Dairibord
Holdings
More Than Just Milk

ANNUAL REPORT 2020

DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

Vision, Mission, Values

About this report

Dairibord Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE), presents its annual report for the year ended 31 December 2020. The report combines both financial and non-financial information to inform our stakeholders on the social, environmental and economic performance as well as our prospects and strategy.

Reporting Frameworks

The Board of Directors of Dairibord Holdings Limited are satisfied that this report was prepared with due consideration of the following reporting requirements and provisions:

- The Companies and other Business Entities Act [Chapter 24:31]
- Statutory Instrument (SI) 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules 2019
- International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards – 'Core' Option

Reporting Boundary

The report covers the primary activities of the company in Zimbabwe. In this report, unless otherwise noted, references to ''our'', ''we'', ''us'', "DHL", ''the Company'', "Dairibord" refers to Dairibord Holdings Limited and its subsidiaries.

External Assurance

The financial statements were audited by Ernst & Young Chartered Accountants (Zimbabwe). An independent auditor's report on the financial statements contained in this report appears on pages 72 to 77 of our annual report. Management validated the report for consistency with business operations before publication. The sustainability information disclosures were verified for compliance with GRI Standards requirements by The Institute for Sustainability Africa (INŚAF) as subject matter experts. A GRI Content Index appear on pages: 165 to 167.

Reinstatements

Dairibord Holdings did not make any reinstatement of data previously published except for the translation of financial statements as guided by the International Accounting Standard (IAS) 29- Financial Reporting in Hyperinflationary Economies, as pronounced by the Public Accountants and Auditors Board (PAAB).

Forward looking Statements

This report contains certain forward-looking statements concerning Dairibord Group's financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future. Various factors could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Readers are cautioned not to put undue reliance on forward looking statements.

We welcome your feedback on our reporting and any suggestions you have in terms of our business and reporting practices. To do so, please email Samson Punzisani at punzisanis@dairibord.co.zw, or Call +263 (242) 790801-6.

Josphat Sachikonye
Chairman

Antony Mandiwanza
Group Chief Executive

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Overview

In this section

Dairibord farmer

“Our business starts with, and relies on dairy farmers supplying high-quality raw milk for our customers across Zimbabwe”

History of Dairibord

The story of Dairibord began with supporting the dairy farmer. In 1952, we were created as a state-owned parastatal called the Dairy Marketing Board. Our establishment then was for the reception of all milk delivered to us, manufacturing and orderly marketing of milk and dairy products and the administration of regulations applicable to producer registrations.

Our set up in 1952 provided a foundation through which we have grown to be one of the leading milk processors in Southern Africa. Dairy farmers remain a key anchor in the manufacture of quality milk products.

1952 – Dairy Marketing Board established under the Agricultural Act of 1952. DMB subsequently assumed control of milk processing co-operatives in Harare, Bulawayo, Gweru, Kadoma and Mutare.

1960 – New Dairy commissioned in Harare.

1978 – New cheese plant opened in Kadoma.

1983 – Sterilised Milk Plant commissioned in Chipinge.

1990 – New plant commissioned in Bulawayo.

1993 – Chitungwiza Powder and Butter plant Commissioned.

1994 – Dairibord Zimbabwe Limited (DZL) is born.

1997 – DZL is listed on the Zimbabwe Stock Exchange becoming the first state-owned company in Zimbabwe to do so.

2001-3 – DZL acquires 100% of Martindale Trading (Private) Limited (trading as Lyons)

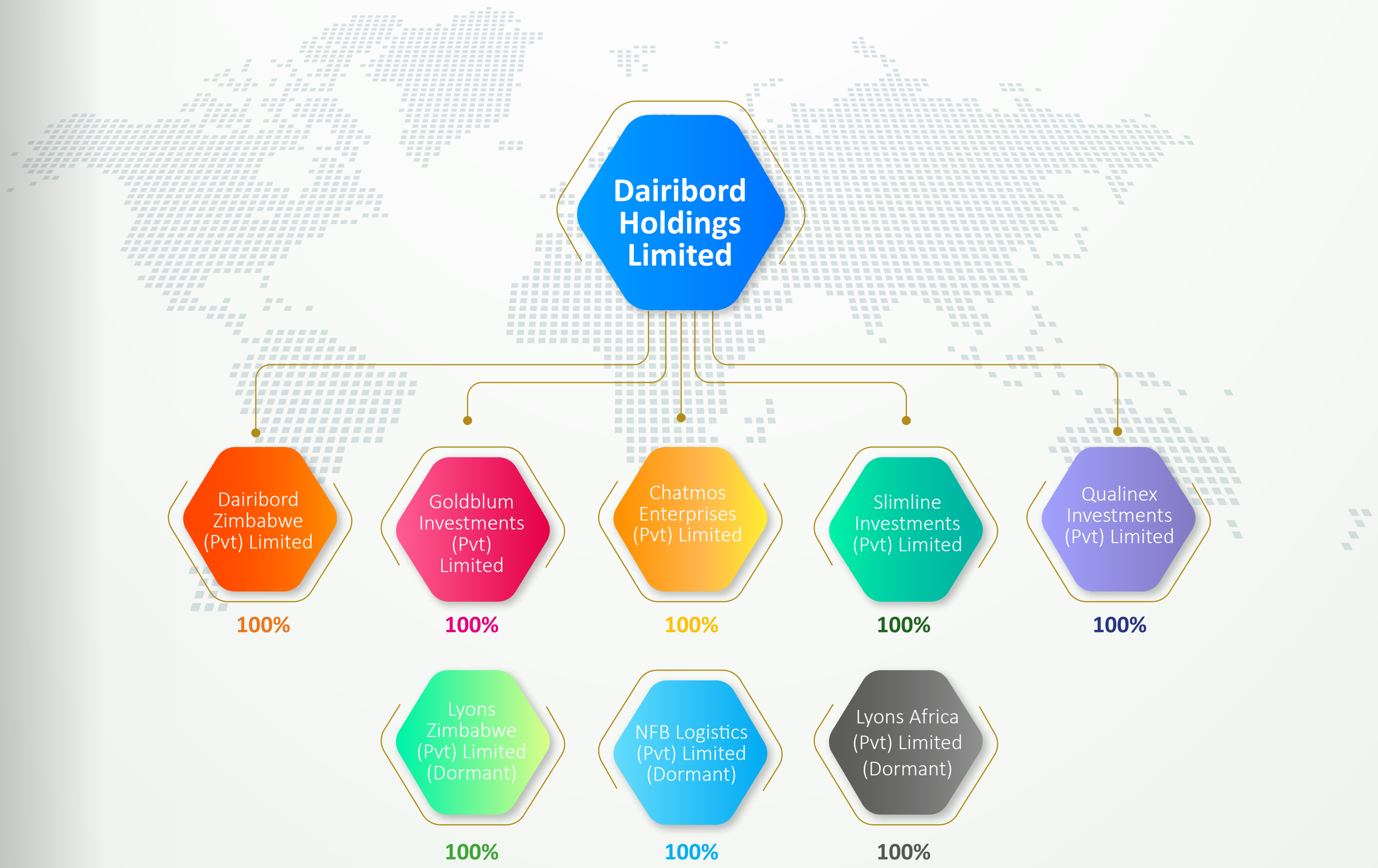
2006 – Dairibord Holdings is born out of the restructuring of the DZL Group. The company is transformed into a holding company with four operating subsidiaries and four property holding subsidiaries.

2016 – Dairibord holdings restructures its Zimbabwe operations into one operating entity effectively transferring Lyons and NFB Logistics into Dairibord Zimbabwe (Private) Limited.

2019 – Dairibord Holdings Limited disposes of its entire interests in Dairibord Malawi.

Group Structure

Dairibord Holdings Limited is a manufacturer and marketer of quality Milks, Foods and Beverages. The company is listed on the Zimbabwe Stock Exchange. The company owns Dairibord Zimbabwe (Private) Limited as its flagship subsidiary. Dairibord Holdings also has 100% interest in four (4) property companies Goldblum Investments, Chatmos Enterprises, Slimline Investments and Qualinex Investments. Lyons Zimbabwe, NFB Logistics and Lyons Africa are dormant companies also owned by DHL.



Our Brands

DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

Liquid Milks

- DAIRIBORD Chimombe Long Life Milk
- DAIRIBORD STERI Long Life MILK Sterilised Full Cream Milk
- DAIRIBORD Super Milk
- DAIRIBORD LACTO
- DAIRIBORD Supreme Creme
- DAIRIBORD FLAVOUR RAVERS CHOCOLATE

Beverages

- CASCADE
- DAIRIBORD fun 'n fresh
- DAIRIBORD Pfuko
- LYONS QUENCH CORDIALS & SYRUPS
- Dairibord Aqualite still bottled water
- LYONS Quick Brew TEA BAGS
- LYONS DRINKING CHOCOLATE
- DAIRIBORD NUTRIplus

Foods

- Yu-mmy Yoghurt
- DAIRIBORD a real dairy ice cream
- DAIRIBORD COOL SUMMER STARS
- LYONS MAID The Cream Of Ice Creams
- RabRoy
- LYONS Peanut Butter

All our operations follow a rigorous quality assessment process that ensures that our products are safe and healthy for the consumer. Quality and safety is an integral part of our product design.

Group Brands and Markets

The Group produces an extensive range of products which includes liquid milks (sterilized milk, UHT milk and cultured milk), foods (yoghurts, ice creams, condiments and spreads) and beverages (cordials, dairy and non-dairy fruit juice blends, cereal based ready to drink, tea and water) which are marketed and distributed in domestic and export markets.

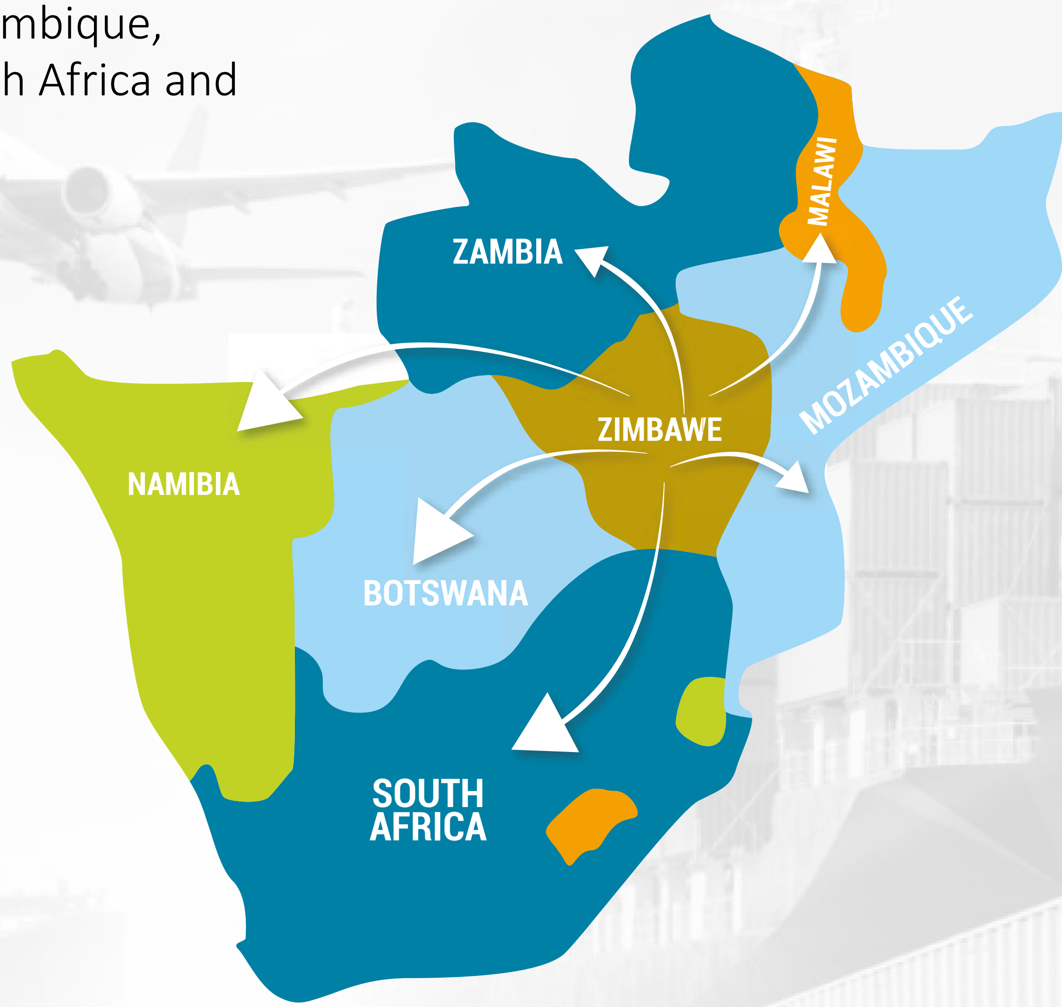
Product Category	Product Type	Brands
Dairibord Zimbabwe (Private) Limited		
Liquid Milks	Long Shelf Life	Dairibord Steri Milk, Dairibord Chimombe, Dairibord Supermilk
	Cultured	Dairibord Lacto
	Flavoured Milks	Flavour Ravers
	Cream	Dairibord Sterilised Cream
Beverages	Ready to Drink	Cascade, Pfuko-Udiwo Maheu, Nutriplus, Fun 'n Fresh, Natural Joy
	Cordials	Quench
	Bottled Water	Dairibord Aqualite
	Tea	Quick Brew
	Drinking Chocolate	Lyons Drinking Chocolate
Foods	Yoghurts	Dairibord Yummy, Dairibord Froot Scoop Dairibord Yogie
	Ice Cream Sticks	Nutty Squirrel, Skippy Choc, Bigga Bear, Super Split, Plus 20, Monsta Mouse, Green Giant, Mello Ice Tropical
	Ice Cream Cones	Dairibord and Lyons branded cones
	Ice Cream Cups	Dairibord and Lyons branded cups
	Bulk Ice Creams	Dairibord Real Dairy, Lyons Maid
	Sauces & Condiments	Rabroy Tomato Sauce, Rabroy Salad Cream, Rabroy Mayonnaise, Rabroy Tangy Mayonnaise, Lyons Peanut Butter

Markets Served

Our products are available throughout Zimbabwe via a network of channels designed to reach all markets effectively, which include wholesalers, retailers, vendors, general traders, agents/ franchises and institutions.

Exports

The major export markets for our brands are Botswana, Malawi, Mozambique, Namibia, South Africa and Zambia.



Business Associations and Membership

1. Buy Zimbabwe
2. Confederation of Zimbabwe Industries
3. Employers Confederation of Zimbabwe
4. Marketers Association of Zimbabwe
5. Zimbabwe Business Council on Wellness
6. Zimbabwe Dairy Industry Trust
7. Institute of Directors

Our Sustainable Business Model

The Group creates value through the manufacturing and distribution of good quality, nutritious foods and beverages. Our business model rests upon exploring and exploiting local and regional opportunities in the Liquid Milks, Foods and Beverages space as a growth strategy for revenue and profitability.

Our Strategy at a Glance

- Liquid Milks
- Foods
- Beverages

- Strong heritage
- Diversified product portfolio
- Strong brand equity
- Diversified distribution channels
- Nationwide distribution network
- State of the art processing technology
- Diversified skill base

FOCUS

KEY STRENGTHS

OPPORTUNITIES

PRIORITIES

- Growth in raw milk production to address supply gap and reduce import bill through import substitution
- Exports sales growth through deepening and widening existing offering
- Margin optimisation through operational efficiencies

- Milk supply growth
- Exports growth
- Growing domestic market share
- Margin optimisation

[Our strategy is fluid and constantly adapting to optimise opportunities presented in a transitioning operating environment.]

Our Value Chain

Our success relies on a range of inputs which are human capital, raw milk, raw and packaging materials, utilities and multiple stakeholders including farmers, suppliers and employees to drive sustainable shareholder value. We count on the trust and revenue provided to us by our consumers to generate long term value. We share this wealth across our value chain.

Inputs

Raw Milk, is sourced from farmers who sign contracts of supply with the company. The pricing of milk is market determined to retain competitiveness. Milk collection is the responsibility of the company.

Raw Materials, comprise of Skimmed Milk Powder (SMP), Full Cream Milk Powder (FCMP), Sugar, Orange Juices and Fruit Sets Tomato Paste, Oil, Eggs e.t.c.

Packaging Materials, comprise of High-Density Polyethylene (HDPE), Polyethylene Terephthalate (PET), paper packaging e.t.c. Due to depressed industrial activity in Zimbabwe, most materials are imported exposing the business to global commodity price volatilities and foreign exchange fluctuations.

Utilities, [electricity water coal and other fuels]- Utilities availability is erratic and at a high cost particularly water and electricity. The business relies on standby facilities to support operations during power and water outages.

Human Capital, [contract and permanent] Labor is a combination of contract, permanent and outsourced services. Remuneration recognizes collective bargaining, market benchmarks and productivity incentives.

Processes

The Group undertakes value addition by converting the inputs into value added products. The Group operates 4 factories in Zimbabwe.

Marketing and Sales

Modern Trade: This channel is composed of key retail outlets.

Wholesalers: The channel is composed of large and medium scale wholesalers.

General Trade: Composed of small to medium scale retailers, wholesalers and convenience stores. A significant amount of cash sales is generated through this channel.

Vending: This is a cash channel with independent vendors buying stocks for resale on a daily basis.

Franchises: Most franchises operate from the Group's premises formerly operated as company owned distribution depots.

Hospitality and Institutions: The channel focuses on hotels, schools and similar institutions.

Exports: Trade is done mainly with customers in Zambia, Mozambique Botswana, South Africa, Namibia and Malawi.

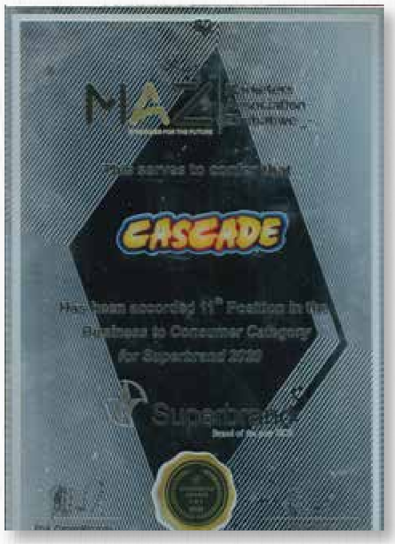
Awards

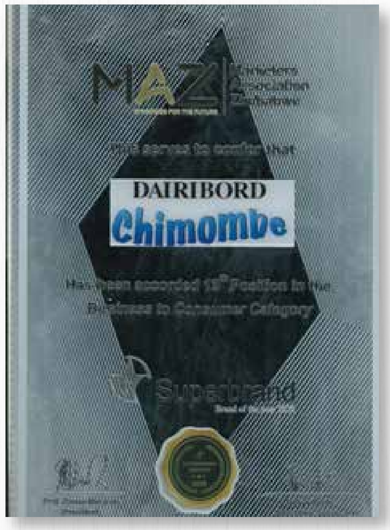
CSR Network Zimbabwe Award

Minister of Tourism and Hospitality Mangaliso Ndhlovu (left) handing over the CSR Network of Zimbabwe accolades to Dairibord's Corporate Affairs Manager Imelda Shoko while EMA board Chairperson Ambassador Florence Chiya (in purple dress) and CSR Executive Director Mr Willard Razawo (extreme right) look on.

Dairibord Business Development Executive Angela Gumbo (left) and Corporate Affairs Manager Imelda Shoko receiving The Zimbabwe Institute Management 2nd Runner Up National Leadership and Management Excellence Awards - Private Sector from the Institute for Sustainability Africa Chief Executive, Mr Rodney Ndamba (right, Guest of Honour) at an awards ceremony held in Harare.

Awards (cont.)





Certifications

SAZ ISO 22000 Food Safety Management System
SAZ ISO 9001 Quality Management System
Hazard Analysis and Critical Control Points (HACCP)

Honouring The COVID-19 Pledge

Dairibord Holdings
More Than Just Milk

Nutritious Foods and Beverages for the Sustenance of Good Health

Dairibord Zimbabwe (Private) Limited (DZPL) donated ZW$4 million towards the fight against COVID 19, of which ZW$1m was cash and an assortment of products worth ZW$ 3 million. A total of 11 referral hospitals throughout the country benefitted from this donation.

Dairibord Board Chairman, Mr Josphat Sachikonye (second from right) and Dairibord Group Chief Executive, Antony Mandiwanza (extreme right) handing over ZW$1 million cash donation towards COVID-19 programmes to His Excellency President E.D. Mnangangwa (far left)

The Dairibord Holdings Limited donation was presented to His Excellency President Mnangagwa by the Dairibord Board Chairman, Mr Josphat Sachikonye and Dairibord Group Chief Executive, Mr Antony Mandiwanza. DZPL's Executives went around the country to handover the donated goods to eleven hospitals as the company put its shoulder to the wheel in the fight against the menacing COVID-19, which has affected thousands of people with some losing their lives.

The beneficiary hospitals were Sally Mugabe, Parirenyatwa, Wilkins, Mpilo, Ekhusileni, Gweru, Masvingo, Mutare, Nyanga, Chipinge and Marondera. The hospitals each received Dairibord Pfuko Maheu, Cascade, Dairibord Lacto, Dairibord Yummy Yoghurt, Dairibord drinking Yoggie and Inyanga tea. Most of the beneficiary hospitals have already received their share of the donated products while others are still drawing down the products as and when they need them from Dairibord's distribution depots near them.

Dairibord saw it fit to rise to the national health crisis triggered by the merciless COVID-19. The product donation was a way of contributing towards patients' food and nutrition requirements with the hope that this will contribute to their speedy recovery and discharge from hospital thereby freeing bed space for other patients.

Sally Mugabe Hospital

Sally Mugabe Hospital- The Dairibord Executives who spearheaded the donations (from left) Corporate Affairs Manager, Mrs Imelda Shoko, former Marketing Executive, Mrs Tracy Mutaviri and Commercial Executive, Mr Trymore Chikomo (slightly obscured). Sally Mugabe Hospital Operations Manager. Mr Peter Gwata (right) receiving goods on behalf of the institution. *"As a hospital we need medicines but food plays a very important part in the healing process of our patients, so we are thankful to Dairibord for this donation of food and beverages."*

Marondera Hospital

Marondera Hospital- Marondera Hospital Medical Superintendent, Dr. Celistino Dhege (centre) *"This donation from Dairibord is a big relief given the economic hardships that the hospital is facing,"* said Dr. Dhege

Mutare Provisional Hospital

Mutare Provincial Hospital- Dr J.D Mutede (left) for Mutare Provincial Hospital & the late Minister of State for Manicaland, Dr E Gwaradzimba (third left): *"These products will go a long way in meeting patients' food requirements in the three Manicaland hospitals assisted by Dairibord, "* said Dr. Gwaradzimba

Mpilo Hospital

Mpilo Hospital- Dr Xolani, Ndlovu, Acting Clinical director (right): *" We are grateful for the gesture by Dairibord and we are happy because our patients will have access to healthy meals so that the medication we administer works perfectly"*

Chipinge Hospital

Chipinge Hospital- Dr Sithole (left) and Mr Sazunza (right), representing Hon Machingura's Office.
Mr Sazunza said: *"This donation by Dairibord has alleviated the plight of patients and the hospital during this COVID-19 pandemic."*

Stay Safe, Stay Healthy

Dairibord Holdings Limited: 1225 Rekayi Tangwena Avenue, Belvedere, Harare **Telephone:** + 263 24 279 0801-5, 277 9035-45 **Website:** www.dairibord.com


DAIRIBORD
Chimombe
Long Life Milk
Loved & trusted
DAIRIBORD
Chimombe
Full Cream
Milk
Long life milk
1 litre
DAIRIBORD
Chimombe
Low Fat
Milk
Chimombe
Homogenised
Super
Milk
A Proud Superbrand
for the 11 th year running
The champion in nourishing families.
High in protein ✓ High in calcium ✓
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Strategy & Performance Commentary

In this Section

Performance Highlights

	HISTORICAL		INFLATION ADJUSTED	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
FINANCIAL PERFORMANCE				
Revenue (continuing operations)	3,661,897,369	497,216,128	5,272,882,555	5,000,410,413
Operating profit (continuing operations)	356,536,491	59,834,885	231,310,832	407,328,676
Profit/(loss) operations	305,123,918	45,363,597	(76,639,736)	816,245,507
Earnings before interest and tax, depreciation & ammortisation (EBITDA)	445,061,229	75,970,630	152,964,120	1,124,744,927
Net cashflows (used in)/ generated from operating activities	(87,106,160)	12,002,824	238,960,577	127,100,557
Net assets	1,240,302,272	265,185,403	1,723,913,648	1,624,838,751
PROFITABILITY RATIOS				
EBITDA %	12%	15%	3%	22%
Interest cover (times)	6	14	3	13
Return on Equity (ROE)	25%	17%	(4%)	50%
Operating margin	10%	12%	4%	8%
LIQUIDITY RATIOS				
Gearing ratio	26%	10%	20%	7%
Current ratio	1.42	1.52	1.75	2.16
Acid test ratio	0.89	0.79	0.99	0.89
SHARE INFORMATION AND PERFORMANCE				
Earnings per share				
-Basic (ZW$ cents)	85.23	11.68	(21.41)	187.89
-Diluted (ZW$ cents)	85.23	11.68	(21.41)	187.89
-Headline Earnings (ZW$ cents)	65.95	7.25	(25.34)	202.27
Closing market price (cents)	1,097.06	42.75	1,097.06	42.75
Net asset value per share (cents)	346.45	74.07	481.54	453.86
Market capitalisation in ZW$	3,927,484,213	153,045,367	3,927,484,213	153,045,367
Number of ordinary shares in issue at the end of period	358,000,858	358,000,858	358,000,858	358,000,858
Weighted average number of shares	358,000,858	358,000,858	358,000,858	358,000,858

Chairman's Statement

The business is poised to capitalise on these economic drivers to sustain the growth momentum from the last quarter of 2020

J. Sachikonye - Chairman

INTRODUCTION

I am pleased to present the Group's audited results for the year ended 31 December 2020. The commentary on financials is based on the inflation adjusted numbers. The historical amounts are shown as supplementary information.

OPERATING ENVIRONMENT

The operating environment was challenging as the global impact of the COVID-19 pandemic exacerbated an already volatile economic environment. COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020. National lockdowns that ensued disrupted supply chains and market access, creating an overnight negative demand shock. Inflation peaked in July at 837.53% before closing the year at 348.6%. The overall effects were particularly pronounced in the first half of the year.

The second half of the year saw relaxation of operating restrictions, increased economic activity and rebounding consumer demand. The introduction of the foreign currency auction system on 23 June 2020 bolstered price stability and positively impacted on industry's ability to secure inputs. Other positive developments included improved fuel and power supply in 2020 albeit at significantly increased cost, and the introduction of Statutory Instrument (SI) 85 of 2020 allowing companies to trade locally in both ZW$ and USD.

Despite the improved business operating environment in the second half of the year, some negative impacts remained throughout such as increased lead times across supply chains, increased labour and utility costs, increased Covid-19 mitigation costs as well as no municipal water at both Simon Mazorodze and Chitungwiza factories. To manage the negative impact of the economic factors, the company pursued a low cost operating model, continuously reviewed efficiencies, diversified routes to market and focused on cash and foreign currency generation.

GROUP PERFORMANCE

Raw Milk Intake

Raw milk intake declined by 6% largely caused by reduced yields at dairy farms due to stock feed price increases. The country experienced a shortage of stock feeds because of the droughts in preceeding years. Dairibord remained the largest dairy processor in Zimbabwe with raw milk intake accounting for 39.1 % of intake by processors.

Sales Volumes

Sales volumes were 12.5% below 2019. The performance was particularly affected by a lacklustre outturn in the second quarter in which volumes dropped by 46% year-on-year, due to COVID-19 restrictions that impacted trading hours and sales channels. While there was a recovery in sales in the second half, supply chain constraints limited the business ability to fully capitalise on demand.

The Liquid Milks category declined by 9%, largely due to the 6% decline in raw milk intake and supply constraints in the importation of supplementary milk powders. The Beverages category declined by 18%, while the Foods category which has the highest value and margins increased by 9% over 2019. The redesigning of the route to market saw a strong recovery in the fourth quarter which resulted in a 31% percent volume growth over the same period in prior year.

Chairman's Statement (cont.)

Revenue

Inflation adjusted revenue grew by 5% (historical: 636%) from prior year to ZW$ 5,3 billion (historical: ZW$ 3,7 billion). Export revenue was affected by border lockdown restrictions and was lower than prior year by 6%. However, a significant growth in domestic foreign currency sales was realised following the introduction of SI 85 of 2020. Total foreign currency revenue increased by 123% over 2019 and accounted for 13% of the total inflation adjusted revenue (15% of historical revenue). The revenues generated coupled with proceeds from the auction market contributed towards meeting the company's import bill.

Profitability

The business achieved an operating profit of ZW$ 231 million (historical: ZW$ 357 million) compared to ZW$ 407 million in 2019 (historical: ZW$ 60 million). Operating costs grew faster than revenue increasing by 10% compared to 2019 (historical: increase of 657%). As a result, an operating profit margin of 4% was attained down from 8% in prior year. The increase in operating costs was driven by exchange rate movements, notably, costs of utilities, fuel, repairs and maintenance.

Working Capital

Cash flows generated from operations improved to ZW$ 238 million on account of improved working capital management (historical: cash outflow ZW$ 87 million).

To support growth, the business made investments in inventories and prepayments for procurement of imported material.

Deliberate measures were taken to increase cash sales with the cash: credit ratio moving from 18:82 at the beginning of the year to 29:71 by year end. Interest bearing borrowings increased significantly from ZW$ 28.8 million to ZW$ 440 million to support working capital. The gearing ratio at 20% (historical: 26%) is still within the Board's risk appetite. Foreign currency liabilities reduced from US$ 0.9 million at the end of 2019 to US$ 0.186 million at the end of 2020, a 76% drop, in line with the strategy to minimise foreign currency exposure.

OUTLOOK

The year started with an unexpected level four (4) lockdown that slowed the momentum gained in the second half of 2020. Going forward, however, the impact will be mitigated by several factors:

- The national vaccination program which is already in progress will support existing COVID-19 containment measures;
- Reduced lockdown measures will improve business activity by reducing supply chain disruptions and increasing market access;
- The gains from the Transitional Stabilisation Plan (TSP) and stability of the currency auction will be consolidated as implementation of the National Development Strategy-1 (NDS-1) rolls out;
- Improved rains will increase agricultural output, resulting in improved supplies into our value chain and reduced dependency on imports; and
- An improved agricultural season, firming commodity prices and reopening of the economy leading to an increase in aggregate demand.

The business is poised to capitalise on these economic drivers to sustain the growth momentum from the last quarter of 2020. Our strategy is founded on leveraging investments in brands, human capital, plant and equipment as well as focusing on collaboration across the value chain to optimise business results.

The African Free Continental Trade Area (AfCTA) will increasingly form part of our operating environment, and will introduce both threats and opportunities in imports and exports. As a business, our focus remains strongly anchored on optimising efficiencies and competitiveness while delivering good quality products.

SUSTAINABILITY

The impacts of the COVID-19 Global Pandemic in 2020 casts even greater focus on how Dairibord embeds sustainability practices in all our business processes. Our sustainability strategy upheld the resilience of our business during the prevailing pandemic. Our commitment to protecting our staff, customers and other stakeholders as well as corporate social responsibility donations to support government hospitals and front line workers in navigating the COVID-19 challenges, are among the initiatives Dairibord prioritised. Dairibord remains steadfast in upholding the principles of sustainability as guided by the ever evolving Global Reporting Initiative Standards.

DIVIDEND

On 27 April 2021 the board resolved to declare a final dividend of ZW$0.23 per share for the period ended 31 December 2020. The dividend will be paid to shareholders registered in the share register of the company at the close of business on the 14th of May 2021. The dividend will be paid on or about the 18th of June 2021. Dairibord Holdings Limited shares will be traded cum-div on the Zimbabwe Stock Exchange up to the 11th of May 2021 and ex-div from the 12th of May 2021

TRADING UNDER CAUTIONARY

On 1 July 2020, the company advised shareholders that it had entered into discussions with an unlisted entity, Dendairy (Pvt) Limited, for a merger and acquisition transaction. If successfully concluded, this transaction will have a material effect on the price of the company's shares, the full impact of which is still being determined. Subsequent updates relating to this matter will folow ZSE requirements. Accordingly, shareholders are advised to continue exercising caution when dealing in the company's shares until further notice.

APPRECIATION

On behalf of the Board, I extend appreciation to all our stakeholders, valued customers, business partners, management and staff for the continued commitment to supporting the growth and success of the business as we navigate the prevailing COVID-19 environment.

J. Sachikonye
Chairman
28 April 2021

Group Chief Executive's Review of Operations

> **Revenue for the year was ZW$ 5.3 billion (historical: ZW$ 3.7 billion) up 5% (historical: 636%) from prior year**

Antony Mandiwanza - Group Chief Executive

OPERATING ENVIRONMENT

The COVID-19 global pandemic announced by the World Health Organization in March 2020 was unexpected, and its impacts permeated across the world with far reaching consequences. Governments, multilateral institutions, businesses and individuals alike, were faced with the responsibility to contain the spread of the virus and minimize the loss of lives. This necessitated bold and drastic interventions that largely traded off economic activity and freedom of movement in favor of saving lives. The pandemic created high levels of uncertainty within the economy, requiring business to be more agile and adaptable, to sustain shareholder value and deliver on stakeholder expectations.

Zimbabwe started the year grappling with foreign currency shortages, local currency devaluation and inflation, all contributing to macroeconomic instability. However, as the year progressed, and adjustments in macroeconomic policy began to take shape, key economic indicators started to show positive signs towards stability. Notably, the introduction of the foreign currency auction on 23 June significantly improved access and stabilized the exchange rate thereby reducing inflation and enhancing the operating environment.

The business environment was characterised by:-

- Erosion of consumer disposable incomes leading to depressed aggregate demand in the first half of the reporting period;
- COVID-19 related disruptions to supply chains which resulted in prolonged lead times; manifesting in shortages of inputs to production and cost push;
- High cost of electricity, water, fuel and other inputs increasing the cost of production;
- Foreign currency shortages, which were particularly pronounced in the first half of the year;
- Uncertainty leading to short lending tenures and high interest rates, escalating the cost of doing business as well as liquidity constraints;
- Significant unbudgeted costs in COVID-19 risk mitigation and Corporate Social Responsibility initiatives to support government efforts, and
- Negative impact on workforce morale as the strain of adjusting to the COVID-19 "new normal" increased stress and pressure both at work and at home.

To mitigate the impact of the above, the business focused on promoting employee and customer safety, developing local suppliers, improving efficiencies across the value chain, route to market realignment to increase market access and a focus on cash generation. The business also took advantage of Statutory Instrument 185 of 2020 ("Dual pricing and displaying, quoting and offering of prices for goods and services") and the foreign exchange auction to access foreign currency for procurement of inputs.

In H2, the economy began to show positive signs towards normalisation on the back of COVID 19 abating and the introduction of Transitional Stabilization Programme (TSP). The positive developments arising from monetary policy interventions as stated above, as well as fiscal discipline and removal of distortions on subsidies of maize, fuel, electricity and other production inputs, improved the business environment.

PERFORMANCE OVERVIEW

Dairibord operations were designated as essential services which enabled the company to continue operations throughout the COVID-19 lockdown periods, albeit in a limited way. Notwithstanding this dispensation, supply chain disruptions and limited access to the market negatively impacted the performance. The first half of the reporting period saw a significant drop in sales volumes as a result of macroeconomic volatility, exacerbated by the first COVID-19

Group Chief Executive's Review of Operations (cont.)

level four lockdown restrictions gazetted in April. The second half of the reporting period showed significant improvement in performance, following the relaxation of COVID-19 restrictions.

The financial commentary presented in this report is based on inflation adjusted numbers.

Sales Volumes and Revenue

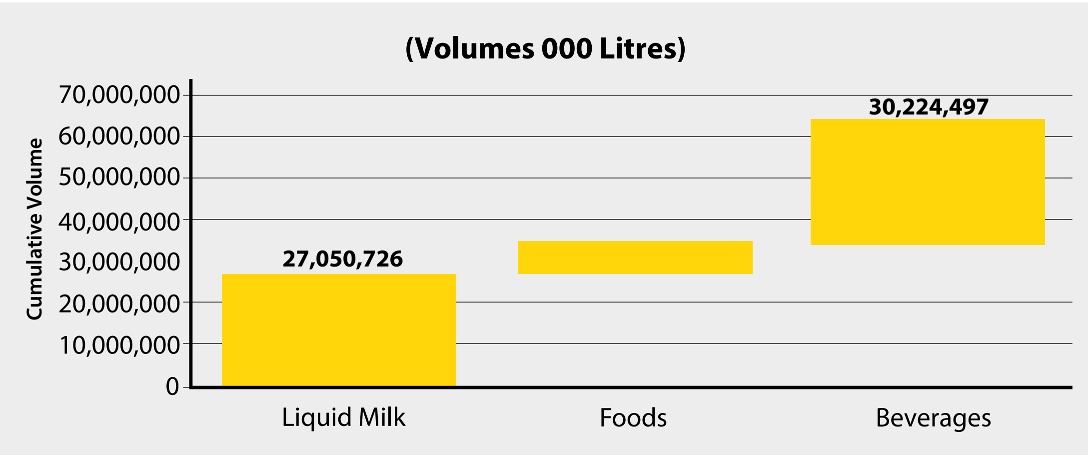
Sales volume in H1 dropped by 32% over the same period in prior year, however there was significant recovery in H2, spurred largely by a positive Q4 performance, where a growth of 31% was recorded over the same period in prior year. Direct sales to customers in residential areas including online and home delivery services were introduced in the period to enhance product availability.

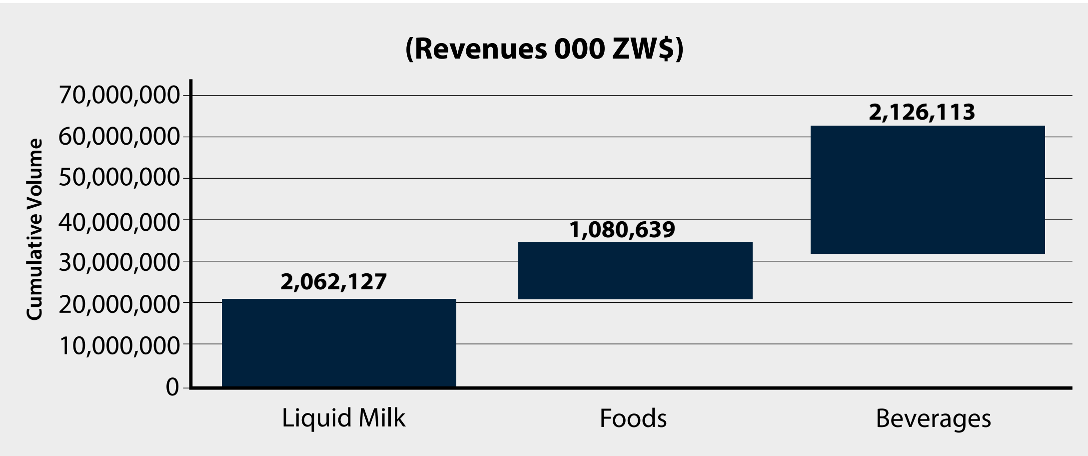
Revenue for the year was ZW$ 5.3 billion (historical: ZW$ 3.7 billion) up 5% (historical: 636%) from prior year. The Group recorded sales volumes of 64 million litres, reflecting a decline of 12.5% from 2019. This decline in volume was driven largely by the COVID-19 trade restrictions throughout the year which peaked with the level four lockdown in April and May of 2020. The disrupted access to traditional sales channels, delays in movement of imported raw materials across borders and limited foreign currency availability to procure key inputs on time depressed company performance in H1.

To sustain revenue enhancement and protect margins, price adjustments were made in line with inflation whilst cash to near cash channels were prioritized to improve cash flows. In line with SI 85 of 2020, the company benefitted through increasing domestic foreign currency sales. This, combined with successful bids on the foreign currency auction contributed to improvement in availability of imported raw and packaging materials, resulting in better product supply to the market.

Portfolio Performance

The charts below show the volume and revenue performance by portfolio:





Group Chief Executive's Review of Operations (cont.)

Liquid Milks

The Liquid Milks category recorded a 9% volume decline compared to prior year in response to a 6% decline in the company's raw milk intake volumes. The shortage in raw milk supply could not be fully mitigated due to the COVID-19 induced disruption to global supply chains that increased lead times on imported milk powder substitutes over the period.

Foods

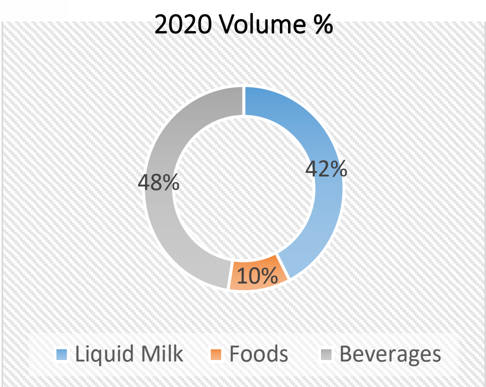
The Foods category recorded a year on year volume growth of 9% despite route to market disruptions. This increase came from the new line extensions focusing on the bottom end of the pyramid products, such as affordable Yoggie drinking yoghurt and a focus on high margins, high value foods such as tomato sauce, salad cream, ice creams and the Yummy yoghurt.

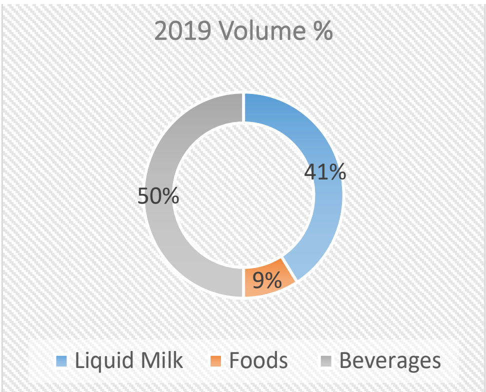
Beverages

Beverage volumes declined by 18% compared to prior year due to restricted access to various market channels, as well as supply chain disruptions for imported raw materials. Demand for "on the go" perishables such as Cascade 400ml was curtailed due to lock downs. Significant growth was however realized on the juices home consumption packs, through the 1 litre packs. The Beverages category presents opportunities for growth through focus on ambience, affordability and right sizing of product offerings, in line with changing consumer preferences.

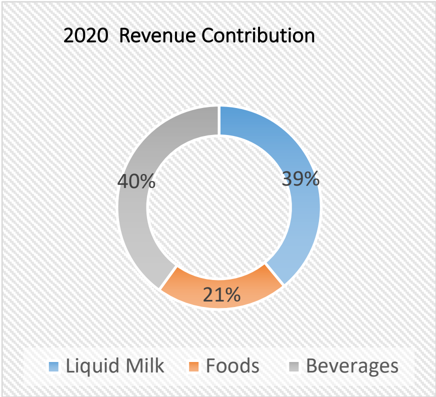
Portfolio Mix

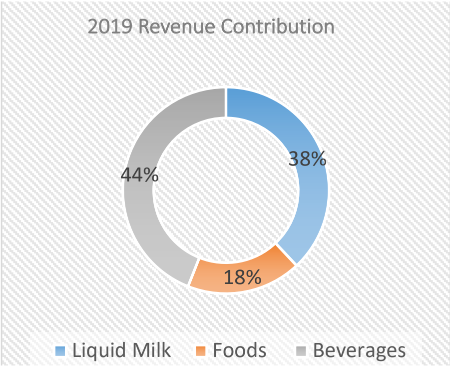
The chart below shows the volume mix by portfolio:





The chart below shows revenue mix by portfolio:





The company's revenue portfolio remained relatively balanced, with growth in the foods category assisting to support margins.

PROFITABILITY

An operating profit of ZW$231 million (historical: ZW$356 million) was recorded, which was a 43% decrease (historical: 444% increase) over prior year. The operating profit margin achieved was 4% (historical: 10%) down from 8% (historical: 12%) in 2019. The margin compression was as a result of inflation linked operating costs, with the most pronounced cost drivers being raw and packaging materials (imported and domestic inflation), labor, fuel, electricity and water. The prices of raw and packaging materials in particular continued to increase in line with movements in exchange rates of both the formal foreign currency auction and the parallel market.
The strategy to focus on revenue enhancement, cost containment, cost reduction through improved productivity and efficiencies contributed to achieving profitability in a challenging business environment. Prudent working capital management and its deployment to hedge against commodity price movements on imported inventories, cash generation of both ZW$ and domestic foreign currency as well as export earnings preserved value, and enhanced performance during the year.

Borrowings

Interest bearing borrowings (including overdraft) grew from ZW$128m million as at 31 December 2019 to ZW$440 million, largely driven by inflation induced increases in working capital

Group Chief Executive's Review of Operations (cont.)

requirements. Borrowings were deployed to fund imported materials and capital projects. All foreign borrowings were paid off during the year to minimize foreign currency exposure, against a devaluing local currency.

The net gearing remained satisfactory at 20% and still provides headroom to pursue opportunities that enhance value creation. Management are, however, alive to the need to balance funding the business through debt with the risks that arise from an illiquid local economy, where most available funding is short term at high interest rates.

Cash Generation and Utilization

Cash flows generated from operations improved to ZW$238 million on account of improved working capital management (historical: cash outflow ZW$87 million).

Investments in capital equipment amounted to ZW$58 million (historical:ZW$52 Million), towards replacement of plant and equipment to reduce costs and enhance efficiencies.

The company made a deliberate decision to reduce foreign currency exposure to mitigate against devaluation of the local currency. Foreign currency liabilities reduced to US$0.2 million from US$0.9 million as at 31 December 2019.

MILK SUPPLY

Throughout the COVID-19 restrictions, the agricultural sector including dairy farms, remained operational. The full potential for milk production growth during the year was, however, stunted by escalating feed costs that reduced milk volume yields, as farmers struggled to optimally feed their herds. The increase in feed costs was as a result of low agricultural production in the 2018/2019 summer cropping season due to drought, as well as the high cost of imported raw materials to supplement stock feed production.

The net impact on Dairibord was a 6% reduction in raw milk intake increasing the demand and supply gap, as the country still has an estimated deficit of more than 50 million litres per annum. This gap is mitigated by importation of milk powders. The company's Milk Supply Development Unit continued to assist farmers who supply us with raw milk to find solutions to the challenging environment and also ensured that the producer price moved in line with inflation to assist in maintaining the viability of farmer operations.

During 2020, Dairibord small and medium scale farmers benefited from the Zimbabwe Agricultural Growth Program funded by the European Union, implemented by We Effect and supported by the Government of Zimbabwe. To enable the farmers to benefit from the program, Dairibord assisted with the matching requirement through a partnership between Dairibord and FarmFriends, a Dutch Non-Governmental Organization (NGO). The We Effect program resulted in the distribution of 70 in-calf-heifers to 19 farmers in 2020, to which the Farmfriends partnership provided an additional 70 in-calf Heifers.

In November 2019, the business entered into a Strategic Alliance and Share Subscription Agreement with its largest supplier of raw milk, Tavistock Estate Private Limited. The partnership consummated in 2020, for an expansion program that is currently underway. The agreement will go a long way in assisting Tavistock to fund its growth ambitions through various interventions. This growth in raw milk intake volume will feed into the long term vision of Dairibord to develop the local milk supply industry to have capacity to fully displace milk powder imports, reduce production costs, increase product diversity, improve regional competitiveness and increase exports.

BRAND BUILDING

Our brands represent the side of our business that connects with our consumers.. It is this connection that will ultimately drive brand loyalty, customer retention and, ultimately, more conversions. For this reason, investments in brand building will remain a priority to defend and grow market and mind share, as consumer habits continue to evolve.

The Group's brands remained a key pillar of the business in both the domestic and regional markets, evidenced by the below accolades won at the Marketers Association of Zimbabwe Super Brands 2020.

1. Dairibord Chimombe – WINNER in the FMCG Dairy sector
2. Cascade – 1st runner up in the FMCG Non Alcoholic beverages sector
3. Lyons Quickbrew – 1st runner up in the hot beverages sector
4. Dairibord Lacto – 2nd runner up in the FMCG Dairy sector
5. Cascade – 11th position in the business to consumer category
6. Dairibord Chimombe – 13th position in the business to consumer category

HUMAN CAPITAL

A skilled human capital base remains a critical pillar in achieving our strategy. To that end, a number of interventions were implemented to enhance the skills base. The industrial relations climate was sound and cordial through-out the year. To further enhance this environment, the company collaborated with the International Labor Organization on a program to ensure a violent free workplace. Relevant policies are at various stages of development. During the reporting period, the company put in place effective COVID-19 prevention measures in order to ensure staff safety and business continuity.

SUSTAINABILITY AND COVID-19 RESPONSE

The COVID19 pandemic had negative impacts which reinforced the importance of operational sustainability. Our resilience as a business was tested. We were however adequately prepared, as Dairibord has embedded corporate sustainability management practices as part of our business strategy and model since 2012. This meant that we were able to quickly combine environmental, social and economic sustainability matrices to keep the business firmly afloat and adaptable to meeting stakeholder expectations.

The Group introduced various measures in line with Government regulations and WHO guidelines in our production processes and in the distribution of our products to keep employees and customers safe. Initiatives were also put in place, to enable us to play our role as a corporate citizen. These included supporting Government hospitals with donations and provision of take home sanitizer packs for employees. Despite the negative impacts of the pandemic, we believe there are sustainability opportunities that Dairibord can

Group Chief Executive's Review of Operations (cont.)

explore in the coming years including the use of e-commerce to access consumers in the comfort of their homes.

OUTLOOK

The business environment has shown green shoots of stability and we are confident that Government will continue with positive policy interventions, that allow for an efficient free market economy leveraging the private sector for growth. A stable business landscape will allow local industry to leverage the opportunities presented by the Africa Free Continental Trade Area, a market of over 1.3 billion people, whose time has come.

The COVID-19 pandemic has redefined the business environment and calls for a fluid business model. The interventions by Government and the private sector, coupled with the roll out of the vaccination program, give confidence that the pandemic is surmountable.

It is against this backdrop of anticipated continued macroeconomic, stability and COVID-19 containment, as well as a good agricultural season that the business is pursuing a growth strategy in 2021. Through continuous adaptation to the changing environment, the business is confident that it will remain profitable and sustain long term shareholder value. This will be achieved through the above stated interventions that are anchored on revenue enhancement, cost reduction and containment as well as product innovation.

A. Mandiwanza
Group Chief Executive
29 April 2021

DAIRIBORD

DAIRY DELIGHTS
DAIRIBORD
Zimbabwe (Private) Limited

QUALITY PRODUCTS FOR THE SUSTENANCE OF GOOD HEALTH

Governance

In this Section

Directorate and Management

Corporate Governance and Ethics

Compliance

Risk Management

Board of Directors

Mrs. Rachel P. Kupara
Independent,
Non-Executive Director

Tenure: 5 years
B. Acc (Hons), CA (Z), MBA (UZ),
Executive Development Program (LBS). She is a Non- Executive Director of British American Tobacco, a Board Member of Zimbabwe Insurance Brokers, Board Member of First Mutual Wealth Management and the Chairperson of Financial Securities Exchange.

Ms. Mercy R. Ndoro
Group Finance Director and
Executive Director

Tenure: 11 years
B. Acc (Hons) (UZ), ACISZ, MBA (UZ).
She is also the Board Chairperson at Microplan Financial Services and a Director at FBC Bank.

Mr. Josphat Sachikonye
Chairman
Independent,
Non-Executive Director

Tenure: 11 years
B. Acc (UZ)
MBL (UNISA) CMA (UK)
INSEAD Management Development Program
Executive Management Programme (UCT).
Director at Trust Holdings Limited

Ketan K Naik
Non-Executive Director

Tenure: 1year
BSc. (Hons) in Management Sciences from Warwick Business School and MSc. Real Estate Investment from CASS Business School. He is the Chief Executive Officer of Rank Zimbabwe and a member of the Harare Chapter of the Young Presidents Organisation.

Mr. Antony Mandiwanza
Group Chief Executive
Executive Director

Tenure: 22 years
MBA (UZ), Executive Development Program (UZ),
Dip. Food and Dairy Technology (West Scotland Agricultural College UK). He is also the current Chairman at Tobacco Sales Ltd.

Board of Directors (cont.)

Mrs. Sibusisiwe R Chindove
Independent,
Non-Executive Director

Tenure: 14 years
MSc Food Science and Technology (University College of Cork), B Admin (UZ), LCCI Dip Marketing Sales and PR. She is the head of Corporate Affairs at Zimplats.

Mr. Nobert Chiromo
Independent,
Non-Executive Director

Tenure: 3 years
B.Compt (UNISA), CA (Z)
He is a Director and Partner of Corporate Excellence Financial Advisory Services.

Mr. Christopher R.J Hawgood
Non-Executive Director

Tenure: 3 years
BSc Hons in Agricultural Management (University of Natal), Chairman at Beatrice Farmers Association, Chairman of National Dairy Cooperative and Chairman of Tavistock Estates (Pvt) Ltd.

Mr. Cleton Mahembe
Non-Executive Director

Tenure: 22 years
Diploma in Agriculture (Chibero College of Agriculture)

Corporate Governance Practices

Good corporate governance practices ensure Dairibord Holdings is efficiently and responsibly managed for long term success and value creation. We strive to provide investor confidence, financial integrity and sustainable performance through sound governance systems and strategic leadership.

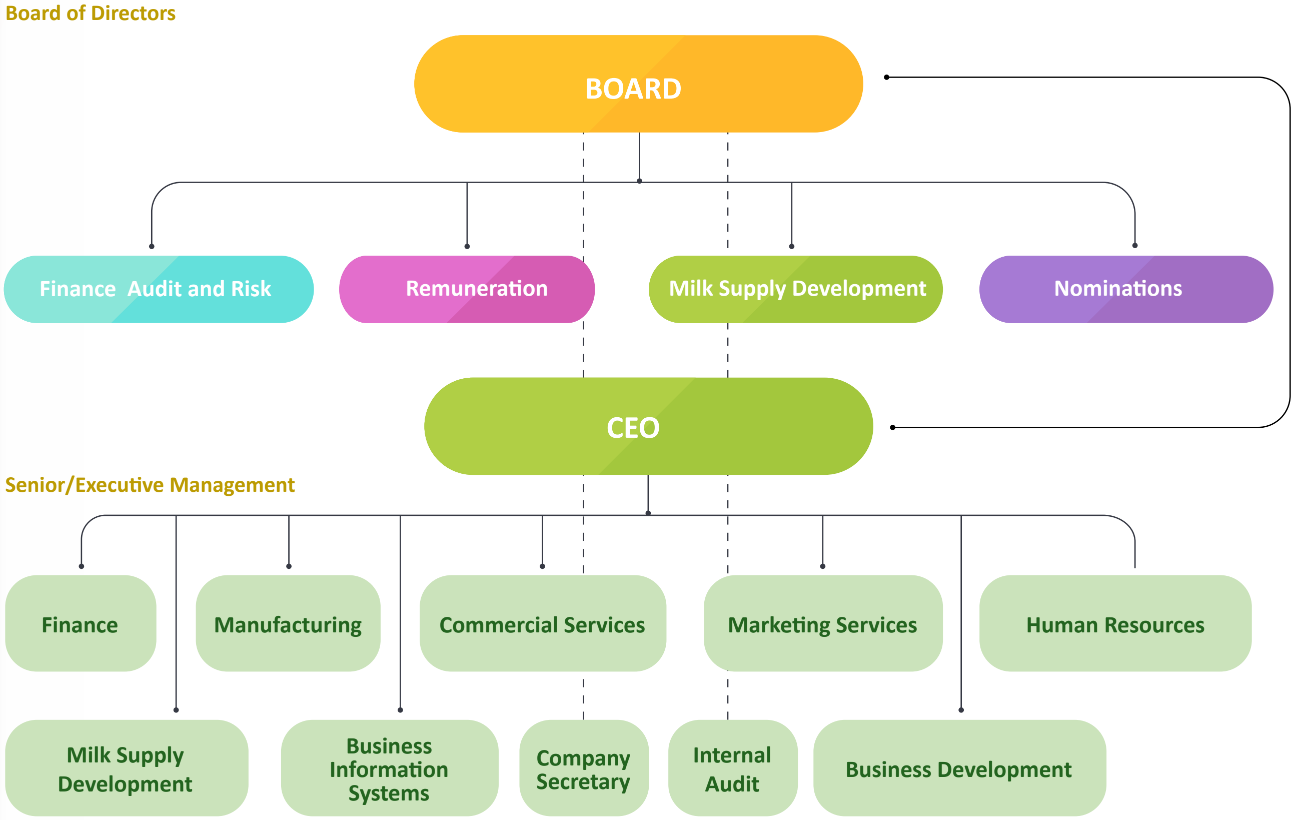
The Group is reviewing and aligning its governance practices in line with the New Companies and Other Business Entities Act (24:31). Pursuant to the requirements of section 3 (1) (h) of Statutory Instrument 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules, the company adopted the National Code on Corporate Governance Zimbabwe ("ZimCode") as its base code. Over and above following the principles and requirements pronounced in the ZimCode, the company endeavours to adopt and apply more corporate governance principles that are in line with international best practice as it conducts its daily business

The Group continues to observe best practices in corporate governance by continuously benchmarking with international best practices such as The King IV Report on Corporate Governance of South Africa, Organisation for Economic Cooperation and Development (OECD 1999)-Principles of Corporate Governance and The Principles of Corporate Governance in the Commonwealth (CACG Guidelines 1999).

Corporate Governance Practices (cont.)

Governance Structure

The Governance of the Group is structured to share responsibilities between The Board of Directors and the Senior/Executive Management. The Board is chaired by an independent non-executive director. The Board works through four (4) committees. The CEO and the committees report directly to the board. The Senior/Executive Management has nine (9) functions headed by executives who report directly to the Group Chief Executive. The Internal Audit and Risk Management function remains an independent function that reports to the Board.



Board Responsibility

The Board of Directors is responsible for the strategic direction, entrepreneurial leadership, supervising management and reporting to shareholders on their stewardship. To that end, it has established appropriate policies and procedures to govern the conduct of the company's business and deliberations of the Board. The Board affirms its commitment to ensuring the Group acts responsibly and transparently from an economic, environmental and social perspective while creating sustainable value and benefits to all stakeholders.

Board Structure and Expertise

The current Board comprises seven non-executive directors including the Chairman (78%) and two executive directors (22%). An independent, non-executive director chairs the Board. The Board meets at least quarterly. Members of the Board possess various expertise that includes business, finance, manufacturing, agriculture and human resources management.

Corporate Governance Practices (cont.)

Gender Distribution

Board Gender Distribution

Executive Gender Distribution

Appointment and Retirement of Non-Executive Directors

In terms of the company's Articles of Association, a third of non-executive directors retire from office by rotation at the annual general meeting and are eligible for re-election.

Business Ethics

The Group's primary ethical framework is defined by the Group's Corporate Governance Code as approved by the Board. The code is reviewed and updated continuously. The code provides guidelines as to what constitutes unethical behaviour. The Group maintains an ethics hotline through the Deloitte Tip-offs Anonymous and all reports are treated as confidential. We have adopted a Zero Tolerance Approach to corruption in all business dealings with stakeholders. All cases involving corruption are carefully investigated. Depending on the case, the company may involve experts, external auditors and the police. The Group maintains plans to develop the capacity to enable managing, aligning and developing policies on human rights in line with the United Nations Guiding Principles on Human Rights and Business, particularly in our supply chain.

Mechanisms for Stakeholder Communications with the Board

The Group provides platforms for stakeholders to communicate with the Board. Some of the platforms include annual general meetings, press announcements, quarterly updates, interim and year-end reports, company website, formal meetings with stakeholders and investors, presentations and the use of shareholders voting rights system.

Share Dealings

Directors and Senior Management are required to declare any dealings in the shares of the company. They are required to declare any other interests that may materially affect the company. Directors and all Group employees are not permitted to deal directly or indirectly in the shares of the company during:

- The closed periods from the end of a reporting period to the announcement of results.
- Any period that they are aware of any negotiations or details which may affect the share price.

Executive Remuneration Policy

It is Dairibord policy that remuneration for its executives is competitive and comparable with other companies of similar nature. A significant portion of their salaries is performance-related based on collective and self-funded schemes. The performance schemes are continuously reviewed in line with the company strategy.

Professional Advice

It is Board policy that, provided the Board agrees that there is a justifiable case, directors shall be entitled to seek independent professional advice at the company's expense in the furtherance of their duties.

Corporate Governance Practices (cont.)

BOARD COMMITTEES

Committee	Members	Main Function
Finance, Audit and Risk	Mrs. Rachel Pfungwa Kupara(Chairman) Mr. Nobert Chiromo Mr. Ketan Naik	The Committee monitors the company's overall control procedures, risk management and financial reporting. It provides direct oversight and liaison on behalf of the Board with both internal and external auditors. The Committee reviews all significant Group risks, as well as risk mitigation initiatives and their effectiveness quarterly.
Remuneration	Mr. Josphat Sachikonye (Chairman) Mrs Rachel Pfungwa Kupara Mr. Antony Mandiwanza	This committee is responsible for reviewing the company's remuneration policies and approving remuneration packages for senior executives.
Nominations	Mr. Josphat Sachikonye (Chairman) Mrs. Sibusisiwe Chindove Mr. Cleton Mahembe	This committee conducts searches and receives nominations, carries out background and reference checks and makes recommendations on candidates for board membership. It reviews the adequacy of the expertise, relevance and independence of the board. The Committee also co-ordinates the evaluation of board performance.
Milk Supply Development	Mr. Christopher R. J. Hawgood (Chairman) Mr. Josphat Sachikonye Mr Nobert Chiromo	The role of the Milk Supply Development Committee is to drive the milk supply growth strategy for the Group. Key objectives are to reduce the cost of raw milk production, increasing output at farm level and improving milk production efficiencies.

Attendance to Meetings during 2020

Director	Year of appointment	Committees				
		Main Board Attended	Finance &Audit Attended	Nominations Attended	Remuneration Attended	MSDC Attended
Mrs. S. Chindove	2006	3/4	N/A	1/1	N/A	N/A
Mr. N. Chiromo	2017	4/4	8/8	N/A	N/A	2/2
Mr C.R. J. Hawgood	2017	3/4	N/A	N/A	N/A	1/2
Mrs R. P. Kupara	2015	4/4	8/8	N/A	2/2	N/A
Mr C. Mahembe	1997	2/4	N/A	1/1	N/A	N/A
Mr. A. Mandiwanza	1997	4/4	N/A	N/A	2/2	N/A
Ms M. R Ndoro	2009	4/4	N/A	N/A	N/A	N/A
Mr. J. Sachikonye	2009	4/4	N/A	1/1	2/2	2/2
Mr. K. Naik	2019	4/4	8/8	N/A	N/A	N/A

Corporate Governance Practices (cont.)

COMPLIANCE

Dairibord operates within the prescribed laws and regulations. We have principles and values that ensure our employees and leadership abide by applicable laws and regulations governing the business and respective sector. This guides our people to ensure we minimise exposure to compliance risks.

Responsibility

The company secretary is the senior custodian for compliance matters at Dairibord Holdings Limited.

Monitoring Compliance

Each executive in our nine functions manages compliance systems for their relevant function ensuring they are up to date on any changes taking place and that staff in their respective functions are kept abreast of the changes. All staff members are expected to be aware of the Dairibord code of conduct. We continuously engage with regulatory authorities on any legal changes and for advice concerning legal matters.

During the year, the Group continued its strict compliance protocols, taking every effort to comply with the following instruments and regulations:

Agriculture Marketing Authority Act (18:04)
Animal Health (Foot and Mouth) Regulations 1997
Capital Gains Tax Act
Companies and Other Business Entities Act Chap (24:31)
Consumer Protection Act (14:44)
Dairy Act 1977
Dairy Regulations 1978
Dairy Regulations 1997
Dairy Regulations 2012
Environmental Management Act (20:27)
Exchange Control Act (22:05)
Food and Food Standards Act (15:04)

- Income Tax Act
- International Financial Reporting Standards (IFRS)
- Labour Act [28:01]
- Labour Relations Act
- National Social Security Act [17:04]
- Pneumoconiosis Act
- Public Health Act [15:17]Companies Act [24:03]
- Regional Town and Country Planning Act [29:12]
- Securities and Exchanges Commission of Zimbabwe (SECZ)
- Trade Mark Act
- Trade measures Act
- VAT Act
- Zimbabwe Stock Exchange (ZSE) Listing Rules

Risk Management

Risk is embedded in the Group's activities and is not separable from opportunity. Given the turbulence in the operating environment, continuous risk assessment is critical. Risks are dynamic, what may be a low impact, low likelihood circumstance may metamorphose into the most significant risk in a short period e.g. global pandemics, cyclones, social instability, etc. Our risk management is integrated across business operations for value preservation and responsive to dynamic nature of risks. The risks identified in this report are the major uncertainties in terms of likelihood and impact.

Group Risk Management Framework

The Board is terminally responsible for risk governance. The Board has delegated the risk management function to the Group Finance Audit and Risk Committee. The composition of the Finance, Audit and Risk Committee is made up of Non-Executive Directors only with 67% being independent directors. The committee is accountable to the main Board of Directors. The mandate of the Finance, Audit and Risk Committee regarding risk is to ensure that the Group has adequate systems to identify, measure, predict, prepare for and respond adequately to any risks that the organization may face.

Operational Structure

Management is accountable to the Board for designing, implementing and monitoring the Group's risk management procedures and every manager is responsible for managing risk in their areas of responsibility. To ensure the efficient monitoring and assessment of risk management systems, the Group Chief Internal Auditor is responsible for evaluating the adequacy and operational effectiveness of the procedures. The Group Chief Internal Auditor reports to the Board through the Finance, Audit and Risk Committee.

Main Risks Affecting the Group and Mitigating Measures

Risk Category	Specific Exposures	Mitigation
Legal/ Regulatory	• Non-compliance with tax laws. • Increased costs of doing business due to levying of duty in foreign currency.	• Tax health checks are done regularly including reviews by external specialists. • Transfer pricing policy documentation and continuous review of the same. • Frequent engagement with authorities on tax laws and policies that reduce the tax burden on the business particularly the payment of duty in foreign currency.
	• Product and workplace safety below standards stipulated by law	• Operating standards are maintained above minimum requirements. • Quality issues resolved amicably with customers in line with the quality policy. • Certification with regulators such as the National Social Security Authority, Environmental Management Agency and the Ministry of Agriculture is in place.
	• Regulatory compliance	• Refer to previous table for more detailed list of regulations to which we comply.
Force Majeure Events	• COVID-19 Global Pandemic, Cyclones, Earthquakes etc.	• Due to difficulty in predicting such events the policy is to have a quick response time once risks present. • A business continuity plan is in place and is quickly customised and implemented to suit the specific crisis. • During such times we also prioritise Corporate Social Responsibility (CSR) in partnership with stakeholders in Government and Private Sector.
Economic Risk	• Loss of value on monetary assets through rising inflation • Erosion of profits through rising costs and failure to recover full costs from consumers due to erosion of disposable incomes.	• Continuous review of consumer prices to remain profitable. • Regular reviews of wages and salaries to cushion employees against rising inflation. • Continuous review of credit terms to preserve value.
	• Declining consumer disposable incomes	• Widen product offering to cater for all classes in society. • Price adjustments to retain competitiveness and viability
	• Risk of Price Controls	• Maintain a diversified product portfolio to minimize impact.
	• Increased competition from new entrants	• Maintain superior product quality and consistent product availability. • Invest in building competencies to remain the preferred supplier/customer in the market.

Risk Management (cont.)

Main Risks Affecting the Group and Mitigating Measures

Risk Category	Specific Exposures	Mitigation
Socio-Political	• Deterioration in social stability impacting operations through work stoppages asset and employee safety risk and worsening country risk profile • Excessive wage demands by labour unions resulting in unsustainable wage levels	• Through the company's risk management framework, the business continuously reviews emerging risks based on socio-political factors. • The company developed a clear policy on how to manage operations during social instability scenarios. • Proactive participation in wage negotiations. • The business continually reviews employee remuneration and provides cushioning allowances to cushion employees and mitigate the negative impact of inflation on purchasing power.
Business Risk	• Failure of the business model to create superior and sustainable performance	• Continuous improvement in the business model to sustain the momentum achieved so far. • Continuous review of the cost structure and manpower levels for cost reduction and alignment to mitigate against drop in capacity utilization.
	• Work stoppages/operational failure due to raw materials non-availability power outages and other unforeseen eventualities	• The company invested in water collection tankers to reduce the cost of ferrying bought in water. • Solar Energy Options are currently under review. • Driving exports to contribute towards foreign currency requirements. • Increasing investment in inventories to improve product supply. • Reduced terms for receivables to preserve the value of monetary assets. • Invested in standby generators and boreholes to ensure a consistent supply of utilities.
	• Inadequate raw milk intake volumes.	• Improved the milk supply strategy beyond heifer procurement focusing on herd growth, feed formulation and procurement, veterinary support and artificial insemination. • 2020 raw milk intake decreased by 6%. Growth is however expected as a result of various initiatives implemented at the end of 2020 and a better 2020/2021 summer cropping yield.
Information System Risk	• Risk of loss of data due to cyber- crime system hacking or unauthorized access. • Risk that the system is not available to users due to operational challenges.	• Adequate back-up and data redundancies in place to prevent data loss in the event of any systems malfunction or failure. • Business Information Systems Policy and Access Policy is in place. • Intrusion Detection and Prevention Systems (IDS/ IPS) are also in place and are continuously reviewed. • Up to date Anti-Malware Software. Manual systems can be activated in the event of complete failure but subject to appropriate approvals. • Actively monitor and manage content posted on social media and manage stakeholder relations.
	• Loss of skilled Employees	• Rewarding top performers to improve retention. • Training and development of staff to ensure adequate skills pool.
Talent Risk	• Inadequate succession planning exposing the future of the business	• Having key positions with at least one person ready to take over and being prepared for future growth opportunities. • Several management development programs are prepared viz. MBAs Graduate Trainees and Food and Dairy Technology training.
Financial risk	• Refer to page 118 where Financial Risk is comprehensively dealt with in note 32 to the financial statements.	

Sustainability Strategy

In this section

Our Approach To Sustainability

Sustainability is core to the operations of Dairibord Holdings' business strategy and growth. As part of the global ecosystem, impacts attributed to our business contribute to affecting the resource limits of the planet.

The Group's approach to sustainability is to tap into the opportunities for performance improvement presented by the widening intersection between business strategy and sustainability. The key areas of interest are linked to our core value chain drivers as illustrated below. Each element of the value chain is integrated and provides a point at which we can add value or impact the associated stakeholders by strengthening our systems to manage impacts associated with each stage.

From sourcing raw materials to end-use of our products, each stage of the value chain directly interfaces with our employees and communities. These common areas of interest when optimized, provide benefits to both the business and the overall global sustainability agenda.

Our People and communities

Our Approach To Sustainability (cont.)

Sustainability Governance

The Group has a sustainability team responsible for driving the sustainability strategy under the leadership of the Business Development Executive. Operationally, the Sustainability Team tracks sustainability indices monthly and key issues for management attention. Our processes are such that once a material issue is identified, the sustainability team evaluates the materiality and impact of such issues based on its economic, environmental and social significance at the company level and the business as a whole before reporting to senior management for decision making.

For continuous improvement and independent review, the Group is advised by The Institute for Sustainability Africa (INSAF), an independent sustainability advisory firm.

Inclusive Business

Inclusive business is the profitable integration of the less privileged members of the community and small & micro-enterprises in the core value chain of larger companies. People and enterprises at the Base of the Pyramid (BoP) can be involved as suppliers, distributors, retailers, consumers, entrepreneurs & innovators and as additional employees.

The impact of the business as a commercial enterprise on the low to middle-income sections of society is reflected in our business model which engages them in both upstream and downstream operations.

The table below shows the linkages between the business and the bottom of the pyramid stakeholders. The Group's commitment to these engagements is long-term and mutually beneficial.

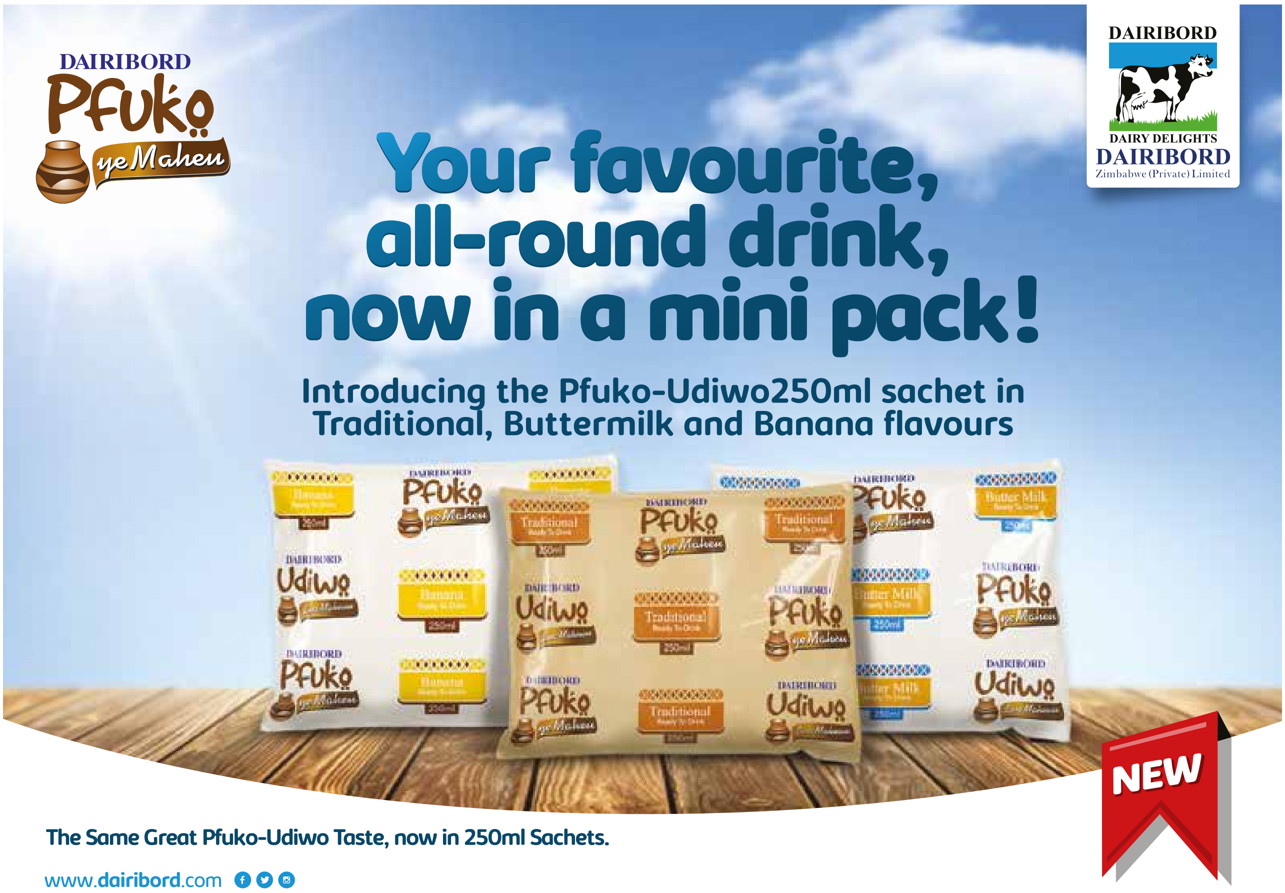
	Priorities
Farmers	• Payment of a viable price, on time and at weekly intervals to support farmers in managing inflationary pressures • The guaranteed market for milk produced • Provision of Extension Services • Credit facilities for herd development, stock feeds, equipment and other farm requirements • Lobbying to the government for favourable agriculture policies
Vendors	• Viability of vending as a source of livelihood • Provision of uniforms and merchandising equipment • Transportation to and from selling points
Small scale suppliers	• Creating opportunities for small formal businesses
Franchises and Distributors	• Credit facilities • The utilisation of company premises to conduct business • Marketing support • Assistance in managing their businesses
Merchandiser	• Employment creation • Skills development

Our Approach To Sustainability (cont.)

Capital Management

The Group recognises that the various forms of capital, both financial and non-financial, are necessary for running a profitable and sustainable enterprise. As part of the Group's business model, all forms of capital are integrated and these are:

Financial Capital	These are the financial resources that are used to fund our business activities and support our strategy. This includes equity from shareholders, loans from financial institutions and trade partners.
Human Capital	This refers to the employees as well as the processes used to engage and develop them. Critical components are the skills, capabilities, knowledge, and experience relevant to the advancement of the Group's strategy.
Social Capital	This is the advantage we enjoy from relationships with key stakeholders including the government, customers, employees, suppliers, and financial institutions.
Natural Capital	This refers to the natural environment from which inputs are produced and outputs and waste disposed of. As a manufacturing entity, we are committed to preserving this natural capital as well as working to optimize benefits e.g. through solar energy.
Intellectual Capital	This refers to trademarks and the knowledge our employees possess as well as the intellectual capital that enables the business to remain ahead of competition and influence trends in our chosen domains.
Relational Capital	This relates to value inherent in relationships with customers, vendors and other significant stakeholders.



Stakeholder Engagement

The Group's stakeholder engagement strategy is part of our overall corporate affairs and risk management strategy. Key to our operations is our stakeholders who include investors, employees, communities, government, regulators, suppliers, customers and others. The Group values these stakeholders. As such, stakeholder engagement is conducted to capture material concerns and develop the organization's response strategy. Our stakeholders are categorised into:

- Internal – Employees and Management.
- External- Suppliers, Government, Investors, Shareholders, Financial Institutions and Communities.

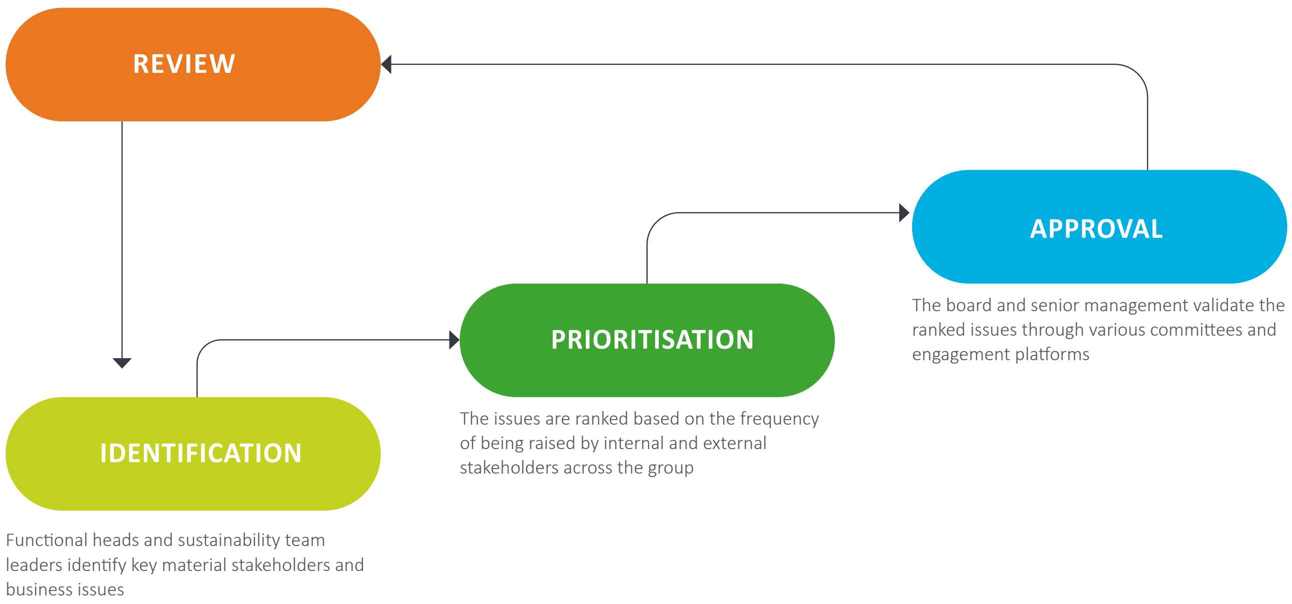
The selection of these stakeholders is based on the level of their interest in, and or, impact on the operations of the business. Selection is done by management on an ongoing basis in line with the need to match strategy with risk management.

Engaging stakeholders provides the social and relational capital crucial to our business model. Stakeholder engagement is distributed across the Group to key staff with the responsibility of interfacing with stakeholders in their processes. Key material issues from stakeholder engagement processes are escalated to the Executive Committee and Board for decision making. The Group engaged with stakeholders on various critical issues as shown below:

Stakeholder	Material Issues Raised	Mitigation Measures	Engagement Channels
Customers/ Consumers	• Milk shortages • Delayed deliveries • Product quality complaints	• Procurement of milk powders as substitutes • Four new trucks were procured • Root cause analysis and product replacement • Continuous training & skill development for employees • Product handling & storage awareness programmes	• Stock updates on customer groups • Client visits • Phone calls and emails • Online trainings, presentations, fliers
Employees	• COVID-19 • Remuneration	• Prevention measures put in place • Covid-19 updates including national and company statistics • Cost of living adjustments	• Committees: • NEC's, ExCom, Board
Suppliers	• Sustainability of raw material supply and other services	• Long-term contractual agreements with suppliers	• Meetings • Onsite assessments
Government and Regulators	• Compliance with food regulations and standards	• Product certification through the Ministry of Health	• Site Audits by regulators • Audit reports
Shareholders and Potential Investors	• Shareholder value protection • Payment of dividends	• Identification of opportunities for value creation • Setting a target dividend pay-out ratio	• Timely production of financial results • Chairman's Statements • Quarterly trading updates • Cautionary statements for potential transactions • Dividend payment announcements
Local Communities	• Increased support for community nutrition and support to health institutions particularly those in rural areas	• Increased budgetary support • Enhanced identification of needy beneficiaries	• Engagement with potential beneficiaries, and government • Social media • Virtual meetings
Industry	• Inadequate milk supply	• Lobby government for duty free imports of milk powders • Lobby for increased support for local farmers from government and financial institutions	• Zimbabwe Dairy Industry Trust meetings • Zimbabwe Dairy Processors Association

Material Issues and Reporting Practices

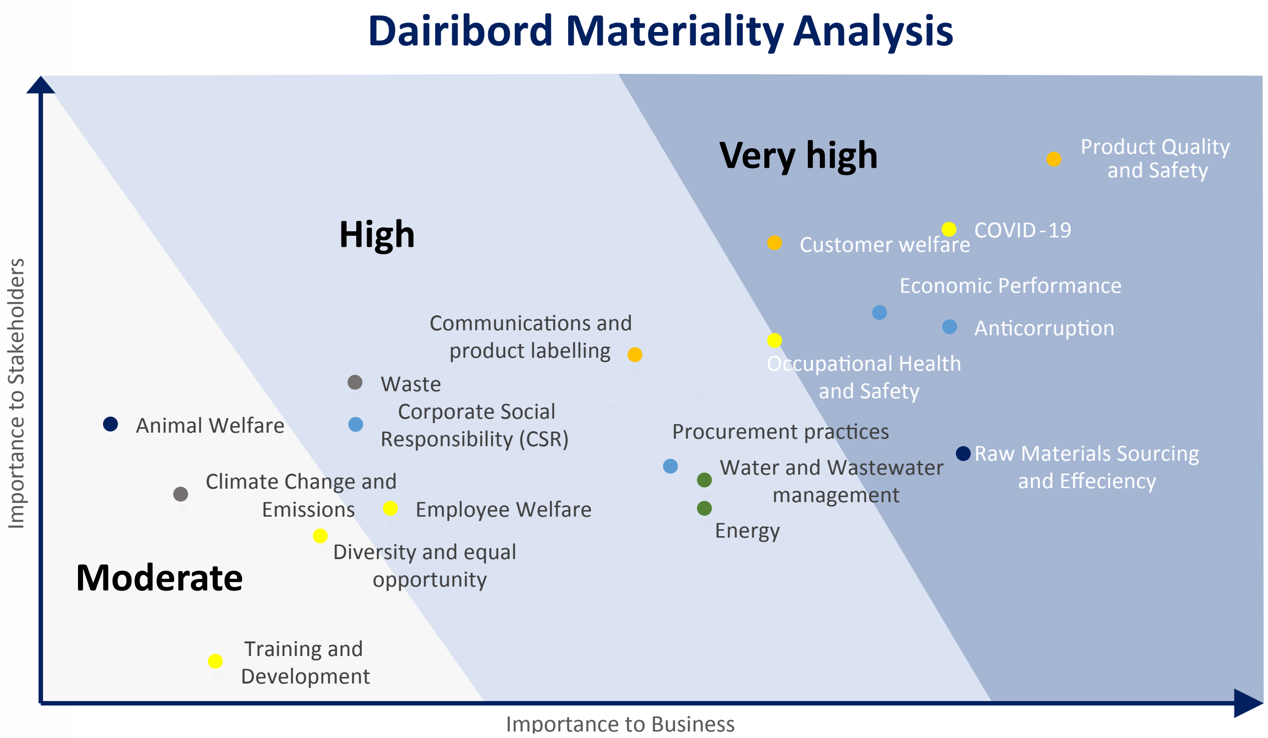
The Group's approach to identifying material issues for disclosure was influenced by the stakeholder engagement process and internal evaluation. The approach to materiality by the Group was broadly guided by the GRI's Sustainability Reporting Guidelines to ensure consistency in our approaches and basis for reporting.



Material Topics by Category

Consumers	Supply Chain	Sustainable Production
• Product quality and safety • Customer welfare • Communications and product labelling	• Material sourcing and efficiency • Animal welfare	• Energy consumption • Water and wastewater management
Our People and Communities	**Economic Impacts**	**Caring for the planet**
• Covid-19 prevention • Occupational health and safety • Employee welfare • Training and development • Diversity and equal opportunity	• Economic performance • Procurement practices • Anticorruption • Corporate Social Investments	• Waste management • Climate change and emissions

Materiality Matrix



Reporting Practices

Dairibord believes that it is important to ensure that stakeholders are provided with adequate and concise information in an integrated format to provide readers with both financial and sustainability information in one report annually. The Group publishes quarterly trading updates, half year reviewed abridged financial statements and audited annual financial statements in line with ZSE Listing Requirements.

Report Period

The Group's reporting period spans from 1 January to 31 December each year in line with the financial year.

Report Boundary

This report covers sustainability performance from all our operations in Zimbabwe.

Data

This report was prepared using both quantitative and qualitative data extracted from company records, policies and persons responsible in Key Results Areas (KRA) of sustainability impacts for the Group. In some cases, assumptions are made and confirmed for consistency with business activities.

Report Declaration

The Board of Directors and Management take responsibility that this report was prepared in accordance with all applicable GRI Standards – 'Core' Option and provide relevant information to the nature of our business and impacts.

External Assurance

Management believes external assurance through third parties is vital in providing confidence. We relied on our Internal Audit Department who provided assurance on the accuracy and reasonableness of data and information used in this report. The Institute for Sustainability Africa (INSAF) verified the report for compliance with GRI Standards as subject matter experts.


DAIRIBORD
DAIRY DELIGHTS
NEW LOOK
SAME QUALITY
LYONS MAID
Dairy Delights
SWEET ADVENTURE ON THE MOVE

Sustainability Performance

In this section

Sustainability Performance (cont.)

OUR CONSUMERS

Consumers are increasingly becoming health conscious. As such, we are constantly improving and innovating new products to meet their needs. Consumers top the list of our stakeholders and we engage them to appreciate their expectations in our products. The Group's marketing and business development are responsible for ensuring consumers are served with all we can produce for them. We ensure our products meet the health and nutritional requirements of our customers.

Products Responsibility

At Dairibord, we are accountable for our products throughout the entire value chain up to the point of consumption. Our responsibility begins at the farm level and on receiving materials from suppliers, right up to final disposal and recycling of the packaging waste materials. We ensure information on the label of our products reflects the actual product and is not misleading and harmful to consumers. All our products go through quality control inspections in line with ISO Standards we ascribe to in food production, to meet local and international regulations and requirements in line with our Food Safety Policy.

Innovation

Our success at Dairibord has been stimulated by our innovative mind-set. We continuously develop new products to meet consumer needs and to address the nutritional requirements affecting the vulnerable sectors of our consumer base. We are proud that our innovative spirit has made us a dominant player in the dairy, foods and beverages market in Zimbabwe. Some of the research and development initiatives undertaken have helped reduce our import bill through premium quality alternatives developed with the Zimbabwean consumer in mind.

We recognise the rising concern of consumers regarding sugar and fat content in foods and beverages. In response to this trend, we have also fortified some of our products in line with legal requirements in Zimbabwe to meet dietary deficiencies prevailing in the market. Nutriplus is one such product fortified with 13 vitamins and minerals, due to supply constraints this product was not in the market in 2020 but will be reintroduced.

Communications and Product Labelling

As the leading manufacturer and marketer of quality food and beverages, we play a major role in influencing healthy eating and an active lifestyle for our consumers. We subscribe to the concept of responsible communication particularly on nutrition labelling and advertising. These processes can help consumers, as well as their requirement for higher nutritional content. We seek to ensure our communication is consistent with the principles of a balanced diet, good nutrition and personal choice.

Sustainability Performance (cont.)

Our consumers are why we exist as a business. As such, we do our best to drive sufficient communication and avert misleading nutritional labelling. Dairibord food products were compliant with all relevant legislation relating to processing, core product and labelling regulations (local and international). The packaging depicts the product as is, that is the product identity, and photographs/pictures are done in a way that will not mislead the consumer.

On our packaging, we declare nutritional value and allergens where applicable so that consumers are fully aware of contents such as lactose or nuts. Through labelling, we help consumers make informed choices about the food they buy, how to store and use safely.

Quality Assurance and Standards

Quality is one of the greatest expectations of our consumers. They have entrusted us with the responsibility to provide them and their families with safe and high-quality products. All our operations follow a rigorous quality assessment process that ensures that our products are safe and meet the expectation of our consumer. Quality and safety is an integral part of our product design.

The group quality assurance department plays a strategic role in implementing and maintaining quality systems that prevent production of sub –standard products as well as is responsible for monitoring and managing the quality across our value chain from raw materials through to the market. It ensures that the quality and safety of the products is not compromised at any of the value chain stages. The quality department established a set of parameters that form a complex system for monitoring and auditing. This is how the microbiological quality, hygiene and composition of products are controlled. Dairibord quality management systems offer consumers and other interested stakeholders the confidence that production processes and products follow strict quality and safety criteria.

Targets
- Zero failure on product batch after Quality Control release.
- ≤0.50% quality related returns (processing & distribution)

Our priorities in this regard are as follows:
- Implementing operational pre-requisite programmes (OPRPs) that promote production of safe product which include but not limited to Cleaning and sanitation, pest control, waste management, good manufacturing practices and good hygiene practices
- Testing of raw materials before use in production processes.
- Testing of products during conversion processes.
- Testing of finished goods before delivery into the market.
- Assessment of suppliers to ensure they meet quality standards and other operational requirements for responsible business.
- Certifications by industry standards boards to align with industry benchmarks.
- Customer complaint handling procedures.
- Adoption of internationally recognised standards to manage quality of products. SAZ ISO22000:2018.
- Measures to ensure that the employees who handle our products are fit to handle food products.
- Tracking and assessment of products in the market.

Sustainability Performance (cont.)

Quality Loss performance

Indicator	Total
Sales revenue	5,272,882,555
Processing loss value	6,656,875
% loss [$]	0.10
Production volume	63,384,721
Processing loss volume	151,172
% Loss [litres]	0.24

Acceptable Loss thresholds

Within limit (0%-0.20%)	Maintain and further reduce
0.20 -0.25%	Although within limit, close monitoring is key to avoid exceeding the limit
Above limit	Troubleshoot implementation measures

Production Sites Certified to Food Safety Management Systems

To ensure effective elimination/reduction of food safety hazards, Dairibord has implemented HACCP /OPRP Plans to all production processes through the adoption of an internationally recognised Food Safety Management Systems (ISO 22 OOO), accredited by Standards Association of Zimbabwe.

Our production sites are certified to ISO 22 000, Food Safety Management Systems (FSMS)

	Unit	2020	2019
Certified production sites	Count	3	3
Sites undergoing upgrade(ISO 9001 to ISO 22000)	Count	1	0
Total number of sites	Count	4	3

Performance evaluation is done through Internal & external audits as well as management reviews.

Internal Audits are carried out as per plan by Dairibord trained & competent food safety system auditors, external verification is done annually by Standard Association of Zimbabwe who are the certifying body. Corrective and preventive measures for non-conformities are implemented to prevent recurrence and for continual improvement.

Management reviews are done twice a year to check the level of compliance, the effectiveness of the FSMS and factors that can affect its effectiveness.

In addition to international standards, local regulations and laws require us to meet specific requirements relevant to our sector.

Simon Mazorodze factory is migrating from ISO 9001, Quality Management System to ISO 22 000. Amendments of documents to meet requirements of ISO 22 000 have been completed and ready for Initial Document Evaluation Audit(IDE) by a third party (SAZ).

The following certifications & legal requirements were maintained in 2020.

- Public Health Act [15:17]- All our food handlers undergo medical examination annually.
- Factories Works & Acts [14;08] – Our operating factories and depots are registered and have licences.
- Ministry of Health and Standards Association of Zimbabwe (SAZ) certification of our factories/premises and products.
- Statutory Instrument (SI) 5 of 2015 Foods and Foods Standards (Inspection and Certification) Regulations.

Being mindful of supplier impacts, we intend to reinforce our systems to manage and eliminate potential quality risks. Key to our system is the traceability process, inspections on material delivery which help us eliminate quality and safety risks. We have a batching system to ensure we can track the final product materials back to ingredients and we will continually improve it as a drive for product responsibility.

Sustainability Performance (cont.)

The quality of raw and packaging materials we source determines the excellence of the final products we deliver to our clients. Internal systems to inspect, vet and train suppliers help us achieve this goal. We continue to positively accept feedback from our consumers on areas of quality improvement. Comments and queries regarding our products can be communicated via our website: **https://www.dairibord.com/contact-us/ or social media sites**

OUR SUPPLY CHAIN

Our business relies on a sustainable supply chain in delivering high quality and safe products to consumers. As such, partnering with ethical suppliers is a priority. We try by all means to ensure issues of human rights violations, child labour and corruption are monitored and managed to maintain a clean supply chain.

We seek to tap into opportunities provided by sustainable practices in our business partnerships while minimising the risks of association to address the socially conscious consumer. The key to our value chain is the traceability, quality, and safety of raw materials that we source. We work closely with farmers and suppliers to understand the risks they face and help address any challenges they may face in meeting the standards and quality we expect.

Responsible Sourcing

Our supply chain presents risks and opportunities. This has been largely driven by consumer interest to know more about what is in their food, where it comes from and how it is made. This has stimulated the drive for us to improve responsible sourcing. Suppliers go through a strict supplier approval process which involves assessment of specifications, safety data sheets and certificates of analysis. Each consignment is inspected using approved specifications to ensure safety and consistency.

Dairibord supports small scale and local suppliers who supply milk and other products. The COVID-19 crisis disrupted major supply chains across the world. In this regard, our strategy of working with small producers was instrumental in managing global supply chain disruptions from the pandemic. However, all materials were screened for quality and standard required for the manufacture of our products. During the year, we engaged 667 suppliers. The bulk of the suppliers were domestic while the rest came from South Africa, Egypt, China and Europe.

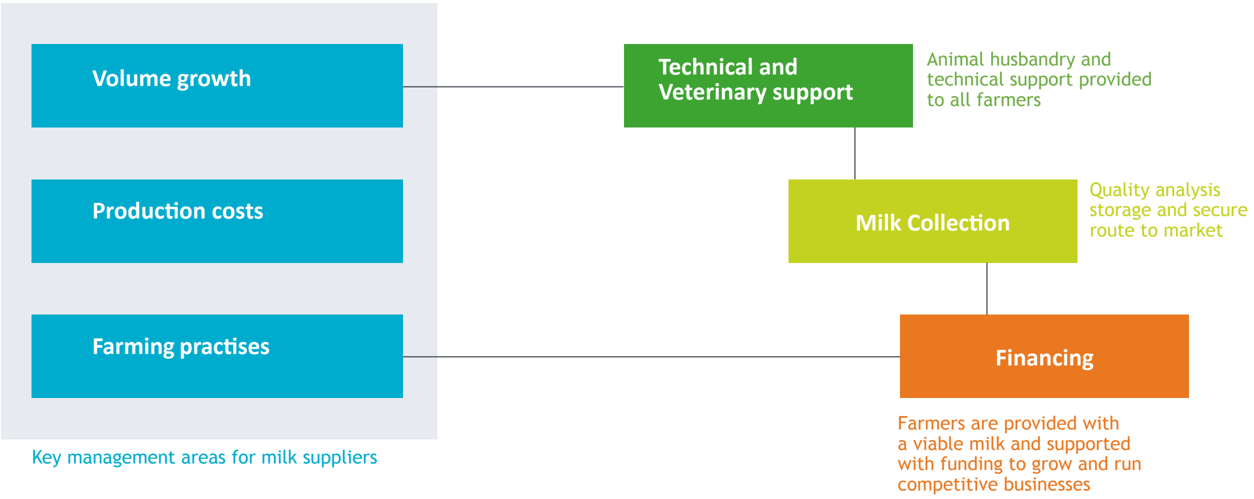
Sustainability Performance (cont.)

Milk Supply

Our business starts with and relies on dairy farmers, ensuring the needs of our consumers are met. Our commitment to supporting farmers for the long term is unwavering, we seek to ensure they are equipped with the right tools to manage their business.

The following diagram illustrates the core support we provide to dairy farmers.

Milk farm



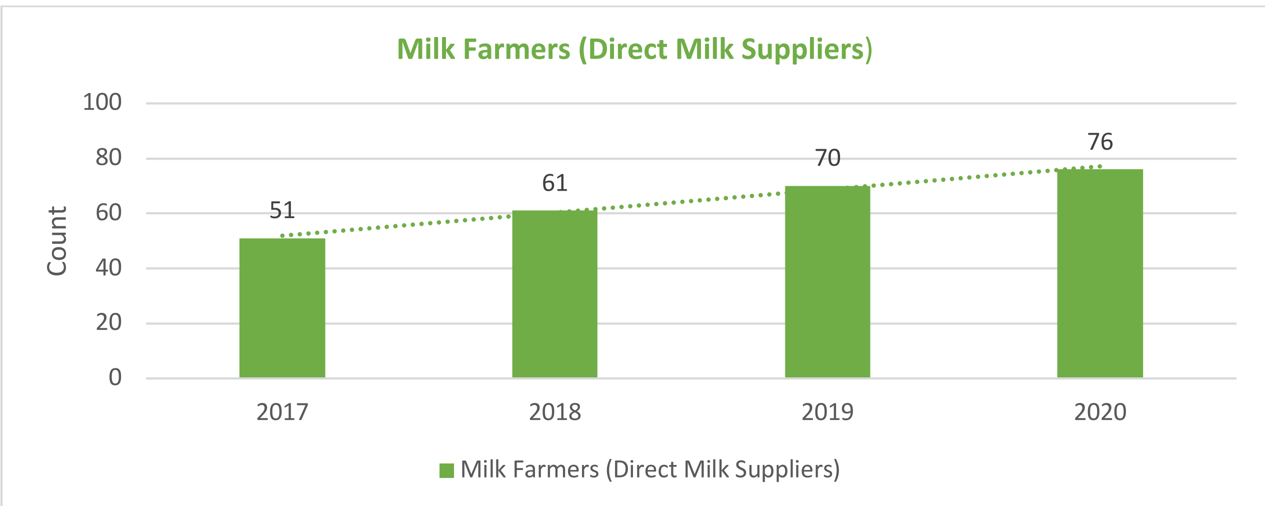
Managing Milk Supply

Dairibord has a Milk Supply Development Unit (MSDU) that provides extension services to its large and small scale milk suppliers to ensure good quality and quantity at fair cost. Through the MSDU staff, farm management and technical support are provided to dairy farmers to ensure compliance with the Dairy Act. Dairibord provides the service of five fully qualified veterinary doctors, free of charge to all of the company's milk producers. This is meant to ease the farmers burden concerning overall animal health and welfare.

Farmer Training

MSDU staff offer training on farm business management, parlour set up, hygiene, clean milking production, milk handling, bulk tank maintenance, pasture management, fodder production and safe storage of both milk and chemicals. The major parameters the unit monitors are raw milk quality, farming practices, volume growth and cost of milk production. Financial resources are fully provided by the company to enable the unit to pursue its objectives which are aligned with the Group's strategy. We have been pursuing a drive to promote and develop small scale farmers to capacitate our future high demand for milk.

Dairy farmers are provided with technical advice on breeding and herd expansion so that farmers can increase their milking herd size. The MSDU assists farmers with the identification, sourcing, and procurement of all the necessary inputs at competitive prices. The farmers have been provided with state of the art milk testing machines that can test all the required milk parameters and milk composition. Dairibord has a total of 76 dairy farmers that supply milk to the company. Out of the 76 farmers, 6 are milk collection centres with over 200 small-scale farmers supplying into them.



Sustainability Performance (cont.)

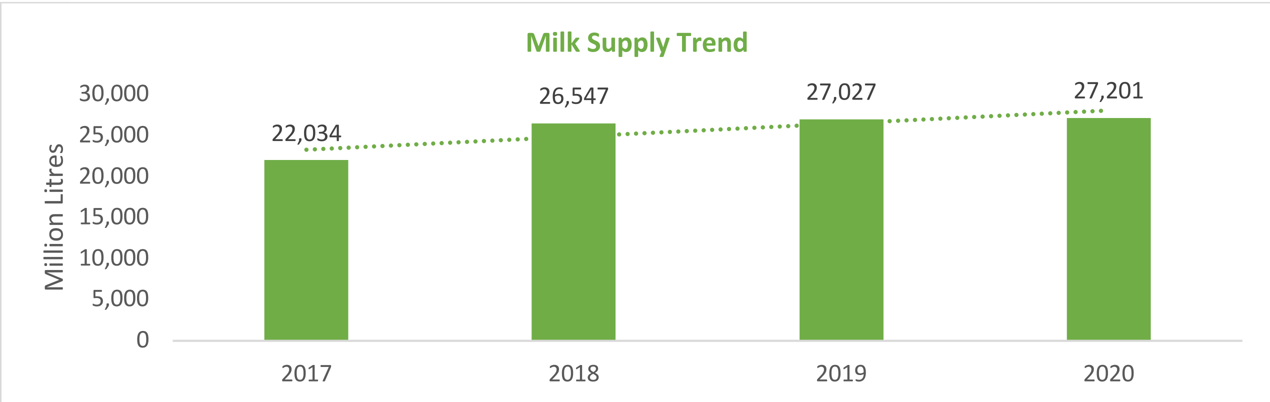
Priority areas for farmer support

- Feed Formulation and Nutrition Support
- Veterinary Support
- Management Consultancy Support (Inter-herd)
- Herd Growth and Projects
- Input procurement support
- Sustainability and Alternative Energy
- Training and Knowledge Sharing

Investment in small scale farmers.

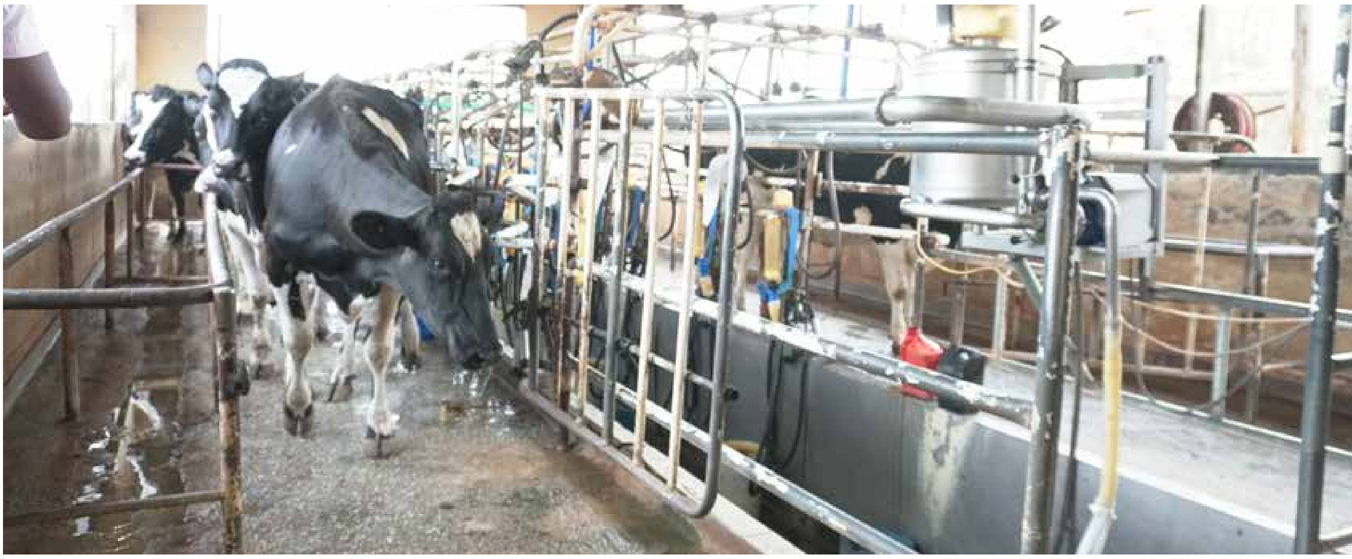
Indicator	2020	2019	2018	2017
Total Milk Intake (Million Litres)	26 941	27 147	24 576	19 875
% of Milk from Small Scale Farmers (including farmers supplying MCC's)	3%	4%	3%	4%

*Small scale farmers milk less than 10 cows and are a member of the Milk Collection Centre



Animal Welfare

The welfare of the dairy herd that produce our milk is critical for our business. This benefits the entire value chain as well-kept animals are more likely to produce higher quality milk. The tests we conduct in our facilities give us a picture of the welfare of the cattle to enable us to track and educate farmers. We provide loans and other support to our farmers to help them source feeding supplements to avoid malnourishment of cattle. Local regulations such as the Prevention of Cruelty to Animals Act (Chapter 19.09) also require proper treatment of animals whether domesticated or not. It is against this understanding that we seek to promote animal welfare in all business relationships with dairy farmers.



Sustainability Performance (cont.)

Milk Supply and Distribution Unit (MSDU) 2020 Initiatives

We-Effect Heifer Distribution Plan

The Zimbabwe Agricultural Growth Program was launched in 2019, funded by the European Union and supported by the Government of Zimbabwe. Under the program, We Effect was nominated as the implementation partner for supporting the diary sector under the theme “Transforming Zimbabwe’s Dairy Value Chain for the Future”. The We Effect program resulted in the distribution of 70 in-calf-heifers to 19 small scale farmers in 2020. Dairibord in partnership with Farm Friends, a Dutch Non-Governmental Organisation (NGO), supported farmers to participate in this program by assisting them to leverage the matching component (an additional 70 in-calf Heifers). The program is expected to improve the viability or small scale operations and contribute to the improvement of livelihoods.

Strategic Alliance and Share Subscription Agreement with Tavistock

The business entered into a Strategic Alliance and Share Subscription Agreement with its largest supplier of raw milk, Tavistock Estate Private Limited, for an Expansion program underway. The agreement will go a long way in helping fund Tavistock’s operations through loan guarantees and other financing mechanisms. DZPL will be accorded voting rights in Tavistock and therefore an opportunity to support the successful implementation of the partnership. The annual raw milk growth volume is set to increase by 15% by the end of 2021.

Hay-baling Pilot Program

Dairibord arranged a facility to supply tractors, mowers and balers for Dairibord producers who do not have the equipment. The 2021 program was well received and is set to gain traction following good rains in 2019/2020 agricultural season.

Sustainability Performance (cont.)

Bulk Buying of Veterinary Vaccines

Dairibord facilitated a program for the bulk-buying of all required vaccines for all our producers. This resulted in an average of a 6% discount from the vet suppliers.

Dairy Farmer Training

- Training by Dr Peter Edmundson and Cow Signals of Holland was postponed indefinitely due to the Covid-19 pandemic.
- Training done for small-scale producers by Animal Genetics – Chinhoyi.
- Dairy Symposium was arranged in Gweru for all DZPL producers. This included all stakeholders in the Dairy Industry – banks, feed companies, solar companies, vet companies, cleaning products, dairy equipment companies. Sadly, due to the first lock-down in April of 2020, this had to be cancelled.

SUSTAINABLE PRODUCTION

Dairibord appreciates the significance of responsible manufacturing. This not only stems from cost cutting and profitability benefits but also from the realisation of the strain imposed on the environment by wasteful and inefficient processes. Our business is committed to the production of goods using processes and systems that do not endanger the very environment on which our future development and survival depends on. Our sustainable production practices have a significant impact on water, energy and food among others. By doing more and better with less, we can decouple economic growth from environmental degradation, while increasing resource efficiency and promoting sustainable lifestyles. We understand how our operations, if not monitored and managed, can impact negatively on the environment which in turn affects our business in the long run. We aim to efficiently use the resources endowed to us in our operations through sustainable production. We want to make our operations as efficient as possible.

Sustainable Production Priorities

- Office and plant redesign to save energy. Reduction in consumption of energy and hence savings in costs and reduced impact on the environment.
- Investing in solar energy to reduce dependency on fossil fuel generated electricity.
- Efficient production planning to minimise consumption of energy and coal.
- Responsible utilisation of water through efficiency and recycling to minimise water abstraction.
- Cost avoidance through material usage efficiency, waste reduction, energy efficiency and water efficiency initiatives.

Management Approach

We have ambitions towards minimising environmental impacts. Dairibord believes that it can make a huge difference by reducing emissions, water use, energy and waste. As such, the Group continues to monitor and take measures to manage solid and liquid waste.

Overall Equipment Effectiveness (OEE)

OEE is a measure of how well a manufacturing operation is utilized (facilities, time and material) compared to its full potential, during periods when it is scheduled to run. By monitoring the OEE during each shift, it is precisely known when disturbances and problems occur. Disturbances often result in wastages and product losses. As such, by continuously managing our OEE, we have become resource-efficient.

Materials sourcing and efficiency

The efficient and economic use of raw materials is key to reaching our sustainability goals. Dairibord values the sustainable use of materials, hence, we continue to improve production efficiency.

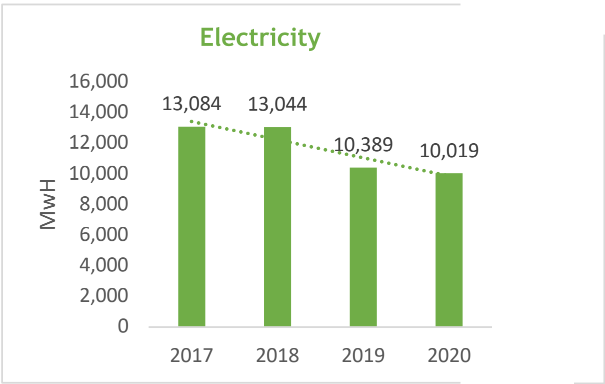
Where possible, we use recycled materials in production. However, due to the nature of our business, we are limited to the materials we can recycle. As such, material usage efficiencies are of paramount importance. The usage efficiency is monitored daily by working out usage yields per product line. The yields are established of Research & Development personnel during the introduction of a new product, a new material, a new processing line and monitored regularly thereafter. Yields for standard packaging materials were 98% for sheeting and 99% for containers (bottles and cups), whilst that of raw materials is 100% (+/-1%). Recycling of scrap HDPE packaging materials is done at Chipinge Blow Moulders during the production of Steri bottles.

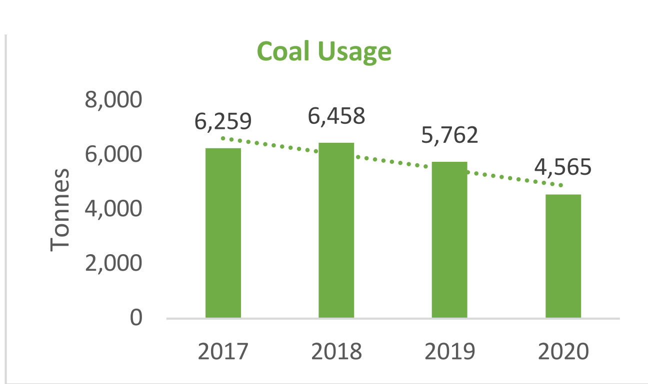
Energy consumption within the organisation

Our operations rely on a constrained grid electricity supply which has forced us to run generators during load shedding periods. Our consumption of diesel increased due to use of generators to supplement grid electricity during load shedding. To manage efficient use of resources, the business has put in place productivity indices as follows: for electricity, our targeted index is 8.25 litres of Product/KWhr consumed and coal 22 litres of Product/1kg of coal consumed.

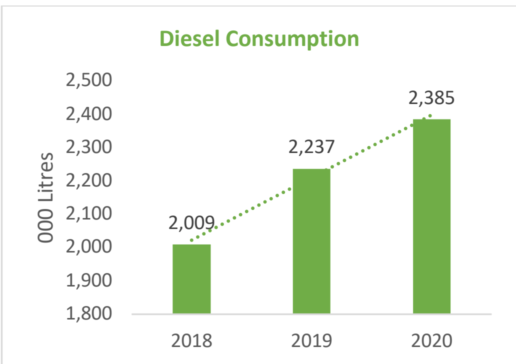
Sustainability Performance (cont.)

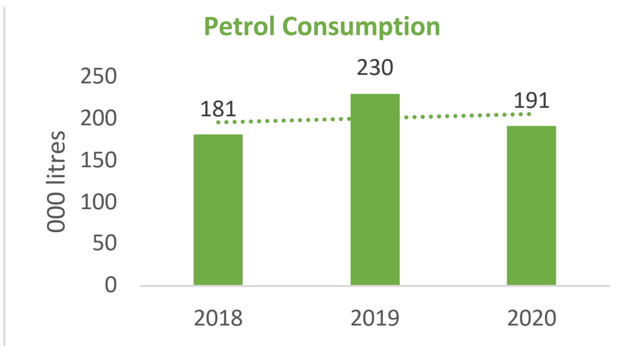
	2020	2019	2018	2017
Electricity (MwH)	10,019	10,389	13,044	13,084
Coal (Tons)	4,565	5,762	6,458	6,259





	Units	2020	2019	2018
Diesel '000' litres	Litres	2,385	2,237	2,009
Petrol '000' litres	Litres	191	230	181





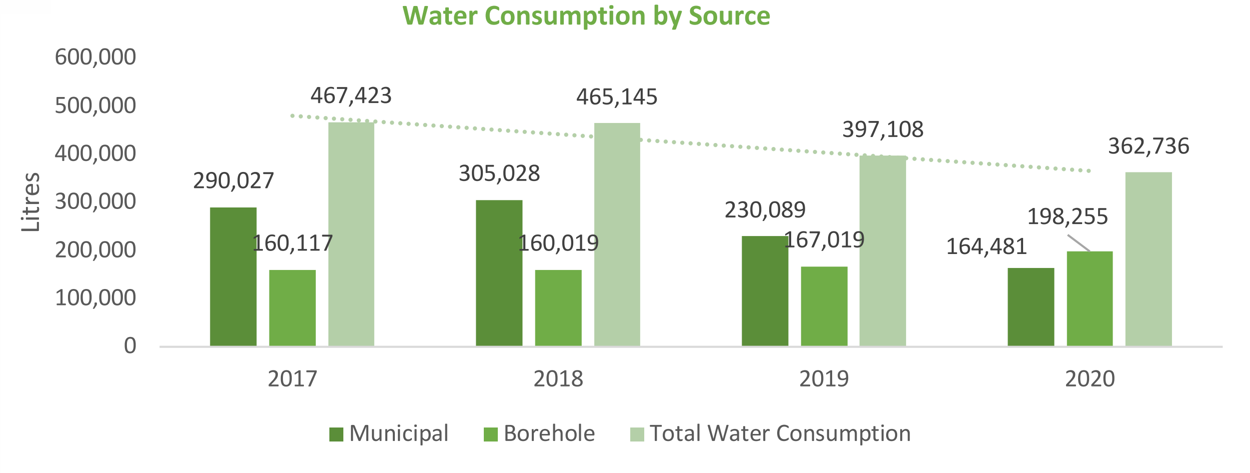
Water consumption

Water is a precious resource used in our operations primarily as a raw material and for cleaning in our facilities. Currently, our major sources of water are the municipal and borehole facilities. Given the priceless value of water, it is our responsibility to protect and respect our water sources by reducing unnecessary wastage and efficiently using it. The key to our management of water is a production planning which is synchronized in such a manner that guarantees a cost-effective utilization of water. Optimum production runs are done to take advantage of economies of scale. Water utilization indices are tracked daily to monitor performance against targets. Each factory has a water utilization index, which is tracked after 24 hours of running.

Water recycling

We use reverse osmosis for treating the water used in our operations and this reduced losses to 30%. This significant volume of water is then used to water our lawns at our facilities which in turn controls dust.

Sustainability Performance (cont.)



Water Source	2020	2019	2018	2017
Municipal (Litres)	164,481	230,089	305,028	290,027
Borehole (Litres)	198,255	167,019	160,117	177,396
	362,736	397,108	465,145	467,423

CARING FOR THE PLANET

Our operations generate waste and emissions which can negatively affect the eco-system of our planet. We generate wastewater, organic waste and plastic waste due to the nature of our business. Wastewater which contains lactose, casein, detergents and sanitisers have negative impacts when released into water bodies. The use of coal, petrol, diesel and grid electricity contribute to greenhouse gases hence we take measures to manage the usage. Dairibord is committed to reducing its environmental footprint by taking proactive measures to reduce negative impacts on the environment.

Management Approach

Our management of waste and emissions is directly tied to the principles of sustainable production and preventive maintenance of machines to improve efficiency and reduce breakdowns, which in turn reduces start-up losses. We are guided by the environmental regulations on the prescribed quality of effluents and emissions that are safe to dispose into the environment. We are setting our ambitions for resources management efficiency on utilities to minimise waste and emissions which contribute to global warming and climate change.

Waste Management Priorities

- Enhancing product responsibility by recycling plastic packaging.
- Waste segregation to recover useful and recyclable materials.
- Optimising emissions performance according to regulatory requirements and benchmarks.

Activities

- Distribution of bins internally and nationally in cities.
- There is a recycling company onsite for all our operating factories.
- Segregation of waste at source.
- Selling scrap/obsolete material for re-use or recycling.
- Partnership with PETROZIM to manage PET.
- Solid waste disposal licence (EMA).
- Monitoring emission levels for our boilers and generators

Sustainability Performance (cont.)

Performance

- The table below shows waste generated and how it was disposed:
- HDPE waste is also sold.

Waste

Waste type	Disposal method	Unit	2020	2019	2018
Coal Ash	Sold	Kg	684,803	633,820	710,400
Packaging waste generated					
Linear Low Density Polyethylene (LLDPE)	Recycling & Landfill	Kg	308,338	519,007	476,307
Biaxial-oriented Polypropylene (BOPP/ VMCPP)	Recycling & landfill	Kg	8,273	9,500	13,453
High Density Polyethylene (HDPE)	Recycling & landfill	Kg	1,687,565	1,817,827	2,713,999
Polyethylene Terephthalete (PET)	Recycling & Landfill	Kg	119,737	189,871	258,661
Polypropylene (PP)	Recycling & landfill	Kg	297,965	160,302	268,608
Liquid Waste					
Effluent	Municipal	M^3	217,642	158,843	186,058
Oils	Sold	Litres	19,249	3,315	

Segregation of waste

We contracted a company to separate reusable and recyclable materials from our waste. This process increased our waste recovery while cutting down on the amount of waste sent for disposal at the dumpsite. The business remains committed to minimising negative environmental impacts from waste discharged during production, distribution or after consumption. Through PETRECOZIM, we supported the recycling of solid waste from our business.

Emissions

The operation of boilers, generators and the use of grid electricity is linked to the release of air pollutants. We take all reasonable actions to reduce impacts related to gaseous waste. Our emissions also contribute to effects of climate change. In this regard, we make efforts to minimise our emissions. Dairibord, like any other factory entity, provides steam to support its facilities. The steam is generated from coal-fired boilers. These boilers emit emissions which are regulated under Statutory Instrument 72 of 2009.

The Group operates generators at our sites to supplement electricity during down time. We engaged an external consultant firm, Enviromark, to conduct quarterly assessments of our nitrogen oxide, particulate matter, carbonic acid, sulphur oxide emissions and air quality impacts in our operations. During the year, the assessments showed that boilers operated in the green band and generators in blue EMA bands.

Emissions reduction activities

- We have eliminated the use of diesel forklifts as a safety precaution and we are now using electric forklifts that do not emit polluting substances.
- Preventative maintenance – the engineering department conducted scheduled maintenance programs to ensure that machinery, generators and boilers are working efficiently to reduce emissions related to equipment.

Sustainability Performance (cont.)

OUR EMPLOYEES AND COMMUNITIES

Human Capital Management

Our employees are a huge pillar of the business. We depend on them to achieve our strategic objectives and to represent the business when engaging with stakeholders. We seek to create an enabling environment that stimulates equal opportunity, fair treatment, dignity and respect so our staff can be productive. Lately, we have seen rising interests from employees regarding the creation of a working environment that facilitates innovation and creativity. We have also called upon our employees to continuously foster respect for the individual in line with our cultural heritage and values.

The business seeks to promote harmonious working relations underpinned by company values and respect for national and industry laws and regulations. The company believes in dignified living and working conditions as well as the social and economic well-being of employees and that these are essential to unlock potential.

The business is significantly dependant on direct contract and permanent employees for the bulk of our operations.

We have however outsourced several services to contractors as follows:

- Merchandising- Merchandising of our products in major retail outlets is outsourced. All the merchandisers are employed by a third party.
- Vending- The vendors are independent contractors who sell our products including ice cream, yoghurt and maheu.
- Security Services – we have outsourced security for all our operations.
- Canteen- staff who work in our facilities are outsourced.
- Cleaning – Head office has outsourced services.

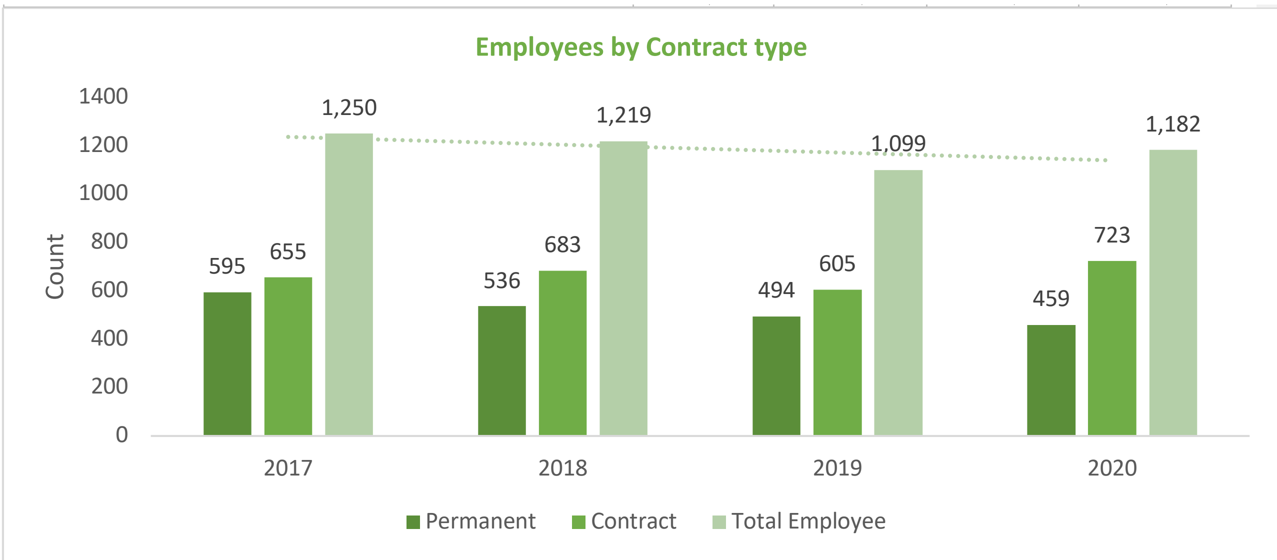
Strategic Priorities for human capital

- Health and Safety.
- Training and development.
- Productivity enhancement
- Respect and fair treatment of all employees.
- Equal opportunity for marginalized groups and gender equality

Sustainability Performance (cont.)

Our People in Numbers

Employee Category	2020	2019	2018	2017
Permanent	459	494	536	595
Contract	723	605	683	655
Total	**1,182**	**1,099**	**1,219**	**1,250**



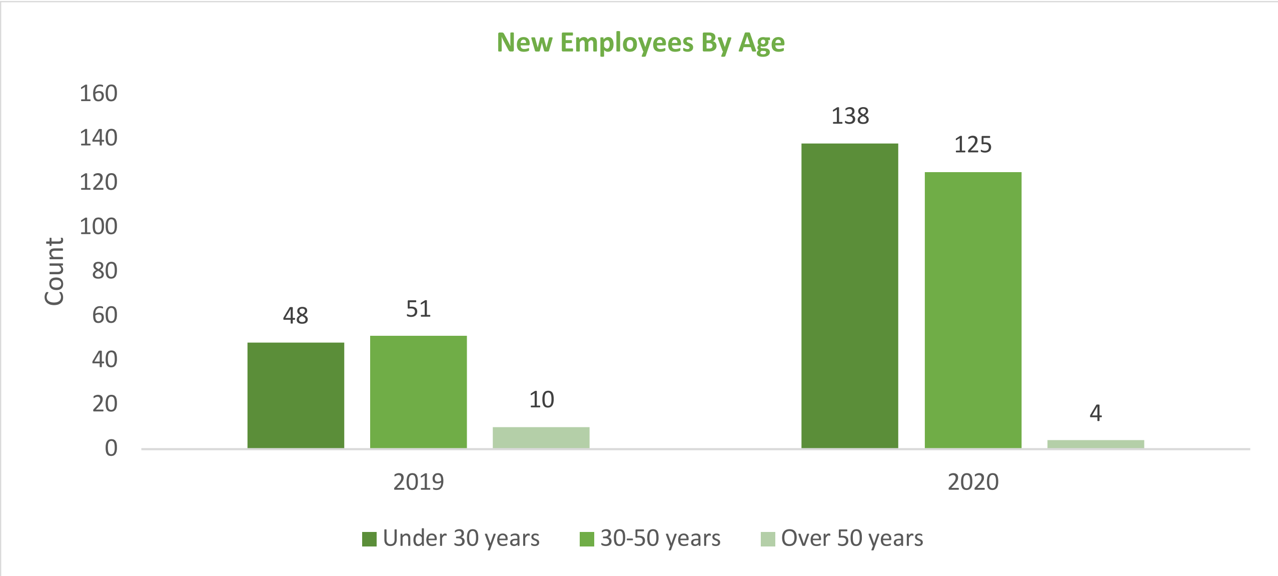
Employment Creation

Dairibord contributes significantly to employment by creating opportunities for the unemployed men and women to become small scale business operators through street vending. Each year, the company avails vending opportunities for over 929 street vendors of which 38% are female. Besides that, through the extensive route to market network, Dairibord has indirectly contributed to employment creation in modern trade, general trade, merchandising companies and transport service companies.

New Employees by age

Employee hire	2020	2019
Under 30 years old	138	48
30-50 years old	125	51
Over 50 years old	4	10
Total new employees	**267**	**109**

Sustainability Performance (cont.)



Employee Economic Empowerment

Dairibord Employee Share Ownership Trust (DESOT) was established in July 1997 to purchase shares in Dairibord, and the employees made history in Zimbabwe by successfully participating in the privatisation of the company, without assistance. The feat has been a leading example that has been followed by other companies. The trust currently owns about 12% shareholding in Dairibord Holdings Limited under Serrapin Investments (Pvt) Ltd, a sign of confidence in the company by past and present employees.

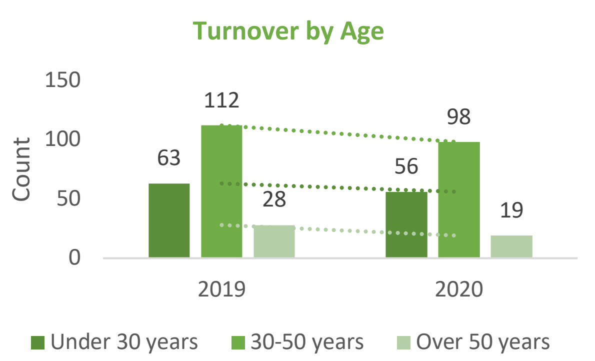
Human Resources Initiatives

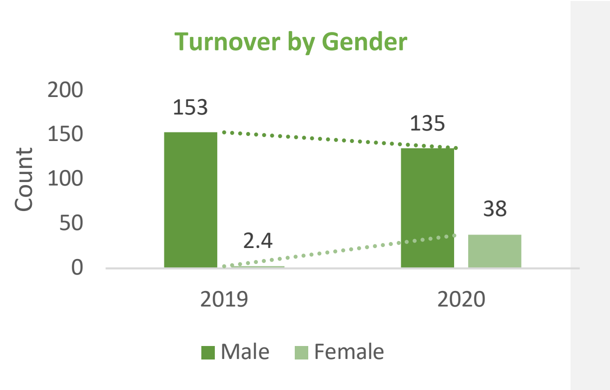
- Leadership developmental programs for managerial employees.
- Retention strategies (salary cushioning, recognition and innovation awards)
- Talent development sessions to assist employees with their career path.
- Equal employment opportunities violence free work place. (Gender based violence ILO program)
- Employee engagement survey (awareness and buy-in to strategy from staff, good relations and team-work).
- Wellness training and events (dental, eye and all chronic illnesses awareness)
- Employee welfare (canteen facilities, medical aid, company clinic)
- Sustainability reporting training – Enhance knowledge of sustainability and managing material topics.

Employee Turnover

	2020	2019	2018	2017
Total Turnover	173	203	87	103

Employees Gender Distribution



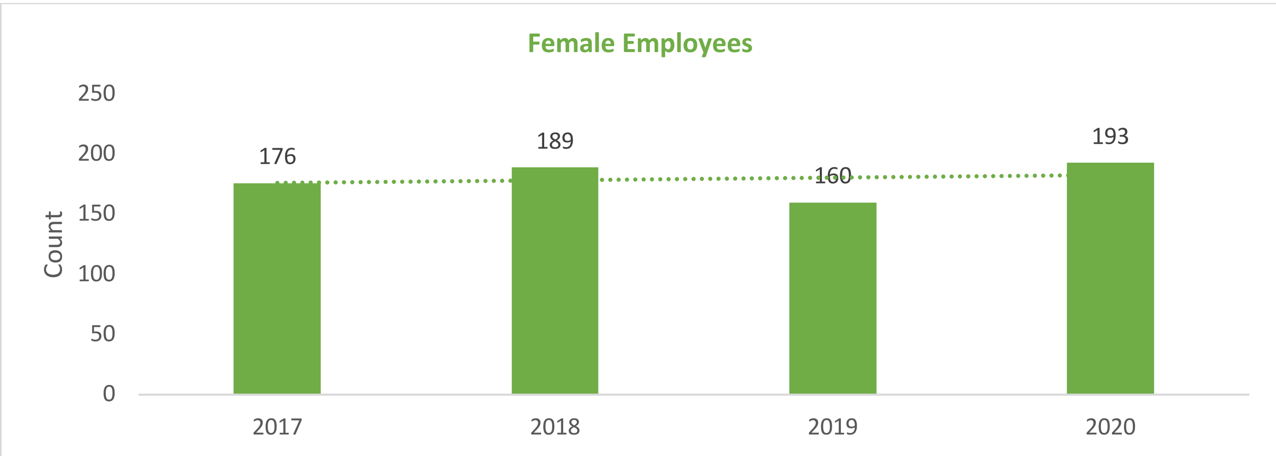


Sustainability Performance (cont.)

Gender disparity remains a key issue in our business environment. We understand how this impedes social development and making women vulnerable to limited opportunities. As such, we continue to uphold the principles of equal opportunities and fair treatment to create a conducive environment where more women aspire to work. The company is an equal opportunity employer committed to fair and transparent recruitment and selection processes that reflect best practices and standards.

Dairibord has an aspirational 30% target for female employee employment. We continue to make progress towards this goal and ensure our workplaces are conducive for women. Currently, we are working with the International Labour Organisation (ILO) office in Zimbabwe on a sponsored program aimed at reducing or eliminating violence within the workplace, especially against women. The business is also developing policies on diversity and gender equality.

Gender	2020	2019	2018	2017
Female	193	160	189	176
Male	989	939	1,030	1,074
The proportion of female employees to Total Employees	**16%**	**15%**	**16%**	**14%**



Gender and Diversity

Dairibord promotes gender equality by providing equal opportunities for both male and female. We encourage women to apply for job opportunities that may arise in our company. Women that are already working for us have an equal chance for promotion to leadership positions when they arise. The diversity in our Board and Executive Management is a testimony of our philosophy of promoting gender and diversity in the workplace.

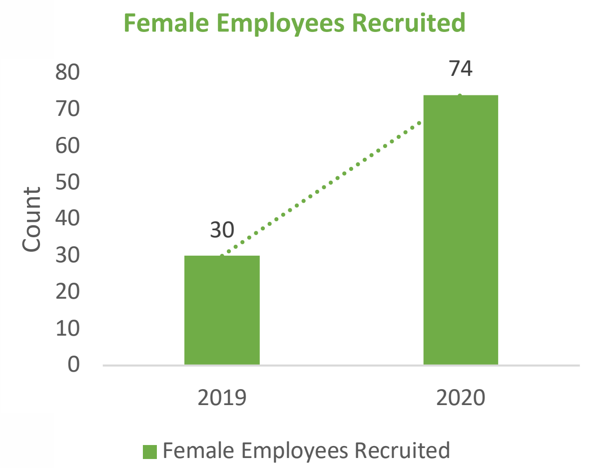
Recruitment

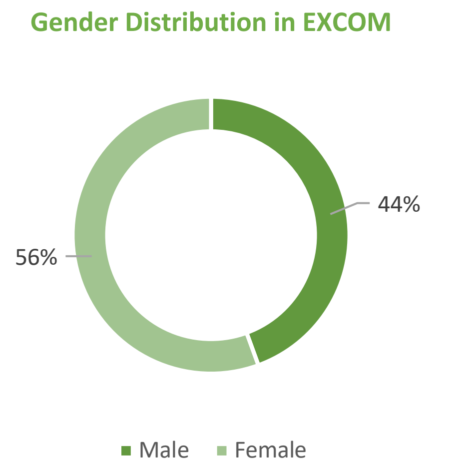
Gender	2020	2019
Female	74	30
Male	193	79

Gender distribution in the Executive Committee

Gender	2020	2019	2018	2017
Female	5	5	5	5
Male	5	5	4	4

Sustainability Performance (cont.)





CREATING OPPORTUNITIES FOR WOMEN

Training and Personnel development

Training provides Dairibord with a platform for building organisational capacity for improved performance. Our employees raised gaps in leadership skills development, succession planning, employee and skills development during the year. In line with our management approach of driving performance and building a learning culture, we aggregated learning needs identified through the balanced scorecard and a training calendar was formulated. All training provided is aimed at closing gaps and to upskill employees for purposes of achieving set targets. During the year, training hours were as follows:

Category	Unit	2020	2019
Executives	Hours	28	24
Management	Hours	1,308	6,444
National Employment Council	Hours	1,295	160

"The 2020 training calendar was disturbed by Covid-19 restrictions therefore most of the training was held virtually"

Sustainability Performance (cont.)

Skills deficit and unemployment continue to be a challenge in Zimbabwe at large. The business has created a platform of opportunities for the youth to gain practical skills as part of their studies while at the same time, presenting the company with an opportunity to be involved in skills development. During the year, we provided opportunities as follows:

Category	2020	2019	2018	2017
Graduate Trainees	-	11	11	-
Students on attachment	24	22	13	19
	24	**33**	**24**	**19**

Remuneration

Our remuneration policy guides us in determining our compensation to our employees. We use collective bargaining agreement as a benchmark for determining salaries for our non-managerial staff who constitute 84% of the total compliment. Management and other executive are paid based on an agreed fixed pay agreement set at competitive rates to attract skilled and talented employees. Incentives are based on collective performance of the group and self-financing schemes.

Sustainability Performance (cont.)

OCCUPATIONAL HEALTH AND SAFETY

At Dairibord, we recognize the importance of providing a safe working environment for our employees. We prioritize this not only as a legal requirement but as a basic human right for our employees. We are committed to ensuring that the safety of our employees, contractors and other clients that do business with us are well protected across all our facilities. We do this by continuous awareness training and promoting the active involvement of our employees on safety and health-related matters. Our Safety, Health and Environment (SHE) department ensures this goal is achieved by working in conjunction with a team of trained safety representatives and first aiders. We also require our employees and partners to comply with established principles and requirements for safety at our premises and outside work.

Management Approach

At Dairibord, we are conscious of the occupational hazards associated with our operations. Our organization is driven by the principles of sustainable growth and promoting a safe working environment. We strive to achieve zero harm in all activities and promoting an injury-free workplace.

Key Priorities

- Complying with all relevant legal instruments and other requirements governing safety, health and environment.
- Preventing accidents, injuries and cases of occupational ill-health that may arise from our operations.
- Providing regular awareness, communication, participation and consultation with all employees, contractors and other stakeholders.
- Communicate and make available to all stakeholders, our policy, environmental aspects and occupational hazards arising from our products and services.
- Continually improving our occupational health and safety performance against measurable objectives and targets.

General Awareness

We provide general awareness to our staff on the hazards and safety risks of activities in our operations. Safety toolbox talks are informal meetings where employees meet to discuss particular safety issues across departments before starting work daily or by shift. They help promote a safety culture.

We also have posters and signage across the plant to educate and remind employees and stakeholders across the plant of the safety risk and safe actions to minimise injury.

International Labour Organization

Partnership with the International Labour Organisation to curb Gender Based Violence

During the year, Dairibord partnered with the International Labour Organisation (and other UN agencies) in the fight against sexual and gender-based violence (SGBV), harmful practices as well as addressing related aspects of sexual and reproductive health and rights.

Staff roadshows were conducted across the country in 2020, however, due to lockdown restrictions, they were put on hold. Representatives from ILO will lead Dairibord in the sessions and staff have been encouraged to participate and contribute towards the development of sustainable policy that ensures a safe work environment for all employees.

PROPOSED PROGRAM 2021

- Policy / Code of Conduct promoting a violence free environment.
- Education and awareness campaign, including development of Information Education and Communication (IEC) material.
- Training of Employees and Gender Equality Champions.
- Provision of technical support to the above process through a trained consultant, who will be seconded to the company to support the policy development process.
- Development of generic material, such as posters, videos, and other content for use through social media platforms

Sustainability Performance (cont.)

Work-related Accidents

Category	Unit	2020	2019
Work related fatalities	Count	-	-
High consequence work-related injuries	Count	11	3
Recordable work-related injuries	Count	23	62
Lost days due to absenteeism	Days	-	115
Lost time injuries	Count	54	16

Sustainability **Performance (cont.)**

COVID-19 RESPONSE

The COVID-19 pandemic disrupted the business environment, testing our resilience and internal systems. Dairibord, like all businesses and communities was significantly affected by the pandemic. the business was designated as an essential service and allowed to operate during the national lockdown. However, the Group had to be more proactive in protecting employees and customers. The pandemic continues to evolve with far reaching impacts that are difficult to predict. Dairibord had to put in place a 'COVID-19 Policy' backed by information provided by the World Health Organisation and local regulations.

The Dairibord COVID19 Taskforce

The COVID-19 policy established Taskforce Committees at each location, chaired by a Senior Manager at the site. The taskforce committees were responsible for supervising, auditing and certifying implementation processes and suggest solutions to any emerging challenges.

Mitigation Measures Implemented

The Group implemented the following measures in line with the Ministry of Health and Child Welfare regulations and WHO guidelines:

1. Food Safety Management Measures

- The World Health Organisation (WHO)'s interim guidance to the food industry encouraged the use of the Food Safety Management Systems (FSMS) based on the Hazard Analysis and Critical Control Point (HACCP) principles in place to manage food safety risks and prevent food contamination.
- Dairibord factories are ISO22000(FSMS) certified, therefore, we had to take advantage of this already existing management system to protect food employees and our customers from exposure or transmission of the virus by strictly monitoring adherence to the standard.

2. Prevention Measures

Management implemented the following measures:

- Provision of masks to all employees and enforcement of proper wearing of these masks
- Temperature checks at entry points
- Hand washing and sanitisation facilities at key points
- Social distancing
- Discouraging visitors and physical meetings
- Encouraging virtual meetings
- Awareness programs
- Reduced number of personnel per office sitting

3. Sanitisation and disinfection protocols

- The business created disinfection and sanitisation zones
- All the personnel responsible for disinfection were provided with the necessary training and protective equipment

4. Handling of COVID-19 cases

- In the event of unfortunate exposure to the COVID-19 virus, the business follows procedures provided in the statutory instrument 174 of 2020 which include the following directions:
- A formal communication to all relevant parties/authorities
- Temporary closure of premises for disinfection
- Sending employees who had direct contact with a COVID-19 positive persons into self-isolation on 7 days' annual leave and where necessary, for testing.

- Putting a COVID-19 positive employee into self-isolation for 14 days.
- During the year, it was very unfortunate that we lost one of our employees due to COVID-19. The employee was exposed to the virus while on leave. However, there were no positive cases recorded within the company premises except one staff from our cleaning out sourced services. As part of strengthening our response to COVID19, we increased the frequency of fumigating our offices and de-congested our operational facilities.

Sustainability Performance (cont.)

Community Investment and the Sustainable Development Goals

Dairibord Holdings believes in healthy and developing communities. As such, the Group thrives to be part of the sustainable development agenda through its contributions and participation. Supporting communities is an integral component of building shared vision and values by Dairibord Holdings. The continuous interaction with communities helps us understand their needs and how our relationship can be enhanced for the long term partnership. Dairibord takes responsibility for improving the lives of those living and working in the areas where we operate.

Management Approach

As part of our belief of ploughing back into the community, we subscribe to the UN's Sustainable Development Goals (SDGs). Our community investment thrust is motivated by the need to promote healthy lifestyles, provide nutritious products, provide access to quality education, supporting and empowering the needy and contribute towards a cleaner environment. We remain indebted to the invaluable role the community plays in helping us achieve our business objectives.

Key Priority Areas for our community activities

- Poverty alleviation – through the employment of street vendors, use of small scale distributors/franchisees as part of our Route to Market and source inputs and services from small scale milk suppliers and farmers- **SDG 1**
- Support for the needy and vulnerable through various donations to Charitable Organisations and cyclone victims as well as food security initiatives- **SDG 2**
- Sports sponsorship- Dairibord Rugby Festival Sponsorship- **SDG 3**
- Educational support for talented but disadvantaged children- **SDG 4**
- Empowering the girl child (55% of EXCOM is female)- **SDG 5**
- Continued investment in PETRECOZIM [Pet Recycling Company of Zimbabwe] Operating expenditure and Capital expenditure- **SDG12**

Community Investments

Target	Purpose of Investments	Organisations Supported	Items Donated	Amount
Education	To support needy but gifted children	Children of employees at supervisor level & below	School Fees per term/ semester	USD1,500
Health	To alleviate the hospital food budget and to quickly free bed space through availing patients with nutritious foods & beverages	Patients and Hospital Staff	Products such as Pfuko, Chimombe, Lacto, tea and peanut butter among others	USD 160,000
Total Community Investments				**USD 161,500**

Management Approach

The operating environment was characterised by domestic and international challenges which significantly affected many companies and stakeholders. The COVID19 Pandemic and National Lockdowns had significant business disruptions. Dairibord was classified as an essential service business, as such, it had to continue operating with restrictions while adhering to WHO regulations. The Group ensured that economic value generated was distributed to strategic priorities in line with the strategic plan and the prevailing economic environment.

Our business model provides a strategic pillar for exploring and exploiting opportunities in the Liquid Milk, Foods and Beverages segments. Our management ensures these opportunities are capitalised on by focusing on our key strengths and priorities. We seek to enhance this process in the future by driving an inclusive approach to wealth generation and distribution so that our economy, employees, our farmers, suppliers and communities benefit through a strong shared vision.

Sustainability Performance (cont.)

Value Added Statement for AR2020

	INFLATION ADJUSTED		HISTORICAL	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Economic Value Generation				
Value Generated	1,729,700,374	1,637,324,452	1,229,967,801	178,320,230
Finance revenue	1,551,868	6,309,519	1,119,943	921,558
	1,731,252,242	**1,643,633,971**	**1,231,087,743**	**179,241,788**
Economic Value Distribution				
Net other operating income/ (expense)	12,423,824	5,126,636	7,898,705	361,146
Selling and distribution expenses	-380,445,800	-463,019,693	-262,105,474	-45,778,034
Staff Costs and benefits	-591,098,081	-430,569,680	-419,319,594	-46,732,257
Administration Expenses	-372,671,380	-238,393,319	-189,225,254	-21,067,480
Discontinued operations	-	-144,664,471	-	-3,781,962
Depreciation and amortisation	-126,980,666	-103,139,720	-11,389,068	-4,808,861
Payments to providers of capital- finance costs and dividends	-90,267,991	-86,905,562	-56,597,099	-4,352,160
Payments to government- income tax	-21,369,476	-181,064,594	-62,599,362	-22,367,569
Value Added	**160,842,670**	**1,003,568**	**237,750,597**	**30,714,610**

Payments to Government

Making payments to government is a significant responsibility and obligation that defines how we contribute to sustainable development. The Group religiously pays its taxes as a responsible corporate citizen. As such, we actively monitor and manage our tax affairs to ensure full compliance and transparency.

We have put in place several measures to manage our tax affairs which include the following:

- Making statutory payments a priority.
- A compliance checklist requires information as to whether all taxes were paid on the due dates and is completed every quarter. This is reviewed by the Board Finance Audit and Risk Committee.
- As and when new laws and regulations are enacted, we adjust our systems to reflect the changes.
- As and when a new Finance Bill is passed:
  - Management holds a training session with tax consultants to review the changes and the impact on the business and how to implement the changes for compliance.
  - Relevant personnel attend tax seminars to keep up to date with any tax changes.

We constantly liaise with our tax consultants on any developments.
We institute a tax health check every three years to ensure that our tax affairs are healthy.
We regularly engage our relationship manager at the Zimbabwe Revenue Authority (ZIMRA).

	2020 '000' ZW$	2019 '000' ZW$	2018 '000' ZW$	2017 '000' ZW$
Corporate Tax	5,197,523	817,718	99,391	-
Corporate Tax – Subsidiaries	89,429,591	6,349,595	1,126,223	53,436
Value Added Tax (VAT)	52,893,344	1,898,940	1,265,184	1,528,735
Import Duty	83,888,388	6,605,681	2,226,080	1,829,945
PAYE	62,578,632	5,169,474	1,357,356	1,582,585
Withholding Tax-10%	5,135,860	565,237	215,812	147,374
Capital Gains Tax	494,000	13,747	15,984	-
Fines	-	-	-	-
Aids Levy	**1,926,654**	**155,084**	**40,721**	**47,478**
Total	**301,543,992**	**21,575,475**	**6,346,750**	**5,189,553**

Sustainability Performance (cont.)

Economic Performance (cont.)
Receipts from government

	2020 '000'	2019 '000'	2018 '000'	2017 '000'
Export Incentives (ZW$)	0	29	36	40

Anti-Corruption

Our company is actively involved in fighting corruption which has potential reputational risk and cost to the business. The business enshrined anti-corruption principles and values to guide employees in all business relations and interactions. Dairibord Holdings has Zero Tolerance for Corruption.

Corruption can occur mostly during procurement of materials. Buyers could be pressured or persuaded or tempted to procure raw materials and products which are uncompetitive and/or of poor quality in exchange for a bribe. We encourage our employees, suppliers and members of the public to report any suspected cases or incidences of bribery. We act to decisively eliminate any forms of corruption through:

- Internal audits
- Spot audits
- Lifestyle audits
- Tip-off anonymous

The internal audit department develops programs with unfettered access to information which may point to possibilities of corruption. The Group subscribed to the Deloitte Tip-off Anonymous and the system has been set up to enable discreet whistleblowing through an external service provider. In 2020, a Risk-Based Audit plan was approved to manage potential risks of corruption.

As part of our continued evaluation of our anti-corruption systems, we have observed an unwillingness by whistle-blowers to come forward for fear of reprisals by perpetrators. In line with continuous improvement, we are investing in more corruption awareness campaigns while reinforcing moral suasion as a strategy. We also intend to provide rewards linked to recovered amounts as an incentive.

Financial Reports

In this Section

Statement of Directors' Responsibility

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to prepare financial statements for each financial year giving a true and fair view of the state of affairs of Dairibord Holdings Limited and its subsidiaries (the Group) as at the end of the financial period as well as the profit and cash flows for the same period.

The Directors are responsible for maintaining records, which disclose with reasonable accuracy the financial position of the Group and Company, and which enable them to ensure that the consolidated and separate financial statements comply with the Companies and Other Business Entities Act (Chapter 24:31). The Directors are also responsible for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

The Directors recognise and acknowledge their responsibility for the Group's systems of internal control. These systems are adequate to provide reasonable assurance that the assets of the Group are safeguarded and that accurate records, necessary for the preparation of the financial statements, are maintained.

The Directors consider that in the preparation of these financial statements, reasonable and prudent judgments and estimates have been made. International Financial Reporting Standards have also been followed, where applicable with suitable accounting policies having been consistently applied subject to limitations imposed by statutes.

Compliance with IFRSs

The consolidated and separate financial statements do not comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), due to non-compliance with IAS 21 Effects of Changes in Exchange Rates, IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, IAS29 Financial Reporting in Hyperinflationary Economies and IFRS 13 Fair Value Measurement. These financial statements are based on the statutory records that are maintained under the historical cost convention, except for land and buildings and investment property that have been measured at fair value.

The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The group and company financial statements for the year ended 31 December 2020 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period.

The financial statements for the year ended 31 December 2020 do not fully comply with IFRS due to the matter detailed below which arose in the prior year on change in functional currency.

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 (S.I 33), which, based on our interpretation:

- introduced an electronic currency called the RTGS Dollar which commenced trading on the interbank market at 1US:2.5RTGS Dollars;
- prescribed parity between the US$ and local currency up to the effective date of 22 February 2019, for accounting and other purposes

The financial statements for the year ended 31 December 2018 and 2019 did not achieve full compliance with IFRS, due to the requirement to comply with SI 33 of 2019 SI 33 created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework, as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. As a result of compliance with SI 33, the accounting treatment adopted in the 2018 and 2019 financial statements was different from that which would have been adopted if the Group had been able to comply with IFRS.

As such, the Directors have not been able to produce financial statements which comply with IFRS and the Companies and Other Business Entities Act (Chapter 24:31). Note 2.1 and Note 2.3(vii) seek to provide users with more information relating to the departure.

Going concern

In view of the subsequent events, the Directors have assessed the ability of the Group to continue as a going concern and have satisfied themselves that the Group is in a sound financial position, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that the preparation of these financial statements, on a going concern basis is still appropriate.

Preparation and audit of the financial statements

The Group and Company financial statements have been audited by the Group's External Auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. The annual report was prepared under the supervision of the Finance Director, Ms. M. Ndoro (PAAB Number: 04593). The Directors confirm that all representations made to the independent auditors during the audit were valid and appropriate.

Approval of the financial statements

The consolidated and separate financial statements for the year ended 31 December 2020 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Mr J.H.K Sachikonye and by the Group Chief Executive, Mr. A. Mandiwanza.

J.H.K Sachikonye

A Mandiwanza
28 April 2021

Directors' Report

The Directors have pleasure in submitting their twenty sixth annual report, together with audited financial statements of the Group for the year ended 31 December 2020.

SHARE CAPITAL

The authorised share capital is 425 000 000 ordinary shares and the number of issued ordinary shares remained at 358 000 858.

RESERVES

The movement in the distributable reserves during the year is outlined below:

	ZW$ Inflation adjusted
Distributable reserves at the beginning of the year (restated)	1 234 135 198
Loss for the year	(76 639 736)
Dividend paid	(7 462 409)
Distributable reserves at the end of the year	1 150 033 052

Movements in other non-distributable reserves are shown in the consolidated statement of changes in equity and in note 21.4 in the financial statements.

DIVIDEND

On 27 April 2021 the board resolved to declare a final dividend of ZW$0.23 per share for the period ended 31 December 2020. The dividend will be paid to shareholders registered in the share register of the company at the close of business on the 14th of May 2021.

DIRECTORATE

There were no changes in the directorate during the year ended 31 December 2020.

AUDITORS

Members will be asked to approve the remuneration of the auditors, Ernst & Young Chartered Accountants (Zimbabwe) of US$107 000, converted to ZW$ at the ruling exchange rate, for the year ended 31 December 2020. Ernst & Young Chartered Accountants (Zimbabwe) who have been the group auditors for more than 10 years will be stepping down at the next AGM and members will be asked to approve the appointment of Deloitte & Touche Zimbabwe as the auditor for the ensuing year.

GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern, including the impact of Covid-19 and believe that the preparation of these financial statements on a going concern basis is still appropriate

S. Punzisani
Company Secretary

28 April 2021

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DAIRIBORD HOLDINGS LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Dairibord Holdings Limited and its subsidiaries (the group) set out on pages 78 to 128 which comprise the inflation adjusted consolidated and separate statements of financial position as at 31 December 2020, and the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statements of changes in equity and the inflation adjusted consolidated and separate statements of cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the inflation adjusted consolidated and separate financial statements do not present fairly, in all material respects, the financial position of the group and company as at 31 December 2020, and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

<u>Non-compliance with International Financial Reporting Standards (IFRS): International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* and IAS 8 - *Accounting Polices, Changes in Accounting Estimates and Errors*</u>

As explained in note 2.1 to the consolidated and separate inflation adjusted financial statements, the Group and Company changed its functional and reporting currency from United States Dollars (US$) to Real Time Gross Settlement Dollars (RTGS$) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Our audit opinion for the year ended 31 December 2019 was therefore modified as management prospectively applied the change in functional currency from US$ to RTGS$ from 23 February 2019, which we disagreed with. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – *Accounting Polices, Changes in Accounting Estimates and Errors*.

The matter continues to impact the following amounts on the consolidated and separate inflation adjusted statements of financial position which still comprise of material amounts from opening balances:

Group:

- ZWL 1 364 786 455 included in Property, plant and equipment of ZWL 1 528 895 240.
- Non - distributable reserves of ZWL 538 854 797.
- Retained earnings of ZWL 1 150 033 052.
- Deferred tax liability of ZWL 373 371 634.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE MEMBERS OF DAIRIBORD HOLDINGS LIMITED

Basis for Adverse Opinion (continued)

Non-compliance with International Financial Reporting Standards: International Accounting Standard (IAS) 21- *The Effects of Changes in Foreign Exchange Rates* and IAS 8 - *Accounting Polices, Changes in Accounting Estimates and Errors (continued)*

Company:

- ZWL 13 700 258 included in Property, plant and equipment of ZWL12 421 883.
- Intangible assets of ZWL 2 250 448.
- Investment in Subsidiary of ZWL 1 153 204 547.
- Retained earnings of ZWL 1 148 063 306.
- Deferred tax liability of ZWL 1 599 354.

Exchange rates used in current year:

In the current year, the Group and Company translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 January 2020 to 22 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at US$1: ZWL25. As in the prior year, we concluded that the interbank exchange rates did not meet the definition of spot exchange rates as per IAS 21, as they were not available for immediate delivery. Consequently, the following amounts are materially impacted:

Group:

- Revenue stated at ZWL 5 268 879 888 (2019: ZWL 4 997 601 895) of which ZWL 79 821 628 is misstated.
- Cost of sales stated at ZWL 3 938 472 308 (2019: ZWL 3 579 663 855) of which ZWL 12 658 945 is misstated.
- Other operating income stated at ZWL 12 423 824 (2019: ZWL 5 126 636) of which ZWL 9 256 593 is misstated.
- Administration expenses of ZWL 570 009 573 (2019: ZWL 410 872 238).
- Income tax expense of ZWL 21 369 476 (2019: ZWL 181 064 594).

Company:

- Other operating income stated at ZWL 1 621 554 (2019: expense of ZWL 472 881) of which ZWL 1 479 663 is misstated.
- Income tax expense of ZWL 4 434 874 (2019: ZWL 8 099 545).

The impact can however not be quantified on all accounts due to the lack of records on appropriate rates and impracticability given the volume of transactions. Our prior year audit opinion was also modified in respect of this matter.

TO THE MEMBERS OF DAIRIBORD HOLDINGS LIMITED

Basis for Adverse Opinion (continued)

Valuation of Investment property and freehold land and buildings (included in property, plant and equipment) – Group only

The Group's Freehold land and buildings (included in property, plant and equipment) were revalued and have a carrying amount of ZWL 1 087 180 000 (2019: ZWL 873 761 476) and the Investment Property is included at a valuation of ZWL 85 070 000 (2019: ZWL 86 319 022) as at 31 December as described in Notes 12 and Note 13 to the inflation adjusted financial statements respectively.

These assets were valued as guided by management experts using historical US$ denominated inputs and converted into ZWL at the applicable closing exchange rates both in the prior year and as at 31 December 2020. For properties, there is a unique disconnect between the currency in which the rentals are being paid (ZWL) and the currency in which the properties are being valued (US$). The implicit investment method was applied for industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties were valued in terms of the market comparable approach. We have concerns over the appropriateness of using a foreign currency for the valuation and then applying a conversion rate to determine the ZWL values of the investment property and freehold land and buildings.

The translation process adopted by management does not meet the fair value measurement principles of the affected items as set out in IFRS 13 "*Fair Value Measurement"* due to the following considerations: 1) With respect to the implicit investment approach, the US$ estimated rentals may not be an appropriate proxy for the ZWL amounts in which rentals are settled. 2) While historical US$ amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rates.

Consequently, property, plant and equipment and investment property may be materially misstated and owing to lack of information on relevant inputs in ZWL, we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our opinion on the prior and current year's consolidated and separate financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Application of IAS29 - *Financial Reporting in Hyperinflationary Economies*

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the following account balances on the consolidated and separate inflation adjusted Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income would have been materially affected:

Group:

- Property, plant and equipment of ZWL 1 528 895 240 (2019: ZWL 1 364 786 455)
- Non - distributable reserves of ZWL 538 854 797 (2019: ZWL 355 677 754)
- Deferred tax liability of ZWL 373 371 634 (2019: ZWL 386 970 307)
- Revenue of ZWL 5 268 879 888 (2019: ZWL 4 997 601 895)
- Cost of sales of ZWL 3 938 472 308 (2019: ZWL 3 579 663 855)
- Other operating income of ZWL 12 423 824 (2019: ZWL 5 126 636)
- Administration expenses of ZWL 570 009 573 (2019: ZWL 410 872 238)
- Income tax expense of ZWL 21 369 476 (2019: ZWL 181 064 594)

Basis for Adverse Opinion (continued)

Application of IAS29 - *Financial Reporting in Hyperinflationary Economies (continued)*

Company:

- Property, plant and equipment of ZWL 12 421 883 (2019: ZWL 13 700 258)
- Intangible assets of ZWL 2 250 448 (2019: ZWL 2 266 294)
- Investment in Subsidiary of ZWL 1 153 204 547 (2019: ZWL 1 153 204 547)
- Non - distributable reserves of ZWL 20 308 850 (2019: ZWL 20 308 850)
- Deferred tax liability of ZWL 1 599 354 (2019: ZWL2 362 004)
- Other operating income of ZWL 1 621 554 (2019: expense of ZWL 472 881)
- Income tax expense of ZWL 4 434 874 (2019: ZWL 8 099 545).

Overall consequential impact

As no restatements have been recorded in current year per IAS8 to correct the above matters, our audit report on the consolidated and separate inflation adjusted financial statements for the year ended 31 December 2020 is further modified for the following reasons;

- Virtually all corresponding numbers remain misstated on the consolidated and separate inflation adjusted Statements of Financial Position, the consolidated and separate inflation adjusted Statements of Profit or Loss and Other Comprehensive Income, the consolidated and separate inflation adjusted Statements of Cash Flows and the consolidated and separate inflation adjusted Statements of Changes in Equity and this also impacts comparability of the current period's figures.

- As opening balances enter into the determination of cash flows and performance, our audit opinion is modified in respect of the impact of these matters on the consolidated and separate inflation adjusted Statements of Profit or Loss and Other Comprehensive Income, the consolidated and separate inflation adjusted Statements of Cash Flows and the consolidated and separate inflation adjusted Statements of Changes in Equity.

The effects of the above departures from IFRS are material and pervasive to the consolidated and separate inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the consolidated and separate Inflation adjusted annual financial statements section* of our report. We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The other information comprises the Chairman's Statement, the Group Chief Executive's Review of Operations, the Sustainability Strategy, the Governance Report, the Directors' Report, the Statement of Directors' Responsibility and Historical Cost Financial Information and related notes but does not include the consolidated and separate inflation adjusted financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate 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 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. As described in the Basis for Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – *Effects of Changes in Foreign Exchange Rates* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 29 – *Financial Reporting in Hyperinflationary Economies* and IFRS 13 – *Fair Value Measurement*. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the consolidated and separate Inflation adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate inflation adjusted financial statements, the directors are responsible for assessing the Company and 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 the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated and separate inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate inflation adjusted 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 based on these consolidated and separate inflation adjusted 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 inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE MEMBERS OF DAIRIBORD HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the consolidated and separate inflation adjusted Financial Statements (continued)

- Obtain an understanding of internal controls 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 Company's and Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 and Company'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 and separate inflation adjusted 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 and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate inflation adjusted financial statements, including the disclosures, and whether the consolidated and separate inflation adjusted 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 and separate inflation adjusted 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 the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of consolidated and separate inflation adjusted 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS
Harare
30 April 2021

Dairibord Holdings
More Than Just Milk

Statements of financial position
as at 31 December 2020

		INFLATION ADJUSTED			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,528,895,240	1,364,786,455	12,421,883	13,700,258
Investment property	13	85,070,000	86,319,022	-	-
Intangible assets	14	5,031,364	7,091,712	2,250,448	2,266,294
Investment in subsidiaries	15	-	-	1,153,204,547	1,153,204,547
Long-term loans receivable	16.1	-	-	81,366,501	43,716,771
Other non-current financial assets		-	2,160,966	-	895,574
Deferred tax asset	25	-	-	-	-
		1,618,996,604	**1,460,358,155**	**1,249,243,379**	**1,213,783,444**
Current assets					
Inventories	17	598,743,673	656,155,950	-	-
Amounts owed by group companies	18.1	-	-	17,976,125	31,132,278
Prepayments		281,450,213	120,418,062	6,744,048	1,678,715
Trade and other receivables	19	291,235,923	253,809,427	124,800	2,669,740
Short-term loans receivable	16.2	-	-	232,112,000	55,624,610
Cash and cash equivalents	20	205,676,518	84,510,326	2,462,215	1,460,523
		1,377,106,327	**1,114,893,765**	**259,419,188**	**92,565,866**
Total assets		**2,996,102,931**	**2,575,251,920**	**1,508,662,567**	**1,306,349,310**
EQUITY AND LIABILITIES					
Equity					
Share capital	21.1	885,875	885,875	885,875	885,875
Share premium	21.2	34,139,924	34,139,924	34,139,924	34,139,924
Non- distributable reserves	21.4	538,854,797	355,677,754	(20,308,850)	(20,308,850)
Retained earnings		1,150,033,052	1,234,135,198	1,148,063,306	1,173,681,075
Equity attributable to owners of the parent		1,723,913,648	1,624,838,751	1,162,780,255	1,188,398,024
Total equity		**1,723,913,648**	**1,624,838,751**	**1,162,780,255**	**1,188,398,024**
Non-current liabilities					
Interest- bearing borrowings	22.1	76,308,333	40,982,682	76,308,333	18,892,929
Share incentive liability	23	28,045,010	-	3,925,124	-
Financial guarantee liability	24	6,997,915	5,665,254	-	-
Deferred tax liability	25	373,371,634	386,970,307	1,599,354	2,362,004
		484,722,892	**433,618,243**	**81,832,811**	**21,254,933**
Current liabilities					
Trade and other payables*	26	364,332,794	351,773,286	18,491,300	17,957,984
Contract liabilities	3	15,762,379	9,213,245	-	-
Interest- bearing borrowings	22.2	363,306,863	87,236,847	235,015,333	70,782,209
Bank overdraft	20	-	20,085,158	-	-
Dividend payable	21.3	395,919	678,683	395,919	678,683
Amounts owed to group companies	18.2	-	-	6,121,902	4,964,121
Income tax payable		43,668,436	47,807,707	4,025,047	2,313,356
		787,466,391	**516,794,926**	**264,049,501**	**96,696,353**
Total liabilities		**1,272,189,283**	**950,413,169**	**345,882,312**	**117,951,286**
Total equity and liabilities		**2,996,102,931**	**2,575,251,920**	**1,508,662,567**	**1,306,349,310**

J.K.H SACHIKONYE
Chairman
28 April 2021

A. MANDIWANZA
Group Chief Executive

**The prior year trade and other payables balance has been restated, to exclude contract liabilities which are now presented separately in the statement of financial position.*

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2020

		INFLATION ADJUSTED			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
Continuing operations					
Revenue from contracts with customers	3	5,268,879,888	4,997,601,895	-	-
Rental income		4,002,667	2,808,518	-	-
Revenue from management services	3	-	-	51,107,404	38,865,307
Revenue from royalties	3	-	-	48,995,575	39,135,317
Revenue		**5,272,882,555**	**5,000,410,413**	**100,102,979**	**78,000,624**
Cost of sales		(3,938,472,308)	(3,579,663,855)	-	-
Gross profit		**1,334,410,247**	**1,420,746,558**	**100,102,979**	**78,000,624**
Net other operating income/ (expense)	4	12,423,824	5,126,636	1,621,554	(472,881)
Selling and distribution expenses	5.1	(546,087,817)	(608,664,099)	-	-
Administration expenses	5.2	(570,009,573)	(410,872,238)	(95,487,792)	(72,172,783)
Impairment loss on trade and other receivables		574,151	991,819	-	-
Operating profit	**6**	**231,310,832**	**407,328,676**	**6,236,741**	**5,354,960**
Fair value gain on investment properties	13	7,954,835	50,438,618	-	-
Exchange gain/ (loss)		958,957	(121,207,909)	2,317,212	4,818,903
Net monetary gain/ (loss)		(214,241,171)	685,045,821	(24,119,283)	(72,808,829)
Finance costs	7	(82,805,582)	(30,604,625)	(37,676,137)	(15,266,096)
Finance revenue	8	1,551,868	6,309,519	39,520,981	19,220,211
(Loss)/profit before tax		**(55,270,261)**	**997,310,100**	**(13,720,486)**	**(58,680,851)**
Income tax expense	9	(21,369,476)	(181,064,594)	(4,434,874)	(8,099,545)
Profit for the year		**(76,639,737)**	**816,245,506**	**(18,155,360)**	**(66,780,396)**
Discontinued operations					
Loss for the year from discontinued operations	11	-	(144,664,471)	-	-
Profit for the year		**(76,639,737)**	**671,581,035**	**(18,155,360)**	**(66,780,396)**
Profit/(loss) attributable to:					
Equity holders of the parent		(76,639,737)	672,663,127	(18,155,360)	(66,780,396)
Non-controlling interests		-	(1,082,092)	-	-
		(76,639,737)	**671,581,035**	**(18,155,360)**	**(66,780,396)**
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax					
Revaluation surplus		183,177,043	393,234,073	-	-
Other comprehensive income that will be reclassified to profit or loss in subsequent periods, net of tax					
Exchange differences on functional currency change		-	(37,556,319)	-	(20,308,850)
Exchange differences on translating foreign operations		-	(31,359,688)	-	-
Recycling of FCTR on disposal of subsidiary		-	130,906,789	-	-
		183,177,043	**455,224,855**	**-**	**(20,308,850)**
Total comprehensive income for the year		**106,537,306**	**1,126,805,890**	**(18,155,360)**	**(87,089,246)**
Total comprehensive income /(loss) income attributable to:					
Equity holders of the parent		106,537,306	1,137,797,641	(18,155,360)	(87,089,246)
Non-controlling interests		-	(10,991,751)	-	-
		106,537,306	**1,126,805,890**	**(18,155,360)**	**(87,089,246)**
Earnings per share (cents)					
Basic earnings for the year attributable to ordinary equity holders of the parent	10	(21)	188		
Diluted earnings for the year attributable to ordinary equity holders of the parent	10	(21)	188		
Headline earnings for the year attributable to ordinary equity holders of the parent	10	(25)	202		
Earnings per share for continuing operations (cents)					
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	10	(21)	228		
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	10	(21)	228		
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	10	(25)	203		

Statements of cash flows

for the year ended 31 December 2020

		INFLATION ADJUSTED			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
Operating activities					
Profit/loss before tax-continuing operations		(55,270,261)	997,310,100	(13,720,486)	(58,680,851)
Loss before tax-discontinued operations			(144,664,471)		-
Adjusted for:					
Depreciation of property, plant and equipment	12	124,515,813	101,507,124	3,542,345	3,325,179
Impairment	12	-	7,392,216	-	-
Amortisation of intangible assets	14	2,464,853	1,632,596	15,846	185,822
(Profit)/loss on disposal of property, plant and equipment and scrap	4	(14,421,348)	(1,777,156)	(761,657)	(33,980)
Loss on disposal of investment property	4	5,779,429	-	-	-
Profit on disposal of scrap	4	-	(2,958,893)	-	-
Loss on disposal of a subsidiary	11	-	141,240,136	-	577,478
Loss on disposal of financial assets at fair value through profit or loss		-	617,034	-	-
Net monetary loss/(gain)		214,241,171	(685,045,821)	24,119,283	72,808,829
Finance income	8	(1,551,868)	(6,309,519)	(39,520,981)	(19,220,211)
Inventory written off	17	3,356,303	12,022,690	-	-
Allowances for credit losses	19	(574,151)	(991,819)	-	-
Loan guarantee costs	24	5,735,000	2,275,892	-	-
Fair value adjustment on investment property	13	(7,954,835)	(50,438,618)	-	-
Exchange losses		47,960,767	44,225,503	-	-
Finance costs		82,805,582	30,604,625	37,676,137	15,266,096
Working capital movements:					
Decrease/(increase)in inventories		57,412,277	(215,122,520)	-	-
(Increase) /decrease in trade and other receivables and prepayments		(168,266,911)	(76,554,888)	(2,520,392)	6,769,744
Decrease in amounts owed by group companies		-	-	13,156,153	-
Increase in amounts owed to group companies		-	-	1,157,779	2,893,106
Increase/(decrease) in trade and other payables, contract liabilities and share incentive liability		42,478,391	3,941,251	(1,667,893)	4,956,831
		338,710,212	**158,905,462**	**21,476,134**	**28,848,043**
Income tax paid		(99,749,635)	(31,804,905)	(3,485,832)	(3,675,136)
Net cash flows generated from operating activities		**238,960,577**	**127,100,557**	**17,990,302**	**25,172,907**
Investing activities					
Purchase of plant and equipment	12	(57,519,951)	(100,153,792)	(2,275,027)	(15,739,397)
Purchase of intangible assets	14	(404,505)	-	-	-
Proceeds from sale of property, plant and equipment		26,644,335	4,946,393	772,715	417,059
Proceeds from sale of investment property		3,424,427	-	-	-
Loans repaid/(issued) to other third parties		-	10,249,076	-	-
Loans issued to subsidiaries	16.3	-	-	(460,077,488)	(128,744,056)
Loans repaid by subsidiaries	16.3	-	-	109,237,373	53,600,327
Finance income on effective interest rate method	8	1,551,868	6,309,519	39,520,981	19,220,211
Prepayments for plant and equipment		(30,191,735)	(41,411,480)	-	-
Net cash outflow from investing activities		**(56,495,561)**	**(120,060,284)**	**(312,821,446)**	**(71,245,856)**
Financing activities					
Proceeds from borrowings	32.3	618,190,886	128,744,056	460,077,488	128,744,056
Repayment of borrowings	32.3	(153,248,542)	(61,356,622)	(109,237,373)	(61,356,622)
Dividends paid	21.3	(6,915,393)	(57,797,497)	(6,915,393)	(57,797,497)
Interest paid*		(80,314,162)	(30,604,625)	(35,474,928)	(15,266,096)
Net cash inflows/(outflows) from financing activities		**377,712,789**	**(21,014,688)**	**308,449,794**	**(5,676,159)**
Net increase/(decrease) in cash and cash equivalents		560,177,805	(13,974,415)	13,618,650	(51,749,108)
Net exchange differences and impact of inflation		(418,926,455)	(204,872,943)	(12,616,958)	17,229,878
Effect of change in functional currency		-	37,556,315	-	20,308,850
Cash and cash equivalents at beginning of the period		64,425,168	245,716,207	1,460,523	15,670,903
Cash and cash equivalents at the end of the period	**20**	**205,676,518**	**64,425,168**	**2,462,215**	**1,460,523**

*Interest paid was reclassified from operating activities to financing activities as the interest relates to interest bearing borrowings which are presented under financing activities.

Statements of changes in equity

for the year ended 31 December 2020

GROUP	Share Capital ZW$	Share Premium ZW$	Non - distributable reserves ZW$ (Note 23.4)	Reserves of assets classified as held for sale ZW$	Retained earnings ZW$	Total ZW$	Non - controlling interests ZW$	Total equity ZW$
	Attributable to equity holders of the parent							
Restated 1 January 2019	**885,875**	**34,139,924**	**-**	**(104,525,779)**	**612,842,026**	**543,342,046**	**(6,997,000)**	**536,345,046**
Profit /(loss)for the year	-	-	-	-	672,663,127	672,663,127	(1,082,092)	671,581,035
Recycling of the FCTR on disposal of subsidiary	-	-	130,906,789	-	-	130,906,789	-	130,906,789
Revaluation surplus on PPE	-	-	393,234,073	-	-	393,234,073	-	393,234,073
Exchange difference on functional currency change	-	-	(37,556,319)	-	-	(37,556,319)	-	(37,556,319)
Exchange differences on translating foreign operations	-	-	(21,450,028)	-	-	(21,450,028)	(9,909,660)	(31,359,688)
Total comprehensive income	**-**	**-**	**465,134,515**	**-**	**672,663,127**	**1,137,797,642**	**(10,991,752)**	**1,126,805,890**
Dividends (Note 22.3)	-	-	-	-	(56,300,937)	(56,300,937)	-	(56,300,937)
Disposal of a subsidiary and reclassification of reserves	-	-	(109,456,761)	104,525,779	4,930,982	-	17,988,752	17,988,752
Restated as at 31 December 2019	**885,875**	**34,139,924**	**355,677,754**	**-**	**1,234,135,198**	**1,624,838,751**	**-**	**1,624,838,751**
Profit /(loss)for the year	-	-	-	-	(76,639,737)	(76,639,737)	-	(76,639,737)
Revaluation surplus on PPE	-	-	183,177,043	-	-	183,177,043		183,177,043
Total comprehensive income	**-**	**-**	**183,177,043**	**-**	**(76,639,737)**	**106,537,306**	**-**	**106,537,306**
Dividends (Note 22.3)	-	-	-	-	(7,462,409)	(7,462,409)		(7,462,409)
As at 31 December 2020	**885,875**	**34,139,924**	**538,854,797**	**-**	**1,150,033,052**	**1,723,913,648**	**-**	**1,723,913,648**

COMPANY	Share Capital ZW$	Share Premium ZW$	Non-distributable reserves ZW$ (note 21.4)	Retained earnings ZW$	Total ZW$
Restated as at 1 January 2019	**885,875**	**34,139,924**	**-**	**1,296,762,407**	**1,331,788,206**
Loss for the year	-	-	-	(66,780,396)	(66,780,396)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(66,780,396)**	**(66,780,396)**
Dividends paid (Note 22.3)	-	-	-	(56,300,936)	(56,300,936)
Exchange difference on functional currency change	-	-	(20,308,850)	-	(20,308,850)
Restated as at 31 December 2019	**885,875**	**34,139,924**	**(20,308,850)**	**1,173,681,075**	**1,188,398,024**
Profit /(Loss)for the year	-	-	-	(18,155,360)	(18,155,360)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**(18,155,360)**	**(18,155,360)**
Dividends paid (Note 22.3)	-	-	-	(7,462,409)	(7,462,409)
As at 31 December 2020	**885,875**	**34,139,924**	**(20,308,850)**	**1,148,063,306**	**1,162,780,255**

Notes to the financial statements
for the year ended 31 December 2020

1. CORPORATE INFORMATION

The financial statements of Dairibord Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorised for issue on 28 April 2021 in accordance with a resolution of the directors and signed on their behalf by the Chairman and the Group Chief Executive. Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe. The registered office is located at 1225 Rekayi Tangwena Avenue, in Harare. The Group's principal activities are the manufacturing, processing, marketing and distribution of milk products, foods and beverages.

2. ACCOUNTING POLICIES

Accounting policies and methods of computation applied in the preparation of these financial results are consistent, in all material respects, with those applied in prior year.

2.1 Basis of preparation

The consolidated financial statements do not comply with International Financial Reporting Standards (IFRS) due to departure from the requirements of IAS 21 Effects of Changes in Exchange Rate, IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, IAS 29 Financial Reporting in Hyperinflationary Economies and IFRS 13 Fair Value Measurement. These financial statements are based on the statutory records that are maintained under the historical cost convention, except for land and buildings and investment property that have been measured at fair value.

The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The group and company financial statements for the year ended 31 December 2020 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period.

The consolidated financial statements are presented in Zimbabwean Dollars (ZW$), which is the Group's functional and presentation currency. The group changed its functional currency in February 2019, following the issuance of Statutory Instrument (SI) 33 of 2019 by the Government of Zimbabwe. The Statutory Instrument gave birth to the RTGS dollar (now the Zimbabwean Dollar) prescribed parity between the United States Dollar (USD) and the local currency as at and up to 22 February 2019. In addition, the statutory instrument also prescribed the manner in which certain balances in the financial statements were treated for accounting purposes, as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

2.1 (a) Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement on the application of IAS 29. This followed runaway inflation experienced in Zimbabwe. The pronouncement required that entities operating in Zimbabwe with financial periods ending on or after 1 July 2019 prepare and present financial statements in line with the requirements of IAS 29.

The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the Zimbabwe Dollar and for purposes of fair presentation in accordance with IAS29, these changes have been made on the historical cost financial information.

With effect from June 2020, the Zimbabwe statistical office publishes blended inflation and CPI as well as a ZW$ inflation and CPI. As the Group's functional currency is the ZW$, the ZW$ all items CPI was used in adjusting the historical financial statements for inflation. The ZW$ CPI was obtained from the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2020:

	Indices	Adjustment Factor
CPI as at 31 December 2020	2475.51	1.00
CPI as at 31 December 2019	551.63	4.49
CPI as at 31 December 2018	88.81	27.86
Average CPI for 2020	1500.05	

The main procedures applied for the above-mentioned restatements are as follows:

- Monetary assets and liabilities were not adjusted for inflation as they are carried at amounts current at the balance sheet date and are already expressed in terms of the monetary unit current at the balance sheet date.
- Non-monetary assets and liabilities were adjusted for inflation from the date of acquisition, except for freehold land and buildings and investment properties which were revalued in the prior year and have therefore been restated from the date of the last valuation. Deferred income tax balances are calculated after the restatement of non-monetary assets and liabilities.
- Shareholders' equity was restated by applying the relevant inflation adjustment factors from the date that the equity arose.
- Opening balances for property, plant and equipment and Investment Property were restated using an adjusting factor of 4.49 based on the Consumer Price Index (CPI) before calculating depreciation and the fair value gain or loss for the current year.
- All items the statements of profit or loss and other comprehensive income were adjusting by applying the relevant monthly CPI adjustment factors. Depreciation and amortisation is calculated based on the restated opening balances for property, plant and equipment and intangible assets.
- All the comparative corresponding financial information was restated using an adjusting factor of 4.49 based on the Consumer Price Index (CPI).
- The statement of cash flow is prepared based on the restated numbers in the statement of profit or loss and the statement of financial position. Other cash flow transactions are restated from transaction date. The monetary gain or loss on cash and cash equivalents and the effect of inflation on operating, investing and financing activities is presented as one number under cash and cash equivalents.

IAS 29 requires that the restated amount of a non-monetary item be reduced, in accordance with the appropriate IFRSs, when the restated amount exceeds the recoverable amount. Accordingly, the Group assessed the restated values of property, plant and equipment and inventory for impairment in accordance with IAS36 and IAS2, respectively. The restated balances were considered recoverable and no impairment loss was recognised relating to IAS29.
A net monetary loss has been recognised following the restatements resulting in reduction of current year profit.

2.1 (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dairibord Holdings Limited and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non – controlling interest.
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Group determines whether a subsidiary is materially owned by reference to such factors as rights or control the non-controlling shareholders have on the subsidiary principally the right to appoint directors to the Board of the subsidiary.

2.2 Changes in accounting policies and disclosures

Below is a list of standards, amendments to or interpretations of standards that have been issued and are required to be adopted for annual periods beginning on or after 1 January 2020.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Definition of a Business (Amendment to IFRS 3)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

Of the standards and amendments listed above, only the Definition of Material (Amendment to IAS 1 and IAS 8) is relevant to the Group and has been explained in detail below.

Definition of material (Amendments to IAS 1 and IAS 8)
Effective for annual period beginning on or after 1 January 2020.

Key requirements
In October 2018, the IASB issued amendments IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of material across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information is material in the context of the financial statements.

When making materiality decisions, management considers how the information being assessed could reasonably be expected to influence the primary users of the financial statements. Management applies judgement in assessing materiality when preparing the financial statements and follows the four step materiality process summarised below:

a) **Step 1** – identifies the information that has the potential to be material
b) **Step 2 –** Assesses whether the information identified in step 1 is in fact material
c) **Step 3** – Organises the information in the draft financial statements in a way that clearly communicates the information to users
d) **Step 4** – Reviews the draft financial statements to determine whether all material information has been identified and materiality considered from a wider perspective and in aggregate, on the basis of the complete set of financial statements.

Based on the above process, there has been no significant change in the items presented and disclosed in the financial statements and therefore the amendment has no material impact on the Group.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

i) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still in line with those determined last year. Refer Note 2.4 (g) for the useful lives of property, plant and equipment and Note 12 for the carrying amount of property, plant and equipment balances.

ii) Revaluation of land and buildings and investment property

The Group measures freehold land and buildings and investment property in line with the policy disclosed in Note 2.4 (g). In line with the policy, freehold land and buildings and investment property was valued by an independent valuer, Dawn Property Consultants Limited, as at 31 December 2020. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. The valuation relied on comparable rentals inferred from offices and industrials within the locality of the properties based on use, location, size and quality of finishes. These rentals were then annualised and a capitalisation factor was applied to give the market values of the properties.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate as at 31 December 2020. Refer to note 12 and 13 for the carrying amount of land and buildings and investment property as well as the estimates and assumptions used to determine the fair values.

iii) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually. Refer to section 2.4(p) on the impairment of intangible assets.

iv) Allowance for expected credit losses of trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 32.2 and 19, respectively.

v) Provision for obsolete stocks

The Group assesses the movement of its inventories to identify slow moving stocks. Raw material items which are no longer used in the manufacture of goods and slow moving finished goods stocks are provided for as obsolete at the carrying amount of the inventory items. Slow moving stocks are identified based on expiry dates for raw materials and finished goods. In addition, inventory is inspected for physical damage or observable signs of obsolescence during inventory counts.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

vi) Functional currency assessment

Significant judgement is required to determine the functional currency. The currency that mainly influences sales prices, currency of the country whose competitive forces and regulations mainly determine sales prices, currency that mainly influences labour, material and other costs are the primary considerations. Other considerations include currency in which funds (financing activities) are generated and the currency in which receipts from operating activities are usually retained and the underlying currency of the major items on the statement of financial position.

During the year ended 31 December 2020, the Government of Zimbabwe, issued Statutory Instrument 185 of 2020 (S.I 185 of 2020) which re-introduced the US$ as legal currency in Zimbabwe. This resulted in the Group transacting both US$ and Zimbabwean Dollar (ZW$). Although the Group transacted in both ZW$ and the US$, the majority of the transactions were in ZW$ hence management believes that the functional currency of the Group remained the ZW$. Management continues to monitor the key factors that drive the determination of functional currency in accordance with IAS21.

vii) Foreign exchange rate

Since 22 February 2019 and in compliance with S.I 33, the Group applied the interbank exchange rate to translate foreign currency denominated transactions and balances to ZW$. This includes the period between March and June 2020 when the interbank exchange rate was fixed at 25. The Reserve Bank of Zimbabwe introduced the foreign exchange auction system which was effective from 23 June 2020. The Group therefore applied this foreign exchange auction rate from that date until year end. We believe that the auction rate approximates an IAS 21 compliant exchange rate because it is observable and legal. In addition, the Group had immediate access to this system and was successful in obtaining foreign currency on the auction system.

viii) Cash-settled share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share appreciation rights which are settled in cash (cash-settled transactions).

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in the employee benefits expense in the statement of profit or loss (Note 6). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 23.

2.4 Summary of significant accounting policies

a) Foreign currency translation

The financial statements are presented in Zimbabwe Dollars (ZW$), which is also the Group's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the interbank foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the interbank foreign exchange rates ruling at the reporting date.

All differences arising on settlement or translation of monetary items are taken to profit or loss as exchange gains or losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gains or losses on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

b) Revenue and other income recognition

The Group is in the business of selling liquid milks, foods and beverages. In addition, the Group leases out its investment property. The leases are accounted for in accordance with IFRS 16. At company level the revenue comprises of royalties and management services. Revenue is recognised in terms of IFRS 15 considering whether performance obligations are satisfied at a point in time or over time. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax, rebates and discounts.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4(iv).

i) Revenue from contracts with customers

The Entity recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity allocates the transaction price to each performance obligation based on stand-alone selling prices that depict the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The entity satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The entity's performance does not create an asset with an alternate use to the entity and the entity has as an enforceable right to payment for performance completed to date.
b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

c) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

i) Sale of goods

Revenue from sale of goods (liquid milks, foods and beverages) is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is up to 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of the goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

- **Variable consideration**

  If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is constrained to the extent that it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

- **Rights of return**

  Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- **Volume rebates**

  The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section e) Financial instruments – initial recognition and subsequent measurement.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due. Contract liabilities are recognised as revenue when the Group performs under the contract.

ii) Revenue from management fees (Rendering of services)

The company recognizes management services within the inter-segment revenue. The performance obligation is satisfied over time. This is because the benefits derived from the services are simultaneously received and consumed the as they are performed. As the company provides management services to subsidiaries, the services from the technical employees are enjoyed though their service throughout the month. The income will be measured on a time basis where the portion earned as a result of the time lapsed will be recognised as revenue.

iii) Revenue from royalties (Rendering of services)

Royalties are charged by the holding company to the subsidiary for its use of the brands and patents which are owned by the former. The subsidiary uses the brands and patents on a daily basis through production and marketing of goods and the holding company invoices for use of its brands monthly. This constitutes a right to access the brands and thus the Holding company recognises revenue as the goods (made using the brands) are sold i.e. monthly.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

iv) Other income

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Dividend income

Revenue is recognised when the Group's right to receive payment is established, which is generally when the shareholders approve the dividend.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be received from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it occurred during the measurement period or recognised in profit or loss if it is incurred after the measurement period.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Employee benefits

Short term employee benefits

Short term employee benefits are those expected to be wholly settled with 12 months after the end of the reporting period during which the employee services are rendered, but do not include termination benefits. Examples include salaries, wages, bonuses, non-monetary benefits paid to current employees.

The undiscounted amounts of the short term employee benefits to be paid are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pensions and other post-employment benefits

Retirement benefits are provided for Group employees through independently administered defined contribution funds, including the National Social Security Authority Scheme in Zimbabwe. Contributions to the defined contribution fund are recognised in profit or loss as they fall due. The cost of retirement

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

benefits applicable to the National Social Security Authority Scheme and National Social Security Fund is determined by the systematic recognition of legislated contributions.

Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognises termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period, the present value of the benefits shall be determined. The discount rate used to calculate the present value shall be determined by reference to market yields on high quality corporate bonds at the end of the reporting period. There were no termination benefits paid during the year.

e) Financial assets

Initial recognition and classification
On initial recognition, financial assets are classified, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (b) Revenue from contracts with customers.

A financial asset classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI test).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the definition to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets – assessing whether contractual cash flows are solely payments of principal and interest

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending costs such as liquidity and administrative costs.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification.

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group has no financial assets held through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

- Allowance for expected credit losses on financial assets held at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables (note 32.2 and 19)
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment such as unemployment rates, growth in GDP.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Other receivables
For other receivables, the Group applies the general approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

f) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include interest bearing borrowings including bank overdraft, financial guarantee liability and trade and other payables. The Group's financial liabilities include interest bearing borrowings, trade and other payables and amounts owed to group companies.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or is designated as such on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

Interest bearing borrowings (note 22)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The interest expense and any foreign exchange gains and losses on the interest bearing borrowings are recognised in profit or loss. Interest expense is included in finance costs, exchange gains and losses are included in other operating income and other operating expenses, respectively.

Financial guarantee liability (note 24)
The Group guaranteed loans issued to its farmers and staff by Stanbic Bank Limited. The financial guarantee liability is initially measured at fair value and subsequently measured at the higher of the expected credit loss on the guarantees and the present value of the differential loan cash flows, calculated by discounting the difference in cash flows between the interest rate the borrower would have been charged had there been no guarantee and the interest rate charged on the guarantee.

Trade and other payables (note 26)
Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

De-recognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

g) Property, plant and equipment
Recognition and measurement
Property includes freehold land and buildings. Property is measured at fair value less subsequent accumulated depreciation and subsequent impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Plant, furniture, fittings, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The revaluation reserve will be utilised upon the de-recognition of the asset. The revaluation surplus will be transferred to retained earnings upon the de-recognition of the asset.

Plant and equipment is measured at cost, which includes the cost of replacing part of the plant and equipment and capitalised borrowing costs if the recognition criteria are met, less accumulated depreciation and impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation
The Group's policy is to depreciate property, plant and equipment evenly over the expected life of each asset, with the exception that no depreciation is charged on land and assets under construction and not yet in use. The expected useful lives of the property, plant and equipment are as follows:

Buildings	40 years
Plant	3-10 years
Furniture, fittings and equipment	2 – 10 years
Motor vehicles	
- Light	5 years
- Heavy vehicles and trailers	8 years

The carrying amounts of property, plant and equipment are reviewed at each reporting date and are assessed for impairment in line with the policy disclosed in (i) "impairment of non-financial assets".

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognised.
The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Adjustments are made prospectively as a change in accounting estimate.

h) Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

i) Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated, by valuation multiples, quoted public share prices for publicly traded entities or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating units, to which the

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the functions of the impaired assets, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income, up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date, as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Refer to (p) for detailed information pertaining to impairment of intangible assets.

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group has commercial lease agreements on commercial buildings. The leases are for a one year period with renewal options included in the contracts. There are no restrictions placed upon the Group in entering into the lease. Each party has the right to terminate the lease at the end of the lease term. Coupled with hind sight in which the Group had leases that were not extended beyond 12 months, the Group applied the available practical expedient in terms of IFRS 16 and elected not to account for the right of use asset on these leases which have lease terms that are less than 12 months. The effect of adoption of IFRS 16 as at 1 January 2019 for the Group was NIL. Operating lease payments are recognised as an operating expense in profit or loss on a straight line basis over the lease term and is disclosed in Note 6.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Share based payment arrangements

The fair value of the amount payable to employees in respect of cash settled share appreciation rights awarded by the Group is recognised as an expense with a corresponding increase in liabilities, over the period, during which the employees become entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised in profit or loss. Refer to Note 23 for detailed information relating to the Group's share based payments.)

l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Materials and consumables are valued at the purchase cost on a weighted average basis.
- Finished goods and work in progress are valued at the standard costs for direct materials costs, labour and an appropriate portion of manufacturing overheads based on normal operating capacity, but excluding borrowings costs. At the point of sale of finished goods, the cost of the stock, as valued above, is moved from inventory in the statement of financial position to cost of sales in the statement of profit or loss and other comprehensive account.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months less bank overdrafts.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o) Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

Contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

p) Intangible assets

The Group's intangible assets consist of accounting, business intelligence and auditing software. The software has a remaining useful life of 6 years. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Currently the Group's intangible assets consist of assets assessed as finite and are amortised over a period of 10 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development costs as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation of capitalised development costs is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

q) Fair value measurement

The Group measures non-financial assets such as land and buildings and investment property, at fair value at reporting 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Financial assets in equities listed on the Zimbabwe Stock Exchange are valued by reference to the price as published on the reporting date.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

For the purposes of fair value disclosures the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierachachy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair value values are disclosed, are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierachy Note 31
- Property, plant and equipment under revaluation model Note 12
- Investment properties Note 13
- Financial instruments (including those carried at amortised cost) Note 32

r) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

s) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 11 and 30. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

t) Cash dividend

The Group recognises a liability to pay a dividend when the distribution is declared and the distribution is no longer at the discretion of the Group. As per the corporate laws of Zimbabwe, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

u) Investment in subsidiaries

Investments in subsidiaries in the separate financial statements are initially accounted for at cost, which is the consideration paid or transferred as at the date of acquisition. Subsequent to initial recognition, the investments in subsidiaries are accounted for at cost less accumulated impairment losses.

2.5 Standards and amendments issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

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

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

3 Revenue from contracts with customers

The Group generates revenue primarily from the sale of liquid milks, foods and beverages. Other sources of revenue include rental income from leased investment properties. The Group obtains most of its revenue from the domestic market.

3.1 Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

GROUP

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms	Revenue recognition policy
- Liquid milks **- Foods** **- Beverages**	Customers obtain control of the products (all products) when the goods are dispatched from the Group's warehouse. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. No material discounts are offered for the products. There are no other performance obligations in the customer contracts.	Revenue is recognised when the goods are dispatched from the Group's warehouse.

COMPANY

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms	Revenue recognition policy
- Management services **- Royalties**	Invoices are generated monthly and are usually payable within 30days.	Revenue is recognised over time as the services are rendered. The amount for management fees is measured as a percentage of the expenses of the company. For royalties, the revenue amount is determined based on the revenue generated by the subsidiary which uses the brand/trademark of the company.

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
3.2 Disaggregated revenue information				
Type of goods				
Sale of liquid milks	2,062,127,394	1,912,286,496	-	-
Sale of foods	1,080,639,409	897,414,271	-	-
Sale of beverages	2,126,113,085	2,187,901,128	-	-
Revenue from management services	-	-	51,107,404	38,865,307
Revenue from royalties	-	-	48,995,575	39,135,317
Total revenue from contracts with customers	**5,268,879,888**	**4,997,601,895**	**100,102,979**	**78,000,624**
Market segment				
Domestic	5,044,489,416	4,720,675,369	100,102,979	78,000,624
Export	224,390,472	276,926,526	-	-
	5,268,879,888	**4,997,601,895**	**100,102,979**	**78,000,624**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
3.3 Contract assets and liabilities				
Trade receivables (Note 20)	285,281,128	236,085,955	-	-
Amounts owed by group companies (Note 18.1)	-	-	17,976,125	30,576,929
Contract liabilities	15,762,379	9,213,245	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. In 2020, ZW$ 6 410 931 (2019:-ZW$1 831 097) was recognised as allowance for credit losses on trade receivables.

Contract liabilities include advances received to deliver goods in 2020 and all are short term. In the prior year contract liabilities were included in trade and other payables. The balance has now been presented separately on the face of the statement of financial position.

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
4 Net other operating income/(expense)				
Profit on disposal of property, plant and equipment	14,421,348	1,777,156	761,657	33,980
Loss on disposal of investment property	(5,779,429)	-	-	
Loss on disposal of financial assets at fair value through profit or loss	-	(617,034)	-	(39,556)
Profit on disposal of scrap	-	2,958,893	-	-
Loss on disposal of a subsidiary	-	-	-	(577,478)
Export incentive	-	659,887	-	-
Sundry income	3,781,905	347,736	859,897	110,173
	12,423,824	**5,126,636**	**1,621,554**	**(472,881)**

Other operating income and expenses have been presented on a net basis for both 2020 and 2019. In the prior year financial statements, other operating income and other operating expenses were presented separately. In addition the net operating income/expenses have been restated to exclude fair value adjustments and exchange differences which are now presented as separate items in the statement of profit or loss after the operating profit. This has resulted in a decrease in the prior year operating profit, however this has no impact on the profit before tax.

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
5 OPERATING EXPENSES				
5.1 Selling and distribution costs				
Employee benefit expenses	153,888,037	132,796,727	-	-
Fuel and hire charges	109,935,249	91,587,416	-	-
Repairs and maintenance costs	74,906,397	51,002,550	-	-
Merchandising costs	13,347,856	17,809,587	-	-
Depreciation	11,753,979	12,847,679	-	-
Advertising and promotions	25,696,166	40,792,357	-	-
Other costs**	156,560,133	261,827,783	-	-
	546,087,817	**608,664,099**	**-**	**-**

**Other costs relate to several sundry items which include consumables, insurance, utilities, stationery and printing.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
5.2 Administration expenses				
Employee benefit expenses	196,764,042	166,680,149	46,751,895	34,883,448
Bank charges	20,441,562	17,449,205	437,367	2,462,759
Repairs and maintenance costs	7,192,399	11,945,991	865,632	1,188,161
Rent and rates	9,868,054	20,450,382	616	-
Depreciation expense	4,335,340	4,806,951	3,542,345	3,325,179
Amortisation expense (Note 14)	2,464,853	1,632,596	15,847	185,822
Audit fees	10,874,486	7,947,031	1,128,420	1,112,297
Insurance	9,873,045	7,595,169	742,563	744,446
Directors fees	11,297,602	6,367,802	11,297,602	6,367,802
Loan guarantee costs (Note 24)	5,735,000	2,275,892	-	-
2% IMT	74,644,722	80,680,203	1,946,134	2,293,182
Other costs**	216,518,468	83,040,867	28,759,371	19,609,687
	570,009,573	**410,872,238**	**95,487,792**	**72,172,783**

**Other costs relate to sundry items which include consultancy fees, legal fees and security.

6 OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

	2020 Group ZW$	2019 Group ZW$ Restated	2020 Company ZW$	2019 Company ZW$ Restated
Audit fees	10,874,486	7,947,031	1,128,420	1,112,297
Depreciation of property, plant and equipment	124,515,813	101,507,124	3,542,345	3,325,179
Amortisation of intangible assets	2,464,853	1,632,596	15,847	185,822
Rent	12,834,985	5,034,875	-	-
Directors emoluments	55,313,805	33,679,788	50,911,569	33,679,788
-for services as directors	11,297,602	9,341,154	11,297,602	9,341,154
-salaries and benefits	44,016,203	24,338,634	39,613,967	24,338,634
-termination benefits	-	-	-	-
Employee benefits expense				
-Salaries and wages	541,592,030	420,642,721	44,752,013	34,883,448
- Share incentive expense	34,197,870	-	5,437,116	-
-Pension costs	13,052,017	6,686,444	1,365,033	703,357
-National Social Security Authority	2,256,164	3,240,515	9,233	162,868
	591,098,081	**430,569,680**	**51,563,395**	**35,749,673**

7 FINANCE COSTS

	2020 Group ZW$	2019 Group ZW$ Restated	2020 Company ZW$	2019 Company ZW$ Restated
Interest on borrowings	**82,805,582**	**30,604,625**	**37,676,137**	**15,266,096**

Finance costs relate to financial liabilities measured at amortised cost. Interest was calculated using the effective interest rate method.

8 FINANCE REVENUE

	2020 Group ZW$	2019 Group ZW$ Restated	2020 Company ZW$	2019 Company ZW$ Restated
Interest received on loans and short term deposits	**1,551,868**	**6,309,519**	**39,520,981**	**19,220,211**
Interest received on loans to related parties	98,156	449,720	39,520,981	17,311,170
Interest received from third parties	1,453,712	5,859,799	-	1,909,041

Finance income relates to financial assets measured at amortised cost. Interest was calculated using the effective interest rate method.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
9 TAXATION				
Current income tax:	95,118,740	78,221,600	5,197,523	5,225,787
- Current year charge	94,627,115	77,792,360	5,197,523	5,218,834
- Prior periods charge	-	-	-	-
Capital gains tax	491,625	429,240	-	6,953
Deferred tax charge	(73,749,264)	102,842,994	(762,649)	2,873,758
	21,369,476	**181,064,594**	**4,434,874**	**8,099,545**
Tax rate reconciliation				
Standard rate	24.72%	25.75%	24.72%	25.75%
Prior periods under provision	0.00%	0.00%	0.00%	0.00%
Disallowed expenses*	26.78%	-0.04%	16.68%	0.00%
Effect of capital gains tax	-0.22%	0.00%	0.00%	1.49%
Effect of tax rate change on temporary differences	0.00%	0.10%	0.00%	0.10%
Effect of rebasing capital allowances on temporary differences	-27.82%	0.00%	0.00%	0.00%
Other non-taxable items	-62.57%	-7.65%	-9.08%	-13.54%
Other non-deductible items	0.00%	0.00%	0.00%	0.00%
Effective tax rate	**-38.66%**	**18.16%**	**32.32%**	**13.80%**

*Included in the disallowed expenses is IMTT, consultancy fees, donations, loan guarantees and other expenses not allowed for tax purposes.
**Included in other non-taxable/non-deductible items are differences arising from profit on disposal of properties and inflation adjustments

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings comprises of basic earnings attributable to equity holders of the parent adjusted for remeasurement of assets and liabilities that do not form part of the trading activities of the Group net of their related tax effects and share of non-controlling interest as applicable. Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for post tax profits or losses for disposal of assets, write offs, impairments and fair value adjustments, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic, diluted and headline earnings per share computations:

	Group	
	2020 ZW$	2019 ZW$ Restated
(Loss)/Profit attributable to ordinary equity holders of the parent for basic earnings		
Continuing operations	(76,639,737)	816,245,506
Discontinued operations	-	(143,582,379)
Profit attributable to ordinary equity holders of the parent for basic earnings	**(76,639,737)**	**672,663,127**
Profit on disposal of property, plant and equipment	(14,421,348)	-
Loss on disposal of investment property	5,779,429	-
Profit on disposal of scrap	-	(2,958,893)
Loss on disposal of subsidiary	-	141,240,136
Fair value adjustment on investment property	(7,954,835)	(50,438,618)
Tax effect	2,534,024	(36,369,335)
Profit attributable to ordinary equity holders of the parent for headline earnings	**(90,702,467)**	**724,136,417**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	2020 No.	2019 No. Restated
10 EARNINGS PER SHARE (CONT'D)		
Weighted average number of ordinary shares for basic earnings per share	358,000,858	358,000,858
Number of shares in issue	358,000,858	358,000,858
Weighted average number of ordinary shares for diluted earnings per share	358,000,858	358,000,858

Earning per share relating to the discontinued operations

The EPS for discontinued operations was calculated by dividing the loss from discontinued operations attributable to ordinary equity holders by the weighted average number of ordinary shares. The weighted number of ordinary shares for the basic and diluted EPS is as per the table above.

	2020	2019
Basic earnings per share (cents)	-	(40)
Diluted earnings per share (cents)	-	(40)
Headline earnings per share (cents)	-	(1)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11 DISCONTINUED OPERATIONS

In December 2018, the Board of Directors of Dairibord Holdings Limited resolved that the Group should disinvest from Dairibord Malawi Limited (DML) due to persistent losses. The operation was classified as held for sale in 2018. All the conditions precedent to the sale were completed in 2019 and the Group deconsolidated Dairibord Malawi with effect from 01 August 2019. The results of Dairibord Malawi Limited are presented below:

	Group	
	2020 ZW$	2019 ZW$ Restated
Revenue	-	**3,531,816**
Net expenses	-	(5,291,764)
Operating loss	-	**(1,759,948)**
Finance costs	-	(1,664,387)
Loss before tax	-	**(3,424,335)**
Income tax	-	-
Loss after tax	-	**(3,424,335)**
The major classes of assets and liabilities of Dairibord Malawi are as below.		
Assets		
Property, plant and equipment	-	69,980,913
Inventories	-	9,227,562
Prepayments	-	172,203
Income tax asset	-	839,770
Trade and other receivables	-	8,112,481
Cash balances	-	4,791
	-	**88,337,720**
Liabilities		
Trade and other payables	-	54,213,305
Deferred tax liability	-	14,087,466
Interest bearing borrowings	-	37,007,618
Deferred income-grants received	-	16,647,418
Bank overdraft	-	2,752,943
	-	**124,708,750**
Net assets associated directly with assets held for sale for consolidated financial statements	-	(36,371,030)
Disposal of a subsidiary		
Net liabilities	-	36,371,030
Receivables (purchase price)	-	1,700,470
Non controlling interest	-	(17,988,752)
Recycling of functional currency translation reserve on disposal of subsidiary	-	(130,906,789)
Other	-	(30,416,097)
Loss on disposal of subsidiary	-	**(141,240,136)**
Loss for the year from discontinued operation	-	**144,664,471**

The receivable for the sale of the subsidiary was written off in 2020 as none was recoverable.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

12 PROPERTY, PLANT AND EQUIPMENT

	AUDITED INFLATION ADJUSTED							
	GROUP					COMPANY		
	Freehold land and buildings ZW$	Plant and equipment ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$
Cost or valuation								
Restated at 1 January 2019	**375,209,847**	**1,080,156,028**	**31,141,345**	**149,269,632**	**1,635,776,852**	**11,907,023**	**13,411,278**	**25,318,301**
Additions	-	70,459,884	1,436,640	28,257,267	100,153,791	838,313	14,901,084	15,739,397
Disposals	(1,572,648)	(83,647)	-	(13,841,596)	(15,497,891)	-	(5,422,915)	(5,422,915)
Revaluation surplus	522,361,946	-	-	-	522,361,946	-	-	-
Restated at 31 December 2019	**895,999,145**	**1,150,532,265**	**32,577,985**	**163,685,303**	**2,242,794,698**	**12,745,336**	**22,889,447**	**35,634,783**
Additions	-	39,508,593	2,770,966	15,240,392	57,519,951	257,131	2,017,896	2,275,027
Disposals	(12,485,410)	(271,435)	(370,728)	(3,995,277)	(17,122,850)	(370,728)	-	(370,728)
Revaluation surplus	243,327,634	-	-	-	243,327,634	-	-	-
At 31 December 2020	**1,126,841,369**	**1,189,769,423**	**34,978,223**	**174,930,418**	**2,526,519,433**	**12,631,739**	**24,907,343**	**37,539,082**
Accumulated depreciation and impairment								
Restated at 1 January 2019	**(15,864,929)**	**(634,087,036)**	**(26,716,202)**	**(99,826,807)**	**(776,494,974)**	**(11,321,109)**	**(12,697,283)**	**(24,018,392)**
Depreciation charge for the year	(6,442,438)	(78,454,940)	(767,810)	(15,841,936)	(101,507,124)	(330,922)	(2,994,257)	(3,325,179)
Impairment	-	(7,392,216)	-	-	(7,392,216)	-	-	-
Disposals	69,699	83,647	-	13,841,596	13,994,942	-	5,409,046	5,409,046
Exchange adjustments	-	(6,608,871)	-	-	(6,608,871)	-	-	-
Restated at 31 December 2019	**(22,237,668)**	**(726,459,416)**	**(27,484,012)**	**(101,827,147)**	**(878,008,243)**	**(11,652,031)**	**(10,282,494)**	**(21,934,525)**
Depreciation charge for the year	(17,697,180)	(90,729,313)	(1,173,916)	(14,915,404)	(124,515,813)	(380,920)	(3,161,425)	(3,542,345)
Impairment	-	-	-	-	-	-	-	-
Disposals	273,480	271,435	359,671	3,995,277	4,899,863	359,671	-	359,671
At 31 December 2020	**(39,661,368)**	**(816,917,294)**	**(28,298,257)**	**(112,747,274)**	**(997,624,203)**	**(11,673,280)**	**(13,443,919)**	**(25,117,199)**
Net book value								
At 31 December 2020	**1,087,180,001**	**372,852,129**	**6,679,966**	**62,183,144**	**1,528,895,240**	**958,460**	**11,463,423**	**12,421,883**
Restated at 31 December 2019	**873,761,477**	**424,072,849**	**5,093,973**	**61,858,156**	**1,364,786,455**	**1,093,305**	**12,606,953**	**13,700,258**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
12.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**1,364,786,455**	**859,281,878**	**13,700,258**	**1,299,909**
Cost	2,242,794,698	1,635,776,852	35,634,783	25,318,301
Accumulated depreciation and impairment	(878,008,243)	(776,494,974)	(21,934,525)	(24,018,392)
Movement for the year:				
Additions	57,519,951	100,153,791	2,275,027	15,739,397
Revaluation	243,327,634	522,361,946	-	-
Net carrying amount of disposals	(12,222,987)	(1,502,949)	(11,057)	(13,869)
Depreciation charge for the year	(124,515,813)	(101,507,124)	(3,542,345)	(3,325,179)
Impairment loss	-	(7,392,216)	-	-
Net exchange adjustment	-	(6,608,871)	-	-
Net carrying amount at 31 December	**1,528,895,240**	**1,364,786,455**	**12,421,883**	**13,700,258**
Cost	2,526,519,432	2,242,794,698	37,539,083	35,634,783
Accumulated depreciation and impairment	(997,624,192)	(878,008,243)	(25,117,200)	(21,934,525)

12.2 Property revaluation

The valuation was fully and independently undertaken by Dawn Property Consultancy (Private) Limited. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. We have used comparable rentals inferred from offices and industrials within the locality of the property based on use, location, size and quality of finishes. Theses rentals were then annualised and a capitalisation factor was then applied to give a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 81.7866 (Source: Reserve Bank of Zimbabwe) as at 31 December 2020.

Significant unobservable data (US$)
The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00
Significant unobservable data (ZW$ converted)					
Industrial office rental (rental per square meter)	ZW$286-ZW$818	ZW$225-ZW$530	ZW$230-ZW$450	ZW$286-ZW$508	ZW$286-ZW$508
Factory/workshop (rental per square meter)	ZW$368-ZW$410	ZW$100-ZW$160	ZW$265	-	-
Yard (rental per square meter)	ZW$143	ZW$13-ZW$40	US$35	ZW$13	ZW$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00

Refer to Note 21.4 for the movement in the revaluation reserve.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

Property mortgaged against borrowings
Property valued at ZW$669.8m in this category is mortgaged against the interest bearing borrowings disclosed in Note 22.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

12.3 Impairment

There was no impairment loss recognised in the current year as there were no indicators that the assets were impaired as at 31 December 2020. During the year ended 31 December 2019, an impairment loss of ZW$269 291 was recognised on a yoghurt spoon applicator and other small assets. The yoghurt spoon applicator was purchased by the Group in 2014 for the purpose of applying a spoon on the Yoghurt Cup . The Spoon Applicator, which is part of plant and equipment did not perform as expected since commissioning as the spoons that would be attached to the cup kept falling off when the products were taken to the market. Management assessed its performance and decided to discontinue its use. The assessed recoverable amount was assessed as Nil as the machine is of a specialised nature and therefore does not have a ready market.

Asset	Carrying Amount	Recoverable Amount*	Impairment Loss
Yoghurt Spoon Applicator	5,820,596	-	5,820,596
Other Small assets	1,732,946	161,326	1,571,620
	7,553,542	**161,326**	**7,392,216**

13 INVESTMENT PROPERTY

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
13.1 Reconciliation of carrying amounts				
Balance at 1 January	**86,319,022**	**35,880,404**	**-**	**-**
Disposals	(9,203,857)	-	-	-
Fair value adjustment recognised in profit or loss (in other operating income)	7,954,835	50,438,618	-	-
Balance at 31 December	**85,070,000**	**86,319,022**	**-**	**-**

Investment property comprises of a number of commercial properties that are leased to third parties. As at 31 December 2020 the Group's investment property portfolio comprised of 11 commercial properties (2019: 12 commercial properties), all within the country.

13.2 Measurement of fair values

The fair value of investment property was determined by an external independent property valuation company, Dawn Property Consultancy (Private) Limited. The valuers have appropriate recognised professional qualifications and experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Group's investment property portfolio every 3 years.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. We have used comparable rentals inferred from offices and industrials within the locality of the property based on use, location, size and quality of finishes. Theses rentals were then annualised and a capitalisation factor was then applied to give a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 81.7866 as at 31 December 2020.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

Significant unobservable data (US$)

The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00
Significant unobservable data (ZW$ converted)					
Industrial office rental (rental per square meter)	ZW$160-ZW$250	ZW$100-ZW$160	ZW$160-ZW$200	ZW$160-ZW$200	ZW$120-ZW$160
Factory/workshop (rental per square meter)	ZW$120-ZW$140	ZW$80-ZW$120	ZW$100-ZW$120	ZW$120-ZW$160	-
Yard (rental per square meter)	ZW$8-12	ZW$20-ZW$29	ZW$25	ZW$2	ZW$4
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00

Impact of COVID-19 on investment property valuation

The 31 December 2020 valuation contains a "material valuation uncertainty" clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
13.3 Amounts recognised in profit or loss relating to investment property				
Rental income from leasing	4,002,669	2,808,518	-	-
Operating costs	-	-	-	-
Net income	**4,002,669**	**2,808,518**	**-**	**-**

The prior year amounts have been restated to exclude intercompany revenue and depreciation on properties classified under property, plant and equipment which was included erroneously. In the prior year the revenue and operating expenses were stated as ZW$ 4 132 756 and ZW$1 051 516, respectively instead of ZW$626 083 for revenue and ZW$nil for operating costs. This has no impact on the amounts included in the income statement.

There were no operating costs related to the investment properties as all the expenses incurred were borne by the tenants in line with the lease agreements.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
14 INTANGIBLE ASSETS-SOFTWARE				
Cost				
At 1 January	**26,691,433**	**26,691,433**	**3,429,127**	**3,429,127**
Additions	404,505	-	-	-
At 31 December	**27,095,938**	**26,691,433**	**3,429,127**	**3,429,127**
Amortisation				
At 1 January	**(19,599,721)**	**(17,967,125)**	**(1,162,833)**	**(977,011)**
Charge for the year (included in administration costs-see note 5.2)	(2,464,853)	(1,632,596)	(15,846)	(185,822)
At 31 December	**(22,064,574)**	**(19,599,721)**	**(1,178,679)**	**(1,162,833)**
Net book value	**5,031,364**	**7,091,712**	**2,250,448**	**2,266,294**
Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**7,091,712**	**8,724,308**	**2,266,294**	**2,452,116**
Cost	26,691,433	26,691,433	3,429,127	3,429,127
Accumulated amortisation	(19,599,721)	(17,967,125)	(1,162,833)	(977,011)
Movement for the year:				
Additions	404,505	-	-	-
Amortisation	(2,464,853)	(1,632,596)	(15,846)	(185,822)
Net carrying amount at 31 December	**5,031,364**	**7,091,712**	**2,250,448**	**2,266,294**
Cost	27,095,938	26,691,433	3,429,127	3,429,127
	(22,064,574)	(19,599,721)	(1,178,679)	(1,162,833)

The intangible assets consist of accounting , business intelligence and auditing software. The software has a remaining useful life of 3-6 years.

		AUDITED INFLATION ADJUSTED			
		GROUP		COMPANY	
		2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
15 INVESTMENT IN SUBSIDIARIES					
Dairibord Zimbabwe (Private) Limited (100 % owned)	Manufacture and distribution of milks, foods and beverages in Zimbabwe	-	-	631,788,760	631,788,760
Goldblum Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	283,678,046	283,678,046
Chatmoss Enterprises (Private) Limited (100% owned)	Property holding and leasing	-	-	100,853,753	100,853,753
Qualinnex Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	52,940,422	52,940,422
Slimline Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	83,943,566	83,943,566
Lyons Zimbabwe (Private) Limited (100% owned)	Dormant	-	-	-	-
Lyons Africa (Private) Limited (100% owned)	Dormant	-	-	-	-
NFB Logistics (Private) Limited (100% owned)	Dormant	-	-	-	-
		-	**-**	**1,153,204,547**	**1,153,204,547**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

In the prior year the investment in subsidiaries was treated as a monetary asset and as such the historical amount was not adjusted for the effects of inflation which constitutes a departure from the requirements of International Accounting Standard 29- Financial Reporting in Hyperinflationary Economies (IAS29). Had the investment in subsidiaries been treated as a non-monetary asset, the historical amount would have been adjusted for inflation by the prior year inflation adjustment factor of 5.52. This would result in an increase in the investment in subsidiaries and retained earnings by ZW$210 472 378. Management has restated the prior year amounts to correct this error. The impact of the correction of the error is shown below:

	Effect on investment in subsidiaries (ZW$)	Effect on retained earnings (ZW$)
Amounts stated in the prior year financial statements	46,603,338	46,603,338
Amount that should have been included in the prior year financial statement*	257,075,716	257,075,716
Impact of correcting the error	**210,472,378**	**210,472,378**

*This amount has been restated further using the inflation adjustment factor of 4.48 as at 31 December 2020 resulting in a total restated investment in subsidiaries of 1,153,204,547 as at 31 December 2020.

	AUDITED INFLATION ADJUSTED GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
16 LOANS RECEIVABLE				
16.1 Long-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	313,478,501	99,341,381
	-	-	313,478,501	99,341,381
Less : Amounts falling due within one year	-	-	(232,112,000)	(55,624,610)
	-	**-**	**81,366,501**	**43,716,771**

The long term loans receivable in the Company relate to loans that were issued to a subsidiary at an all-in cost of between 40% and 52% per annum and are repayable by 2022 and they are measured at amortised cost. The holding company raises loans from banks for on-lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance, there was no need to impair the receivable in the holding company's books.

	AUDITED INFLATION ADJUSTED GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
16.2 Short-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	-	-
Add: Amounts falling due within one year of long term loans receivable	-	-	232,112,000	55,624,610
	-	**-**	**232,112,000**	**55,624,610**
16.3 Reconciliation of loan receivables				
Balance at 1 January	-	-	99,341,381	133,480,324
Amounts issued to subsidiaries	-	-	460,077,488	128,744,056
Amounts repaid by subsidiaries	-	-	(109,237,373)	(53,600,327)
Monetary loss	-	-	(136,702,995)	(109,282,672)
Balance at 31 December	**-**	**-**	**313,478,501**	**99,341,381**
17 INVENTORIES				
Packaging and raw materials (at cost)	302,132,653	380,942,490	-	-
Spares and general consumables (at cost)	214,928,258	128,726,900	-	-
Finished goods (at lower of cost and net realisable value)	81,682,762	146,486,560	-	-
Total inventories	**598,743,673**	**656,155,950**	**-**	**-**

During 2020, ZW$3 356 303 (2019:ZW$12 022690) was recognised as an expense in cost of sales for inventories written down to their net realisable value.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
18 GROUP COMPANIES				
The following balances arise from normal trading activities:				
18.1 Amounts owed by group companies				
Goldblum Investments (Private) Limited	-	-	-	481,346
Qualinnex Investments (Private) Limited	-	-	-	74,003
Dairibord Zimbabwe (Private) Limited	-	-	17,976,125	30,576,929
	-	**-**	**17,976,125**	**31,132,278**

The amounts owed by Dairibord Zimbabwe (Private) Limited relate to royalties and management fees. These amounts have no fixed repayment terms and are interest free. The amounts can be set off against future payables to Dairibord Zimbabwe (Private) Limited. Subsequent to year end the amount was recovered through a set off hence no ECL was recognised at year end.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
18.2 Amounts owed to group companies				
Goldblum Investments (Private) Limited	-	-	4,439,090	-
Chatmoss Enterprises (Private) Limited	-	-	458,892	4,308,435
Qualinnex Properties (Private) Limited	-	-	870,894	-
Slimline Investments (Private) Limited	-	-	353,026	655,686
	-	**-**	**6,121,902**	**4,964,121**

These amounts relate to property rentals received by the holding company on behalf of the property companies. The amounts are interest free and repayable on demand.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
19 TRADE AND OTHER RECEIVABLES				
Trade receivables	285,281,128	236,085,955	-	-
VAT receivable	-	13,176,915	-	-
Loans receivable from farmers	4,305,210	2,362,283	-	-
Loan to a director-short term portion	124,800	429,578	124,800	429,578
Staff car loans	1,861,421	284,528	-	-
Other receivables	764,932	8,987,201	-	2,240,162
Total	**292,337,491**	**261,326,460**	**124,800**	**2,669,740**
Allowance for credit losses	(1,101,568)	(7,517,033)	-	-
	291,235,923	**253,809,427**	**124,800**	**2,669,740**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

The following is a movement in the allowance for credit losses balance:

	GROUP				
	Trade receivables ZW$	Loans to farmers ZW$	Staff car loans ZW$	other staff receivables ZW$	Total ZW$
Restated balance at 1 January 2019	5,508,632	1,603,681	657,626	738,913	8,508,852
Charge for the year	1,831,097	(1,603,681)	(579,620)	(639,615)	(991,819)
Restated balance at 31 December 2019	**7,339,729**	**-**	**78,006**	**99,298**	**7,517,033**
Charge for the year	(903,609)	300,046	(3,345)	32,757	(574,151)
Bad debts written off	-	-	-	-	-
Inflation effect	(5,703,535)	-	(60,617)	(77,162)	(5,841,314)
Balance at 31 December 2020	**732,585**	**300,046**	**14,044**	**54,893**	**1,101,568**

Management actively monitor debtors so as to reduce credit risk. As a result a significant portion of the debtor balance as at 31 December 2020 was aged below 30days resulting in a relatively low allowance for credit loss when compared to the increase in trade receivables. Refer to note 32.2 on the impairment provision matrix on the Group's trade and other receivables.

Trade credit is generally offered on 30 day credit terms and no interest is charged within the credit period.

See note 32 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
20 CASH AND CASH EQUIVALENTS				
For the purpose of the statement of cash flows, cash and cash equivalents consist of :				
Cash at banks and on hand-continuing operations	205,676,518	84,510,326	2,462,215	1,460,523
Bank overdraft*	-	(20,085,158)	-	-
Cash and cash equivalents	**205,676,518**	**64,425,168**	**2,462,215**	**1,460,523**

*The Group has a bank overdraft facility of ZW$ 10 million with Stanbic Bank Zimbabwe Limited. The overdraft facility has an interest rate of 50% per annum and is unsecured.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED Group and Company 2020 No.	2019 No. Restated
21 ISSUED CAPITAL AND RESERVES		
21.1 Share capital		
Authorised shares		
Number of ordinary shares of ZW$$0.00247 each	425,000,000	425,000,000
Authorised share capital amount (ZW$)	1,051,665	1,051,665
Ordinary shares issued and fully paid		
Number of ordinary shares of ZW$0.00247 each	358,000,858	358,000,858
Issued capital amount (ZW$)	885,875	885,875

Subject to the limitations imposed by the Companies and Other Business Entities Act (Chapter 24:31) in terms of a resolution passed by the company in general meeting, the unissued shares have been placed at the disposal of the directors.

21.2 Share premium

	2020	2019
At 31 December	34,139,924	34,139,924

The share premium reserve relate to the difference between the nominal value of the shares and the issue price.

21.3 Dividend declared

	2020	2019
Cash dividend on ordinary shares declared	0.021	0.157
	7,462,409	**56,300,937**
Reconciliation of dividend payable		
Opening balance	678,683	2,175,244
Dividend proposed	7,462,409	56,300,936
Dividend paid	(6,915,393)	(57,797,497)
Monetary gain	(829,780)	-
Dividend payable-31 December	**395,919**	**678,683**

An Interim dividend of ZW$0.02 per share was declared for 2020 and approved. The directors resolved to pass the 2019 dividend. The dividend for 2018 was approved at the Annual General Meeting (AGM) on 31 May 2019. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

21.4 Non-distributable reserves

	Foreign currency translation reserve ZW$	Foreign currency conversion reserve ZW$	Asset revaluation reserve ZW$	Total reserves ZW$
Group				
Restated balance at 1 January 2019	-	-	-	-
Other comprehensive income	109,456,760	-	393,234,073	502,690,833
Transfer to retained earnings of the share option reserve	-	-	-	-
Functional currency change	-	(37,556,319)	-	(37,556,319)
Disposal of a subsidiary	(109,456,760)	-	-	(109,456,760)
Restated balance at 31 December 2019	-	**(37,556,319)**	**393,234,073**	**355,677,754**
Other comprehensive income	-	-	183,177,043	183,177,043
Transfer to retained earnings of the share option reserve	-	-	-	-
Balance at 31 December 2020	-	**(37,556,319)**	**576,411,116**	**538,854,797**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	Foreign currency conversion reserve ZW$	Total ZW$
Company		
Restated balance at 1 January 2019	-	-
Functional currency change	(20,308,850)	(20,308,850)
Restated balance at 31 December 2019	**(20,308,850)**	**(20,308,850)**
Functional currency change	-	-
Balance at 31 December 2020	**(20,308,850)**	**(20,308,850)**

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary. The reserve was realised in the loss from discontinued operations in the statement of profit or loss on disposal of the foreign subsidiary.

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2009 and on change from the United States dollar (USD) to the Zimbabwean dollar (ZW$) in 2019. It represents the residual equity in existence as at the change over period and has been designated as non- distributable reserve.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

22 INTEREST BEARING BORROWINGS

	Borrowing cost %	Maturity	AUDITED INFLATION ADJUSTED GROUP 2020 ZW$	GROUP 2019 ZW$ Restated	COMPANY 2020 ZW$	COMPANY 2019 ZW$ Restated
22.1 Long term borrowings						
a) Bank loan Zimbabwe (2015)	45%	Nov 2020	-	1,819,655	-	1,819,655
b) Bank loan Zimbabwe (2018)	45%	March-Oct 2021	130,000	1,480,332	130,000	1,480,332
c) Bank loan Zimbabwe (2019)	45%	July-Sep 2022	79,081,666	30,750,541	79,081,666	30,750,541
d) Tetra Pak	8%	Sept 2022	-	38,544,391	-	
			79,211,666	**72,594,919**	**79,211,666**	**34,050,528**
Less : Amounts falling due within one year			(2,903,333)	(31,612,237)	(2,903,333)	(15,157,599)
			76,308,333	**40,982,682**	**76,308,333**	**18,892,929**
22.2 Short term borrowings						
e) Bank loan Zimbabwe (2018)	45%	March-Oct 2021	-	-	130,000	-
f) Bank loan Zimbabwe (2020)	45%	Jan-Mar 2021	62,112,000	33,195,332	62,112,000	33,195,332
g) Bank loan Zimbabwe (2020)	52%	Feb-Mar 2021	170,000,000	22,429,278	170,000,000	22,429,278
h) Bank loan Zimbabwe (2020)	52%	Jan-Mar 2021	120,000,000	-	-	-
i) Bank loan Zimbabwe (2020)	47%	Jan-July 2021	8,291,530	-	-	-
			360,403,530	**55,624,610**	**232,242,000**	**55,624,610**
Add : Portion of long term loans falling due within one year			2,903,333	31,612,237	2,903,333	15,157,599
			363,306,863	87,236,847	235,145,333	70,782,209
Total interest bearing borrowings			**439,615,196**	**128,219,529**	**311,453,666**	**89,675,138**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

22 INTEREST BEARING BORROWINGS (CONT.)

22.2 Short term borrowings (cont.)

a) **Bank Loan Zimbabwe**
This loan was used to acquire plant and equipment at Dairibord Zimbabwe (Private) Limited. The loan was settled in full in November 2020.

b) **Bank Loan Zimbabwe (2018)**
The loan was drawn in tranches between March- October 2018 to finance capital projects. The loan has a tenure of 3 years, including 12 months grace period. The loan is secured over land and buildings.

c) **Bank Loan Zimbabwe (2019)**
This facility was drawn in tranches during the period July to September 2019. This loan and the loans disclosed in (b) are secured against property worth ZW$363 million. The facility has a tenure of 3 years and will be fully paid by 6 September 2022.

d) **Tetra Pak**
This is an offshore vendor finance facility which was obtained for purposes of financing capital expenditure in 2016. The facility was denominated in US$ and as at 31 December 2019 the loan balance was US$512 000. The loan was paid in full in November 2020. The loan bore interest at 8% per annum, had a 6 year tenure including one year grace period and was unsecured.

e) **Bank loan Zimbabwe (2020)**
These loans were obtained to fund working capital requirements in July and October 2020. The loans have a tenure ranging between 30-180 days and bear interest at 45%, except for one production sector loan of ZW$15million which bears interest at 18% per annum. The loans are repayable in monthly instalments.

f) **Bank loan Zimbabwe (2020)**
These are bankers acceptances obtained during June, September , October and December 2020. They bear interest at 52%. Subsequent to year end, the interest was reduced to 40%. The loans have a tenure ranging between 3-12months and mature between February and March 2021.

g) **Bank loan Zimbabwe (2020)**
The loans were obtained during February, June, August, September and December 2020 and are all short term as they have a tenure ranging between 3-9months. The loans bear interest at 52%, however with effect from February 2021 the interest has been reduced to 40%.

h) **Bank Loan Zimbabwe (2020)**
The loan was obtained in November 2020 to fund operations and is repayable in monthly instalments, with the final instalment due in July 2021. The loan bears interest at 46.7% and is unsecured.

22.3 Unutilised facilities

The Group has an unutilised overdraft facility of ZW$10million with a local bank. The facility has an interest rate of 50% per annum.

At 31 December 2020, the Group had no undrawn interest bearing borrowing facilities.

22.4 Borrowing powers

The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid up share capital of the company and the aggregate of the amounts standing to the credit of all the reserve accounts and share premium account.

23 SHARE-BASED PAYMENT ARRANGEMENTS

	GROUP		COMPANY	
23.1 Description of share based payment	**2020 ZW$**	**2019 ZW$ Restated**	**2020 ZW$**	**2019 ZW$ Restated**
Share incentive liability as at 1 January	-	-	-	-
Share incentive expense (note 6)	34,197,870	-	5,437,116	-
Inflation effect	(6,152,860)	-	(1,511,992)	-
Share incentive liability as at 31 December	**28,045,010**	**-**	**3,925,124**	**-**
23.2 Reconciliation of outstanding Share Appreciation Rights				
Outstanding at 1 January	-	-	-	-
Granted during the year	22,095,000	-	3,000,000	-
Forfeited during the year	(660,000)	-	-	-
Outstanding at 31 December	**21,435,000**	**-**	**3,000,000**	**-**
Maximum number of share appreciation rights that can be issued under the plan	**26,850,064**	**-**	**3,000,000**	**-**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

On 17 March 2020, 22,095,000 and 3, 000,000 share appreciation rights (SARs) were granted to the Group and Company's management, respectively. The SARs give management a right to receive a cash payment, determined based on the increase in the share price of Dairibord Holdings Limited ("Dairibord") between grant date and the time that the SARs are exercised, subject to satisfying performance conditions imposed by the board in relation to volume and operating profit. The Board has the discretion to waive any performance conditions imposed. The SARs vest in three tranches- 50% of the SARs vest after 3 years; 25% after 4 years and 25% after 5 years and can be exercised anytime after vesting date but no later than 10 years from grant date.

23.3 Measurement of fair values

The fair value of the SARs liability as at 31 December 2020 was determined, by an external expert, Corporate Excellence. In determining the fair value, the Black-Scholes model was applied. In line with the SARs agreement, the SARs were valued in US$ and converted to ZW$ at the year end closing rate of 81.79. Based on this valuation, a liability of ZW$39 393 347 (US$457 206) and ZW$5 233 498 (US$63 990) arose for Group and Company, respectively. However, the liability recognised was limited to ZW$28 045 010 and ZW$3 925 124 for Group and Company, respectively due to the performance conditions imposed by the Board not having been satisfied. The liability recognised for Group and Company represents 75% of the fair value of the share appreciation rights liability determined by Corporate Excellence.

	GROUP			COMPANY		
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 1**	**Tranche 2**	**Tranche 3**
Number of SARs in issue	10,717,500	5,358,750	5,358,750	1,500,000	750,000	750,000
Fair value of the SARs	US$0.0967	US$0.0959	US$0.0949	US$0.0967	US$0.0959	US$0.0949
Share price at valuation date	US$0.1038	US$0.1038	US$0.1038	US$0.1038	US$0.1038	US$0.1038
Exercise price	US$0.0001	US$0.0001	US$0.0001	US$0.0001	US$0.0001	US$0.0001
Expected volatility (weighted- average volatility)	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%
Option life (expected weighted- average life)	3	4	5	3	4	5
Expected dividends (dividend yield)	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%
Risk-free interest rate (based on government bonds)	11.52%	11.57%	11.76%	11.52%	11.57%	11.76%

Exercise price
The exercise price was obtained by converting the Dairibord share of ZW$ 57cents to US$ using the Old Mutual Implied Rate on 17 March 2020, the grant date.

Expected volatility
This takes into account the historical volatility over the same period as the expected life of the option, long-term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. This volatility was estimated by computing the daily standard deviation of the Dairibord share price on the ZSE from 2 January 2020 to 31 December 2020 giving a year's worth of share price data preceding the valuation date.

Expected life of the option
This is estimated taking into account the vesting period, past history of employee exercise, the employee's level within the organisation, the price of the underlying shares.

Risk free rate
The risk free rate was determined based on the following:
- Aswath Damodaran's latest estimation of Zimbabwe's default spread of 10.60%;
- US dollar risk-free rate based on the 2-year, 3-year and 5-year US Treasury Yield of 0.12%, 0.17% and 0.36% as at 31 December 2020; and
- The 5-year inflation differential between the US and Zimbabwe based on latest IMF estimates;

Dividend yield
Dividend yield was determined based on the expectation for an entity's dividend policy, and whether an employee is entitled to dividends on the underlying shares while holding the share option. The Group's 5-year dividend history was erratic and dividends were only paid for the financial years ended 2017, 2018 and 2019. The dividend yield was therefore calculated by dividing the dividend per share for the three years by the market price of the Dairibord share on the date of dividend declaration and calculating the average of the dividend yields for those years.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

24 FINANCE GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2020 for farmers and car loans were ZW$ 41 689 375 (2019: ZW$ 48 955 448) and ZW$ 21 292 540 (2019: ZW$ 902 357) respectively. The interest rates the farmers and staff would have paid had there been no guarantee is 60% (2019: 35%). The difference between this rate and the average rate of 55% (2019: 28%) currently being charged represents the liability that Dairibord is exposed to because of the guarantee.

The guarantee liability was measured at ZW$6 997 915 as at 31 December 2020 (2019: ZW$5 665 254) and the table below shows the movement in the guarantee liability.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
Movement in finance guarantee liability				
Balance as at 1 January	5,665,254	3,389,362	-	-
Charge to profit or loss (included in administration costs-refer to note 5.2)	5,735,000	2,275,892	-	-
Inflation effect	(4,402,339)	-	-	-
Balance as at 31 December	**6,997,915**	**5,665,254**	**-**	**-**
Farmers	3,064,169	5,538,195	-	-
Staff loans	3,933,746	127,059	-	-
	6,997,915	**5,665,254**	**-**	**-**

In terms of IFRS 9, the guarantee liability is measured at the higher of the present value discounted at the rate differential and the expected credit loss. The expected credit loss was measured at 10%- the probability of default.

Significant inputs				
Default rate	**5%**	**10%**		

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
25 DEFERRED TAXATION				
Deferred tax relates to the following:				
Property	222,491,914	1,572,638	-	-
Plant and equipment	93,697,328	312,488,209	3,023,071	4,098,515
Intangible assets	1,220,614	1,753,071	556,311	-
Inventory	45,875,148	69,427,208	-	-
Accounts receivable and prepayments	17,773,044	10,106,357	17,214	-
Unrealised gain/(loss) on exchange	6,910,128	(9,342,613)	365,772	-
Share appreciation rights liability	(6,932,726)	-	(970,291)	-
Leave pay, bonus and other provisions	(7,663,816)	965,437	(1,392,723)	(1,736,511)
Net liability/(asset)	**373,371,634**	**386,970,307**	**1,599,354**	**2,362,004**
Disclosed as follows on the statement of financial position:				
Asset	-	-	-	-
Liability	373,371,634	386,970,307	1,599,354	2,362,004
Reconciliation of deferred tax				
Restated opening balance as of 1 January	386,970,307	165,788,920	2,362,004	(511,754)
Tax expense/(income) recognised in other comprehensive income	60,150,591	118,338,393	-	-
Tax expense/(income) recognised in profit or loss	(73,749,264)	102,842,994	(762,650)	2,873,758
Closing balance as at 31 December	**373,371,634**	**386,970,307**	**1,599,354**	**2,362,004**

*The income tax relates to the items presented in the statements on other comprehensive income. Tax was charged on these items at 24.72%.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	AUDITED INFLATION ADJUSTED GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
26 TRADE AND OTHER PAYABLES				
Trade payables	215,952,102	233,202,390	-	-
Payroll accruals	42,122,784	11,554,896	3,033,006	2,146,370
Employee bonus accrual	15,200,000	29,202,920	4,200,000	4,979,300
VAT & VAT withholding tax payable	17,136,148	9,804,174	1,351,039	2,293,071
Leave accrual	11,997,491	7,057,121	863,993	1,770,984
Utilities accruals	13,009,868	13,611,598	-	-
Audit fee accrual	3,805,000	4,261,563	570,000	672,878
Interest accrued	5,675,211	3,183,791	5,385,000	3,183,791
Other payables	39,434,190	39,894,833	3,088,262	2,911,590
	364,332,794	**351,773,286**	**18,491,300**	**17,957,984**

Trade and other payables are non- interest bearing and are normally settled on 14- 30 day terms.
Other payables comprise of sundry suppliers who provide goods and services that do not directly affect the operations of the business.

In the prior year, contract liabilities of ZW$ 9 213 245 were included the trade and other payables balances. The balance has now been presented separately in the statement of financial position. The prior year group trade and other payables balance has therefore decreased by the same amount.

	AUDITED INFLATION ADJUSTED GROUP	
	2020 ZW$	2019 ZW$ Restated
27 COMMITMENTS AND CONTINGENCIES		
Capital commitments:		
Authorised and contracted for	114,617,295	69,610,610
Authorised and not contracted for	575,277,968	123,505,833
	689,895,263	**193,116,443**

The capital commitments relate to capital expenditure and will be financed from the Group's own resources and borrowings.

The company has no capital commitments

Litigation
The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZW$307 490. On the basis of legal advice, the claims are not valid and it is more likely than not that there will be no outflow of resources.

The Company has no material litigation.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

28 RELATED PARTY DISCLOSURES

28.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited, the parent company and its subsidiaries listed in the following table:

Name	Country of Incorporation	Nature of relationship	% equity Interest 2020	2019
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	Subsidiary	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Goldblum Investments Private Limited	Zimbabwe	Subsidiary	100	100
Slimline Investments Private Limited	Zimbabwe	Subsidiary	100	100
Chatmoss Enterprises Private Limited	Zimbabwe	Subsidiary	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Tavistock Estates	Zimbabwe	Tavistock Estates is controlled by a non-executive director	-	-
Corporate Excellence	Zimbabwe	A non-executive director of the company has an interest in Corporate Excellence	-	-

	AUDITED INFLATION ADJUSTED GROUP 2020 ZW$	2019 ZW$ Restated
Related party transactions and balances		
28.2 Group		
Transactions		
Revenue/Inflows		
Interest income on loans to Tavistock and an executive director	98,155	449,720
Purchases/outflows		
Milk purchases from Tavistock Estates*	154,438,123	145,160,766
Consultancy services offered by Corporate Excellence	831,835	819,143
The milk purchases from Tavistock are on terms similar to other farmers.		
Balances		
Loan to an executive director	104,381	897,171
The loan is repayable over 3 years ending 2021, bears interest at 55% and is unsecured. The amount is included in trade and other receivables.		
28.3 Company		
Transactions		
Revenue/Inflows		
Total interest income from related parties	39,520,981	17,311,170
Interest income on loans to subsidiaries	39,422,826	16,188,290
Interest income on loan from a director	98,155	1,122,880
Management fees received from subsidiaries	51,107,404	38,865,307
Royalties received from subsidiaries	48,995,575	39,135,317
Loans repaid by subsidiaries	40,778,968	52,631,113
Purchases/outflows		
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	831,835	819,143
Loans issued to subsidiaries	332,112,000	128,744,056
Loan to an executive director	104,381	897,171
Loans receivable from subsidiaries (Note 16)	313,478,501	99,341,381
Amounts owed by related parties (Note 18)	17,976,125	31,132,278
Amounts owed to related parties (Note 18)	6,121,902	4,964,122

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

28 RELATED PARTY DISCLOSURES (cont.)

28.3 Company (cont.)

The royalties were generated from use of the company's brands and trademarks by Dairibord Zimbabwe (Private) Limited, the main operating subsidiary.

Management fees were received from Dairibord Zimbabwe (Private) Limited
Loans issued and repaid relate to Dairibord Zimbabwe (Private) Limited, including the related interest income. 'Refer to Note 16 for details pertaining to loans receivable from subsidiaries.

The amounts owed by or to related parties relate to transactions between the company and the property companies. Refer to Note 18 for detailed information.

	AUDITED INFLATION ADJUSTED GROUP	
	2020 ZW$	**2019 ZW$ Restated**
28.4 Key management personnel transactions		
Compensation		
Group		
Short term employee benefits	87,042,528	73,805,423
Share incentive expense	34,197,870	-
Pension contributions	1,537,392	1,616,212
Financial guarantee liability	807,658	-
Total compensation paid	**123,585,448**	**75,421,635**
Loan to an executive director	**104,381**	**897,171**

Share incentive expense
On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2020 21,435,000 (2019: nil) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

Financial guarantee liability
The financial guarantee liability relates to key management personnel car loans which were guaranteed by the Group. The loans bear interest at 55%. Had the Group not guaranteed the loans the interest rate would have been 60%. Refer to the financial guarantee liability note (Note 24) for details relating to the valuation of the liability.

	2020 ZW$	**2019 ZW$ Restated**
Company		
Short term employee benefits	39,613,967	24,338,634
Share incentive expense	5,437,116	-
Pension contributions	743,345	1,090,611
Total compensation paid	**45,794,428**	**25,429,245**
Loan to an executive director	**104,381**	**897,171**

On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2020 3,000,000 (2019: nil) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

Termination benefits
There were no termination benefits paid out during the year.

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

29 PENSION AND RETIREMENT PLANS

29.1 Defined contribution funds

All employees of the Group are eligible to be members of defined contributions funds.

29.2 National Social Security Authority Scheme

This is a scheme established under the National Social Security Authority Act (1989). Contribution per employee is 3.5% per month up to a maximum pensionable salary of ZW$700. This scheme is a defined contribution scheme from the Group's perspective.

	AUDITED INFLATION ADJUSTED GROUP	
	2020 ZW$	2019 ZW$ Restated
29.3 Pension costs charged to profit and loss during the year		
Group		
National Social Security Authority Scheme- Zimbabwe	2,256,164	3,240,515
Defined contribution funds	13,052,017	6,686,444
	15,308,181	**9,926,959**
Company		
National Social Security Authority Scheme- Zimbabwe	9,233	19,375
Defined contribution funds	1,365,033	703,357
	1,374,266	**722,732**

30 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary that has material non-controlling interests are provided below:
Portion of equity interest held by non-controlling interests:

Financial information of subsidiary that has material non-controlling interests are provided below:

Portion of equity interest held by non-controlling interests:

		AUDITED INFLATION ADJUSTED	
Name	**Country of incorporation and operation**	**2020**	**2019**
Dairibord Malawi Limited	Malawi	**0.0%**	**68.4%**

	2020 ZW$	2019 ZW$ Restated
Accumulated balances of material non-controlling interest:	-	-
Loss allocated to non-controlling interest	-	(1,082,092)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations. The subsidiary which was classified as a discontinued operation in 2018 was finally disposed of in 2019 and deconsolidated with effect from 1 August 2019 (Refer to Note 11).

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

30 MATERIAL PARTLY-OWNED SUBSIDIARY (cont'd)

	AUDITED INFLATION ADJUSTED	
	2020 ZW$	2019 ZW$ Restated
Dairibord Malawi Limited summarised statement of profit or loss for 2019		
Revenue	**-**	**3,531,816**
Cost of sales	-	(2,893,525)
Other income	-	(162,349)
Administrative expenses	-	(2,235,890)
Finance costs	-	(1,664,387)
Loss before tax	**-**	**(3,424,335)**
Income tax expense	-	-
Loss for the year	**-**	**(3,424,335)**
Other comprehensive income	-	(31,359,686)
Total comprehensive (loss) income	-	**(34,784,021)**
Attributable to non-controlling interests	**-**	**(10,991,750)**
Dairibord Malawi Limited summarised statement of financial position as at 31 December 2020		
Inventories, receivables and cash and bank balances (current)	-	-
Property, plant and equipment and other non-current financial assets (non-current)	-	-
Trade and other payables (current)	-	-
Interest-bearing loans and borrowings (current)	-	-
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	-	-
Total equity	**-**	**-**
Attributable to equity holders of parent	-	-
Non-controlling interest	-	-
Summarised cash flow information for the year ending 31 December 2020		
Operating	-	-
Investing	-	-
Financing	-	-
Net increase in cash and cash equivalents	**-**	**-**

There were no cash flow movements as the subsidiary was non operational during 2019. The receivable for the sale of the subsidiary was written off in 2020 as was considered to be irrecoverable.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

31 The following table shows the carrying amounts and fair values of the Group's 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 value if the carrying amount is a reasonable approximation of fair value.

	AUDITED INFLATION ADJUSTED Fair value measurement using			
As at 31 December 2020	**Total ZW$**	**Quoted prices active in markets Level 1 ZW$**	**Significant observable inputs Level 2 ZW$**	**Significant unobservable inputs Level 3 ZW$**
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	291,235,923	-	-	291,235,923
Cash and cash equivalents(Note 20)	205,676,518	-	-	205,676,518
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	439,615,196	-	-	439,615,196
Bank overdraft (Note 20)	-	-	-	-
Trade and other payables (Note 26)	364,332,794	-	-	364,332,794
Financial guarantee liability (Note 24)	6,997,915	-	-	6,997,915
There have been no transfers between Level 1 and Level 2.				
As at 31 December 2019 Restated				
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	253,809,427	-	-	253,809,427
Cash and cash equivalents(Note 20)	84,510,326	-	-	84,510,326
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	128,219,529	-	-	128,219,529
Bank overdraft (Note 20)	20,085,158	-	-	20,085,158
Trade and other payables (Note 26)	351,773,286	-	-	351,773,286
Financial guarantee liability (Note 24)	5,665,254	-	-	5,665,254

There have been no transfers between Level 1 and Level 2.

Management assessed that the fair values of cash and short term deposits, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:
The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2020 was assessed to be insignificant.

The fair value of the financial guarantee liability was determined with reference to the gross carrying amounts of the underlying assets and the expected credit loss variable.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows:

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy , procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

An impairment analysis is performed at each reporting date using a simplified approach to calculate the expected credit loss. A provision matrix is used to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The security held by the Group which includes brick and mortar, bank guarantees and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 19. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The company only writes off a debt when its proved beyond reasonable doubt that the debtor is insolvent or can not be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

31-Dec-20	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.13%	0.38%	1.35%	2.69%	44.89%	0.26%
Total gross carrying amounts of receivables	279,269,559	3,024,591	2,146,134	125,298	715,546	285,281,128
Expected credit loss	367,628	11,459	28,893	3,369	321,236	732,585
31-Dec-19						
Restated						
Expected credit loss rate	2.40%	0.82%	2.45%	4.91%	100.00%	3.00%
Restated total gross carrying amounts of receivables	227,597,573	3,944,810	2,093,866	964,734	1,484,972	236,085,955
Restated expected credit loss	5,469,385	32,521	51,259	47,341	1,484,972	7,085,478

*The gross carrying amount of receivables and the expected credit loss previously stated as ZW$256 430 109 and ZW$1 978 615, respectively has been restated to ZW$236 085 955 and ZW$7 085 478 in line with the amounts shown in the trade and other receivables note (Note 19). The adjustment resulted in a decrease in the gross carrying amounts of receivables by ZW$20 344 154 and an increase in the expected credit loss by ZW$5 106 863. The current expected credit loss rate for the current and total columns changed from 0.15% to 2.4% and 0.77% to 3%, respectively.

Other receivables

The expected credit loss on other receivables is determined using the general approach. The Group issues loans to farmers and staff under its heifer programme and car loan vehicle scheme, respectively. Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to applicant credit risk management. Credit limits are established for all farmers and staff based on internal rating criteria. Credit quality of the farmers is assessed through extensive credit verification procedures and individual facility limits are defined in accordance with this assessment. The farmers are required to insure the animals and other assets pledged as security with the Group registered as the loss payee. Farmers in terms of contract supply the company with milk for the duration of the loan period and repayments are made through deductions from amounts payable for milk delivered. Farmers with outstanding balances are regularly monitored.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32.1 Credit risk (cont.)

Set out below is the information about the credit risk exposure on the Group's loans and other receivables using a provision matrix

31-Dec-20	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	5.24%	0.00%	0.00%	0.00%	92.38%	6.34%
Total gross carrying amounts of receivables	5,749,521	-	-	-	73,419	5,822,940
Expected credit loss	301,159	-	-	-	67,824	368,983
31-Dec-19						
Restated						
Expected credit loss rate	2.00%	0.00%	0.00%	0.00%	73.55%	3.58%
Restated total gross carrying amounts of receivables	11,798,277	-	-	-	265,313	12,063,590
Restated expected credit loss	236,414	-	-	-	195,141	431,555

*The gross carrying amount of receivables previously stated as ZW$3 070 532 has been restated to ZW$12 063 590 in line with the amounts shown in the trade and other receivables note (Note 19). The adjustment resulted in an increase in the gross carrying amounts of other receivables by ZW$8 993 057. Consequently, the expected credit loss rate for the current and total columns changed from 8.43% to 2% and 14.05% to 3.58%, respectively.

Significant increase in credit risk
The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group 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, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Cash balances
The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 20. No ECL was recognised on cash and cash equivalents as it was not considered material.

Financial guarantees
The Group guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2020 for farmers and car loans were ZW$41 689 375 (2019: ZW$ 10 913 291) and ZW$21 292 540 (2019: ZW$ 201 156) respectively. The Group's maximum exposure to credit risk as a result of these guarantees is equal to the loan balances outstanding as at 31 December 2020.

Loans receivables and amounts owed by group companies
The Company obtains loans from local banks on behalf of its main operating subsidiary, Dairibord Zimbabwe (Private) Limited. The Company therefore has a receivable from Dairibord Zimbabwe (Private) Limited and a corresponding liability owing to the bank. In determining ECL on loans receivables and amounts owed by group companies the Company follows the approach used by the Group for other receivables as detailed above. The credit risk of the subsidiary to which the amounts were advanced is considered to be low. As a result no ECL was recognised as it was considered to be insignificant. The maximum exposure to credit risk is equal to the carrying amounts reflected in note 16 and note 18.1 respectively.

Write off policy
Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32.2 Liquidity risk

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g. accounts receivables, other financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2019 and 31 December 2020 based on contractual undiscounted payments:

	On demand ZW$	0 to 3 months ZW$	3 to 12 months ZW$	1 to 5 years ZW$	+ 5 years ZW$	Total ZW$
GROUP						
Liabilities						
Year ended 31 December 2020						
Interest bearing borrowings	-	8,345,269	381,995,151	96,155,477	-	486,495,897
Trade and other payables	-	364,332,794	-	-	-	364,332,794
	-	**372,678,063**	**381,995,151**	**96,155,477**	**-**	**850,828,691**
Restated						
Year ended 31 December 2019						
Interest bearing borrowings	-	58,646,726	112,679,254	495,292,997	-	666,618,977
Trade and other payables	-	360,986,532	-	-	-	360,986,532
	-	**419,633,258**	**112,679,254**	**495,292,997**	**-**	**1,027,605,509**
COMPANY						
Liabilities						
Year ended 31 December 2020						
Interest bearing borrowings	-	48,260,602	213,788,288	96,155,477	-	358,204,367
Trade and other payables	-	18,491,300	-	-	-	18,491,300
Amounts owed to Group companies	-	6,121,902	-	-	-	6,121,902
	-	**72,873,804**	**213,788,288**	**96,155,477**	**-**	**382,817,569**
Restated						
Year ended 31 December 2019						
Liabilities						
Interest bearing borrowings	-	62,760,004	125,019,088	517,384,278	-	705,163,372
Trade and other payables	-	17,957,984	-	-	-	17,957,984
Amounts owed to Group companies	-	4,964,121	-	-	-	4,964,121
	-	**85,682,109**	**125,019,088**	**517,384,278**	**-**	**728,085,477**

AUDITED INFLATION ADJUSTED

	GROUP 2020 ZW$	GROUP 2019 ZW$ Restated	COMPANY 2020 ZW$	COMPANY 2019 ZW$ Restated
32.3 Changes in liabilities arising from financing activities				
Balance as at 1 January	**131,403,320**	**92,374,373**	**92,858,929**	**75,580,710**
Interest bearing borrowings	128,219,529	91,606,136	89,675,138	74,812,473
Interest accrued	3,183,791	768,237	3,183,791	768,237
New loans	618,190,886	128,744,056	460,077,488	128,744,056
Loan repayments	(153,248,542)	(61,356,622)	(109,237,373)	(61,356,622)
Interest expense	82,805,582	30,604,625	37,676,137	15,266,096
Interest paid	(80,314,162)	(28,189,071)	(35,474,928)	(12,850,541)
Exchange differences	47,960,767	44,225,503	-	-
Monetary gain	(201,507,444)	(74,999,544)	(129,061,587)	(52,524,770)
Balance as at 31 December	**445,290,407**	**131,403,320**	**316,838,666**	**92,858,929**
Interest bearing borrowings	439,615,196	128,219,529	311,453,666	89,675,138
Interest accrued	5,675,211	3,183,791	5,385,000	3,183,791

32.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill) . The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available , the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2020 stand at US$0.186m (2019: US$0.9m).

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

32.4 Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated. As at 31 December 2020 the Group's exposure was due to cash and bank balances, prepayments, trade receivables and trade payables. The company's exposure is limited to cash and bank balances.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate. The sensitivity analysis in the following sections relate to the position as at 31 December in 2020 and 2019. The sensitivity analysis has been prepared on the basis that the amount of the net foreign asset/liability will increase or decrease in response to fluctuations in exchange rate, all things being constant. In determining the percentage change we considered exchange rate fluctuations since February 2019 when the functional currency of the Group changed, including post year end movements.

	GROUP			COMPANY		
	Change in rates	Effect on profit before tax	Effect on equity	Change in rates	Effect on profit before tax	Effect on equity
2020	+10%	29,291,267	22,050,466	+10%	202,547	152,478
	-10%	(29,291,267)	(22,050,466)	-10%	(202,547)	(152,478)
2019	+10%	9,020,639	6,697,825	+10%	-	-
	-10%	(9,020,639)	(6,697,825)	-10%	-	-

32.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2020, the Group's exposure to the risk of changes in market interest rates was nil as all the Group's interest bearing borrowings are at fixed interest rates.

The Group's policy for managing interest rate risk is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2020, all the Group's loans were at fixed interest rates.

32.6 Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives , policies or processes during the year ended 31 December 2020.

The Group monitors capital using a gearing ratio, which is historical net debt divided by total capital plus net debt. The Group's policy is to keep the gearing below 50%. The net debt is calculated as the sum of interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents and loans receivables.

32.6 Capital management

The Company monitors capital using a gearing ratio, which is historical net debt divided by total capital plus net debt. The Group's policy is to keep the gearing below 50%. The net debt is calculated as the sum of interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents and loans receivable.

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
Interest bearing borrowings (Note 22)	439,615,196	128,219,529	311,323,666	89,675,138
Bank overdraft-continuing operations (Note 20)	-	20,085,158	-	-
Bank overdraft-discontinued operations (Note 11)	-	-	-	-
Trade and other payables (Note 26)	364,332,794	351,773,286	18,491,300	17,957,984
Contract liabilities	15,762,379	9,213,245	-	-
Amounts owed to group companies (Note 18)	-	-	6,121,902	4,964,121
Less cash and short-term deposits (Note 20)	(205,676,518)	(84,510,326)	(2,462,215)	(1,460,523)
Less loans receivable (Note 16)	-	-	(313,478,501)	(99,341,381)
Net Debt	614,033,851	424,780,892	19,996,152	11,795,339
Equity	1,240,302,272	1,624,838,751	46,850,227	1,188,398,024
Capital and debt	**1,854,336,123**	**2,042,460,243**	**66,846,379**	**1,200,193,363**
Gearing ratio	33.1%	21%	30%	1%

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

33 SEGMENT INFORMATION

The Group has three operating segments which are listed below . The segments are identified based on their products and services.

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods and beverages.

Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group , generating almost all of the Group's revenue and cash flows.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's Chief Executive Officer is the Chief Operating Decision Maker.

Year ended 31 December 2020	Manufacturing and distribution (Zimbabwe) ZW$	Properties ZW$	Corporate ZW$	Adjustments and eliminations ZW$	Group ZW$
Revenue					
Revenue from contracts with external customers	5,268,879,888	-	-	-	5,268,879,888
Revenue from contracts with internal customers	4,483,466	-	-	(4,483,466)	-
Revenue from management services	-	-	100,102,979	(100,102,979)	-
Rental income-internal customers	-	2,033,433	-	(2,033,433)	-
Rental income-external customers	-	4,002,667	-	-	4,002,667
Total revenue	**5,273,363,354**	**6,036,100**	**100,102,979**	**(106,619,878)**	**5,272,882,555**
Results					
Depreciation and amortisation	105,741,141	17,697,180	3,542,345	-	126,980,666
Operating profit	150,989,814	74,084,277	6,236,741	-	231,310,832
Finance income	1,224,254	-	39,520,981	(39,193,367)	1,551,868
Finance costs	(84,322,812)	-	(37,676,137)	39,193,367	(82,805,582)
Segment (loss)/profit before tax	(10,995,973)	237,392,993	(13,720,485)	(267,946,796)	(55,270,261)
Income tax	79,884,702	35,643,106	4,434,874	(98,593,206)	21,369,476
Segment assets	1,192,408,173	1,186,655,704	1,508,662,567	(891,623,513)	2,996,102,931
Segment liabilities	893,322,534	44,310,782	345,882,312	(11,326,345)	1,272,189,283
Capital expenditure	55,244,924	-	2,275,027	-	57,519,951
Year ended 31 December 2019 Restated					
Revenue					
Revenue from contracts with external customers	4,997,601,895	-	-	-	4,997,601,895
Revenue from contracts with internal customers	1,017,188	-	-	(1,017,188)	-
Revenue from management services and royalties	-	-	78,000,629	(78,000,629)	-
Rental income-internal customers	-	15,730,429	-	(15,730,429)	-
Rental income-external customers	-	2,808,518	-	-	2,808,518
Total revenue	**4,998,619,084**	**15,730,429**	**78,000,629**	**(94,748,246)**	**5,000,410,414**
Results					
Depreciation and amortisation	98,181,948	1,446,771	3,511,001	-	103,139,720
Operating profit	389,578,016	12,395,700	5,354,960	-	407,328,676
Finance income	2,426,238	112,146	19,220,211	(15,449,076)	6,309,519
Finance costs	(30,787,606)	-	(15,266,096)	15,449,076	(30,604,625)
Segment profit/(loss) before tax	302,142,888	456,730,168	(58,680,851)	297,117,895	997,310,100
Income tax	149,380,493	42,667,321	8,099,545	(19,082,766)	181,064,594
Segment assets	1,601,857,016	911,801,573	1,306,349,310	(1,244,755,979)	2,575,251,920
Segment liabilities	779,303,560	42,555,147	117,951,286	10,603,176	950,413,169
Capital expenditure	84,414,395	-	15,739,397	-	100,153,792

The transactions between operating segments are at arm's length.

The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS - GROUP

34.1 Restatement due to prior period errors

i) **Error 1: Property, plant and equipment**

During the year the Group discovered that there was a property that was erroneously duplicated in the statement of financial position. In addition the revaluation surplus on property, plant and equipment shown in note 12 was erroneously omitted from the statement of profit or loss and other comprehensive income. Consequently the related reserve in the statement of financial position was overstated.

The errors have been corrected by restating each of the affected line items in the financial statements. The prior period error have no impact on the 2018 financial statements. The following table summarises the impact on the Group's consolidated financial statements.

		Impact of correction of error		
Consolidated statement of financial position	**As previously reported 2019 ZW$**	**Adjustment 2019 ZW$**	**Balance restated for the correction 2019 ZW$**	**Corrected balance restated for inflation 2019 ZW$**
Assets				
Property, plant and equipment	306,716,069	(2,473,897)	304,242,171	1,364,786,455
Liabilities				
Deferred tax liability	86,876,095	(611,547)	86,264,548	386,970,307
Equity				
Non-distributable reserve	95,200,697	87,660,885	182,861,582	820,290,655
Retained earnings	261,067,387	(87,660,885)	173,406,502	777,876,532
Consolidated statement on profit or loss and other comprehensive income				
Monetary gain	126,584,187	(58,875,323)	67,708,864	303,732,189
Income tax expense	(69,149,008)	28,785,562	(40,363,447)	(181,064,594)
Other comprehensive income				
Revaluation surplus	-	116,446,446	116,446,446	522,361,946
Income tax expense	-	(28,785,562)	(28,785,562)	(129,127,873)

ii) **Error 2: Disposal of foreign subsidiary**

In the prior year a foreign subsidiary, Dairibord Malawi Limited was disposed. On disposal of the subsidiary the profit on disposal was included in other income in the profit or loss instead of the discontinued operation line as required by IFRS 5. In addition the foreign currency translation reserve was not reclassified to profit or loss. In accordance with IAS21 and IFRS 5 the functional currency reserve should have been reclassified to profit or loss and presented with the gain or loss on disposal of the subsidiary in the loss from discontinued operation. The error has no impact on the 2018 financial statements as the disposal occurred during the year ended 31 December 2019.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS

ii) Error 2: Disposal of foreign subsidiary (cont.)

The error has been corrected by restating each of the affected line items in the financial statements. The following table summarises the impact of the correction of the error:

	Impact of correction of error			
	As previously reported 2019 ZW$	Adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$	Corrected balance restated for inflation 2019 ZW$
Consolidated statement of financial position				
Equity				
Non distributable reserves	95,200,697	53,784,508	148,985,205	668,326,118
Retained earnings	261,067,387	(4,930,982)	256,136,404	1,148,990,930
Consolidated statement on profit or loss and other comprehensive income				
Continuing operations				
Other operating income	27,182,807	(15,192,207)	11,990,600	53,788,098
Monetary gain	126,584,187	15,192,207	141,776,394	635,988,435
Discontinued operations				
Loss for the year from discontinued operation	(763,363)	(31,485,663)	(32,249,025)	(144,664,471)
Other comprehensive income				
Recycling of functional currency reserve on disposal of subsidiary	-	29,182,123	29,182,123	130,906,789
Consolidated statement of cash flows				
Operating activities				
Profit/(loss) on disposal of subsidiary	15,192,207	(46,677,870)	(31,485,663)	(141,240,136)

iii) Error 3: Elimination of reserves on initial application of IAS29

On initial application of IAS29 the asset revaluation reserve and the currency conversion reserve were not eliminated. In accordance with IAS29, both reserves should have been eliminated. This has been corrected by restating the affected lines in the 2019 financial statements.

The error has been corrected by restating each of the affected line items in the financial statements. The following table summarises the impact of the correction of the error on the 2019 opening and closing balances:

	Impact of correction of error			
Impact on 2018	As previously reported 2019 ZW$	Adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$	Corrected balance restated for inflation 2019 ZW$
Consolidated statement of financial position				
Equity				
Non distributable reserves	157,357,369	(157,357,369)	-	-
Retained earnings	136,616,529	157,357,369	293,973,898	1,318,724,463
Impact on 2019				
Consolidated statement of financial position				
Equity				
Non distributable reserves	95,200,697	(157,357,369)	(62,156,672)	(278,825,855)
Retained earnings	261,067,387	157,357,369	418,424,755	1,876,993,041
Consolidated statement of profit or loss and other comprehensive income				
Monetary gain	126,584,187	157,357,369	283,941,556	1,273,720,825

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

iv) Error 4: Restatement of the cash flow

During the year ended 2019, loan guarantee costs, profit on disposal of financial assets at fair value, loss on disposal of scrap and exchange differences were included in the "net exchange differences and impact of inflation" amount in the cash and cash equivalents section. These non-cash items should have been included in the operating activities section of the statement of cash flow. In addition the movement in prepayments relating to capital expenditure was included under operating activities instead of investing activities. These errors have been corrected by restating the affected line items in the statement of cash flow. Below is a summary of the lines affected by the correction.

	Impact of correction of error			
	As previously reported 2019 ZW$	Adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$	Corrected balance restated for inflation 2019 ZW$
Operating activities:				
loan guarantee costs	-	507,349	507,349	2,275,892
Profit on disposal of scrap	-	(659,605)	(659,605)	(2,958,893)
Loss on disposal of financial assets at fair value	-	137,551	137,551	617,034
Exchange differences	-	9,858,878	9,858,878	44,225,503
Working capital movements:				
(Increase) /decrease in trade and other receivables and prepayments	(26,297,406)	9,231,568	(17,065,839)	(76,554,888)
Investing activities:				
Increase in prepayments relating to capital expenditure	-	(9,231,568)	(9,231,568)	(41,411,480)
Cash and cash equivalents:				
Net exchange differences and impact of inflation	(35,826,700)	(9,844,173)	(45,670,873)	(204,872,942)

v) Net impact of errors on 2019

The net impact of the 4 errors is summarised below:

Consolidated statement of financial position				
Assets				
Property, plant and equipment	306,716,069	(2,473,898)	304,242,171	1,364,786,455
Equity				
Non distributable reserves	95,200,697	(15,911,976)	79,288,721	355,677,754
Retained earnings	261,067,387	14,049,626	275,117,013	1,234,135,198
Liabilities				
Deferred tax liability	86,876,095	(611,547)	86,264,548	386,970,307
Monetary gain	126,584,187	26,128,222	152,712,409	685,045,821
Other operating income	27,182,807	(15,192,207)	11,990,600	53,788,098
Income tax expense	(69,149,008)	28,785,562	(40,363,447)	(181,064,594)
Other comprehensive income				
Revaluation surplus	-	87,660,884	87,660,884	393,234,073
Gross	-	116,446,446	116,446,446	522,361,946
Tax impact	-	(28,785,562)	(28,785,562)	(129,127,873)
Recycling of functional currency reserve on disposal of subsidiary	-	29,182,123	29,182,123	130,906,789
Earnings per share				
Basic earnings for the year attributable to ordinary equity holders of the parent	39.59	2.30	41.89	187.89
Diluted earnings for the year attributable to ordinary equity holders of the parent	39.59	2.30	41.89	187.89
Headline earnings for the year attributable to ordinary equity holders	32.02	13.07	45.09	202.27
Earnings per share for continuing operations (cents)				
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	39.73	11.10	50.83	228.00
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	39.73	11.10	50.83	228.00
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	32.16	13.11	45.28	203.10
Earnings per share for discontinued operations (cents)				
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	(8.79)	(8.94)	(40.11)
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	(8.79)	(8.94)	(40.11)
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	0.00	(0.15)	(0.65)

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

	Impact of correction of error			
	As previously reported 2019 ZW$	Adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$	Corrected balance restated for inflation 2019 ZW$
Consolidated statement of cash flows				
Operating activities				
Profit/ (loss) on disposal of subsidiary	15,192,207	16,293,456	31,485,663	141,240,136
Monetary gain	126,584,187	26,128,222	152,712,409	685,045,821
loan guarantee costs	-	507,349	507,349	2,275,892
Profit on disposal of financial assets at fair value and scrap	-	137,551	137,551	617,034
Exchange differences	-	9,858,878	9,858,878	44,225,503
Working capital movements:				
(Increase) /decrease in trade and other receivables and prepayments	(26,297,406)	9,231,568	(17,065,839)	(76,554,888)
Investing activities:				
Increase in prepayments relating to capital expenditure	-	(9,231,568)	(9,231,568)	(41,411,480)

COMPANY

vi) Error 1: Elimination of reserves on initial application of IAS29

On initial application of IAS29 the currency conversion reserve was not eliminated. In accordance with IAS29, the reserve should have been eliminated. The correction of the error results in an increase in retained earnings and a decrease in non-distributable reserves.

The error has been corrected by restating each of the affected line items in the financial statements. The following table summarises the impact of the correction of the error:

	Impact of correction of error			
Impact on 2018	As previously reported 2019 ZW$	Adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$	Corrected balance restated for inflation 2019 ZW$
Consolidated statement of financial position				
Equity				
Non distributable reserves	93,775,166	(93,775,166)	-	-
Retained earnings	198,104,079	93,775,166	291,879,245	1,309,328,152
Impact on 2019				
Consolidated statement of financial position				
Equity				
Non distributable reserves	89,247,860	(93,775,168)	(4,527,308)	(20,308,850)
Retained earnings	(42,607,146)	93,775,168	51,168,022	229,532,361
Consolidated statement of profit or loss and other comprehensive income				
Monetary loss	(229,504,332)	93,775,168	(135,729,164)	(608,861,432)
Consolidated statement of cash flows				
Operating activities				
Monetary gain/ (loss)	(229,504,332)	93,775,168	(135,729,164)	(608,861,432)

34.2 Restatement of operating income and expenses due to reclassification adjustments

In the financial statements for the year ended 31 December 2019, other operating income and other operating expenses included fair value adjustments on investment property and exchange differences, respectively. These items do not form part of the core operations of the Group and Company and have therefore been have been presented separately in the statement of profit or loss, after the other operating profit line. In addition, the other operating income and expenses have been presented on a net basis as they relate to transactions of a similar nature. Below is a reconciliation of the other operating income and other operating expenses as presented in the prior year against the net other operating income/ (expense) as restated in the financial statements for the year ended 31 December 2020.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

		AUDITED INFLATION ADJUSTED	
		GROUP 2019 ZW$	COMPANY 2019 ZW$
i)	**Net other operating income/(expense)**		
	Other operating income		
	As previously stated	121,938,146	(506,861)
	Correction of prior period error- profit on disposal of subsidiary	(68,150,047)	-
	Reclassification of fair value adjustments on investment property	(50,438,618)	-
	Other operating expenses		
	As previously stated	**(119,430,753)**	**4,852,884**
	Reclassification of exchange losses/(gains)	121,207,909	(4,818,903)
	Net operating income/(expense)	**5,126,636**	**(472,881)**
	Net operating income/(expense) as per statement of profit or loss	**5,126,636**	**(472,881)**

35 EVENTS AFTER THE REPORTING DATE

The Group wishes to comment on the Corona Virus (COVID-19) pandemic due to the impact it is has had to date and is expected to have in future on companies worldwide. Particularly, the impact on the appropriateness of the use of the going concern assumption in the preparation of the financial statements.

The COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020, has affected the lives of people around the world. Many countries worldwide have placed either a partial or complete lockdown of their economies in order to contain the spread of the pandemic. During the year ended 31 December 2020, the country was on lockdown for an extended period (28 March 2020- August 2020). As time progressed, the Government relaxed the lockdown restrictions in response to a decline in reported/confirmed covid-19 cases.

Subsequent to year end, following the resurgence of the COVID-19 pandemic, the government of Zimbabwe proclaimed a 30-day lockdown period effective 03 January 2021. The lockdown was further extended by another 2 weeks to 15 February 2020. Following a decline in COVID-19 cases, the lockdown restrictions were relaxed with effect from 01 March 2021. The restrictions imposed by the government during the lockdown, which included reduced trading hours, closure of land borders, limited availability of public transport had an impact on the operations of the Group, as with most businesses.

Despite the aforementioned, management has a reasonable expectation that the Group has adequate resources to continue in operation in the foreseeable future and that the going concern basis of accounting remains appropriate. In order for the business to remain viable, management continuously reviews the way in which the Group conducts business. To date management has implemented the following measures:

- the business is in the process of creating an online purchasing platform to promote alternative procurement options for customers.
- restructuring of current facilities through reduction of interest rates and rolling forward of facilities falling due.
- reduction of casual work force through the non-renewal of expired employment contracts for casual employees.
- cost containment and Cost reduction strategies are being pursued to align costs to reduced volume of activity.

As the outbreak continues to evolve, it is challenging at this point, to predict the full extent and duration of its business impact. Consequently there is still uncertainty over the future development of the outbreak and the possible impact on the Group. However due to the development of the COVID-19 vaccines which are currently being administered locally, the directors are optimistic that the pandemic will not have a significant impact on the Group. The Directors, based on their interpretation of IFRS have considered the global outbreak of COVID-19 to be a non-adjusting event in terms of international accounting standard 10 ("IAS 10"), Events after the reporting period.

Financial Reports

In this Section

Supplementary Information

Statements of financial position

as at 31 December 2020

		UNAUDITED HISTORICAL COST			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,153,717,620	215,882,875	2,263,569	758,073
Investment property	13	85,070,000	19,242,488	-	-
Intangible assets	14	243,545	286,590	78,184	85,934
Investment in subsidiaries	15	-	-	46,603,338	46,603,338
Long-term loans receivable	16.1	-	-	81,366,502	9,745,470
Other non-current financial assets		-	481,729	-	199,644
Deferred tax asset	25	9,420,100	171,890	1,463,988	171,890
		1,248,451,265	**236,065,572**	**131,775,581**	**57,564,349**
Current assets					
Inventories	17	413,164,595	83,663,313	-	-
Amounts owed by group companies	18.1	-	-	17,976,125	6,940,098
Prepayments		205,598,961	16,054,398	6,682,464	283,020
Trade and other receivables	19	291,235,923	56,579,934	124,800	595,146
Short-term loans receivable	16.2	-	-	232,112,000	12,400,000
Cash and cash equivalents	20	205,676,518	18,839,288	2,462,215	325,584
		1,115,675,997	**175,136,933**	**259,357,604**	**20,543,848**
Total assets		**2,364,127,262**	**411,202,505**	**391,133,185**	**78,108,197**
EQUITY AND LIABILITIES					
Equity					
Share capital	21.1	35,800	35,800	35,800	35,800
Share premium	21.2	1,379,664	1,379,664	1,379,664	1,379,664
Non- distributable reserves	21.4	876,640,593	199,487,625	16,179,078	16,179,078
Reserves of assets classified as held for sale	21.4	-	-	-	-
Retained earnings		362,246,215	64,282,314	29,255,685	34,746,155
Equity attributable to owners of the parent		**1,240,302,272**	**265,185,403**	**46,850,227**	**52,340,697**
Total equity		**1,240,302,272**	**265,185,403**	**46,850,227**	**52,340,697**
Non-current liabilities					
Interest- bearing borrowings	22.1	76,308,333	9,135,979	76,308,333	4,211,667
Share incentive liability	23	28,045,010	-	3,925,124	-
Financial guarantee liability	24	6,997,915	1,262,915	-	-
Deferred tax liability	25	225,007,341	20,412,780	-	-
		336,358,599	**30,811,674**	**80,233,457**	**4,211,667**
Current liabilities					
Trade and other payables*	26	364,332,794	78,418,326	18,491,300	4,003,246
Contract liabilities	3	15,762,379	2,053,841	-	-
Interest- bearing borrowings	22.2	363,306,863	19,447,092	235,015,333	15,778,976
Bank overdraft	20	-	4,477,442	-	-
Dividend payable	21.3	395,919	151,294	395,919	151,294
Amounts owed to group companies	18.2	-	-	6,121,902	1,106,617
Income tax payable		43,668,436	10,657,433	4,025,047	515,700
		787,466,391	**115,205,428**	**264,049,501**	**21,555,833**
Liabilities associated with assets held for sale	11	-	-	-	-
		787,466,391	115,205,428	264,049,501	21,555,833
Total liabilities		**1,123,824,990**	**146,017,102**	**344,282,958**	**25,767,500**
Total equity and liabilities		**2,364,127,262**	**411,202,505**	**391,133,185**	**78,108,197**

J.K.H SACHIKONYE
Chairman
28 April 2021

A. MANDIWANZA
Group Chief Executive

*The prior year trade and other payables balance has been restated, to exclude contract liabilities which are now presented separately in the statement of financial position.

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2020

		UNAUDITED HISTORICAL COST			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Continuing operations					
Revenue from contracts with customers	3	3,659,096,872	496,959,673	-	-
Rental income		2,800,497	256,455	-	-
Revenue from management services	3	-	-	33,955,952	4,422,201
Revenue from royalties	3	-	-	34,902,391	4,449,881
Revenue		**3,661,897,369**	**497,216,128**	**68,858,343**	**8,872,082**
Cost of sales		(2,617,411,227)	(337,756,447)	-	-
Gross profit		**1,044,486,142**	**159,459,681**	**68,858,343**	**8,872,082**
Net other operating income/ (expense)	4	7,898,705	361,146	1,494,459	(105,248)
Selling and distribution expenses	5.1	(370,094,450)	(59,449,136)	-	-
Administration expenses	5.2	(326,328,057)	(39,204,948)	(67,344,833)	(7,715,553)
Impairment loss on trade and other receivables		574,151	(1,331,859)	-	-
Operating profit	**6**	**356,536,491**	**59,834,884**	**3,007,969**	**1,051,281**
Fair value gain on investment properties	13	67,879,262	17,792,488	-	-
Exchange gain/ (loss)		9,256,407	(6,465,604)	1,479,663	802,624
Net monetary gain/ (loss)		-	-	-	-
Finance costs	7	(61,562,570)	(4,352,160)	(28,171,756)	(1,848,343)
Finance revenue	8	1,119,943	921,558	29,259,096	2,347,531
Profit before tax		**373,229,533**	**67,731,166**	**5,574,972**	**2,353,093**
Income tax expense	9	(68,105,615)	(22,367,569)	(3,905,425)	(1,013,742)
Profit for the year		**305,123,918**	**45,363,597**	**1,669,547**	**1,339,351**
Discontinued operations					
Loss for the year from discontinued operations	11	-	(3,781,962)	-	-
Profit for the year		**305,123,918**	**41,581,635**	**1,669,547**	**1,339,351**
Profit/(loss) attributable to:					
Equity holders of the parent		305,123,918	41,822,858	1,669,547	1,339,351
Non-controlling interests		-	(241,223)	-	-
		305,123,918	**41,581,635**	**1,669,547**	**1,339,351**
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax					
Revaluation surplus		677,152,968	172,479,209	-	-
Other comprehensive income that will be reclassified to profit or loss in subsequent periods, net of tax					
Exchange differences on functional currency change		-	(1,517,727)	-	(820,722)
Exchange differences on translating foreign operations		-	(6,990,793)	-	-
Recycling of FCTR on disposal of subsidiary		-	9,205,073	-	-
		677,152,968	**173,175,762**	**-**	**(820,722)**
Total comprehensive income for the year		**982,276,886**	**214,757,397**	**1,669,547**	**518,629**
Total comprehensive income /(loss) income attributable to:					
Equity holders of the parent		982,276,886	217,207,710	1,669,547	518,629
Non-controlling interests		-	(2,450,313)	-	-
		982,276,886	**214,757,397**	**1,669,547**	**518,629**
Earnings per share (cents)					
Basic earnings for the year attributable to ordinary equity holders of the parent	10	85.23	11.68		
Diluted earnings for the year attributable to ordinary equity holders of the parent	10	85.23	11.68		
Headline earnings for the year attributable to o rdinary equity holders of the parent	10	65.95	7.25		
Earnings per share for continuing operations (cents)					
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	10	85.23	12.67		
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	10	85.23	12.67		
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	10	65.95	8.24		

Statements of cash flows

for the year ended 31 December 2020

		UNAUDITED HISTORICAL COST			
		GROUP		COMPANY	
	Notes	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Operating activities					
Profit/loss before tax-continuing operations		373,229,533	67,731,166	5,574,972	2,353,093
Loss before tax-discontinued operations		-	(3,781,962)	-	-
Adjusted for:					
Depreciation of property, plant and equipment	12	11,253,844	4,742,884	376,270	112,991
Impairment	12	-	269,291	-	-
Amortisation of intangible assets	14	135,225	65,977	7,750	13,161
(Profit)/loss on disposal of property, plant and equipment and scrap	4	(6,085,001)	(109,883)	(719,260)	(6,499)
Loss on disposal of investment property	4	51,750	-	-	-
Profit on disposal of scrap	4	-	(314,086)	-	-
(Profit)/loss on disposal of a subsidiary	11	-	3,018,600	-	128,733
Loss on disposal of a financial assets at fair value through profit or loss	4	-	136,299	-	-
Finance income	8	(1,119,943)	(921,558)	(29,259,096)	(2,347,531)
Inventory written off	17	1,867,243	1,546,452	-	-
Allowances for credit losses	19	(574,151)	1,331,859	-	-
Loan guarantee costs	24	5,735,000	1,125,944	-	-
Fair value adjustment on investment property	13	(67,879,262)	(17,792,488)	-	-
Exchange losses		26,745,037	9,858,878	-	-
Fair value adjustment on financial assets at fair value through profit or loss			7,565	-	7,565
Finance costs		61,562,570	4,352,160	28,171,756	1,848,343
Working capital movements :					**-**
Increase in inventories		(329,501,282)	(66,900,847)	-	-
Increase in trade and other receivables and prepayments		(422,629,904)	(63,402,016)	(5,929,097)	(592,309)
Increase in amounts owed by group companies		-	-	(11,036,027)	(2,678,339)
Increase in amounts owed to group companies		-	-	5,015,285	1,022,923
Increase in trade and other payables, contract liabilities and share incentive liability		322,702,544	78,128,631	18,413,178	3,477,843
		(24,506,799)	**19,092,866**	**10,615,731**	**3,339,974**
Income tax paid		(62,599,362)	(7,090,042)	(1,688,176)	(819,272)
Net cash flows (used in)/generated from operating activities		**(87,106,161)**	**12,002,824**	**8,927,555**	**2,520,702**
Investing activities					
Purchase of plant and equipment	12	(52,348,824)	(5,471,644)	(1,882,213)	(847,988)
Purchase of intangible assets	14	(92,180)	-	-	-
Proceeds from sale of property, plant and equipment		8,857,680	284,247	719,707	35,653
Proceeds from sale of investment property		2,000,000	-	-	-
Loans repaid/(issued) to other third parties		-	19,786	-	-
Loans issued to subsidiaries	16.3	-	-	(332,112,000)	(28,700,000)
Loans repaid by subsidiaries	16.3	-	-	40,778,968	11,948,741
Finance income on effective interest rate method	8	1,119,943	921,558	29,259,096	2,347,531
Prepayments for plant and equipment		(1,570,648)	(2,888,708)	-	-
Net cash outflow from Investing activities		**(42,034,029)**	**(7,134,761)**	**(263,236,442)**	**(15,216,063)**
Financing activities					
Proceeds from borrowings	32.3	462,112,000	28,700,000	332,112,000	28,700,000
Repayment of borrowings	32.3	(77,824,911)	(13,677,797)	(40,778,976)	(11,732,681)
Dividends paid	21.3	(6,915,393)	(2,442,618)	(6,915,393)	(2,442,618)
Interest paid*	32.4	(56,597,099)	(4,352,160)	(23,496,496)	(1,848,343)
Net cash inflows from financing activities		**320,774,597**	**8,227,425**	**260,921,135**	**12,676,358**
Net increase in cash and cash equivalents		**191,634,407**	**13,095,488**	**6,612,248**	**(19,004)**
Net exchange differences		(319,735)	(10,181,260)	(4,475,617)	(1,109,427)
Effect of Change in functional currency		-	1,517,727	-	820,722
Cash and cash equivalents at beginning of the period		14,361,846	9,929,891	325,584	633,293
Cash and cash equivalents at the end of the period	**20**	**205,676,518**	**14,361,846**	**2,462,215**	**325,584**

*Interest paid was reclassified from operating activities to financing activities as the interest relates to interest bearing borrowings which are presented under financing activities.

Statements of changes in equity

for the year ended 31 December 2020

UNAUDITED HISTORICAL COST

	Attributable to equity holders of the parent							
GROUP	**Share Capital ZW$**	**Share Premium ZW$**	**Non - distributable reserves ZW$ (Note 23.4)**	**Reserves of assets classified as held for sale ZW$**	**Retained earnings ZW$**	**Total ZW$**	**Non - controlling interests ZW$**	**Total equity ZW$**
As at 1 January 2019	**35,800**	**1,379,664**	**28,526,143**	**(4,224,099)**	**24,766,191**	**50,483,699**	**(282,763)**	**50,200,936**
Profit /(loss)for the year	-	-	-	-	41,822,858	41,822,858	(241,223)	41,581,635
Recycling of the FCTR on disposal of subsidiary	-	-	9,205,073	-	-	9,205,073	-	9,205,073
Revaluation surplus on PPE	-	-	172,479,209	-	-	172,479,209	-	172,479,209
Exchange difference on functional currency change	-	-	(1,517,727)	-	-	(1,517,727)	-	(1,517,727)
Exchange differences on translating foreign operations	-	-	(4,781,703)	-	-	(4,781,703)	(2,209,090)	(6,990,793)
Total comprehensive income	**-**	**-**	**175,384,852**	**-**	**41,822,858**	**217,207,710**	**(2,450,313)**	**214,757,397**
Dividends (Note 22.3)	-	-	-	-	(2,506,006)	(2,506,006)	-	(2,506,006)
Disposal of a subsidiary and reclassification of reserves	-	-	(4,423,370)	4,224,099	199,271	-	2,733,076	2,733,076
As at 31 December 2019	**35,800**	**1,379,664**	**199,487,625**	**-**	**64,282,314**	**265,185,403**	**-**	**265,185,403**
Profit /(loss)for the year	-	-	-	-	305,123,918	305,123,918	-	305,123,918
Revaluation surplus on PPE			677,152,967	-	-	677,152,967	-	677,152,967
Total comprehensive income	**-**	**-**	**677,152,967**	**-**	**305,123,918**	**982,276,886**	**-**	**982,276,886**
Dividends (Note 22.3)	-	-	-	-	(7,160,017)	(7,160,017)	-	(7,160,017)
As at 31 December 2020	**35,800**	**1,379,664**	**876,640,593**	**-**	**362,246,215**	**1,240,302,272**	**-**	**1,240,302,272**

COMPANY	**Share Capital ZW$**	**Share Premium ZW$**	**Non-distributable reserves ZW$ (note 21.4)**	**Retained earnings ZW$**	**Total ZW$**
As at 1 January 2019	**35,800**	**1,379,664**	**16,999,800**	**35,912,810**	**54,328,074**
Profit /(Loss)for the year	-	-	-	1,339,351	1,339,351
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**1,339,351**	**1,339,351**
Dividends paid (Note 22.3)	-	-	-	(2,506,006)	(2,506,006)
Exchange difference on functional currency change	-	-	(820,722)	-	(820,722)
As at 31 December 2019	**35,800**	**1,379,664**	**16,179,078**	**34,746,155**	**52,340,697**
Profit /(Loss)for the year	-	-	-	1,669,547	1,669,547
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**1,669,547**	**1,669,547**
Dividends paid (Note 22.3)	-	-	-	(7,160,017)	(7,160,017)
As at 31 December 2020	**35,800**	**1,379,664**	**16,179,078**	**29,255,685**	**46,850,227**

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates revenue primarily from the sale of liquid milks, foods and beverages. Other sources of revenue include rental income from leased investment properties. The Group obtains most of its revenue from the domestic market.

3.1 Performance obligations

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

GROUP

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms	Revenue recognition policy
- Liquid milks **- Foods** **- Beverages**	Customers obtain control of the products (all products) when the goods are dispatched from the Group's warehouse. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. No material discounts are offered for the products. There are no other performance obligations in the customer contracts.	Revenue is recognised when the goods are dispatched from the Group's warehouse.

COMPANY

Type of product	Nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms	Revenue recognition policy
- Management services **- Royalties**	Invoices are generated monthly and are usually payable within 30days.	Revenue is recognised over time as the services are rendered. The amount for management fees is measured as a percentage of the expenses of the company. For royalties, the revenue amount is determined based on the revenue generated by the subsidiary which uses the brand/trademark of the company.

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
3.2 Disaggregated revenue information				
Type of goods				
Sale of liquid milks	1,385,963,073	202,706,496	-	-
Sale of foods	796,626,670	84,150,120	-	-
Sales of beverages	1,476,507,129	210,103,057	-	-
Revenue from management services	-	-	33,955,952	4,422,201
Revenue from royalties	-	-	34,902,391	4,449,881
Total revenue from contracts with customers	**3,659,096,872**	**496,959,673**	**68,858,343**	**8,872,082**
Market segment				
Domestic	3,519,536,447	463,520,938	68,858,343	8,872,082
Export	139,560,425	33,438,735	-	-
	3,659,096,872	**496,959,673**	**68,858,343**	**8,872,082**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
3.3 Contract assets and liabilities				
Trade receivables (Note 20)	285,281,128	52,628,969	-	-
Amounts owed by group companies (Note 18.1)	-	-	17,976,125	6,940,098
Contract liabilities	15,762,379	2,053,843	-	-

Trade receivables are non-interest bearing and are generally on terms of 30 days. In 2020, ZW$ 707 396 (2019:-ZW$1 333 859) was recognised as allowance for credit losses on trade receivables.

Contract liabilities include advances received to deliver goods in 2020 and all are short term. In the prior year contract liabilities were included in trade and other payables. The balance has now been presented separately on the face of the statement of financial position.

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
4 NET OTHER OPERATING INCOME/(EXPENSE)				
Profit on disposal of property, plant and equipment	6,085,001	109,883	719,260	6,499
Loss on disposal of investment property	(51,750)	-	-	-
Loss on disposal of financial assets at fair value through profit or loss	-	(136,299)	-	(7,566)
Profit on disposal of scrap	-	314,086	-	-
Loss on disposal of a subsidiary	-	-	-	(128,733)
Export incentive	-	28,534	-	-
Sundry income	1,865,454	44,942	775,199	24,552
	7,898,705	**361,146**	**1,494,459**	**(105,248)**

Other operating income and expenses have been presented on a net basis for both 2020 and 2019. In the prior year financial statements, other operating income and other operating expenses were presented separately. In addition the net operating income/expenses have been restated to exclude fair value adjustments and exchange differences which are now presented as separate items in the statement of profit or loss after the operating profit. This has resulted in a decrease in the prior year operating profit, however this has no impact on the profit before tax.

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
5 OPERATING EXPENSES				
5.1 Selling and distribution costs				
Employee benefit expenses	107,499,465	12,962,534	-	-
Fuel and hire charges	75,729,117	9,473,311	-	-
Repairs and maintenance costs	48,622,548	5,528,524	-	-
Merchandising costs	8,714,464	1,688,953	-	-
Depreciation	489,511	708,567	-	-
Advertising and promotions	15,048,667	4,164,684	-	-
Other costs**	113,990,678	24,922,563	-	-
	370,094,450	**59,449,136**	**-**	**-**

**Other costs relate to several sundry items which include consumables, insurance, utilities, stationery and printing.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
5.2 Administration expenses				
Employee benefit expenses	136,293,294	18,540,480	31,236,205	4,501,959
Bank charges	15,008,019	1,825,834	307,049	222,631
Repairs and maintenance costs	5,197,004	1,093,672	660,402	87,827
Rent and rates	5,998,861	1,456,923	360	-
Depreciation expense	809,509	403,012	376,270	126,152
Amortisation expense (Note 14)	135,225	65,977	7,750	13,161
Audit fees	7,792,668	954,264	740,313	172,507
Insurance	6,557,065	897,902	489,314	96,438
Directors fees	7,892,915	731,686	7,892,915	731,686
Loan guarantee costs (Note 24)	5,735,000	1,125,944	-	-
2% IMT	48,820,563	7,756,395	1,418,304	185,221
Other costs**	86,087,934	4,352,859	24,215,951	1,577,971
	326,328,057	**39,204,948**	**67,344,833**	**7,715,553**

**Other costs relate to sundry items which include consultancy fees, legal fees and security.

6 OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

	Group 2020 ZW$	Group 2019 ZW$	Company 2020 ZW$	Company 2019 ZW$
Audit fees	7,792,668	954,264	740,313	172,507
Depreciation of property, plant and equipment	11,253,844	4,742,884	376,270	112,991
Amortisation of intangible assets	135,225	65,977	7,750	13,161
Rent	7,629,495	438,600	-	-
Directors emoluments	36,327,308	3,800,786	34,106,553	3,800,786
- for services as directors	7,892,915	731,686	7,892,915	731,686
- salaries and benefits	28,434,393	3,069,100	26,213,638	3,069,100
- termination benefits	-	-	-	-
Employee benefits expense				
- Salaries and wages	380,020,835	45,805,434	33,973,236	4,501,959
- Share incentive expense	28,045,010	-	3,925,124	-
- Pension costs	9,549,950	661,307	874,254	78,645
- National Social Security Authority	1,703,799	265,516	6,815	17,646
	419,319,594	**46,732,257**	**38,779,429**	**4,598,250**

7 FINANCE COSTS

	Group 2020 ZW$	Group 2019 ZW$	Company 2020 ZW$	Company 2019 ZW$
Interest on borrowings	**61,562,570**	**4,352,160**	**28,171,756**	**1,848,343**

Finance costs relate to financial liabilities measured at amortised cost. Interest was calculated using the effective interest rate method.

8 FINANCE REVENUE

	Group 2020 ZW$	Group 2019 ZW$	Company 2020 ZW$	Company 2019 ZW$
Interest received on loans and short term deposits	**1,119,943**	**921,558**	**29,259,096**	**2,347,531**
Interest received on loans to related parties	64,383	28,890	29,259,096	2,229,854
Interest received from third parties	1,055,560	892,668	-	117,677

Finance income relates to financial assets measured at amortised cost. Interest was calculated using the effective interest rate method.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
9 TAXATION				
Current income tax:	95,118,740	17,341,699	5,197,523	1,164,952
- Current year charge	94,627,115	17,246,012	5,197,523	1,163,398
- Prior periods charge	-	-	-	-
Capital gains tax	491,625	95,687	-	1,554
Deferred tax charge	(27,013,125)	5,025,870	(1,292,098)	(151,210)
	68,105,615	**22,367,569**	**3,905,425**	**1,013,742**
Tax rate reconciliation				
Standard rate	24.72%	25.75%	24.72%	25.75%
Prior periods under provision	0.00%	0.00%	0.00%	0.00%
Disallowed expenses*	4.35%	0.08%	41.06%	9.21%
Effect of capital gains tax	0.03%	0.05%	0.00%	1.49%
Effect of tax rate change on temporary differences	0.00%	0.10%	0.00%	0.10%
Effect of rebasing capital allowances on temporary differences	-4.12%	0.00%	0.00%	0.00%
Other non-taxable items	-6.73%	0.00%	0.00%	0.00%
Other non-deductible items	0.00%	4.46%	4.27%	6.53%
Effective tax rate	**18.25%**	**33.02%**	**70.05%**	**43.08%**

*Included in the disallowed expenses is IMTT, consultancy fees, donations, loan guarantees and other expenses not allowed for tax purposes.
**Included in other non-taxable/non-deductible items is profit on disposal of properties

10 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline earnings comprises of basic earnings attributable to equity holders of the parent adjusted for remeasurement of assets and liabilities that do not form part of the trading activities of the Group net of their related tax effects and share of non-controlling interest as applicable. Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for post tax profits or losses for disposal of assets, write offs, impairments and fair value adjustments, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic, diluted and headline earnings per share computations:

	Group	
	2020 ZW$	2019 ZW$
Profit/(loss) attributable to ordinary equity holders of the parent for basic earnings		
Continuing operations	305,123,918	45,363,597
Discontinued operations	-	(3,540,739)
Profit attributable to ordinary equity holders of the parent for basic earnings	**305,123,918**	**41,822,858**
Profit on disposal of property, plant and equipment	(6,085,001)	-
Loss on disposal of investment property	51,750	-
Profit on disposal of scrap	-	(314,086)
Loss on disposal of subsidiary	-	3,018,600
Asset write off	-	-
Fair value adjustment on investment property	(67,879,263)	(17,792,488)
Tax effect	4,885,383	(777,289)
Profit attributable to ordinary equity holders of the parent for Headline earnings	**236,096,787**	**25,957,595**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

10 EARNINGS PER SHARE (cont.)

	2020 No.	2019 No.
Weighted average number of ordinary shares for basic earnings per share	358,000,858	358,000,858
Number of shares in issue	358,000,858	358,000,858
Weighted average number of ordinary shares for diluted earnings per share	358,000,858	358,000,858

Earning per share relating to the discontinued operations

The EPS for discontinued operations was calculated by dividing the loss from discontinued operations attributable to ordinary equity holders by the weighted average number of ordinary shares. The weighted number of ordinary shares for the basic and diluted EPS is as per the table above.

	2020 No.	2019 No.
Basic earnings per share (cents)	-	(1)
Diluted earnings per share (cents)	-	(1)
Headline earnings per share (cents)	-	(0)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11 DISCONTINUED OPERATIONS

In December 2018, the Board of Directors of Dairibord Holdings Limited resolved that the Group should disinvest from Dairibord Malawi Limited (DML) due to persistent losses. The operation was classified as held for sale in 2018. All the conditions precedent to the sale were completed in 2019 and the Group deconsolidated Dairibord Malawi with effect from 01 August 2019. The results of Dairibord Malawi Limited are presented below:

	2020 ZW$	2019 ZW$
Revenue	**-**	**787,323**
Net expenses	-	(1,179,656)
Operating loss	**-**	**(392,333)**
Finance costs	-	(371,030)
Loss before tax	**-**	**(763,363)**
Income tax	-	-
Loss after tax	**-**	**(763,363)**
The major classes of assets and liabilities of Dairibord Malawi are as below.		
Assets		
Property, plant and equipment	-	15,600,349
Inventories	-	2,057,035
Prepayments	-	38,388
Income tax asset	-	187,204
Trade and other receivables	-	1,808,458
Cash balances	-	1,068
	-	**19,692,502**
Liabilities		
Trade and other payables	-	12,085,388
Deferred tax liability	-	3,140,419
Interest bearing borrowings	-	8,249,846
Deferred income-grants received	-	3,711,091
Bank overdraft	-	613,694
	-	**27,800,438**
Net assets associated directly with assets held for sale for consolidated financial statements	**-**	**(8,107,936)**
Disposal of a Subsidiary	**-**	**8,107,936**
Disposal of a subsidiary		
Net liabilities	-	8,107,936
Receivables (purchase price)	-	379,074
Non controlling interest	-	(2,733,076)
Recycling of functional currency translation reserve on disposal of subsidiary	-	(9,205,073)
Other	-	432,539
Loss on disposal of subsidiary	**-**	**(3,018,600)**

The receivable for the sale of the subsidiary was written off in 2020 as none was recoverable.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

12 PROPERTY, PLANT AND EQUIPMENT

	UNAUDITED HISTORICAL COST								
	GROUP						COMPANY		
	Freehold land and buildings ZW$	Plant and equipment ZW$	Capital work in progress ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$
Cost or valuation									
At 1 January 2019	**15,162,992**	**43,651,299**	**-**	**1,258,485**	**6,032,289**	**66,105,065**	**481,187**	**541,977**	**1,023,164**
Additions	-	3,092,358	-	715,355	1,663,931	5,471,644	136,500	711,488	847,988
Asset written off	-	-	-	-	-	-	-	-	-
Disposals	(70,000)	(4,190)	-	-	(559,367)	(633,557)	-	(219,151)	(219,151)
Revaluation surplus	181,333,756	-	-	-	-	181,333,756	-	-	-
At 31 December 2019	**196,426,748**	**46,739,467**	**-**	**1,973,840**	**7,136,853**	**252,276,908**	**617,687**	**1,034,314**	**1,652,001**
Additions	-	36,126,855	-	1,803,238	14,418,731	52,348,824	150,175	1,732,038	1,882,213
Asset written off	-	-	-	-	-	-	-	-	-
Disposals	(2,783,284)	(10,969)	-	(14,982)	(161,457)	(2,970,692)	(14,982)	-	(14,982)
Revaluation surplus	899,512,443	-	-	-	-	899,512,443	-	-	-
At 31 December 2020	**1,093,155,907**	**82,855,353**	**-**	**3,762,096**	**21,394,127**	**1,201,167,483**	**752,880**	**2,766,352**	**3,519,232**
Accumulated depreciation and impairment									
At 1 January 2019	**(641,134)**	**(25,624,745)**	**-**	**(1,079,656)**	**(4,034,204)**	**(31,379,739)**	**(457,509)**	**(513,123)**	**(970,632)**
Depreciation charge for the year	(319,547)	(3,684,283)	-	(163,841)	(575,213)	(4,742,884)	(27,289)	(85,702)	(112,991)
Impairment	-	(269,291)	-	-	-	(269,291)	-	-	-
Asset written off	-	-	-	-	-	-	-	-	-
Disposals	2,817	4,190	-	-	451,884	458,891	-	189,695	189,695
Transfer to investment property	-	-	-	-	-	-	-	-	-
Exchange adjustments	-	(461,010)	-	-	-	(461,010)	-	-	-
At 31 December 2019	**(957,864)**	**(30,035,139)**	**-**	**(1,243,497)**	**(4,157,533)**	**(36,394,033)**	**(484,798)**	**(409,130)**	**(893,928)**
Depreciation charge for the year	(5,029,095)	(4,633,247)	-	(522,875)	(1,068,626)	(11,253,844)	(89,636)	(286,634)	(376,270)
Impairment	-	-	-	-	-	-	-	-	-
Asset written off	-	-	-	-	-	-	-	-	-
Disposals	11,052	10,969		14,535	161,457	198,013	14,535	-	14,535
At 31 December 2020	**(5,975,907)**	**(34,657,417)**	**-**	**(1,751,837)**	**(5,064,702)**	**(47,449,863)**	**(559,899)**	**(695,764)**	**(1,255,663)**
Net book value									
At 31 December 2020	1,087,180,000	48,197,936	-	2,010,259	16,329,425	1,153,717,620	192,981	2,070,588	2,263,569
At 31 December 2019	195,468,884	16,704,328	-	730,343	2,979,320	215,882,875	132,889	625,184	758,073

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
12.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	215,882,875	34,725,326	758,073	52,532
Cost	252,276,908	66,105,065	1,841,696	1,023,164
Accumulated depreciation and impairment	(36,394,033)	(31,379,739)	(1,083,623)	(970,632)
Movement for the year:				
Additions	52,348,824	5,471,644	1,882,213	847,988
Revaluation	899,512,443	181,333,756	-	-
Net carrying amount of disposals	(2,772,679)	(174,666)	(447)	(29,456)
Depreciation charge for the year	(11,253,844)	(4,742,884)	(376,270)	(112,991)
Impairment loss	-	(269,291)	-	-
Net exchange adjustment	-	(461,010)	-	-
Net carrying amount at 31 December	**1,153,717,620**	**215,882,875**	**2,263,569**	**758,073**
Cost	1,201,167,483	252,276,908	3,519,232	1,841,696
Accumulated depreciation and impairment	(47,449,863)	(36,394,033)	(1,255,663)	(1,083,623)

12.2 Property revaluation

The valuation was fully and independently undertaken by Dawn Property Consultancy (Private) Limited. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. We have used comparable rentals inferred from offices and industrials within the locality of the property based on use, location, size and quality of finishes. Theses rentals were then annualised and a capitalisation factor was then applied to give a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 81.7866 (Source: Reserve Bank of Zimbabwe) as at 31 December 2020.

The fair value measurement of all properties has been categorised as level 3 in the fair value hierarchy based on the inputs to the valuation. technique used. The significant unobservable inputs are shown below.

Significant unobservable data (US$)
The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	14	13.00	12.00-13.00
Significant unobservable data (ZW$ converted)					
Industrial office rental (rental per square meter)	ZW$286-ZW$818	ZW$225-ZW$530	ZW$230-ZW$450	ZW$286-ZW$508	ZW$286-ZW$508
Factory/workshop (rental per square meter)	ZW$368-ZW$410	ZW$100-ZW$160	ZW$265	-	-
Yard (rental per square meter)	ZW$143	ZW$13-ZW$40	US$35	ZW$13	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	14	13.00	12.00-13.00

Refer to Note 21.4 for the movement in the revaluation reserve.

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

12 PROPERTY, PLANT AND EQUIPMENT (cont.)

12.2 Property revaluation (cont.)

Property mortgaged against borrowings
Property valued at ZW$669.8m in this category is mortgaged against the interest bearing borrowings disclosed in Note 22.

12.3 Impairment

There was no impairment loss recognised in the current year as there were no indicators that the assets were impaired as at 31 December 2020. During the year ended 31 December 2019, an impairment loss of ZW$269 291 was recognised on a yoghurt spoon applicator and other small assets. The yoghurt spoon applicator was purchased by the Group in 2014 for the purpose of applying a spoon on the Yoghurt Cup . The Spoon Applicator, which is part of plant and equipment did not perform as expected since commissioning as the spoons that would be attached to the cup kept falling off when the products were taken to the market. Management assessed its performance and decided to discontinue its use. The assessed recoverable amount was assessed as Nil as the machine is of a specialised nature and therefore does not have a ready market.

	Carrying Amount	Recoverable Amount*	Impairment Loss
Asset			
Yoghurt Spoon Applicator	235,222	-	235,222
Other small assets	70,032	35,963	34,069
			269,291

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	**2019 ZW$**	**2020 ZW$**	**2019 ZW$**
13 INVESTMENT PROPERTY				
13.1 Reconciliation of carrying amounts				
Balance at 1 January	**19,242,488**	**1,450,000**	**-**	**-**
Disposals	(2,051,750)	-	-	-
Fair value adjustment recognised in profit or loss (in other operating income)	67,879,263	17,792,488	-	-
Balance at 31 December	**85,070,000**	**19,242,488**	**-**	**-**

Investment property comprises of a number of commercial properties that are leased to third parties. As at 31 December 2020 the Group's investment property portfolio comprised of 11 commercial properties (2019: 12 commercial properties), all within the country.

13.2 Measurement of fair values

The fair value of investment property was determined by an external independent property valuation company, Dawn Property Consultancy (Private) Limited. The valuers have appropriate recognised professional qualifications and experience in the location and category of the properties being valued. The independent valuers provide the fair value of the Group's investment property portfolio every 3 years.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. We have used comparable rentals inferred from offices and industrials within the locality of the property based on use, location, size and quality of finishes. Theses rentals were then annualised and a capitalisation factor was then applied to give a market value of the property, also inferring on comparable premises which are in the same category as regards the building elements.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 81.7866 as at 31 December 2020."

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

13 INVESTMENT PROPERTY (cont.)

13.2 Measurement of fair values (cont.)

Significant unobservable data (US$)
The following significant unobservable inputs were applied on the main space. These inputs have been segmented by location and nature of the property.

	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00
Significant unobservable data (ZW$ converted)					
Industrial office rental (rental per square meter)	ZW$160-ZW$250	ZW$100-ZW$160	ZW$160-ZW$200	ZW$160-ZW$200	ZW$120-ZW$160
Factory/workshop (rental per square meter)	ZW$120-ZW$140	ZW$80-ZW$120	ZW$100-ZW$120	ZW$120-ZW$160	-
Yard (rental per square meter)	ZW$8-12	ZW$20-ZW$29	ZW$25	ZW$2	ZW$4
Capitalisation rate (%)	10.00-11.50	11.25- 12.50	13.50	13.00	12.00-13.00

Impact of COVID-19 on investment property valuation
The 31 December 2020 valuation contains a "material valuation uncertainty" clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion.

	UNAUDITED HISTORICAL COST			
	Group		Company	
	2020 ZW$	2019 ZW$ Restated	2020 ZW$	2019 ZW$ Restated
13.3 Amounts recognised in profit or loss relating to investment property				
Rental income from leasing	2,800,498	256,455	-	-
Operating costs	-	-	-	-
Net income	**2,800,498**	**256,455**	**-**	**-**
14 INTANGIBLE ASSETS-SOFTWARE				
Cost				
At 1 January	**1,078,655**	**1,078,655**	**138,578**	**138,578**
Additions	92,180	-	-	-
At 31 December	**1,170,835**	**1,078,655**	**138,578**	**138,578**
Amortisation				
At 1 January	**(792,065)**	**(726,088)**	**(52,644)**	**(39,483)**
Charge for the year (included in administration costs-see note 5.2)	(135,225)	(65,977)	(7,750)	(13,161)
At 31 December	**(927,290)**	**(792,065)**	**(60,394)**	**(52,644)**
Net book value	**243,545**	**286,590**	**78,184**	**85,934**
Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**286,590**	**352,567**	**85,934**	**99,095**
Cost	1,078,655	1,078,655	138,578	138,578
Accumulated amortisation	(792,065)	(726,088)	(52,644)	(39,483)
Movement for the year:				
Additions	92,180	-	-	-
Amortisation	(135,225)	(65,977)	(7,750)	(13,161)
Net carrying amount at 31 December	**243,545**	**286,590**	**78,184**	**85,934**
Cost	1,170,835	1,078,655	138,578	138,578
Accumulated amortisation	(927,290)	(792,065)	(60,394)	(52,644)

The intangible assets consist of accounting , business intelligence and auditing software. The software has a remaining useful life of 6 years.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	Principal activity	UNAUDITED HISTORICAL COST 2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
15 INVESTMENT IN SUBSIDIARIES					
Dairibord Zimbabwe (Private) Limited (100 % owned)	Manufacture and distribution of milks , foods and beverages	-	-	25 531 867	25 531 867
Goldblum Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	11 464 006	11 464 006
Chatmoss Enterprises (Private) Limited (100% owned)	Property holding and leasing	-	-	4 075 705	4 075 705
Qualinnex Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	2 139 430	2 139 430
Slimline Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	3 392 330	3 392 330
Lyons Zimbabwe (Private) Limited (100% owned)	Dormant	-	-	-	-
Lyons Africa (Private) Limited (100% owned)	Dormant	-	-	-	-
NFB Logistics (Private) Limited (100% owned)	Dormant	-	-	-	-
		-	**-**	**46,603,338**	**46,603,338**

The prior year amounts have been restated to exclude intercompany revenue and depreciation on properties classified under property, plant and equipment which was included errorneously. In the prior year the revenue and operating expenses were stated as ZW$ 1 321 905 and ZW$ 256 455, respectively instead of ZW$626 083 for revenue and ZW$nil for operating costs. This has no impact on the amounts included in the income statement.

There were no operating costs related to the investment properties as all the expenses incurred were borne by the tenants in line with the lease agreements.

	UNAUDITED HISTORICAL COST Group 2020 ZW$	Group 2019 ZW$	Company 2020 ZW$	Company 2019 ZW$
16 LOANS RECEIVABLE				
16.1 Long-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	313,478,502	22,145,470
	-	-	313,478,502	22,145,470
Less : Amounts falling due within one year	-	-	(232,112,000)	(12,400,000)
	-	**-**	**81,366,502**	**9,745,470**
16.2 Short-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	-	-
Add: Amounts falling due within one year of long term loans receivable	-	-	232,112,000	12,400,000
	-	**-**	**232,112,000**	**12,400,000**
16.3 Reconciliation of loan receivables				
Balance at 1 January	-	-	22,145,470	5,394,211
Amounts issued to subsidiaries	-	-	332,112,000	28,700,000
Amounts repaid by subsidiaries	-	-	(40,778,968)	(11,948,741)
Balance at 31 December	**-**	**-**	**313,478,502**	**22,145,470**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

		UNAUDITED HISTORICAL COST			
		Group		Company	
		2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
17	**INVENTORIES**				
	Packaging and raw materials (at cost)	220,345,527	44,704,825	-	-
	Spares and general consumables (at cost)	116,841,818	15,106,515	-	-
	Finished goods (at lower of cost and net realisable value)	75,977,250	23,851,973	-	-
	Total inventories	**413,164,595**	**83,663,313**	**-**	**-**

During 2020, ZW$1 867 243 (2019:ZW$1 546 452) was recognised as an expense in cost of sales for inventories written down to their net realisable value.

		UNAUDITED HISTORICAL COST			
		Group		Company	
		2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
18	**GROUP COMPANIES**				
	The following balances arise from normal trading activities:				
18.1	**Amounts owed by group companies**				
	Goldblum Investments (Private) Limited	-	-	-	107,303
	Qualinnex Investments (Private) Limited	-	-	-	16,497
	Dairibord Zimbabwe (Private) Limited	-	-	17,976,125	6,816,298
		-	**-**	**17,976,125**	**6,940,098**

The amounts owed by Dairibord Zimbabwe (Private) Limited relate to royalties and management fees. These amounts have no fixed repayment terms and are interest free. The amounts can be set off against future payables to Dairibord Zimbabwe (Private) Limited. Subsequent to year end the amount was recovered through a set off hence no ECL was recognised at year end.

		UNAUDITED HISTORICAL COST			
		Group		Company	
		2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
18.2	**Amounts owed to group companies**				
	Goldblum Investments (Private) Limited	-	-	4,439,090	-
	Chatmoss Enterprises (Private) Limited	-	-	458,892	960,449
	Qualinnex Properties (Private) Limited	-	-	870,895	-
	Slimline Investments (Private) Limited	-	-	353,026	146,168
		-	**-**	**6,121,902**	**1,106,617**
	These amounts relate to property rentals received by the holding company on behalf of the property companies. The amounts are interest free and repayable on demand.				
19	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	285,281,128	52,628,969	-	-
	VAT receivable	-	2,937,434	-	-
	Loans receivable from farmers	4,305,210	526,607	-	-
	Amount receivable from disposal of financial assets at fair value through profit or loss	-	-	-	-
	Loan to a director-short term portion	124,800	95,763	124,800	95,763
	Staff car loans	1,861,421	63,428	-	-
	Other receivables	764,932	2,003,452	-	499,383
	Total	**292,337,491**	**58,255,653**	**124,800**	**595,146**
	Allowance for credit losses	(1,101,568)	(1,675,719)	-	-
		291,235,923	**56,579,934**	**124,800**	**595,146**

The following is a movement in the allowance for credit losses balance:

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

GROUP	Trade receivables ZW$	Loans to farmers ZW$	Staff car loans ZW$	other staff receivables ZW$	Total ZW$
Balance at 1 January 2019	**222,615**	**64,808**	**26,576**	**29,861**	**343,860**
Charge for the year	1,413,579	(64,808)	(9,187)	(7,725)	1,331,859
Balance at 31 December 2019	**1,636,194**	**-**	**17,389**	**22,136**	**1,675,719**
Charge for the year	(903,609)	300,046	(3,345)	32,757	(574,151)
Bad debts written off	-	-	-	-	-
Balance at 31 December 2020	**732,585**	**300,046**	**14,044**	**54,893**	**1,101,568**

Management actively monitor debtors so as to reduce credit risk. As a result a significant portion of the debtor balance as at 31 December 2020 was aged below 30days resulting in a relatively low allowance for credit loss when compared to the increase in trade receivables. Refer to note 32.2 on the impairment provision matrix on the Group's trade and other receivables.

Trade credit is generally offered on 30 day credit terms and no interest is charged within the credit period.

See note 32 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
20 CASH AND CASH EQUIVALENTS				
For the purpose of the statement of cash flows, cash and cash equivalents consist of:				
Cash at banks and on hand	205,676,518	18,839,288	2,462,215	325,584
Bank overdraft*	-	(4,477,442)	-	-
Cash and cash equivalents	**205,676,518**	**14,361,846**	**2,462,215**	**325,584**

*The Group has a bank overdraft facility of ZW$ 10 million with Stanbic Bank Zimbabwe Limited. The overdraft facility has an interest rate of 50% per annum and is unsecured.

	UNAUDITED HISTORICAL COST Group and Company	
	2020 No.	2019 No.
21 ISSUED CAPITAL AND RESERVES		
21.1 Share capital		
Authorised shares		
Number of ordinary shares of ZW$$0.0001 each	425,000,000	425,000,000
Authorised share capital amount (ZW$)	42,500	42,500
Ordinary shares issued and fully paid		
Number of ordinary shares of ZW$0.0001 each	358,000,858	358,000,858
Issued capital amount	35,800	35,800

Subject to the limitations imposed by the Companies Act (Chapter 24:03) in terms of a resolution passed by the company in general meeting, the unissued shares have been placed at the disposal of the directors.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST Group and Company	
	2020 ZW$	**2019 ZW$**
21.2 Share premium		
At 31 December	1,379,664	1,379,664
The share premium reserve relate to the difference between the nominal value of the shares and the issue price.		
21.3 Dividend declared		
Cash dividend on ordinary shares declared	0.020	0.007
	7,160,017	2,506,006
Reconciliation of dividend payable		
Opening balance	151,294	87,906
Dividend proposed	7,160,017	2,506,006
Dividend paid	(6,915,392)	(2,442,618)
Dividend payable-31 December 2020	395,919	151,294

An Interim dividend of ZW$0.02 per share was declared for 2020 and approved. The directors resolved to pass the 2019 dividend. The dividend for 2018 was approved at the Annual General Meeting (AGM) held on 31 May 2019. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

UNAUDITED HISTORICAL COST
Attributable to equity holders of the parent

GROUP	Foreign currency translation reserve ZW$	Foreign currency conversion reserve ZW$	Asset revaluation reserve ZW$	Total reserves ZW$
21.4 Non-distributable reserves				
Balance at 1 January 2019	**-**	**18,641,370**	**9,884,773**	**28,526,143**
Other comprehensive income	4,423,370	-	172,479,209	176,902,579
Transfer to retained earnings of the share option reserve	-	-	-	-
Functional currency change	-	(1,517,727)	-	(1,517,727)
Disposal of a subsidiary and reclassification of reserves	(4,423,370)	-	-	(4,423,370)
Balance at 31 December 2019	**-**	**17,123,643**	**182,363,982**	**199,487,625**
Other comprehensive income	-	-	677,152,968	677,152,968
Transfer to retained earnings of the share option reserve	-	-	-	-
Balance at 31 December 2020	**-**	**17,123,643**	**859,516,950**	**876,640,593**

COMPANY	Foreign currency conversion reserve ZW$	Total ZW$
Balance at 1 January 2019	**16,999,800**	**16,999,800**
Functional currency change	(820,722)	(820,722)
Balance at 31 December 2019	**16,179,078**	**16,179,078**
Functional currency change	-	-
Balance at 31 December 2020	**16,179,078**	**16,179,078**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

Nature and purpose of reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary. The reserve was transferred directly to retained earnings as the foreign subsidiary is no longer in existence.

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2008 and on change from the United States dollar (USD) to the Zimbabwean dollar (ZW$) in 2019. It represents the residual equity in existence as at the change over period and has been designated as non- distributable reserve.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

22 INTEREST BEARING BORROWINGS

				UNAUDITED HISTORICAL COST			
				GROUP		COMPANY	
		Borrowing cost %	Maturity	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
22.1	**Long term borrowings**						
a)	Bank loan Zimbabwe (2015)	45%	Nov 2020	-	405,643	-	405,643
b)	Bank loan Zimbabwe (2018)	45%	March-Oct 2021	130,000	330,000	130,000	330,000
c)	Bank loan Zimbabwe	45%	July-Sep 2022	79,081,666	6,855,000	79,081,666	6,855,000
d)	Tetra Pak (2016)	8%	Sept 2022	-	8,592,428	-	-
				79,211,666	**16,183,071**	**79,211,666**	**7,590,643**
	Less: Amounts falling due within one year			(2,903,333)	(7,047,092)	(2,903,333)	(3,378,976)
				76,308,333	**9,135,979**	**76,308,333**	**4,211,667**
22.2	**Short term borrowings**						
b)	Bank loan Zimbabwe (2018)	45%	March-Oct 2021	-	-	-	-
e)	Bank loan Zimbabwe (2020)	45%	Jan-Mar 2021	62,112,000	7,400,000	62,112,000	7,400,000
f)	Bank loan Zimbabwe (2020)	52%	Feb-Mar 2021	170,000,000	5,000,000	170,000,000	5,000,000
g)	Bank loan Zimbabwe (2020)	52%	Jan-Mar 2021	120,000,000	-	-	-
h)	Bank loan Zimbabwe (2020)	47%	Jan-July 2021	8,291,530	-	-	-
				360,403,530	**12,400,000**	**232,112,000**	**12,400,000**
	Add: Portion of long term loans falling due within one year			2,903,333	7,047,092	2,903,333	3,378,976
				363,306,863	**19,447,092**	**235,015,333**	**15,778,976**
	Total interest bearing borrowings			**439,615,196**	**28,583,071**	**311,323,666**	**19,990,643**

a) Bank Loan Zimbabwe
This loan was used to acquire plant and equipment at Dairibord Zimbabwe (Private) Limited. The loan was settled in full in November 2020.

b) Bank Loan Zimbabwe (2018)
The loan was drawn in tranches between March- October 2018 to finance capital projects. The loan has a tenure of 3 years, including 12 months grace period. The loan is secured over land and buildings.

c) Bank Loan Zimbabwe (2019)
This facility was drawn in tranches during the period July to September 2019. This loan and the loans disclosed in (b) are secured against property worth ZW$363 million. The facility has a tenure of 3 years and will be fully paid by 6 September 2022.

d) Tetra Pak
This is an offshore vendor finance facility which was obtained for purposes of financing capital expenditure in September 2016. The facility was denominated in US$ and as at 31 December 2019 the loan balance was US$512 000. The loan was paid was paid in full in November 2020. The loan bore interest at 8% per annum, had a 6 year tenure including one year grace period and was unsecured.

e) Bank loan Zimbabwe (2020)
These loans were obtained to fund working capital requirements in July and October 2020. The loans have a tenure ranging between 30-180 days and bear interest at 45%, except for one production sector loan of ZW$15million which bears interest at 18% per annum. The loans are repayable in monthly instalments.

f) Bank loan Zimbabwe (2020)
These are bankers acceptance obtained during June, September , October and December 2020. They bear interest at 52%. Subsequent to year end, the interest was reduced to 40%. The loans have a tenure ranging between 3-12months and mature between February and March 2021.

g) Bank loan Zimbabwe (2020)
The loans were obtained during February, June, August, September and December 2020 and are all short term as they have a tenure ranging between 3-9months. The loans bear interest at 52%, however with effect from February 2021 the interest has been reduced to 40%.

h) Bank Loan Zimbabwe (2020)
The loan was obtained in November 2020 to fund operations and is repayable in monthly instalments, with the final instalment due in July 2021. The loan bears interest at 46.7% and is unsecured.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

22.3 Unutilised facilities

As at 31 December 2020, the Group had 2 unutilised overdraft facilities worth ZW$25million, with interest rates of 50% per annum.

At 31 December 2020, the Group had no undrawn interest bearing borrowing facilities.

22.4 Borrowing powers

The directors may borrow any sum of money not exceeding the aggregate of twice the issued and paid up share capital of the company and the aggregate of the amounts standing to the credit of all the reserve accounts and share premium account.

23 SHARE-BASED PAYMENT ARRANGEMENTS	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
23.1 Description of share based payment				
Share incentive liability as at 1 January	-	-	-	-
Share incentive expense (note 6)	28,045,010	-	3,925,124	-
Share incentive liability as at 31 December	**28,045,010**	**-**	**3,925,124**	**-**
23.2 Reconciliation of outstanding Share Appreciation Rights				
Outstanding at 1 January	-	-	-	-
Granted during the year	22,095,000	-	3,000,000	-
Forfeited during the year	(660,000)	-	-	-
Outstanding at 31 December	**21,435,000**	**-**	**3,000,000**	**-**
Maximum number of share appreciation rights that can be issued under the plan	**26,850,064**	**-**	**3,000,000**	**-**

On 17 March 2020, 3,005,000 share appreciation rights (SARs) were granted to the Group's management. The SARs give management a right to receive a cash payment, determined based on the increase in the share price of Dairibord Holdings Limited ("Dairibord") between grant date and the time that the SARs are exercised, subject to satisfying performance conditions imposed by the board in relation to volume and operating profit. The Board has the discretion to waive any performance conditions imposed. The SARs vest in three tranches- 50% of the SARs vest after 3 years; 25% after 4 years and 25% after 5 years and can be exercised anytime after vesting date but no later than 10 years from grant date.

23.3 Measurement of fair values

The fair value of the SARs liability as at 31 December 2020 was determined, by an external expert, Corporate Excellence. In determining the fair value, the Black-Scholes model was applied. In line with the SARs agreement, the SARs were valued in US$ and converted to ZW$ at the year end closing rate of 81.79. Based on this valuation, a liability of ZW$39 393 347 (US$457 206) and ZW$5 233 498 (US$63 990) arose for Group and Company, respectively. However, the liability recognised was limited to ZW$28 045 010 and ZW$3 925 124 for Group and Company, respectively due to the performance conditions imposed by the Board not having been satisfied. The liability recognised for Group and Company represents 75% of the fair value of the share appreciation rights liability determined by Corporate Excellence.

Of the key inputs of the Black-Scholes Merton Model, only 2, the Exercise Price and the share price on valuation date, are generally objectively determinable. The other inputs are subjective and generally require significant analysis and judgement. Below are the key inputs used in the Black Scholes model at grant date and valuation date.

	GROUP - Valuation date			COMPANY - Valuation date		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of SARs in issue	10,717,500	5,358,750	5,358,750	1,500,000	750,000	750,000
Fair value of the SARs	US$0.0967	US$0.0959	US$0.0949	US$0.0967	US$0.0959	US$0.0949
Share price at valuation date	US$0.1038	US$0.1038	US$0.1038	US$0.1038	US$0.1038	US$0.1038
Exercise price	US$0.0001	US$0.0001	US$0.0001	US$0.0001	US$0.0001	US$0.0001
Expected volatility (weighted- average volatility)	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%
Option life (expected weighted- average life)	3	4	5	3	4	5
Expected dividends (dividend yield)	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%
Risk-free interest rate (based on government bonds)	11.52%	11.57%	11.76%	11.52%	11.57%	11.76%

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

23 SHARE-BASED PAYMENT ARRANGEMENTS (CONT.)

23.3 Measurement of fair values (cont.)

Exercise price
The exercise price was obtained by converting the Dairibord share of ZW$ 57cents to US$ using the Old Mutual Implied Rate on 17 March 2020, the grant date.

Expected volatility
This takes into account the historical volatility over the same period as the expected life of the option, long-term average level of volatility, the length of time an entity's shares have been publicly traded, and the appropriate interval for price observations. This volatility was estimated by computing the daily standard deviation of the Dairibord share price on the ZSE from 2 January 2020 to 31 December 2020 giving a year's worth of share price data preceding the valuation date.
Expected life of the option
This is estimated taking into account the vesting period, past history of employee exercise, the employee's level within the organisation, the price of the underlying shares.

Risk free rate
The risk free rate was determined based on the following:
- Aswath Damodaran's latest estimation of Zimbabwe's default spread of 10.60%;
- US dollar risk-free rate based on the 2-year, 3-year and 5-year US Treasury Yield of 0.12%, 0.17% and 0.36% as at 31 December 2020; and
- The 5-year inflation differential between the US and Zimbabwe based on latest IMF estimates;

Dividend yield
Dividend yield was determined based on the expectation for an entity's dividend policy, and whether an employee is entitled to dividends on the underlying shares while holding the share option. The Group's 5-year dividend history was erratic and dividends were only paid for the financial years ended 2017, 2018 and 2019. The dividend yield was therefore calculated by dividing the dividend per share for the three years by the market price of the Dairibord share on the date of dividend declaration and calculating the average of the dividend yields for those years.

24 FINANCE GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2020 for farmers and car loans were ZW$41 689 375 (2019: ZW$ 10 913 291) and ZW$21 292 540 (2019: ZW$ 201 156) respectively. The interest rates the farmers and staff would have paid had there been no guarantee is 60% (2019: 35%). The difference between this rate and the average rate of 55% (2019: 28%) currently being charged represents the liability that Dairibord is exposed to because of the guarantee.

The guarantee liability was measured at ZW$6 997 915 as at 31 December 2020 (2019: ZW$1 262 915) and the table below shows the movement in the guarantee liability.

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	**2019 ZW$**	**2020 ZW$**	**2019 ZW$**
Movement in finance guarantee liability				
Balance as at 1 January	1,262,915	136,971	-	-
Charge to profit or loss				
(included in administration costs-refer to note 5.2)	5,735,000	1,125,944	-	-
Balance as at 31 December	**6,997,915**	**1,262,915**	**-**	**-**
Disaggregation of liability by category				
Farmers	3,064,169	1,234,591	-	-
Staff loans	3,933,746	28,324	-	-
	6,997,915	**1,262,915**	**-**	**-**

In terms of IFRS 9, the guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss. The expected credit loss was measured at 10%-the probability of default.

Significant inputs		
Default rate	**5%**	**10%**

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
25 DEFERRED TAXATION				
Deferred tax relates to the following:				
Property	222,491,914	350,577	-	-
Plant and equipment	1,016,984	22,404,019	513,926	215,218
Intangible assets	37,066	64,125	19,327	-
Inventory	-	-	-	-
Accounts receivable and prepayments	(272,309)	(279,930)	-	-
Unrealised gain/(loss) on exchange	6,910,128	(2,082,683)	365,773	-
Share appreciation rights liability	(6,932,726)	-	(970,291)	
Leave pay, bonus and other provisions	(7,663,816)	(215,218)	(1,392,723)	(387,108)
Net liability/(asset)	**215,587,241**	**20,240,890**	**(1,463,988)**	**(171,890)**
Disclosed as follows on the statement of financial position:				
Asset	9,420,100	171,890	1,463,988	171,890
Liability	225,007,341	20,412,780	-	-

The Group has a deferred tax asset in two companies relating to provisions (leave pay and bonus) which will reverse in future periods and the rebasing of capital allowances on property, plant and equipment.

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Reconciliation of deferred tax				
Opening balance as of 1 January	20,240,890	6,699,867	(171,890)	(20,680)
Tax expense/(income) recognised in other comprehensive income*	222,359,476	8,515,153	-	-
Tax expense/(income) recognised in profit or loss	(27,013,125)	5,025,870	(1,292,098)	(151,210)
Closing balance as at 31 December	**215,587,241**	**20,240,890**	**(1,463,988)**	**(171,890)**

*The income tax relates to the items presented in the statements of other comprehensive income. Tax was charged on these items at 24.72%.

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
26 TRADE AND OTHER PAYABLES				
Trade payables	215,952,102	51,986,156	-	-
Payroll accruals	42,122,784	2,575,851	3,033,006	478,475
Employee bonus accrual	15,200,000	6,510,000	4,200,000	1,110,000
VAT & VAT withholding tax payable	17,136,148	2,185,575	1,351,039	511,178
Leave accrual	11,997,491	1,573,194	863,993	394,793
Utilities accruals	13,009,868	3,034,337	-	-
Audit fee accrual	3,805,000	950,000	570,000	150,000
Interest accrued	5,675,211	709,740	5,385,000	709,740
Other payables	39,434,190	8,893,473	3,088,262	649,060
	364,332,794	**78,418,326**	**18,491,300**	**4,003,246**

Trade and other payables are non- interest bearing and are normally settled on 14- 30 day terms.
Other payables comprise of sundry suppliers who provide goods and services that do not directly affect the operations of the business.
In the prior year, contract liabilities of ZW$ 2 053 843 were included the trade and other payables balances. The balance has now been presented separately in the statement of financial position. The prior year group trade and other payables balance has therefore decreased by the same amount.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

27 COMMITMENTS AND CONTINGENCIES

	UNAUDITED HISTORICAL COST Group and Company	
	2020 ZW$	2019 ZW$
Capital commitments:		
Authorised and contracted for	114,617,295	15,517,800
Authorised and not contracted for	575,277,968	27,532,280
	689,895,263	**43,050,080**

The capital commitments relate to capital expenditure and will be financed from the Group's own resources and borrowings.

The company has no capital commitments.

Litigation
The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZW$307 490. On the basis of legal advice, the claims are not valid and it is more likely than not that there will be no outflow of resources.

The Company has no material litigation.

The Group through Dairibord Zimbabwe (Private) Limited guaranteed staff vehicle loans for Stanbic Bank Zimbabwe Limited. The total exposure in respect of this is $341 281 as at 31 December 2016 , representing the outstanding loan balances issued to staff by the Bank. Dairibord Zimbabwe (Private) Limited also guaranteed heifer loans taken over by CABS and the outstanding loan balances in respect of this was $484 038 as at 31 December 2016.

28 RELATED PARTY DISCLOSURES

28.1 The consolidated financial statements include the financial statements of Dairibord Holdings Limited, the parent company and its subsidiaries listed in the following table:

Name	Country of Incorporation	Nature of relationship	% equity Interest 2020	2019
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	Subsidiary	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Goldblum Investments Private Limited	Zimbabwe	Subsidiary	100	100
Slimline Investments Private Limited	Zimbabwe	Subsidiary	100	100
Chatmoss Enterprises Private Limited	Zimbabwe	Subsidiary	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Tavistock Estates	Zimbabwe	Tavistock Estates is controlled by a non-executive director	-	-
Corporate Excellence	Zimbabwe	A non-executive director of the company has an interest in Corporate Excellence	-	-

	2020 ZW$	2019 ZW$
28.2 Group		
Related party transactions and balances		
Transactions		
Revenue/Inflows		
Interest income on loans to Tavistock and an executive director	64,383	28,890
Purchases/outflows		
Milk purchases from Tavistock Estates*	115,617,821	14,408,776
Consultancy services offered by Corporate Excellence	409,568	156,630
The milk purchases from Tavistock are on terms similar to other farmers.		
Balances		
Loan to an executive director	104,381	200,000

The loan is repayable over 3 years ending 2021, bears interest at 55% and is unsecured. The amount is included in trade and other receivables.

Notes to the financial statements (cont'd)
for the year ended 31 December 2020

28.3 Company	UNAUDITED HISTORICAL COST 2020 ZW$	2019 ZW$
Transactions		
Revenue/Inflows		
Total interest income from related parties	29,259,096	2,229,854
Interest income on loans to subsidiaries	29,194,713	2,143,454
Interest income on loan to a director	64,383	86,400

30 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary that has material non-controlling interests are provided below:
Portion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	UNAUDITED HISTORICAL COST 2020	2019
Dairibord Malawi Limited	Malawi	0.0%	68.4%

	UNAUDITED HISTORICAL COST 2020 ZW$	2019 ZW$
Accumulated balances of material non-controlling interest:	-	-
Loss allocated to non-controlling interest		(241,223)

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations. The subsidiary which was classified as a discontinued operation in 2018 was finally disposed of in 2019 and deconsolidated with effect from 01 August 2019 (Refer to note 11).

Dairibord Malawi Limited summarised statement of profit or loss for 2019

	UNAUDITED HISTORICAL COST 2020 ZW$	2019 ZW$
Revenue	**-**	**787,323**
Cost of sales	-	(645,033)
Other income	-	(36,191)
Administrative expenses	-	(498,432)
Finance costs	-	(371,030)
Loss before tax	**-**	**(763,363)**
Income tax expense	-	-
Loss for the year	**-**	**(763,363)**
Other comprehensive income	-	(6,990,793)
Total comprehensive (loss) income	**-**	**(7,754,156)**
Attributable to non-controlling interests	-	(2,450,313)
Dairibord Malawi Limited summarised statement of financial position as at 31 December 2020		
Inventories, receivables and cash and bank balances (current)	-	-
Property, plant and equipment and other non-current financial assets (non-current)	-	-
Trade and other payables (current)	-	-
Interest-bearing loans and borrowings (current)	-	-
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	-	-
Total equity	**-**	**-**
Attributable to equity holders of parent	-	-
Non-controlling interest	-	-
Summarised cash flow information for the year ending 31 December 2020		
Operating	-	-
Investing	-	-
Financing	-	-
Net increase in cash and cash equivalents	**-**	**-**

There were no cash flow movements as the subsidiary was non operational during 2019. The receivable for the sale of the subsidiary was written of in 2020 as was considered to be irrecoverable.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

31 FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of the Group's 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 value if the carrying amount is a reasonable approximation of fair value.

Quantitative disclosures fair value measurement hierarchy for assets:

	UNAUDITED HISTORICAL COST Fair value measurement using			
As at 31 December 2020	**Total**	**Quoted prices active in markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
GROUP	**ZW$**	**ZW$**	**ZW$**	**ZW$**
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	291,235,923	-	-	291,235,923
Cash and cash equivalents(Note 20)	205,676,518	-	-	205,676,518
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	439,615,196	-	-	439,615,196
Bank overdraft (Note 20)	-	-	-	-
Trade and other payables (Note 26)	364,332,794	-	-	364,332,794
Financial guarantee liability (Note 24)	6,997,915	-	-	6,997,915

There have been no transfers between Level 1 and Level 2.

As at 31 December 2019				
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	56,579,934	-	-	56,579,934
Cash and cash equivalents(Note 20)	18,839,288	-	-	18,839,288
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	28,583,071	-	-	28,583,071
Bank overdraft (Note 20)	4,477,442	-	-	4,477,442
Trade and other payables (Note 26)	78,418,326	-	-	78,418,326
Financial guarantee liability (Note 24)	1,262,915	-	-	1,262,915

There have been no transfers between Level 1 and Level 2.

Management assessed that the fair values of cash and short term deposits, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:
The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2020 was assessed to be insignificant.

The fair value of the financial guarantee liability was determined with reference to the gross carrying amounts of the underlying assets and the expected credit loss variable.

The following table shows the carrying amounts and fair values of the Group's 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 value if the carrying amount is a reasonable approximation of fair value.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

31 FAIR VALUE MEASUREMENT (cont.)

		UNAUDITED HISTORICAL COST Fair value measurement using		
As at 31 December 2020	**Total ZW$**	**Quoted prices active in markets Level 1 ZW$**	**Significant observable inputs Level 2 ZW$**	**Significant unobservable inputs Level 3 ZW$**
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Loans receivable (Note 16)	313,478,502	-	-	313,478,502
Amounts owed by group companies (Note 18.1)	17,976,125	-	-	17,976,125
Trade and other receivables (Note 19)	124,800	-	-	124,800
Cash and cash equivalents(Note 20)	2,462,215	-	-	2,462,215
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	6,121,902	-	-	6,121,902
Interest bearing borrowings (Note 22)	311,323,666	-	-	311,323,666
Trade and other payables (Note 26)	18,491,300	-	-	18,491,300

There have been no transfers between Level 1 and Level 2.

As at 31 December 2019				
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Loans receivable (Note 16)	22,145,470	-	-	22,145,470
Amounts owed by group companies (Note 18.1)	6,940,098	-	-	6,940,098
Trade and other receivables (Note 19)	595,146	-	-	595,146
Cash and cash equivalents(Note 20)	325,584	-	-	325,584
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	1,106,617	-	-	1,106,617
Interest bearing borrowings (Note 22)	19,990,643	-	-	19,990,643
Trade and other payables (Note 26)	4,003,246	-	-	4,003,246

There have been no transfers between Level 1 and Level 2.

Management assessed that the fair values of amounts owed by and to group companies, cash and cash equivalents, trade receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

The fair values of the interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2020 was assessed to be insignificant.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. These risks are managed as follows:

32.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables and allowance for expected credit losses of trade receivables and other receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

An impairment analysis is performed at each reporting date using a simplified approach to calculate the expected credit loss. A provision matrix is used to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The security held by the Group which include brick and mortar, bank guarantees and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 19. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The company only writes off a debt when its proved beyond reasonable doubt that the debtor is insolvent or can not be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix

31-Dec-20	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.13%	0.38%	1.35%	2.69%	44.89%	0.26%
Total gross carrying amounts of receivables	279,269,559	3,024,591	2,146,134	125,298	715,546	285,281,128
Expected credit loss	367,629	11,458	28,893	3,369	321,236	732,585
31-Dec-19						
Restated						
Expected credit loss rate	2.40%	0.82%	2.45%	4.91%	100.00%	3.00%
Total gross carrying amounts of receivables	50,736,714	879,389	466,771	215,061	331,034	52,628,969
Expected credit loss	1,219,251	7,250	11,427	10,553	331,034	1,579,515

*The gross carrying amount of receivables and the expected credit loss previously stated as ZW$55 164 147 and ZW$441 0179, respectively has been restated to ZW$52 628 969 and ZW$1 579 515 in line with the amounts shown in the trade and other receivables note (Note 19). The adjustment resulted in a decrease in the gross carrying amounts of receivables by ZW$4 535 178 and an increase in the expected credit loss by ZW$1 138 437. The current expected credit loss rate for the current and total columns changed from 0.15% to 2.4% and 0.77% to 3%, respectively.

Other receivables
The expected credit loss on other receivables is determined using the general approach. The Group issues loans to farmers and staff under its heifer programme and car loan vehicle scheme, respectively. Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to applicant credit risk management. Credit limits are established for all farmers and staff based on internal rating criteria. Credit quality of the farmers is assessed through extensive credit verification procedures and individual facility limits are defined in accordance with this assessment. The farmers are required to insure the animals and other assets pledged as security with the Group registered as the loss payee. Farmers in terms of contract supply the company with milk for the duration of the loan period and repayments are made through deductions from amounts payable for milk delivered. Farmers with outstanding balances are regularly monitored.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

32.1 Credit risk (cont.)

Set out below is the information about the credit risk exposure on the Group's loans and other receivables using a provision matrix.

31-Dec-20	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	5.24%	0.00%	0.00%	0.00%	92.38%	6.34%
Total gross carrying amounts of receivables	5,749,521	-	-	-	73,419	5,822,940
Expected credit loss	301,159	-	-	-	67,824	368,982
31-Dec-19						
Restated						
Expected credit loss rate	2.00%	0.00%	0.00%	0.00%	73.55%	3.58%
Total gross carrying amounts of receivables	2,630,106	-	-	-	59,144	2,689,251
Expected credit loss	52,702	-	-	-	43,501	96,203

*The gross carrying amount of receivables previously stated as ZW$684 492 has been restated to ZW$2 689 251 in line with the amounts shown in the trade and other receivables note (Note 19). The adjustment resulted in an increase in the gross carrying amounts of other receivables by ZW$2 004 758. Consequently, the expected credit loss rate for the current and total columns changed from 8.43% to 2% and 14.05% to 3.58%, respectively.

Significant increase in credit risk
The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group 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, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Cash balances
The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 20. No ECL was recognised on cash and cash equivalents as it was not considered material.

Financial guarantees
The Group guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2020 for farmers and car loans were ZW$41 689 375 (2019: ZW$ 10 913 291) and ZW$21 292 540 (2019: ZW$ 201 156) respectively. The Group's maximum exposure to credit risk as a result of these guarantees is equal to the loan balances outstanding as at 31 December 2020.

Loans receivables and amounts owed by group companies
The Company obtains loans from local banks on behalf of its main operating subsidiary, Dairibord Zimbabwe (Private) Limited. The Company therefore has a receivable from Dairibord Zimbabwe (Private) Limited and a corresponding liability owing to the bank. In determining ECL on loans receivables and amounts owed by group companies the Company follows the approach used by the Group for other receivables as detailed above. The credit risk of the subsidiary to which the amounts were advanced is considered to be low. As a result no ECL was recognised as it was considered to be insignificant. The maximum exposure to credit risk is equal to the carrying amounts reflected in note 16 and note 18.1 respectively.

Write off policy
Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

32.2 Liquidity risk

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g. accounts receivables, other financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures. The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2019 and 31 December 2020 based on contractual undiscounted payments:

GROUP	On demand ZW$	0 to 3 months ZW$	3 to 12 months ZW$	1 to 5 years ZW$	+ 5 years ZW$	Total ZW$
Liabilities						
Year ended 31 December 2020						
Interest bearing borrowings	-	8,345,269	381,995,151	96,155,477	-	486,495,897
Trade and other payables	-	364,332,794	-	-	-	364,332,794
	-	**372,678,062**	**381,995,151**	**96,155,477**	**-**	**850,828,690**
Year ended 31 December 2019						
Interest bearing borrowings	-	13,073,699	25,118,788	110,412,157	-	148,604,644
Trade and other payables	-	80,472,169	-	-	-	80,472,169
	-	**93,545,868**	**25,118,788**	**110,412,157**	**-**	**229,076,813**
COMPANY						
Liabilities						
Year ended 31 December 2020						
Interest bearing borrowings	-	48,260,602	213,788,288	96,155,477	-	358,204,367
Trade and other payables	-	18,491,300	-	-	-	18,491,300
Amounts owed to group companies	-	6,121,902	-	-	-	6,121,902
	-	**72,873,804**	**213,788,288**	**96,155,477**	**-**	**382,817,569**
Year ended 31 December 2019						
Liabilities						
Interest bearing borrowings	-	13,990,643	27,869,619	115,336,810	-	157,197,072
Trade and other payables	-	4,003,246	-	-	-	4,003,246
Amounts owed to Group companies	-	1,106,617	-	-	-	1,106,617
	-	**19,100,506**	**27,869,619**	**115,336,810**	**-**	**162,306,935**

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
32.3 Changes in liabilities arising from financing activities				
Balance as at 1 January	**29,292,811**	**3,733,036**	**20,700,383**	**3,054,370**
Interest bearing borrowings	28,583,071	3,701,990	19,990,643	3,023,324
Interest accrued	709,740	31,046	709,740	31,046
New loans	462,112,000	28,700,000	332,112,000	28,700,000
Loan repayments	(77,824,911)	(13,677,797)	(40,778,976)	(11,732,681)
Interest expense	61,562,570	4,352,160	28,171,756	1,848,343
Interest paid	(56,597,099)	(3,673,466)	(23,496,496)	(1,169,649)
Exchange differences	26,745,037	9,858,878	-	-
Monetary gain	-	-	-	-
Balance as at 31 December	**445,290,408**	**29,292,811**	**316,708,667**	**20,700,383**
Interest bearing borrowings	439,615,197	28,583,071	311,323,667	19,990,643
Interest accrued	5,675,211	709,740	5,385,000	709,740

32.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill) . The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available , the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2020 stand at US$0.224m (2019: US$1.166m).

Notes to the financial statements (cont'd)

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32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

32.4 Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated. As at 31 December 2020 the Group's exposure was due to cash and bank balances, prepayments, trade receivables and trade payables. The company's exposure is limited to cash and bank balances.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate. The sensitivity analysis in the following sections relate to the position as at 31 December in 2020 and 2019. The sensitivity analysis has been prepared on the basis that the amount of the net foreign asset/liability will increase or decrease in response to fluctuations in exchange rate, all things being constant. In determining the percentage change we considered exchange rate fluctuations since February 2019 when the functional currency of the Group changed, including post year end movements.

	GROUP			COMPANY		
	Change in rates	Effect on profit before tax	Effect on equity	Change in rates	Effect on profit before tax	Effect on equity
2020	+10%	29,291,267	22,050,466	+10%	202,547	152,478
	-10%	(29,291,267)	(22,050,466)	-10%	(202,547)	(152,478)
2019	+10%	2,010,907	1,493,099	+10%	-	-
	-10%	(2,010,907)	(1,493,099)	-10%	-	-

32.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2020, the Group's exposure to the risk of changes in market interest rates was nil as all the Group's interest bearing borrowings are at fixed interest rates.

The Group's policy for managing interest rate risk is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2020, all the Group's loans were at fixed interest rates.

32.6 Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximize shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives , policies or processes during the year ended 31 December 2020.

"The Group monitors capital using a gearing ratio, which is historical net debt divided by total capital plus net debt. The Group's policy is to keep the gearing below 50%. This policy also applies to the subsidiaries. The net debt is calculated as the sum of interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents.

The Company monitors capital using a gearing ratio, which is historical net debt divided by total capital plus net debt. The Group's policy is to keep the gearing below 50%. The net debt is calculated as the sum of interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents and loans receivable.

	UNAUDITED HISTORICAL COST			
	GROUP		COMPANY	
	2020 ZW$	2019 ZW$	2020 ZW$	2019 ZW$
Interest bearing borrowings (Note 22)	439,615,197	28,583,071	311,323,667	19,990,643
Bank overdraft-continuing operations (Note 20)	-	4,477,442	-	-
Bank overdraft-discontinued operations (Note 11)	-	-	-	-
Trade and other payables (Note 26)	364,332,794	78,418,326	18,491,300	4,003,246
Contract liabilities	15,762,379	2,053,843	-	-
Amounts owed to group companies (Note 18)	-	-	6,121,902	1,106,617
Less cash and short-term deposits (Note 20)	(205,676,518)	(18,839,288)	(2,462,215)	(325,584)
Less loans receivable (Note 16)	-	-	(313,478,502)	(22,145,470)
Net Debt	614,033,852	94,693,394	19,996,151	2,629,452
Equity	1,240,302,272	267,047,751	46,850,226	52,340,697
Capital and debt	**1,854,336,123**	**361,741,145**	**66,846,377**	**54,970,149**
Gearing ratio	33.1%	26.2%	30%	5%

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

33 SEGMENT INFORMATION

The Group has three operating segments which are listed below . The segments are identified based on the nature of the products and services.

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods and beverages

Properties - leasing of properties
Corporate - management and corporate services

The manufacturing segment is the main operating segment of the Group , generating almost all of the Group's revenue and cash flows. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group's Chief Executive Officer is the Chief Operating Decision Maker.

Year ended 31 December 2020	Manufacturing and distribution (Zimbabwe) ZW$	Properties ZW$	Corporate ZW$	Adjustments and eliminations ZW$	Group ZW$
Revenue					
Revenue from contracts with external customers	3,659,096,872	-	-	-	3,659,096,872
Revenue from contracts with internal customers	3,109,719	-	-	(3,109,719)	-
Revenue from management services and royalties	-	-	68,858,343	(68,858,343)	-
Rental income-internal customers	-	960,540	-	(960,540)	-
Rental income-external customers	-	2,800,498	-	-	2,800,498
Total revenue	**3,662,206,590**	**3,761,038**	**68,858,343**	**(72,928,602)**	**3,661,897,369**
Results					
Depreciation, and amortisation	5,975,953	5,029,095	384,020	-	11,389,068
Operating profit	351,729,943	1,798,580	3,007,969	-	356,536,491
Finance income	853,060	-	29,259,096	(28,992,214)	1,119,943
Finance costs	(62,383,028)	-	(28,171,756)	28,992,214	(61,562,570)
Segment profit before tax	301,424,448	970,376,078	5,574,972	(904,145,964)	373,229,533
Income tax	81,012,680	35,643,106	3,905,425	(52,455,597)	68,105,615
Segment assets	1,165,267,422	1,186,655,704	391,133,184	(378,929,047)	2,364,127,263
Segment liabilities	883,598,169	44,310,782	344,282,958	(148,366,919)	1,123,824,991
Capital expenditure	50,466,612	-	1,882,213	-	52,348,824
Revenue					
Revenue from contracts with external customers	496,959,673	-	-	-	496,959,673
Revenue from contracts with internal customers	81,588	-	-	(81,588)	-
Revenue from management services and royalties	-	-	8,872,082	(8,872,082)	-
Rental income-internal customers	-	1,065,450	-	(1,065,450)	-
Rental income-external customers	-	256,455	-	-	256,455
Total revenue	**497,041,261**	**1,065,450**	**8,872,082**	**(10,019,120)**	**497,216,128**
Results					
Depreciation and amortisation	4,407,891	320,957	80,013	-	4,808,861
Operating profit	34,277,873	24,505,730	1,051,281	-	59,834,885
Finance income	188,766	25,000	2,347,531	(1,639,739)	921,558
Finance costs	(4,143,555)	-	(1,848,343)	1,639,739	(4,352,160)
Segment profit before tax	46,601,277	24,530,730	2,353,093	(5,753,934)	67,731,166
Income tax	11,842,304	9,511,524	1,013,742	-	22,367,569
Segment assets	196,456,852	199,910,539	78,108,197	(63,273,083)	411,202,505
Segment liabilities	135,199,367	8,609,495	25,767,500	(23,559,258)	146,017,104
Capital expenditure	4,623,656	-	847,988	-	5,471,644

The transactions between operating segments are at arm's length.

The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS

34.1 Correction of errors

i) **Error 1: Property, plant and equipment**

During the year the Group discovered that there was a property that was erroneously duplicated in the statement of financial position. The prior period error has no impact on basic, diluted and headline earnings per share as well as the 2018 financial statements. The following table summarises the impact on the Group's consolidated financial statements.

	Impact of correction of error		
Consolidated statement of financial position	**As previously reported 2019 ZW$**	**adjustment 2019 ZW$**	**Balance restated for the correction 2019 ZW$**
Assets			
Property, plant and equipment	218,356,773	(2,473,897)	215,882,875
Liabilities			
Deferred tax liability	21,024,328	(611,547)	20,412,780
Equity			
Non-distributable reserve	194,310,663	(1,862,350)	192,448,313
Consolidated statement on profit or loss and other comprehensive income			
Other comprehensive income			
Revaluation surplus	174,341,559	(1,862,350)	172,479,209

ii) **Error 2: Disposal of foreign subsidiary**

In the prior year a foreign subsidiary, Dairibord Malawi Limited was disposed. On disposal of the subsidiary the foreign currency translation reserve was not reclassified as required by IAS21. In addition, the a portion of the functional currency translation reserve was transferred to retained earnings in the statement of changes in equity. The error has been corrected by reclassifying the retained earnings to the functional currency reserve and reclassifying the foreign currency translation reserve to profit or loss in the net other income/expenses line. The error has no impact on the 2018 financial statements as the disposal occurred during the year ended 31 December 2019.

The error has been corrected by restating each of the affected line items in the financial statements. The following table summarises the impact of the correction of the error:

	Impact of correction of error		
Consolidated statement of financial position	**As previously reported 2019 ZW$**	**adjustment 2019 ZW$**	**Balance restated for the correction 2019 ZW$**
Equity			
Non distributable reserves	194,310,663	7,039,310	201,349,973
Retained earnings	71,321,624	(7,039,310)	64,282,314
Consolidated statement on profit or loss and other comprehensive income			
Continuing operations			
Other operating income	23,797,684	(5,753,934)	18,043,750
Discontinued operations			
Loss on discontinued operation	(763,363)	(3,018,600)	(3,781,962)
Other comprehensive income			
Recycling of functional currency reserve on disposal of subsidiary	-	9,205,073	9,205,073
Consolidated statement of cash flows			
Operating activities			
Discontinued operation	(763,363)	(3,018,600)	(3,781,962)
(Profit)/loss on disposal of subsidiary	(5,753,934)	8,772,534	3,018,600

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

34.1 Correction of errors (cont.)

iii) Error 3: Restatement of the cash flow

During the year ended 2019, loan guarantee costs, profit on disposal of financial assets at fair value, loss on disposal of scrap and exchange differences were included in the "net exchange differences and impact of inflation" amount in the cash and cash equivalents section. These non-cash items should have been included in the operating activities section of the statement of cash flow. Finance costs and interest paid in the operating activities section was stated as ZW$4 723 190 instead of ZW$4 352 160. In addition the movement in prepayments relating to capital expenditure was included under operating activities instead of investing activities. These errors have been corrected by restating the affected line items in the statement of cash flow. Below is a summary of the lines affected by the correction.

	Impact of correction of error		
	As previously reported 2019 ZW$	**adjustment 2019 ZW$**	**Balance restated for the correction 2019 ZW$**
Operating activities:			
loan guarantee costs	-	1,125,944	1,125,944
Profit on disposal of scrap	-	(314,086)	(314,086)
Loss on disposal of financial assets at fair value	-	136,299	136,299
Exchange differences	-	9,858,878	9,858,878
Finance costs	4,723,190	(371,030)	4,352,160
Working capital movements:			
(Increase) /decrease in trade and other receivables and prepayments	(66,290,724)	2,888,708	(63,402,016)
Investing activities:			
Increase in prepayments relating to capital expenditure	-	(2,888,708)	(2,888,708)
Financing activities:			
Interest paid	4,723,190	(371,030)	4,352,160
Cash and cash equivalents:			
Net exchange differences	625,776	(10,436,006)	(9,810,230)

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

34.1 Correction of errors (cont.)

	As previously reported 2019 ZW$	Impact of correction of error adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$
iv) Net impact of errors			
The net impact of the 3 errors is summarised below:			
Consolidated statement of financial position			
Assets			
Property, plant and equipment	218,356,773	(2,473,897)	215,882,875
Equity			
Non distributable reserves	194,310,663	5,176,962	199,487,625
Retained earnings	71,321,624	(7,039,310)	64,282,314
Liabilities			
Deferred tax liability	21,024,328	(611,547)	20,412,780
Consolidated statement on profit or loss and other comprehensive income			
Continuing operations			
Other operating income/(expense)	23,797,684	(5,753,934)	18,043,750
Discontinued operations			
Loss for the year from discontinued operation	(763,363)	(3,018,600)	(3,781,962)
Other comprehensive income			
Revaluation surplus	174,341,559	(1,862,350)	172,479,209
Recycling of functional currency reserve on disposal of subsidiary	-	9,205,073	9,205,073
Earnings per share			
Basic earnings for the year attributable to ordinary equity holders of the parent	14.13	(2.45)	11.68
Diluted earnings for the year attributable to ordinary equity holders of the parent	14.13	(2.45)	11.68
Headline earnings for the year attributable to ordinary equity holders	7.47	(0.22)	7.25
Earnings per share for continuing operations (cents)			
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	14.28	(1.61)	12.67
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	14.28	(1.61)	12.67
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	7.61	0.63	8.24
Earnings per share for discontinued operations (cents)			
Basic earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	(0.84)	(0.99)
Diluted earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	(0.84)	(0.99)
Headline earnings from continuing operations attributable to ordinary equity holders of the parent	(0.15)	-	(0.15)

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

34 PRIOR PERIOD RESTATEMENTS (cont.)

34.1 Correction of errors (cont.)

		Impact of correction of error		
		As previously reported 2019 ZW$	adjustment 2019 ZW$	Balance restated for the correction 2019 ZW$
iv)	**Net impact of errors**			
	Consolidated statement of cash flows			
	Operating activities			
	Discontinued operation	(763,363)	(3,018,600)	(3,781,962)
	Profit/ (loss) on disposal of subsidiary	(5,753,934)	8,772,534	3,018,600
	loan guarantee costs	-	1,125,944	1,125,944
	Profit on disposal of scrap	-	(314,086)	(314,086)
	Loss on disposal of financial assets at fair value	-	136,299	136,299
	Exchange differences	-	9,858,878	9,858,878
	Finance costs	4,723,190	(371,030)	4,352,160
	Working capital movements:			
	(Increase) /decrease in trade and other receivables and prepayments	(66,290,724)	2,888,708	(63,402,016)
	Investing activities:			
	Increase in prepayments relating to capital expenditure	-	(2,888,708)	(2,888,708)
	Financing activities:			
	Interest paid	(4,723,190)	371,030	(4,352,160)
	Cash and cash equivalents:			
	Net exchange differences	625,776	(10,436,006)	(9,810,230)

34.2 Restatement of operating income and expenses due to reclassification adjustments

In the financial statements for the year ended 31 December 2019, other operating income and other operating expenses included fair value adjustments on investment property and exchange differences, respectively. These items do not form part of the core operations of the Group and Company and have therefore been have been presented separately in the statement of profit or loss, after the other operating profit line. In addition, the other operating income and expenses have been presented on a net basis as they relate to transactions of a similar nature. Below is a reconciliation of the other operating income and other operating expenses as presented in the prior year against the net other operating income/ (expense) as restated in the financial statements for the year ended 31 December 2020.

		HISTORICAL GROUP 2020 ZW$	COMPANY 2019 ZW$
i)	**Net other operating income/(expense)**		
	Other operating income		
	As previously stated	**23,797,684**	**(111,747)**
	Correction of prior period error- profit on disposal of subsidiary	(5,753,933)	-
	Reclassification of fair value adjustments on investment property	(17,792,488)	-
	Other operating expenses		
	As previously stated	**(6,355,721)**	**809,123**
	Reclassification of exchange losses/(gains)	6,465,604	(802,624)
	Net operating income/(expense)	**361,146**	**(105,248)**
	Net operating income/(expense) as per statement of profit or loss	**361,146**	**(105,248)**

Notes to the financial statements (cont'd)

for the year ended 31 December 2020

35 EVENTS AFTER THE REPORTING DATE

The Group wishes to comment on the Corona Virus (COVID-19) pandemic due to the impact it is has had to date and is expected to have in future on companies worldwide. Particularly, the impact on the appropriateness of the use of the going concern assumption in the preparation of the financial statements.

The COVID-19 outbreak, which was declared a pandemic by the World Health Organization (WHO) on 11 March 2020, has affected the lives of people around the world. Many countries worldwide have placed either a partial or complete lockdown of their economies in order to contain the spread of the pandemic. During the year ended 31 December 2020, the country was on lockdown for an extended period (28 March 2020- August 2020). As time progressed, the Government relaxed the lockdown restrictions in response to a decline in reported/confirmed covid-19 cases.

Subsequent to year end, following the resurgence of the COVID-19 pandemic, the government of Zimbabwe proclaimed of a 30-day lockdown period effective 03 January 2021. The lockdown was further extended by another 2 weeks to 15 February 2020. Following a decline in covid cases, the lockdown restrictions were relaxed with effect from 01 March 2021. The restrictions imposed by the government during the lockdown, which included reduced trading hours, closure of land borders, limited availability of public transport had an impact on the operations of the Group, as with most businesses.

Despite the aforementioned, management has a reasonable expectation that the Group has adequate resources to continue in operation in the foreseeable future and that the going concern basis of accounting remains appropriate. In order for the business to remain viable, management continuously reviews the way in which the Group conducts business. To date management has implemented the following measures:

- the business is in the process of creating an online purchasing platform to promote alternative procurement options for customers.
- Restructuring of CURRENT facilities through reduction of interest rates and rolling forward of facilities falling due.
- reduction of casual work force through the non-renewal of expired employment contracts for casual employees.
- Cost containment and Cost reduction strategies are being pursued to align costs to reduced volume of activity

As the outbreak continues to evolve, it is challenging at this point, to predict the full extent and duration of its business impact. Consequently there is still uncertainty over the future development of the outbreak and the possible impact on the Group. However due to the development of the covid-19 vaccines which are currently being administered locally, the directors are optimistic that the pandemic will not have a significant impact on the Group. The Directors, based on their interpretation of IFRS have considered the global outbreak of COVID-19 to be a non-adjusting event in terms of international accounting standard 10 ("IAS 10"), Events after the reporting period.

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	Cover page			
	102-2 Activities, brands, products, and services	8-9			
	102-3 Location of headquarters	171			
	102-4 Location of operations	171			
	102-5 Ownership and legal form	7, 151			
	102-6 Markets served	10			
	102-7 Scale of the organization	18			
	102-8 Information on employees and other workers	58			
	102-9 Supply chain	49			
	102-10 Significant changes to the organization and its supply chain	-	There were no significant changes in our supply chain		
	102-11 Precautionary Principle or approach	35	The precautionary principle is embedded in our risk management processes		
	102-12 External initiatives	66			
	102-13 Membership of associations	10			
	Strategy				
	102-14 Statement from senior decision-maker	20, 24			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	1			
	Governance				
	102-18 Governance structure	31			
	Stakeholder engagement				
	102-40 List of stakeholder groups	41			
	102-41 Collective bargaining agreements	62			
	102-42 Identifying and selecting stakeholders	41			
	102-43 Approach to stakeholder engagement	41-42			
	102-44 Key topics and concerns raised	42			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	7, 151			
	102-46 Defining report content and topic Boundaries	2, 43			
	102-47 List of material topics	42			
	102-48 Restatements of information	2, 43			
	102-49 Changes in reporting	43			
	102-50 Reporting period	2, 43			
	102-51 Date of most recent report	2, 43			
	102-52 Reporting cycle	2, 43			
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2, 43			
	102-55 GRI content index	165			
	102-56 External assurance	2			

GRI Content Index (cont'd)

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 66			
	103-2 The management approach and its components	66-68			
	103-3 Evaluation of the management approach	67-68			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	67			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 66			
	103-2 The management approach and its components	66			
	103-3 Evaluation of the management approach	66			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 54			
	103-2 The management approach and its components	53			
	103-3 Evaluation of the management approach	54			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	54			
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 54			
	103-2 The management approach and its components	54-55			
	103-3 Evaluation of the management approach	55			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	55			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 57			
	103-2 The management approach and its components	57			
	103-3 Evaluation of the management approach	57			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	58-59			

GRI Content Index (cont'd)

Labor/Management Relations					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 59			
	103-2 The management approach and its components	59			
	103-3 Evaluation of the management approach	59			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 63			
	103-2 The management approach and its components	63			
	103-3 Evaluation of the management approach	63-64			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	64			
Training and Education					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 61			
	103-2 The management approach and its components	61			
	103-3 Evaluation of the management approach	61-62			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	61			
	404-2 Programs for upgrading employee skills and transition assistance programs	62			
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 60			
	103-2 The management approach and its components	60			
	103-3 Evaluation of the management approach	60-61			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60-61			
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43, 46,47			
	103-2 The management approach and its components	46-47			
	103-3 Evaluation of the management approach	46-49			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	46-49			

Shareholders Analysis 2020

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY INDUSTRY AS AT : 31 December 2020

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	114,255,595	31.91	286	5.16
LOCAL NOMINEE	4,648,644	20.85	84	1.51
PENSION FUNDS	62,968,112	17.59	80	1.44
INSURANCE COMPANIES	49,283,591	13.77	08	0.14
LOCAL INDIVIDUAL RESIDENT	23,761,246	6.64	4,850	87.45
OTHER INVESTMENTS & TRUST	12,461,992	3.48	54	0.97
FOREIGN COMPANIES	6,663,310	1.86	05	0.09
NEW NON RESIDENT	5,570,404	1.56	26	0.47
FOREIGN NOMINEE	4,140,898	1.16	03	0.05
TRUSTS	2,369,462	0.66	21	0.38
FOREIGN INDIVIDUAL RESIDENT	1,414,623	0.40	12	0.22
DECEASED ESTATES	214,415	0.06	103	1.86
FUND MANAGERS	140,477	0.04	03	0.05
BANKS	70,262	0.02	02	0.04
CHARITABLE	37,827	0.01	09	0.16
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY VOLUME AS AT 31 December 2020

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3,793,193	1.06	5,112	92.17
5001-10000	750,954	0.21	105	1.89
10001-25000	1,799,837	0.50	106	1.91
25001-50000	2,383,754	0.67	64	1.15
50001-100000	3,464,219	0.97	47	0.85
100001-200000	5,189,783	1.45	35	0.63
200001-500000	8,231,592	2.30	27	0.49
500001-1000000	12,771,096	3.57	18	0.32
1000001 and Above	319,616,430	89.28	32	0.58
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

Top Ten Shareholders

Rank	Names	Shares	Percentage
1.	STANBIC NOMINEES (PVT) LTD	86,181,518	24.1
2.	MEGA MARKET (PVT) LTD	60,473,342	16.9
3.	OLD MUTUAL LIFE ASS CO ZIM LTD	49,080,371	13.7
4.	SERRAPIN INVESTMENTS (PVT) LTD	43,706,444	12.2
5.	MINING INDUSTRY PENSION FUND	17,667,266	4.9
6.	SCB NOMINEES 033663900002	10,685,688	3.0
7.	NSSA- NATIONAL PENSION SCHEME	10,203,649	2.9
8.	DZL HOLDINGS EMPLOYEE SHARE TRUST	10,000,000	2.8
9.	ANTONY MANDIWANZA	8,330,193	2.3
10.	LALIBELA LIMITED	6,289,796	1.8
	Selected Shares	**302,618,267**	**84.53**
	Non Selected Shares	**55,382,591**	**15.47**
	Issued Shares	**358,000,858**	**100.00**

Directors' Shareholding

Director's Name	Shares
A Mandiwanza	9,635,424
M R Ndoro	3,273,430
C Mahembe	162,697
SR Chindove	2,701,008
J. H. K. Sachikonye	266
R. P. Kupara	-
N. Chiromo	-
C. R. J. Hawgood	1,000,000
K.K. Naik	16,024,284

Shareholders Analysis 2019

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY INDUSTRY AS AT 31 December 2019

Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	111,368,103	31.11	280	5.09
LOCAL NOMINEE	69,414,245	19.39	71	1.29
PENSION FUNDS	67,453,520	18.84	84	1.53
INSURANCE COMPANIES	49,188,691	13.74	07	0.13
LOCAL INDIVIDUAL RESIDENT	23,841,069	6.66	4,826	87.70
OTHER INVESTMENTS & TRUST	12,449,939	3.48	52	0.94
FOREIGN NOMINEE	7,553,910	2.11	04	0.07
FOREIGN COMPANIES	6,663,310	1.86	05	0.09
NEW NON RESIDENT	5,568,424	1.56	24	0.44
TRUSTS	2,369,462	0.66	21	0.38
FOREIGN INDIVIDUAL RESIDENT	,414,771	0.40	12	0.22
GOVERNMENT / QUASI	243,836	0.07	01	0.02
DECEASED ESTATES	223,012	0.06	102	1.85
FUND MANAGERS	140,477	0.04	03	0.05
BANKS	70,262	0.02	02	0.04
CHARITABLE	37,827	0.01	09	0.16
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY VOLUME AS AT 31 December 2019

Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3,781,141	1.06	5,086	92.42
5001-10000	735,464	0.21	102	1.85
10001-25000	1,615,615	0.45	93	1.69
25001-50000	2,532,446	0.71	69	1.25
50001-100000	3,129,244	0.87	43	0.78
100001-200000	4,693,655	1.31	30	0.55
200001-500000	9,198,739	2.57	30	0.55
500001-1000000	12,573,477	3.51	18	0.33
1000001 and Above	319,741,077	89.31	32	0.58
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

Top 10 Shareholders

Rank	Name	Shares	Percentage- %
1.	STANBIC NOMINEES (PVT) LTD	84,787,095	23.68
2.	MEGA MARKET (PVT) LTD	59,258,197	16.55
3.	OLD MUTUAL LIFE ASS CO ZIM LTD	49,080,371	13.71
4.	SERRAPIN INVESTMENTS (PVT) LTD	43,706,444	12.21
5.	MINING INDUSTRY PENSION FUND	17,667,266	4.93
6.	SCB NOMINEES 033663900002	17,606,144	4.92
7.	NSSA- NATIONAL PENSION SCHEME	11,123,595	3.11
8.	DZL HOLDINGS EMPLOYEE SHARE TRUST	10,000,000	2.79
9.	ANTONY MANDIWANZA	8,295,193	2.32
10.	LALIBELA LIMITED	6,289,796	1.76
	Selected Shares	**307,814,101**	**85.98**
	Non Selected Shares	**50,186,757**	**14.02**
	Issued Shares	**358,000,858**	**100.00**

Directors' Shareholding

Director's Name	Shares
A Mandiwanza	9,612,724
M R Ndoro	3,265,030
C Mahembe	162,697
SR Chindove	2,701,008
J. H. K. Sachikonye	266
R. P. Kupara	-
N. Chiromo	-
C. R. J. Hawgood	1,000,000
K.K. Naik	14,753,149

Notice to Shareholders

Notice is hereby given that the twenty-sixth Annual General Meeting (AGM) of Dairibord Holdings Limited will be held virtually at **https://escrowagm.com/eagmZim/Login.aspx** on 30 June 2021 at 10:00 hours for the purpose of transacting the following business:

Ordinary Business

1. To receive, consider and adopt the audited Financial Statements for the year ended 31 December 2020, together with reports of the Directors and Auditors thereon. The full annual report will be available on the company website, www.dairibord.com

2. To elect Directors of the Company:

2.1 In terms of the Articles of Association of the company, Mr. Josphat Sachikonye retires by rotation and being eligible, offers himself for re-election.

Mr Sachikonye is a Chartered Management Accountant who holds a Bachelor of Accountancy Honours Degree, a Masters in Business Leadership (UNISA) (RSA) and various other executive leadership qualifications.

Josh is an Independent Non-Executive Director for Dairibord Holdings Limited and he chairs the Board, Remuneration Committee and Nominations Committee. He also sits on the Boards of 3 other private companies.

2.2 In terms of the Articles of Association of the company, Mrs. Rachel Pfungwa Kupara retires by rotation and being eligible, offers herself for re-election.

Rachel is a Chartered Accountant and holds an MBA from Bradford University (UK).

Rachel is an Independent Non-Executive Director for Dairibord Holdings Limited and she chairs the Finance, Audit & Risk Committee and is a member of the Remuneration Committee. She also sits on the boards of 2 listed and 3 private companies.

2.3 In terms of the Articles of Association of the company, Mr. C.R.J Hawgood retires by rotation and being eligible, offers himself for re-election.

Mr Hawgood holds a Bsc in Agricultural Management Degree from University of Natal, Pietermarizburg and is an experienced farmer and entrepreneur.

Mr Hawgood is a Non-Executive director of Dairibord Holdings Limited and he chairs the Milk Supply Development Committee. He is also sits on the boards of 2 other private companies.

3. To approve the remuneration of the directors for the past year.

4. External Auditors

4.1. To approve the remuneration of the auditors for the past year's audit.

4.2. To appoint Deloitte & Touche Zimbabwe as the auditors for the company for the current year.

Ernst and Young Chartered Accountants (Zimbabwe) who have been auditors for Dairibord Holdings Limited for more than 10 years are rotated out in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

5. To approve the final dividend of ZW$0.23 per share declared on 27 April 2021.

Special Business

6. As an special resolution: Share Buy Back.

"That the company as duly authorised by Article 6 of its Articles of Association and section 129 of the Companies and Other Business Entities Act (Chapter 24:31), may undertake the purchase of its ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that:

a) Acquisitions shall be of ordinary shares which, in aggregate in any financial year, shall not exceed 10% (ten percent) of the Company's issued share capital.

Notice to Shareholders (cont'd)

b) The prices at which such ordinary shares may be acquired will not be more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of the purchase of such ordinary shares by the Company.

c) The authority shall expire on 01 July 2022 or the next Annual General Meeting, whichever is sooner.

After considering the effect of the repurchase of the shares, the Directors are confident that:

a) The company will be able to pay debts for the period of 12 months after the date of the notice of the Annual General Meeting.

b) The assets of the Company will be in excess of its liabilities.

c) The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.

d) The Company will have adequate working capital for the period of 12 months after the date of the notice of the Annual General Meeting.

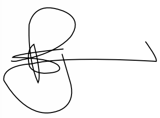
Notes

1. In terms of the Companies and Other Business Entities Act (Chapter 24:31) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Instruments of proxy must be lodged at the registered office of the company at least forty-eight hours before the time appointed for holding the meeting.

2. Members are requested to advise the Transfer Secretaries in writing of their email addresses and any change of postal address.

3. Meeting details:
Members are hereby advised to use the dedicated Corpserve helpline on +263 242 750711, +263 772 289 768 or +263 779 145 849 for assistance with the online AGM processes.

By order of the board



S. Punzisani
Company Secretary
9 June 2021

Shareholders' Calendar

2020 Annual report published	June 2021
Twenty sixth Annual General Meeting	June 2021
Interim report for 6 months to 30 June 2021 and dividend announcement	August 2021
Financial year end	December 2021
Publication of the results for the 12 months ending 31 December 2021 and dividend announcement	March 2022

Corporate Information

Dairibord Holdings Limited
Company Registration No. 2168/94
www.dairibord.com

Registered Office
1225 Rekayi Tangwena Avenue,
Belvedere
Harare

Postal Address
P O Box 587, Harare, Zimbabwe
Telephone Numbers: + 263 24 2790801-5, 2779035-45

Company Secretary
Samson Punzisani
E-mail: punzisanis@dairibord.co.zw

Auditors
Ernst & Young Chartered Accountants (Zimbabwe)
Angwa City, Julius Nyerere Way/Kwame Nkrumah Ave
P.O Box 62 or 702
Harare

Bankers
Standard Chartered Bank of Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
First Capital Bank Limited
Ecobank Zimbabwe Limited
Central Africa Building Society
FBC Bank Limited

Transfer Secretaries
Corpserve (Private) Limited
4th Floor, ZB Centre
Cnr 1st Street and Kwame Nkrumah Avenue
Harare,
Zimbabwe

Sustainability Reporting Advisors
Institute of Sustainability Africa (Insaf)
22 Walter Hill Avenue
Eastlea, Harare
Zimbabwe

Dairibord
Holdings
More Than Just Milk

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www.dairibord.com