date.

The other information does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the consolidated financial statements

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the relevant statutory instruments (SI33/99 and SI62/96) and for such internal control as is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the *Basis of Adverse Opinion* section of our audit report, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies and comply with the disclosure 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)

14 April 2021
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Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE