2020 ANNUAL REPORT

Building for the future.

LAFARGE

Company MISSION

We develop sustainable building solutions in Zimbabwe to create value for our stakeholders.

Our Values

Collaboration

We believe in the power of working together. We communicate openly and work cross functionally to achieve common goals.

Agility and Proactiveness

Our uniqueness is anchored on our ability to be proactive and agile. We commit to quick decision making, without compromising on the quality of our decisions. We commit to having the courage to challenge the status quo. We commit to proactively anticipate change.

Performance and Results Driven

High performance and focus on results underpins everything we do. We commit to delivering results every time. Accountability is clear and personal. We commit to continuous improvement in order to enhance performance.

Fairness

Fairness and equity are demonstrated consistently in all our interactions. We strive to achieve a win-win situation in all our interactions with all our stakeholders. We commit to be consistent in the application of our decisions.

Contents

ABOUT THIS REPORT

The Lafarge Cement Zimbabwe Limited Annual Report 2020 provides a view of the Business activities during the past financial year which ended 31 December 2020.

This report is available to view on https://www.lafarge.co.zw/investor-relations.

Company Profile

Building for the Future

Lafarge Cement Zimbabwe Limited (Lafarge, the Company or the Business) is a leading construction solutions provider with a history spanning over 67 years of operations in Zimbabwe. Incorporated under the laws of Zimbabwe and listed on the Zimbabwe Stock Exchange, Lafarge is a subsidiary of the Holcim Group, headquartered in Switzerland and with a presence in 70 countries across the world.

Lafarge was first established as Salisbury Portland Cement Company in 1954, then owned by the United Kingdom based Associated Portland and Manufacturers Association. It became Circle Cement Limited in 1983 then later Lafarge Cement Zimbabwe Limited in 2007. In 2015, on the back of a global merger between the French-based corporation Lafarge and Swiss-based Holcim, Lafarge became a member of the Holcim Group.

Over these years, as landmark mergers and acquisitions took place, the Company adopted world class operating standards which aid in providing high quality, sustainable solutions to the built environment. The Company recently invested in capacity expansion for dry mortar products, becoming the biggest manufacturer of dry mortar products in the Holcim Middle East and Africa Region. This has enhanced the Company’s capacity to expand its product portfolio while giving it latitude to explore export markets.

Lafarge upholds rigorous health and safety standards, commits to environmental protection, employs innovative approaches to its core business and operates with a sense of social responsibility towards all stakeholders.

The Company has a current capacity to produce 450,000 tonnes of cement and 100,000 tonnes of dry mortar products per annum. With a total workforce of 525 employees, Lafarge creates thousands of jobs in its value chain.

Chairman's Statement

Kumbirayi C. Katsande - Chairman

INTRODUCTION

The COVID-19 pandemic was an unanticipated experience which tested the agility, resilience and tenacity of the Company. The operating environment in the first half of the year was characterised by a slowdown in economic activity caused by the work restrictions arising from the nationwide COVID-19 response initiatives instituted by government. The second half, however, saw a gradual improvement in business activity owing to the phased re-opening of the economy, albeit under strict public health protocols as COVID-19 lock down conditions were relaxed. The Company moved swiftly to define and implement measures to protect the Business and strengthen the Company's resilience. Priorities for the year became focused on managing the health of employees, cash and costs.

A number of monetary policy adjustments were noted during the year and these included easing of trading currency restrictions to allow multicurrency transactions and the introduction of the foreign currency auction system. These policy changes improved the ease of doing business for the period under review.

It is pleasing to report that notwithstanding the COVID-19 pandemic impact and the challenging operating environment, the Company achieved a significant growth in profit for the year 2020 compared to prior year.

On behalf of the Board of Directors, I hereby present the financial results for the year ended 31 December 2020.

STRATEGIC AGENDA

Like other businesses in the country, the Company faced challenges as normal work routines, social structures, supply chains and operations were disrupted. However, in line with the Holcim 2022 Vision – Building for Growth, the Company maintained focus on the key strategic pillars of Winning at the Customer, Creating Sustainable Industrial Performance, Building Winning Teams and Restoring Profitability. The targets set for the year for these pillars were successfully met through focused implementation underpinned by the Company's core values of performance, agility and proactiveness, collaboration and fairness.

HEALTH, SAFETY AND ENVIRONMENT

The Company continues to uphold the highest standards of Health and Safety through a robust cocktail of policies and programmes tailored to achieve zero harm in the Company's operations. In the context of the COVID-19 pandemic, the Company implemented a business resilience programme prioritising employee wellness and business continuity. This programme saw the Company carry out rigorous infection prevention mechanisms complemented by robust COVID-19 case management protocols and support systems.

In addition to health and safety, the Company is committed to sustainable environmental practices and subscribes to the Net Zero Pledge to reduce carbon emissions by 2030 as part of the Holcim Group global commitment. There is no letting up on continuous improvement to reduce dust emissions and other environmental impacts.

INFLATION ADJUSTED FINANCIAL PERFORMANCE

The Business posted a much-improved financial performance for the year in spite of the COVID-19 induced operational challenges. Revenue for the year grew by 68.5% to ZW$6.9 billion (ZW$4.1 billion). This is attributed to significant volume growth in the Dry mortars business and a market shift towards high strength cement which influenced a significant change in the cement product mix.

Despite losing a full month of production and sales in April 2020 due to the COVID-19 induced national lockdown the cement volumes recovered in subsequent months, with particularly strong performance in the third quarter closing at full year cement volume performance at 6% below prior year. Whilst demand was strong, volume growth was limited by capacity constraints owing to the loss of production during the April 2020 lockdown.

In the dry mortars business, volumes grew by a remarkable 115% compared to the prior year. This is attributed to the relaunch of the Supagrow and SupaFix range backed by active market sensitisation of the products which has led to wider product adoption.

The gross profit margins grew by 12.4% to 60.6% (53.9%: 2019). The recognition and realisation of the RBZ instruments improved the Company's overall operating costs through reduction of foreign currency exchange losses ZW$336 million (2019: ZW$3.5 billion). The combination of the revenue growth, reduced costs and reduction in foreign exchange losses resulted in the Company turning an operating profit of ZW$1.9 billion compared to prior year loss of ZW$2.7 billion. The Company's net monetary position during the period remained favourable in inflation terms which resulted in an increase in the net monetary gain to ZW$406 million (2019: ZW$759 million) culminating in a profit for the year of ZW$3.1 billion (2019: loss ZW$3.5 billion)

HYPERINFLATION AND REGULATORY ENVIRONMENT

As previously reported, the Public Accountants and Auditors Board (PAAB), declared that Zimbabwe met the conditions for financial reporting of an economy in hyperinflation with effect from 1 July 2019. Consequently, all entities reporting under International Financial Reporting Standards (IFRS) are required to comply with IAS 29 'Financial Reporting in Hyperinflationary Economies'. Consequently, the Business continues to present hyperinflation adjusted financial statements on which the commentary is based. Historical information has been presented as unaudited supplementary information.

Lafarge Cement Zimbabwe Limited ("Lafarge" or "the Company") is currently assisting authorities with investigations pertaining to allegations of transactions suspected to have been made in contravention of the Exchange Control Regulations. These investigations began on 25 August 2020 and the Company initiated an internal investigation in order to determine whether or not there had been any breaches of Exchange Control Regulations or internal controls. Company internal investigations showed non-compliance in Company internal control procedures and breaches of the Company Code of Conduct. The necessary corrective actions have been taken in line with the Lafarge Cement Zimbabwe Code of Conduct.

These breaches in regulations and internal controls during the year resulted in a consequential weakening of the general internal control environment. The Company made a number of bold and significant changes in the finance and internal control team. A seasoned Chief Finance Officer was added to the team among other senior staff changes. Leveraging from Holcim Group, a thorough review of the various processes and procedures was done. The board considers that the corrective measures which have been implemented since these problems came to light will lead to necessary improvement in the current year.

Lafarge Cement Zimbabwe Limited at all times conducts its business in compliance with the highest standards of integrity and transparency, while adhering to the Holcim Code of Business Conduct and the local laws. As a Company listed on the Zimbabwe Stock Exchange, Lafarge is subject to regular external audits and periodic publication of the Company's financial performance.

CAPITAL EXPENDITURE

The Business continues with the implementation of the previously announced USD 25 million capital expansion programme. This three-pronged investment plan is now in its final phase of implementation following the successful installation of alternative power infrastructure in 2019 and the successful completion of the automated dry mortars plant in 2021. The production capacity for the dry mortars business has effectively increased from 7 000t per annum to 100 000t per annum, making the Company the biggest producer of dry mortar products in Zimbabwe. Significant volume growth is therefore foreseen in the dry mortars business following the plant commissioning in April 2021.

The third investment project is the installation of the Vertical Cement Mill (VCM), earmarked to double cement milling capacity. The supply contract was signed in August 2020 and the manufacturing of the plant commenced the following month. Civil works for the VCM have since started and expected completion date for the project is February 2022.

BOARD AND MANAGEMENT

Following the transfer of Kaziwe Kaulule to Lafarge South Africa in March 2020, Precious Murena was appointed CEO of Lafarge Cement Zimbabwe effective 1 March 2020. The Board is confident that she will lead the Business effectively to deliver shareholder value.

Two Non-Executive Directors resigned from the Board in the same year. I would like to thank Mr. Dominique Gilbert Francis Drouet who resigned on 31 March 2020 and Mr. Pierre Marie Santiago Deleplanque who resigned from the Board on 10 November 2020 for their dedicated service to the organisation during their respective tenures. Mr. Fungai Kovhiwa, Executive Director also resigned from the Board on 23 September 2020.

Further to those changes, we welcomed two new directors to the Board in 2020. Gloria Zvaravanhu was appointed as an Independent Non-Executive Director with effect from 21 May 2020. Gloria brings to the board a wealth of experience and knowledge in financial and general management. Virginie Darbo, who is with the Holcim Group, was appointed as a Director with effect from 10 November 2020.

DIVIDEND

Due to the uncertainties that prevail in the economic environment and the desire to ensure that adequate working capital is maintained in the Business, the Directors have not declared a dividend.

APPRECIATION

The 2020 results reflect the focused leadership demonstrated by the directors and management during a difficult and unprecedented pandemic season. I would like to express my sincere gratitude for this performance.

I also want to extend a very special word of gratitude to all the employees for facing up to the challenges, for trusting and cooperating with the leadership direction to finally deliver the continually improving results.

OUTLOOK

The protracted impact of the COVID-19 pandemic on the Business environment is anticipated to remain for the greater part of the year 2021, given that the year began with yet another COVID-19 induced lockdown. COVID-19 accelerated a number of trends globally that have also been seen in the Zimbabwean market. The Company will continue to adapt its business strategy so as to thrive in the changing environment.

The combination of a reduced COVID-19 disruption and the anticipated good harvest from the 2020/2021 agricultural season should be positive for the economy. The Company is optimistic on the possible opportunities in the infrastructure sector as the Government has announced that the 2021 National Budget has a provision of ZW$4.3 billion for infrastructure development. Furthermore, with a good agricultural season, the Company sees growing opportunities in the Individual Home Builder segment. The Company is optimistic for continued profitable growth.

By Order of the Board

K. C. Katsande
Chairman
9 July 2021

CEO's Letter to Shareholders

Precious Murena - Chief Executive Officer

Inspired by the comparatively strong business performance recorded in the 2019 Financial year, we embarked on our 2020 journey with the ambition to accelerate growth in line with our Ambition 2023- To grow to a USD25m EBIT business by 2023. To achieve this agenda we built four core strategic pillars to focus on between 2020 and 2023 which are Winning at the Customer, Creating Sustainable Industrial Performance, Restoring Profitability and Building Winning Teams.

The year began with relative exchange rate stability which gave confidence in the possibilities of achieving the bold and ambitious targets we had set for the year. Whilst the onset of the COVID-19 pandemic affected business operations as well as economic activity across the country we remained focused on achieving our goals. The Business, therefore, had to grapple with implementing structures and systems that would ensure business continuity beyond the pandemic. Business continuity was driven through the Business Resilience Team which we instituted very early in the year to monitor the impending COVID-19 crisis which had already hit Asia in a phenomenal way. This multifunctional team gleaned on the experiences of markets within the Holcim peer group to inform a proactive approach to managing the pandemic. This gave us a head start in our COVID-19 response actions . In addition to this approach we made adaptations to our tactical plans for the year to focus on controlling the controllable. As such we prioritized Health, Cash and Costs as the key drivers for business continuity beyond the pandemic. Under this action plan, the Business integrated the execution of deliverables under the strategic agenda with preservation of employee and stakeholder health, cost optimization and spend controls. I summarise below the key highlights of 2020 under each of our strategic agenda pillars.

WINNING AT THE CUSTOMER

Our strategic thrust was set at building topline growth for the year 2020. Following 85% implementation of our tactical plans we achieved 68% revenue growth in inflation adjusted terms. Tactical product mix changes in cement and volume growth in dry mortars business anchored this revenue growth. Whilst cement volumes were impacted by the lack of production during the total lockdown in April 2020 and finished 6% below prior year, dry mortars volumes grew by 115% vs prior year. Part of the volume growth came from our participation in the national agriculture development programmes - Pfumvudza in which we delivered 10 000 tonnes of our Supagrow Dolomic and Calcitic lime.

To navigate the lockdowns brought about by the COVID-19 pandemic, we accelerated our digital transformation initiatives. Groundbreaking digital customer service solutions were created to enhance customer convenience and ensure business continuity on the sales front. These included the establishment of the Muvaki Whatsapp Chatbot serving customer inquiries, the launch of the Binastore e-commerce website set up for multi-currency transactions and open to diaspora customers and the expansion of the Lead Retail digital customer sales application for processing and tracking orders. The Business recorded a sharp increase in Lead Retail adoption, realizing 95% adoption by the end of the year, up from only 15% at the close of 2019. Lafarge Cement Zimbabwe closed the year leading in the Holcim Middle East and Africa region on Lead Retail adoption.

CREATING SUSTAINABLE INDUSTRIAL PERFORMANCE

Over the years we have lost significant volumes due to plant inefficiencies and in 2020 we began working on key actions to build sustainable industrial performance both short term and long term. For the long term we signed and formalized the contract for new Vertical Cement Mill with CBMi of China in August 2020. This marked the project initiation of the installation of the 700kt additional cement milling capacity for our business. The project is set to be completed in the first quarter of 2022. We also completed the installation of the new automated Dry Mortar Plant Project within targeted time in spite of COVID-19 related restrictions in travel and movement of goods. This project was delivered with 34,000 man hours and no loss time injuries recorded. This project secures 100kt additional capacity, over 1,400% up from the 7kt capacity which was currently in place.

For the short term we embarked on major maintenance projects to enhance daily production output. We under went a number of Health, Safety and Environment standards audits which qualified the Business to retain ISO certifications namely; ISO14001:2015 for Environmental management Systems and OHAS 18001 for Occupational Health and safety. This is in line with the Company's commitment to contributing to the Net Zero Pledge signed by Holcim with targets to reduce carbon emissions by 20% against the 2018 baseline by 2030.

BUILDING WINNING TEAMS

Our main strategic goal in building winning teams is to archieve 40% improvement in our productivity per man per hour by 2023 from our 2019 base. This means building our people capabilities, optimizing our total headcount and fostering employee engagement. In 2020 7,580 training hours were recorded against 20,450 in 2019. Whilst face to face training was constrained, online learning enabled us to achieve the same objective at a much lower cost. We also reduced our subcontracted manpower by 26% in 2020. As the pandemic took center stage the preservation of employee and stakeholder health became an overriding priority for 2020. The Company implemented a robust health plan aimed at increasing awareness of COVID-19 amongst employees, mitigating the risk of spreading the virus at the workplace and supporting those infected and their families to full recovery .

Hyperinflation was the second biggest challenge in 2020 and we remained proactive in responding to its impact on employee remuneration and pensions in line with our strategic agenda. The construction of houses for our KnockMallock affordable housing scheme for employees was started in 2020.This scheme is funded by employee pension funds and ensures that pension value is preserved in tangible assets that employees own themselves. We remain satisfied that our remuneration policies are competitive and encourage performance. In the year productivity linked remuneration constituted 30% of an individual's monthly income. This has helped to create a symbiotic relationship between employee performance, Company performance and employee remuneration.

RESTORING PROFITABILITY

Building financial strength and restoring profitability was the overriding strategic agenda for the year, aimed at restoring Company profitability to healthy and sustainable level's. We set ourselves an agenda to strengthen our EBIT margins from 25% to 35%. With laser focus on tactical actions to reduce our costs and grow our topline we not only met but exceeded this target, closing the year with overall EBIT margins of 38%.

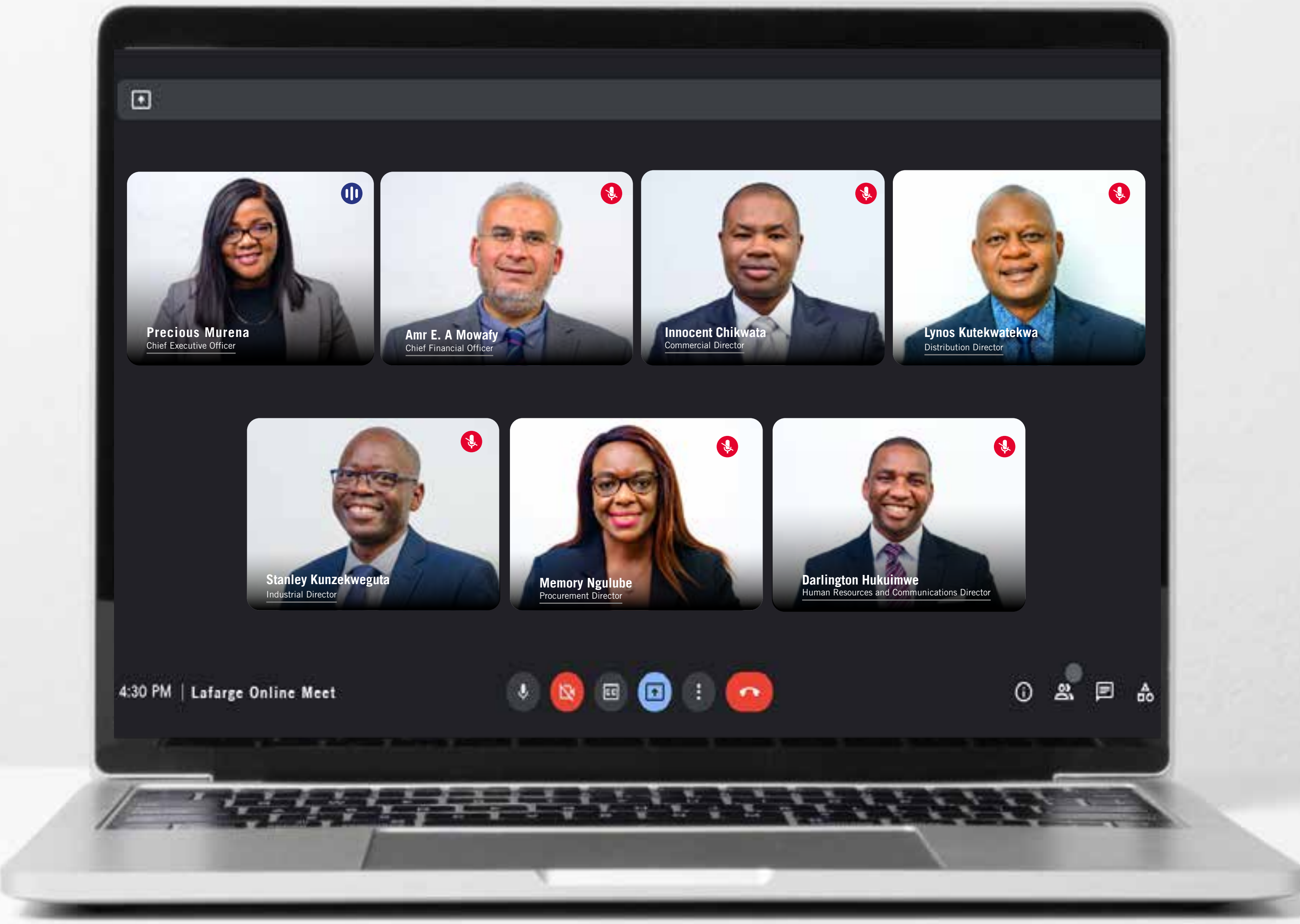
LOOKING AHEAD

As the Business remains on its growth ambition, sustainability and innovation remain integral. This will also be archieved by increased focus on reducing the Company's impact on the environment while increasing its contribution to greener solutions. Furthermore, we will continue to innovate in products and solutions that will enhance efficiencies in the built environment while continuously improving our digital spaces for customer convenience. The Company will be pursuing 3D printing trials in its affordable housing programme in 2021 bringing this technology to Zimbabwe for the first time. This technology offers the benefits of a shorter construction time and reduced use of materials. The adoption of this technology will change the face of construction as we know it today.

I want to take this opportunity to thank the Lafarge Cement Zimbabwe Limited board of directors for their immense support in my first year as CEO.I also want to thank all our employees for their hardwork and dedication which yielded phenomenal results in a difficult pandemic year . We are excited about the future and about the part we are set to play in building it.

Precious Murena
Chief Executive Officer
9 July 2021

Leadership Team



Workers' Council

Blessing Nhende
Chairperson

Esther Gwekwerere
Vice Chairperson

Tonderai Ndagumirwa
Secretary General

Kimberly Hlumbayo
Vice Secretary General

Joyman Mazoyo
Organiser

Theresa Mora
Women Advisory

McCloud Chaira
Dry Mortars Representative

Gibson Mushando
Council Member

Simbarashe Musvari
Council Member

Flex Gwidibira
Council Member

Stephen Singini
Council Member

THE FUTURE ISN'T WRITTEN, IT'S BUILT!

We are constantly exploring avenues to better serve the built environment with high quality, sustainable and affordable products designed for various construction works.

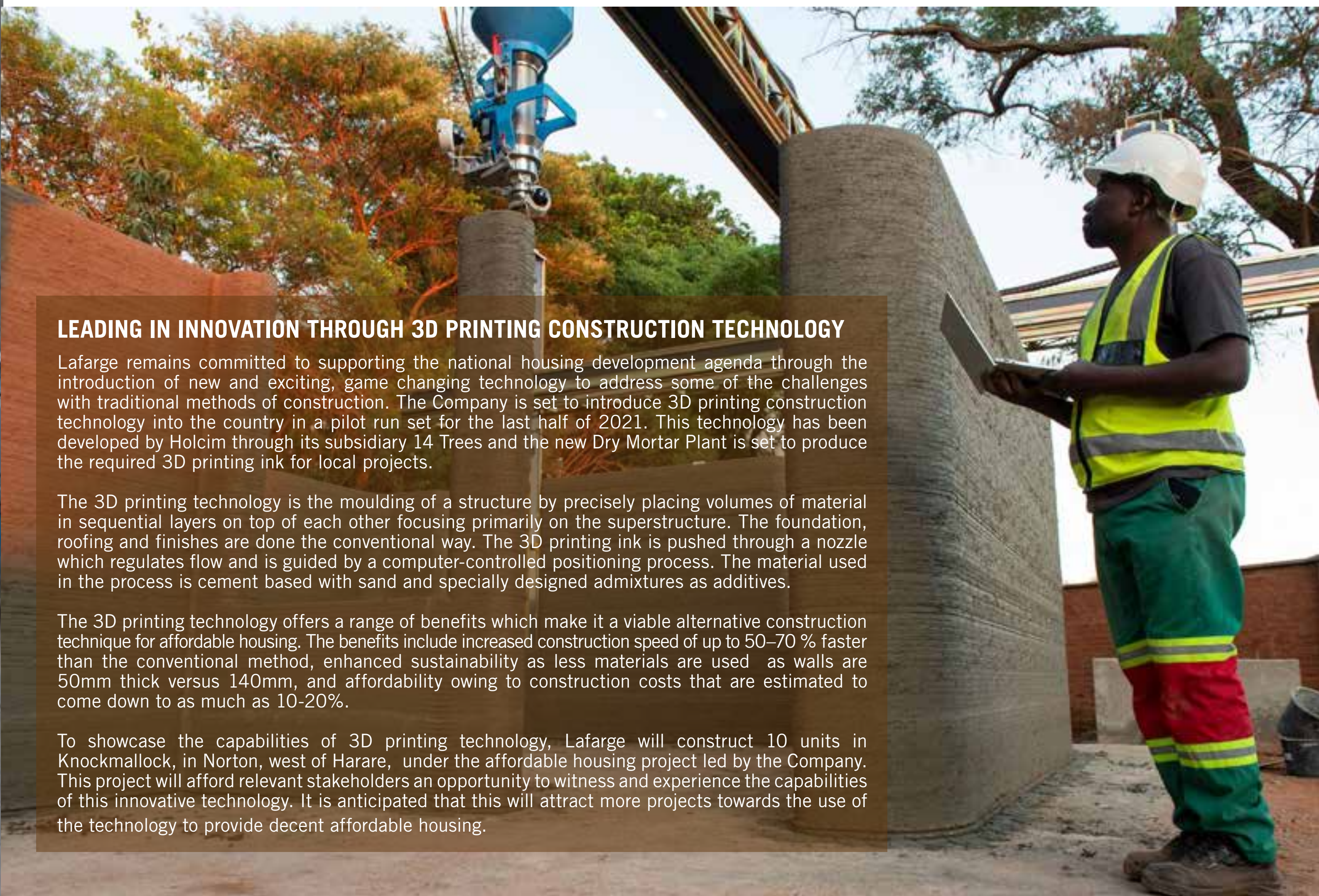
Winning at the Customer

01

INNOVATING FOR BUSINESS CONTINUITY AND NATIONAL DEVELOPMENT

Infrastructure development remains a key indicator for economic development and Lafarge is well positioned to support this agenda. As the country moves towards the ambition of creating an upper middle class society, the Company has taken up the position of a critical partner in the realisation of this agenda. This will be achieved through continuous innovation in products and services, anticipating the future requirements of the built environment and setting new trends for the construction sector.

The year 2020 saw the Business developing a number of new products with the high strength cement Roadcem being launched. Other new products were in advanced stages of development by the end of the year and set to be launched in 2021. As the drive for innovation continues to be integral to the Business, the Company has also started exploring the prospects of 3D printing technology, leveraging the newly installed capacity in the dry mortars business to develop and produce the requisite 3D ink.



LEADING IN INNOVATION THROUGH 3D PRINTING CONSTRUCTION TECHNOLOGY

Lafarge remains committed to supporting the national housing development agenda through the introduction of new and exciting, game changing technology to address some of the challenges with traditional methods of construction. The Company is set to introduce 3D printing construction technology into the country in a pilot run set for the last half of 2021. This technology has been developed by Holcim through its subsidiary 14 Trees and the new Dry Mortar Plant is set to produce the required 3D printing ink for local projects.

The 3D printing technology is the moulding of a structure by precisely placing volumes of material in sequential layers on top of each other focusing primarily on the superstructure. The foundation, roofing and finishes are done the conventional way. The 3D printing ink is pushed through a nozzle which regulates flow and is guided by a computer-controlled positioning process. The material used in the process is cement based with sand and specially designed admixtures as additives.

The 3D printing technology offers a range of benefits which make it a viable alternative construction technique for affordable housing. The benefits include increased construction speed of up to 50–70 % faster than the conventional method, enhanced sustainability as less materials are used as walls are 50mm thick versus 140mm, and affordability owing to construction costs that are estimated to come down to as much as 10-20%.

To showcase the capabilities of 3D printing technology, Lafarge will construct 10 units in Knockmallock, in Norton, west of Harare, under the affordable housing project led by the Company. This project will afford relevant stakeholders an opportunity to witness and experience the capabilities of this innovative technology. It is anticipated that this will attract more projects towards the use of the technology to provide decent affordable housing.

TRIED & TRUSTED STRENGTH

WaterShield

Launched in 2021, WaterShield is an innovative cement, fortified with patented hydrodefence technology, WaterShield is a 32.5R class cement with capabilities of lowering capillary absorption of water into building foundations, walls, plastering and more. Perfect for swimming pools, canals, septic tanks and other structures exposed to moisture, WaterSheild is the one and only waterproofing cement in the market.

Roadcem

RoadCem is a high strength cementious binder designed for various road stabilization projects launched in the year 2020. This product is set to add significant value to the road construction projects across Zimbabwe, fulfilling one of the key objectives to help our country build better.

SupaSet 42,5 R

SupaSet is a premium, rapid setting cement which offers quick turnaround on production resulting in higher productivity and better returns. The cement produces high quality bricks, concrete and other applications for less and its consistent quality and fast setting properties make it the ideal choice for concrete brick makers, builders, architects, engineers, contractors and DIY enthusiasts.

Lafarge Portland Cement 32.5R (PC15)

Lafarge Portland Cement 32.5R (PC15) is a general purpose, high strength, rapid setting cement that is most ideal in the construction of beams, columns, foundations, concrete and any other load bearing structures.

Lafarge Masonry Cement MC 22.5X

Masonry Cement: MC 22.5X is an easy to work with cement that is ideal for general construction works like floor screeds, mortar for bricklaying & plastering and for road stabilisation.

Aggregates

Lafarge Cement Zimbabwe produces and sells the following aggregates:

- Washed sand
- 6mm stones
- 20mm stones (3/4 inch)
- Crusher run

Crusher run

6mm Stone

3/4 Stone

Washed Sand

DON'T JUST FIX IT SUPAFIX IT

SupaFix The Ultimate Tiling Solution

SupaFix Porcelain & Ceramic Tile Adhesive

Supafix adhesives are cement based tile adhesives with a special blend of additives that increase initial adhesion, allows greater flexibility and improved coverage. The SupaFix adhesives are available in two classes, PorcelainFix & CeramicFix. PorcelainFix is used when applying porcelain floor and wall tiles while CeramicFix is for fixing ceramic tiles.

SupaFix Tile Grout - Tile Filler

For effective filling, sealing and buffering of set tiles on the floor and wall, SupaFix Grey Tile Grout or SuperFix White Tile Grout is the best. The aesthetic look of the finished tiling work is improved when when SuperFix (Grey/ White) Tile Grout is used as the finishing touch.

SupaFix Bonding Liquid

For superior interior and exterior bonding strength, try the new ready-to-use SupaFix Bonding Liquid for tile adhesives and grout. The premium Lafarge quality guaranteed SupaFix Bonding Liquid is water-resistant and will ensure a bond that will last a lifetime.

LAFARGE

SUPPORTING AGRICULTURE DEVELOPMENT THROUGH PFUMVUDZA

Following the successful relaunch of the agricultural lime range under the brand name SupaGrow in 2019, the Company has seen significant growth in both retail and direct customers. In 2020, Lafarge landed a major contract to support the government led agriculture programme code named Pfumvudza. The Pfumvudza programme is premised on the science of intensive agriculture centered around high yields on small plots of land. This concept emphasises on effective land preparation and high levels of soil fertility, a space that the Lafarge SupaGrow range is best placed to play. Lafarge therefore supplied 10 000 tonnes of both dolomitic and calcitic lime towards the Pfumvudza programme. The Company also undertook extensive soil testing support services for smallholder farmers in order to prescribe the correct lime component for the soil. This was done through the Lafarge resident agronomist who spent a lot of time educating farmers on the concept of soil conditioning and the importance of soil testing. These exercises have positioned Lafarge as a partner for national development.

DryMortarProducts

Snolime

is a traditional limewash paint made from lime. It is suitable for painting houses (exterior), animal habitats and crop storage facilities. It is also used for putting markings on sports facilities.

Impermo

is a water repellent product that Lafarge produces in powder form for mixing with cement to produce durable, water proof renderings. It is used in the construction of water bearing structures such as swimming pools, water reservoirs, septic tanks and dip tanks. It is also used in structures where moisture should not be allowed in, such as granaries and basements.

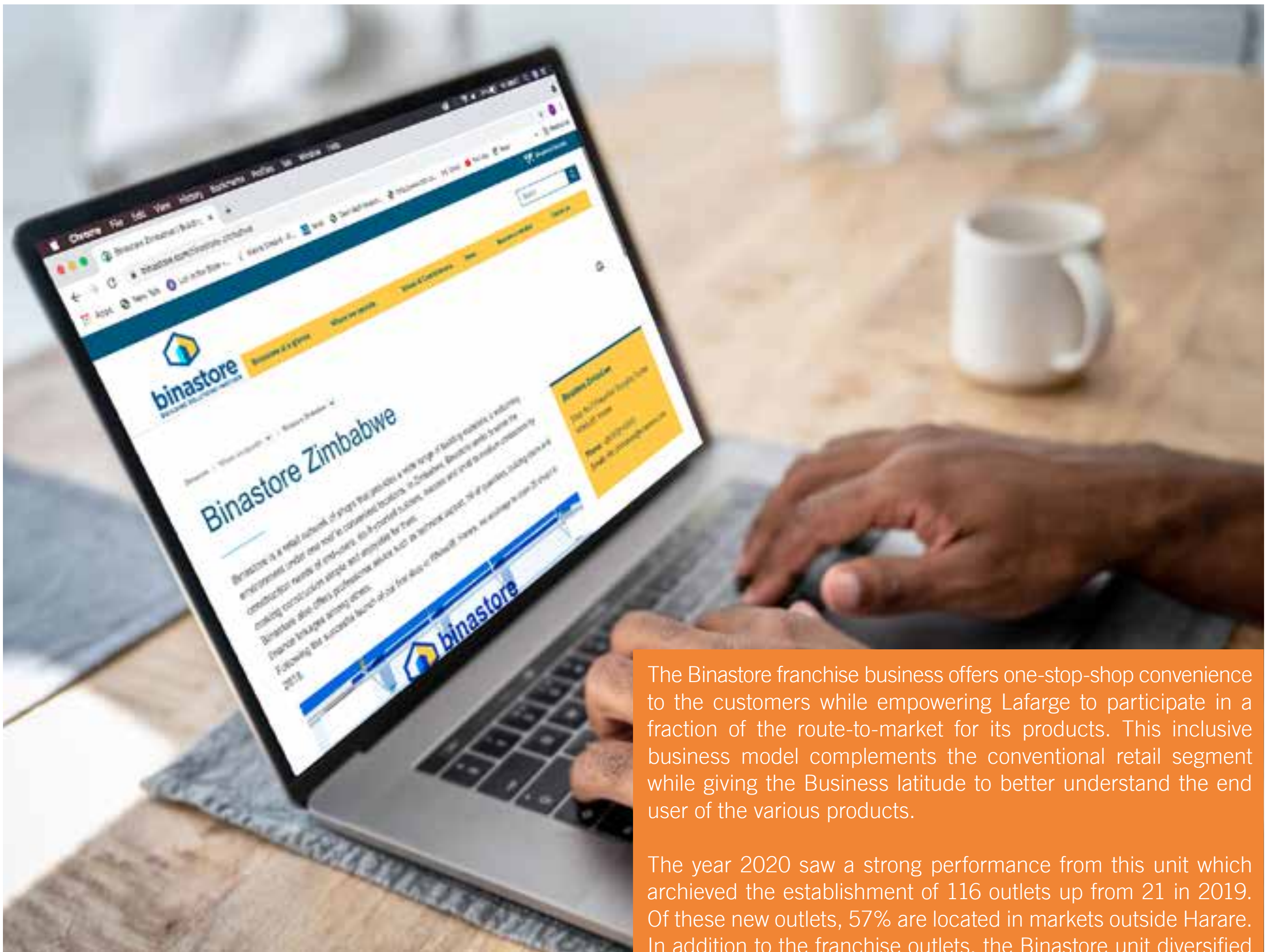
Colorbrite

is a pigmented lime-based paint for painting the interior of houses. It is produced by Lafarge in a variety of colors, including light blue, light green, mist grey, rose pink, primrose, white, blue, green, ivory and corn.

Cemwash

is white or pigmented cement based paint that provides a water repellant decorative finish. It is sold as a powder, to which water has to be added. It is easily mixed and applied with a block brush. Cemwash provides a waterproof rock-hard surface that will last for years. It is available in colours that include deep cream, mahogany, birch, cedar, oak, willow, pine, sandalwood, stinkwood, ash and aspen (white).

LEVERAGING E-COMMERCE IN BINASTORE



The Binastore franchise business offers one-stop-shop convenience to the customers while empowering Lafarge to participate in a fraction of the route-to-market for its products. This inclusive business model complements the conventional retail segment while giving the Business latitude to better understand the end user of the various products.

The year 2020 saw a strong performance from this unit which archieved the establishment of 116 outlets up from 21 in 2019. Of these new outlets, 57% are located in markets outside Harare. In addition to the franchise outlets, the Binastore unit diversified into distributorship, a project which involves stocking of various product items related to construction and finishes. The Business closed the year with 66 product lines up from 21 at the end of 2019. This has positioned Binastore as a distributor of note to the top 10 hardware wholesalers and retailers across the country. Binastore products are being delivered as far as Beitbridge, Chipinge, Gokwe and Bulawayo among other distant markets. Notable product lines are in the green energy category with the solar systems business growing significantly to account for at least 11% of Binastore revenues in 2020.

Meanwhile, Binastore launched an e-commerce site which, at the advent of the COVID-19 pandemic, became an effective customer service platform that enabled the Business to continue to serve during a period where face to face interactions were not possible. To add more value for the customer, Lafarge partnered with VAYA, an on-demand transport service. Under this partnership, customers' purchases are processed on the Binastore website and delivered to them by VAYA.

The online Binastore platform enabled the Business to tap into the market abroad, with the platform recording sales from across the globe. With a multi-currency gateway payment system, the platform provides an array of benefits which includes instant receipting and generation of a loading and picking ticket.

The lessons learnt in 2020 from the operating enviroment have set Binastore on a pedestal for growth with the ambition of creating an all weather, all terrain and super-resilient route-to-market channel whose jurisdiction is spreading across geographies and product lines.

DIGITISATION OF CUSTOMER SERVICE FOR BUSINESS CONTINUITY

Lafarge is reputed as a market leader in digital transformation of its processes and services. In the year 2020, the Business led a digital transformation project which saw the launch of an integrated site where all the main customer service digital tools are housed. This site is called the e-verse, a universal platform for the Lead Retail application, the Muvaki Whatsapp Chatbot and the Binastore e-commerce website.

Lead Retail

The launch of the Lead Retail digital platform in 2019 was a strategic and futuristic move by the Business which gave the Company a headstart in 2020 when in-person business interactions were highly restricted in response to the COVID-19 pandemic. Lead Retail is an online product ordering platform which has seen Lafarge maintain a stronghold in the market through added customer convenience and guaranteed business continuity. The Business achieved 95% of total sales through Lead Retail in 2020 up from 12% achieved in 2019 during the stabilisation phase of the platform. The Lead Retail solution allows customers to make payments, place orders, track their purchases through to delivery and manage their own accounts at their convenience. Lafarge is currently recorded as the market with the highest Lead retail adoption in the Holcim Middle East and Africa region.

Muvaki Whatsapp Platform

This is a customer service application based on artificial intelligence designed to respond to a wide range of pre-programmed frequently asked questions. This service is channelled through Whatsapp and works as a contact center providing basic business and product information. This platform was widely used in the year and was highly rated by users.

Binastore e-commerce website

This site was established to complement the development of physical Binastore franchises while also providing retail and wholesale services through an online platform for a range of construction products. This platform gave the Business access to the diaspora market as it is equipped with a multi-currency payment gateway.

ROAD SAFETY INITIATIVES A GAME CHANGER IN DELIVERING PRODUCT TO CUSTOMERS.

In line with the Company's COVID-19 response action plan "Health, Cash and Costs", the Company's logistics arm made concerted adjustments to ensure a cost effective and safe delivery operation. This was achieved through the maintained implementation of driver training programmes, in-vehicle monitoring systems and recently, the adoption of the Transport Analytical Centre (TAC). TAC is an advanced logistics reporting tool that enables freight analysis, distance correction and road safety practices. Through this robust system, no road fatalities or injuries were recorded in the year 2020, while significant cost savings were achieved as the delivery targets for the year were fully met.

Creating Sustainable Industrial Performance

02

PREVENTIVE AND METHODICAL MAINTENANCE SET TO IMPROVE PLANT PERFORMANCE

Plant reliability and plant efficiency are the backbone of our Business. Creating sustainable industrial performance remains at the core of our long term Business goals as efficiency and reliability determine customer satisfaction through constant product supply, securing revenue for the Business.

Over the past few years, the limitations in access to foreign currency required for sourcing critical replacement parts has inevitably impacted the Company's methodical and preventive maintenance programme. The cost of running the Plant has continued to escalate due to costly repairs and frequent down times.

To avert the challenges of unfavourable Plant performance, the Business embarked on a number of interventions which included immediate actions to improve efficiencies in the day to day operations. This consisted of prioritisation of critical maintenance works, remedial based assessment of repeat failures, as well as upskilling and training of relevant team members to build requisite competencies. Resultantly, the Company achieved a five and a half month continuos run of the kiln without a repeat failure; a time stretch that was last achieved in 2017.

Meanwhile, the Company also invested in long term solutions to improve industrial efficiencies, through capital investments in new Plants and equipment. Of note is the investment in the automated dry mortars Plant which increased production capacity from 7,000 tonnes to 100,000 tonnes per annum. Additionally, the Company will be installing a new state of the art Vertical Cement Mill which is expected to be completed by the first quarter of 2022. This investment will come with double the cement milling capacity and this will consequently improve overall plant efficiencies.

NEW HORIZONS FOR DRY MORTAR PRODUCTS IN ZIMBABWE

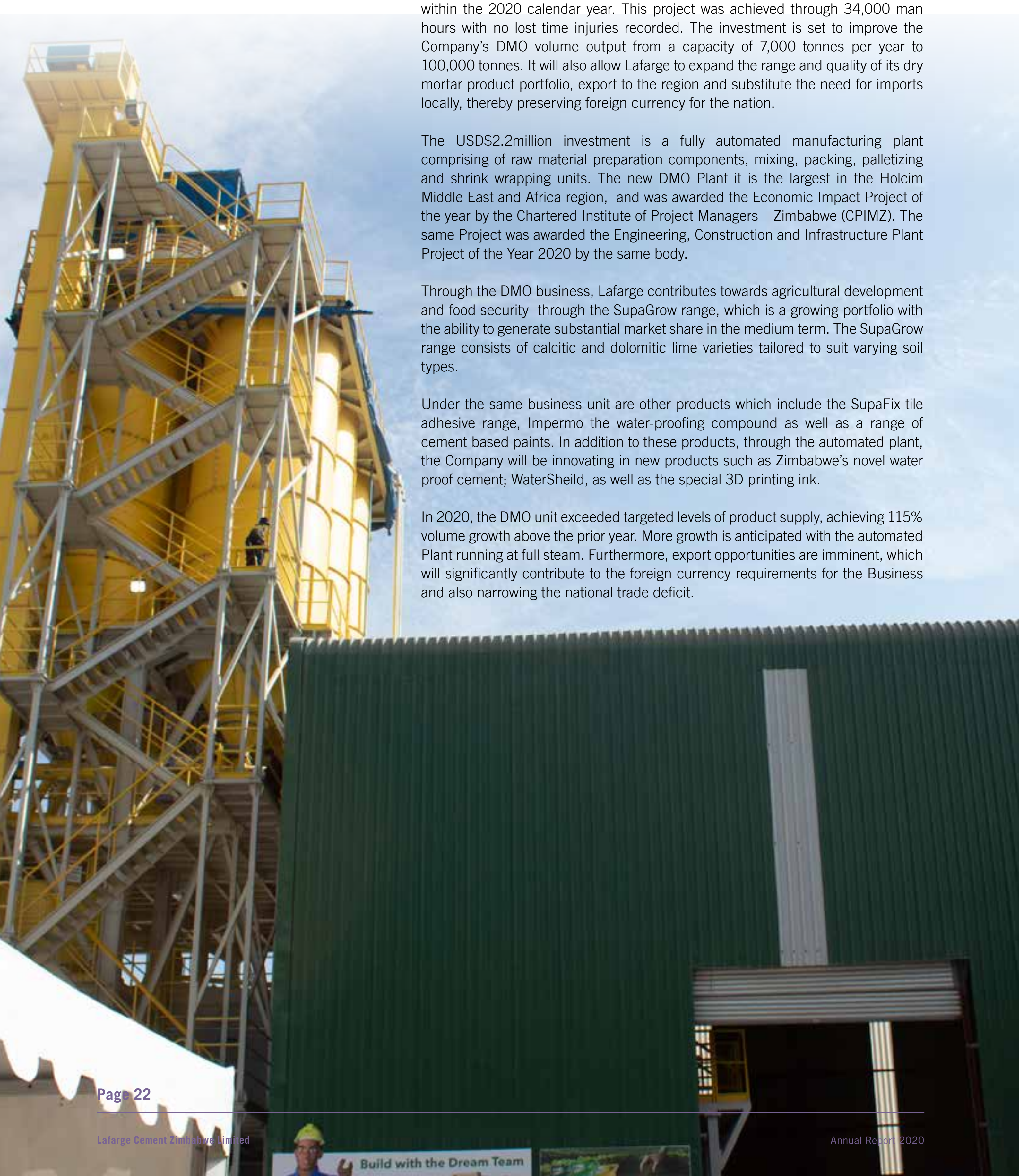
The second project of the 3-pronged capacity expansion programme mooted by the Company in 2019 and accorded National Project Status by the government of Zimbabwe, the automated Dry Mortars (DMO) Plant was successfully installed within the 2020 calendar year. This project was achieved through 34,000 man hours with no lost time injuries recorded. The investment is set to improve the Company's DMO volume output from a capacity of 7,000 tonnes per year to 100,000 tonnes. It will also allow Lafarge to expand the range and quality of its dry mortar product portfolio, export to the region and substitute the need for imports locally, thereby preserving foreign currency for the nation.

The USD$2.2million investment is a fully automated manufacturing plant comprising of raw material preparation components, mixing, packing, palletizing and shrink wrapping units. The new DMO Plant it is the largest in the Holcim Middle East and Africa region, and was awarded the Economic Impact Project of the year by the Chartered Institute of Project Managers – Zimbabwe (CPIMZ). The same Project was awarded the Engineering, Construction and Infrastructure Plant Project of the Year 2020 by the same body.

Through the DMO business, Lafarge contributes towards agricultural development and food security through the SupaGrow range, which is a growing portfolio with the ability to generate substantial market share in the medium term. The SupaGrow range consists of calcitic and dolomitic lime varieties tailored to suit varying soil types.

Under the same business unit are other products which include the SupaFix tile adhesive range, Impermo the water-proofing compound as well as a range of cement based paints. In addition to these products, through the automated plant, the Company will be innovating in new products such as Zimbabwe's novel water proof cement; WaterSheild, as well as the special 3D printing ink.

In 2020, the DMO unit exceeded targeted levels of product supply, achieving 115% volume growth above the prior year. More growth is anticipated with the automated Plant running at full steam. Furthermore, export opportunities are imminent, which will significantly contribute to the foreign currency requirements for the Business and also narrowing the national trade deficit.



His Excellency, President Emmerson Dambudzo Mnangagwa officially commissioning the new Dry Mortars Plant in April 2021

Minister of Finance and Economic Development, Honourable Mthuli Ncube officiating at the groundbreaking ceremony of the new Dry Mortars Plant in February 2020.

Silo positioning works during the installation of the new Dry Mortars Plant.

First product run on the new Dry Mortars Plant.

VERTICAL CEMENT MILL SUPPLY CONTRACT SIGNED WITH CBMI OF CHINA

Lafarge signed the supply contract for a multi-million dollar Vertical Cement Mill with CBMI of China in a virtual ceremony in October 2020. This state of the art cement grinding station, when installed, is set to double the Company's cement production capacity, improve cement quality and position the Company to expand its cement varieties across higher strength, quick setting spectrums. Bringing 800,000 tonnes of additional capacity per annum, the Vertical Cement Mill project is the last of the three projects under the four year capacity expansion programme after the installation of the automated dry mortars Plant and the 3MW generator for alternative power in 2020 and 2019 respectively. The signing of the supply contract marked the official initiation of the project which is expected to be completed in the first quater of 2022.

CBMIrepresentativedisplaysthesupplier's copy of the signed contract

LafargeCEOPreciousMurenaandProjectsManagerAlexMashangwedisplaytheclientcopyofthesignedcont

Health and Safety 03

HEALTH AND SAFETY UPDATE

Leading indicators	2019 Achievement	2020 Achievement	2020 FY Target
Eagle-Eyes (EE) Reported	2727	2475	2500
Eagle-Eye (EE) Closure	91%	91%	90%
Safety Training Hours	7400	8350	4100
SER and KL Done	27	34	24
Department Monthly Meeting	99	112	108
Supervisor Inspections	247	236	228
No. Of VPCs conducted	870	688	600

Lagging Indicators	2019 Actual	2020 YTD	2020 FY Target
Fatality	1	0	0
Critical Incident (CI)	0	2	n/a
Lost Time Injury (LTI)	0	0	n/a
LTI Frequency Rate	0	0	0.57
Medical Injury	0	0	n/a
Total Injury Frequency Rate	1.14-	0	n/a
First Aid Incident	9	13	n/a

The Business recorded no fatalities, zero lost -time injuries and no medical injuries during the year. This clean record is in line with the Company's drive for continuous improvement under the Ambition 0 objective. Under this health and safety Ambition 0, the Business focuses on onsite safety, premised on immediate closure of any structural and process loopholes that may compromise the safety of employees. It is also based on fostering a zero harm culture which entails the moulding of safety promoting behaviours through a system of rewards, recognition and sanctions. Under the Ambition 0 drive, the Business also invests considerably into work related health screening and supply of appropriate personal protective equipment(PPE) to prevent occupational illnesses and injuries. This has also been critical in the management of the COVID-19 pandemic as the Company instituted disinfection routines and work station wipe down protocols between shifts in order to eliminate the risk of the spread of COVID-19 to the site and among employees. Employees were issued with requiste supplies and PPE to prevent spread of COVID-19.

Inspections, eagle eyes and visible personal commitment activities were maintained throughout the year inspite of the disruptions in working arrangements due to COVID-19 related responses. The number of eagle eyes closed exceeded the target for the year by 1% reflecting a gradually maturing Health and Safety culture.

The Global Health and Safety Days programme for the year was conducted through a number of virtual gatherings and stakeholder programmes were administered by way of digital tools that included videos and webinar series. Ultimately, the key goals of the programme were successfully accomplished.

Meanwhile, in 2020, the Business managed to retain its main ISO certifications being ISO14001:2015 for Environmental Management Systems and OHAS 18001 for Occupational Health and Safety. These certifications confirm the Company's consistency in delivering the highest level of standards across its operations. In 2021 the Company will upgrade its Health and Safety Management System to ISO 45001:2018.

LEADING FROM THE FRONT ON HEALTH AND SAFETY ISSUES

The achievement of a strong health and safety system is reliant on the presence of an active monitoring system that supports continuous improvement and leadership commitment. As such, Lafarge launched the Boots on the Ground programme which is an improvement from the Visible Personal Commitment previously practiced. Boots on the ground is conducted by leaders who log in a minimum of 2 hours monthly during which they take time to converse and interact with employees on the shop floor on health and safety issues. These interactions are recorded on an online application and key actions are noted for continuous improvement. By virtue of being real time and digital, the Boots on the Ground application is an effective activity monitoring and value adding tool.

Building
Winning Teams

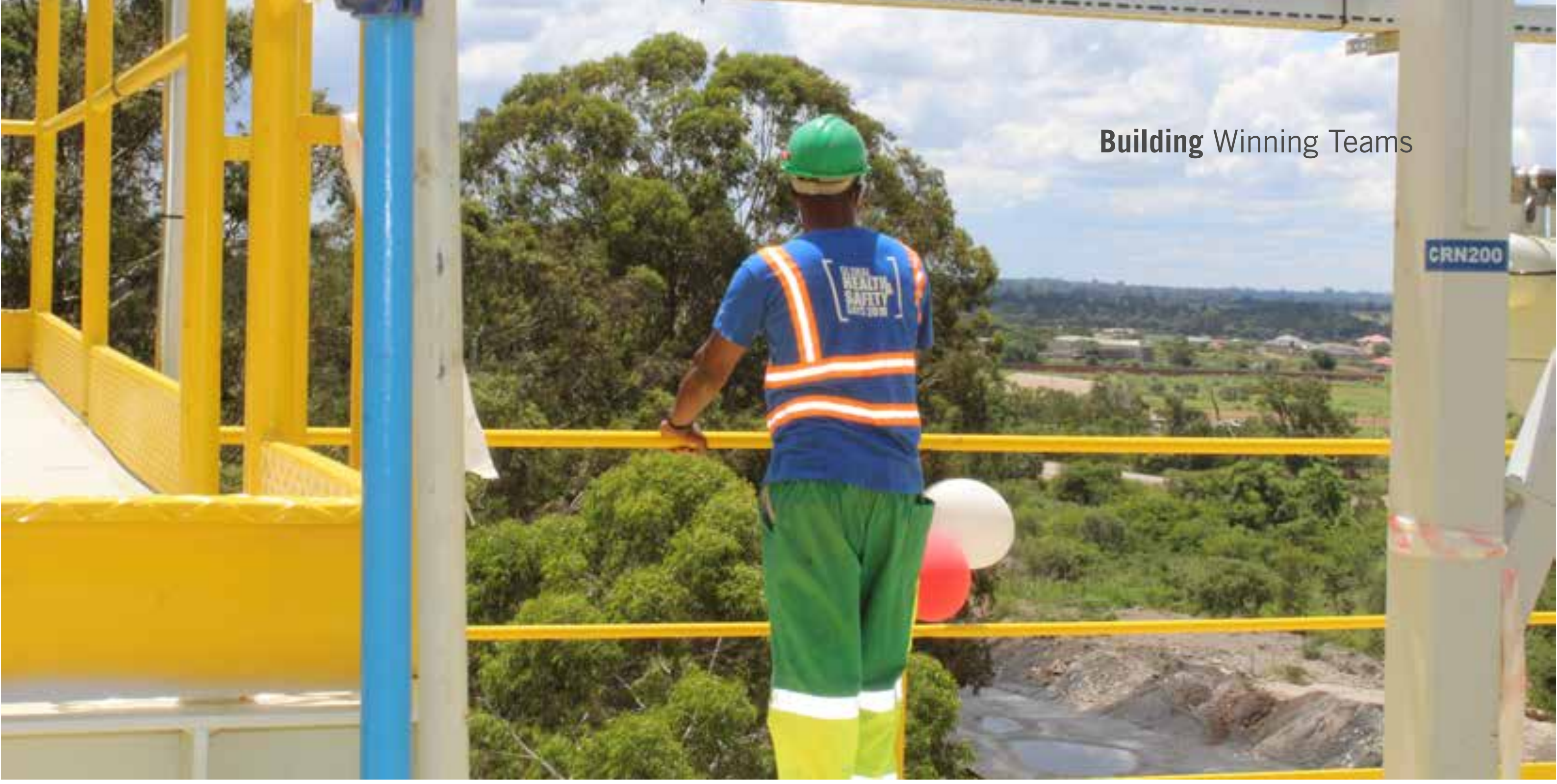
04

BUILDING A RESILIENT WORKFORCE IN THE FACE OF A PANDEMIC

The Business started off 2020 with the continuation of a culture transformation drive premised on building hope and resilience among employees which was initiated in the prior year. This was with a view to create a winning spirit in the face of all adversity and the results of this initiative became most beneficial to the Business in 2020. In the face of the COVID-19 pandemic, the Company leveraged the already sound team cohesion to implement a stable and productive response programme. From as early as January 2020, the Company instituted a cross functional Business Resilience team whose mandate was to design and implement a health promotion strategy as well as a business continuity plan. This team worked by gathering vital information and gleaned on the experiences of counterparts within Holcim who had already experienced the pandemic such as China to come up with effective response strategies.

Through the Business resilience team, a number of initiatives were implemented to curb the spread and impact of COVID-19. These initiatives included the structured implementation of the working from home programme which was instituted prior to the announcement of the national Lockdown. This gave the Business a head-start in terms of adjusting to the running of the Business remotely. The Business Relience Team also devised and implemented a robust onsite access control system to decongest the worksite and ensure strict return-to-work procedures and protocols. Regular COVID-19 blitz testing and infection surveillance was done and through the locally designed contact tracing mobile application called the ExPosure App, early case management and infection monitoring was possible. The team also ensured consistent communication and awareness raising, effective case management, thorough contact tracing and provision of support facilities. This was also complimented with a well-articulated return to work protocol for a safe working arrangement on site.

The COVID-19 management systems implemented by the Business Resilience team remain as an integral part of the Business as the pandemic is still to be eradicated. This is being done through an action plan focused on Health, Cash and Costs. Focus therefore, continues to be on safeguarding the health of employees, their families and the communities around the Business.



BUILDING A RESILIENT WORKFORCE

To support the process of building maintained resilience in the context of COVID-19, a programme dubbed iGrow was developed and is being implementation. iGrow is an acronym for Inspiration, Growth, Resilience, Optimisation and Wellness, making it a comprehensive employee resilience programme. This programme focuses on creating mental, financial, physical and social wellbeing; which are the core facets of life impacted by the pandemic. The programme has also been instrumental in maintaining team cohesion as it includes various activities that promote employee participation, and aid in keeping teams engaged while fostering collaboration.

One of the key activities under this programme conducted in the year 2020 was the Biggest Loser weight loss competition. This competition was targeted at improving both the physical and mental well-being of employees during a time when lifestyles were altered by confinement and limited physical activity outdoors. This inevitably altered eating habits, stimulating weight gain for many and limiting mental and social stimulants necessary for a thriving lifestyle. The biggest loser competition was open to all employees. During the eight week season, employees were supplied with vital information on healthy diets and tips on safe and effective exercises through health and fitness experts from CIMAS; the onsite medical service provider.

At the end of this period, employees reported to have improved their eating habits by opting for healthier food combinations. There was also improvement in levels of activity even within the context of confinement during the lockdown. Average weight loss for the employees who participated was 4.8kg.

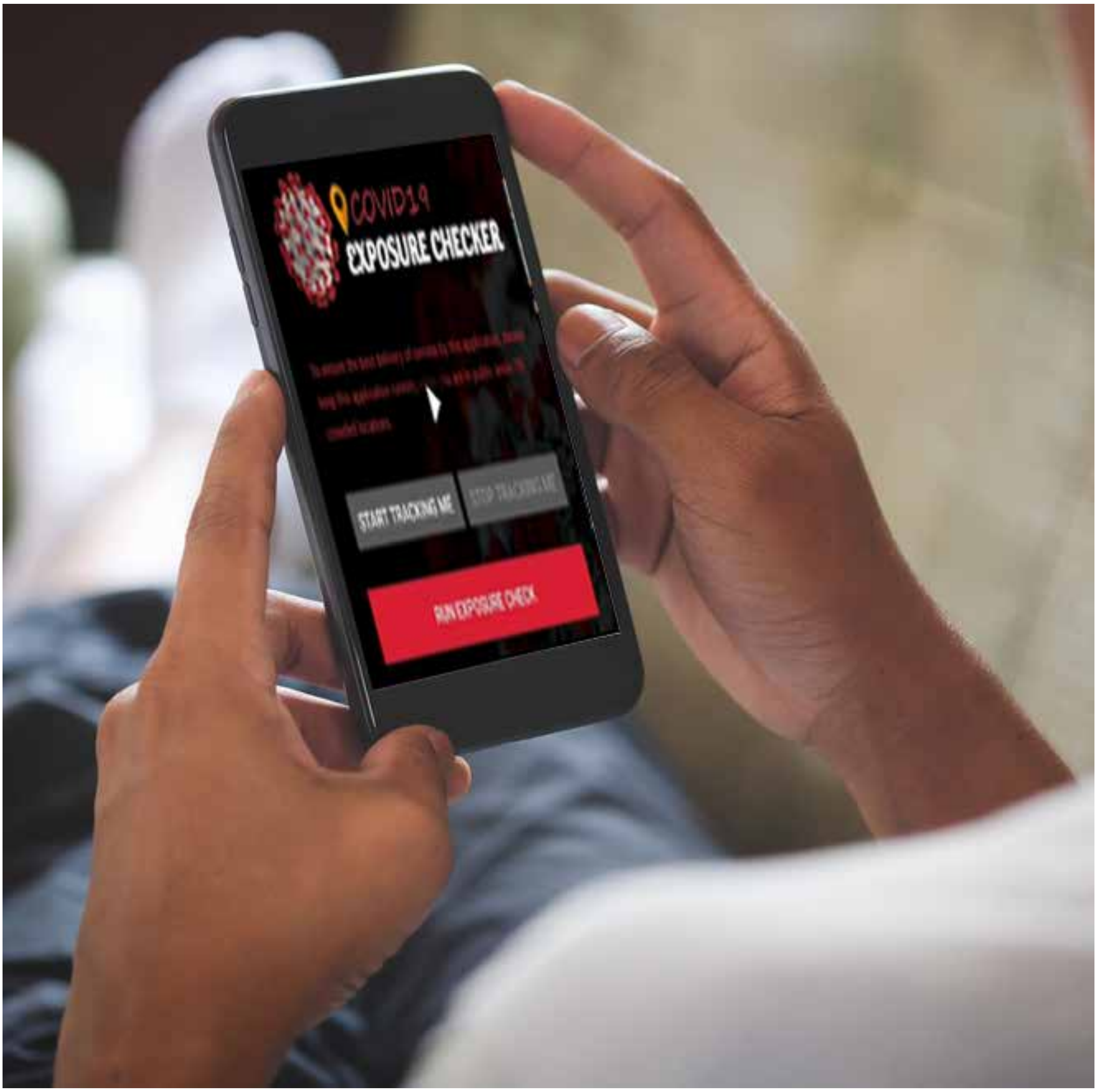
> **I joined the Biggest Loser Competition because I really felt I needed to lose the weight which I had gained in the first six weeks of the lockdown when I had increased my food intake and limited my mobility. I shared my intention with my family and my youngest son immediately volunteered to be my personal trainer. He was a very dedicated and strict trainer and his efforts secured a position for me in the top 3 Biggest Losers. I am happy that this programme not only helped me restore my health, it also gave me an opportunity to bond with my son, and nurture him into a budding leader.**
> **Linda Chisenga-Stores Supervisor**

MANAGING THE PANDEMIC DIGITALLY

Among the various interventions recommended in the response to a pandemic, contact tracing is ranked as highly effective in curbing the spread of COVID-19 and giving way to early treatment. However, the contact tracing process, usually done through interviews, has been found to be relatively limited because the traceable contacts are only those that can be remembered by the infected individual. The chances of leaving out some contacts are high and this poses a risk of cases going unmanaged. The Lafarge Business Resilience team therefore commissioned the development of a contact tracing app called eXposure. This application is installed on all employee phones and they are to keep their location live in order to be traceable. The application registers their movements and uses this data to track contacts in the event that one tests positive for COVID-19. If one is a contact of a person who has tested positive for COVID-19, the app alerts them to visit the medical center for testing and treatment. Personal location information is treated with confidentiality and this tool enables respect for private medical information while promoting public health.

In addition to contact tracing, the app also has a functionality for exposure self assessment. This helps individuals to regularly evaluate their level of risk in order to seek early treatment and retreat into self isolation early.

The eXposure app goes a long way in enhancing comprehensive COVID-19 response by the Business, thereby guaranteeing employee health and business continuity.



BUILDING TALENT FOR BUSINESS GROWTH

As the Business builds a high performance team capable of delivering on the growth agenda of the Business, talent development remains as a key lever to achieving a workplace where individuals can thrive and grow. In the year under review, in spite of the changes to ways of working brought about by the COVID-19 pandemic, the Business achieved the key objectives set under the employee capacity building agenda. The Company recorded 7,560 training hours mostly through e-learning in an effective mix of learning and development programmes targeting various levels of staff members. Significant focus was placed on improving industrial skills as a key driver for improving sustainable industrial performance.

Equally significant weight was thrown behind leadership development and this was achieved through the LEAP programme. LEAP, which stands for Leadership Empowerment Accelerated Programme, is a management development programme comprising two study schools, winter and summer school. The training incorporated 20 managers and supervisors from various sections in the Business. In this programme, the leaders underwent training in leadership skills, mentorship, financial management, data analytics and emotional intelligence. LEAP will continue to enhance the capabilities of the leaders in the organisation and empower them to lead with influence and impact.

CONTRIBUTING TO MANPOWER DEVELOPMENT

Contributing to manpower development.
Lafarge runs an apprenticeship programme through which the Company contributes to national manpower development in skilled trades. This programme includes courses which run between 48 and 60 months depending on the trade.The program is a technically intensive training scheme which nurtures talent directly from high school and strengthens the Business' succession bench, while providing the nation with key technical skills for the future.

The programme affords the trainees a valuable opportunity to gain on-the-job experience, mentorship and formal learning across the technical and operational aspects of the Business. The programme offers training in a number of technical areas of expertise which include Machine Shop Fitting, Boiler Making, Instrumentation and Automation.

The organisation will continue to endeavour to bridge the gap, lead in creating a strong talent pipeline and promote a public-private sector partnership model in technical vocational skills by training and equipping the Zimbabwean youth to be self-employed / employable in the vocational areas listed above.

In 2020, Lafarge ran two streams of apprentices, 12 in the final year and 8 who recently completed the final year trade tests and are awaiting results. The programme has seen 48 students graduating in the past 4 years and Lafarge has absorbed 30% of these into the current workforce.

In the 2021 intake,the Business mainstreamed diversity and inclusion,, targeting to place at least 25% females onto the programme which has previously been dominated by males. It is believed that this is achievable and will go a long way in breaking social barriers created by cultural socialisation.

At the completion of the programme, graduates of the scheme will be awarded Lafarge internal certificates of completion and National Innovation Diploma (NID) certificate. The programme produces class 1 artisans who are ready for supervisory roles in industry.

STEP-UP GRADUATE TRAINEE PROGRAMME ADAPTIVE TO OPERATING ENVIRONMENT

Leadership succession planning is a critical business continuity exercise which is effectively done through a structured development of the talent pipeline. Lafarge undertakes this programme through the Step-Up programme for graduate trainees. The 2020 Step-Up programme had to undergo a number of alterations in order to adapt to the COVID-19 induced operating environment. The programme therefore relied heavily on the support of the coaches and mentors who served to provide remote guidance to the trainees throughout the year. This enabled the trainees to complete their innovation projects within the year while advancing significantly in their core competences related to the roles they are training for. The trainees resumed their business school training in the first half of 2021 to complete their training.

REGIONAL RECOGNITION FOR SUSTAINABILITY EFFORTS

In 2020, Lafarge was recognised for its positive contribution towards community based infrastructure development and environmental stewardship at the LH for MEA awards held in February. These are awards aimed at recognising efforts by companies in the Holcim Middle East and Africa region in creating value for communities around them. Lafarge received the Gold award under the Environment category for the work done with the Mabvuku Recycling Project which has enabled progressive and sustained waste management in the local communities. The second award was a Bronze award under the Infrastructure category for the science laboratory construction project undertaken in Zaka, Masvingo Province at St. James Chivamba Secondary School. The Company remains committed to building better communities through is strategic social investment programmes with the aim of building for the future.

05

Sustainability

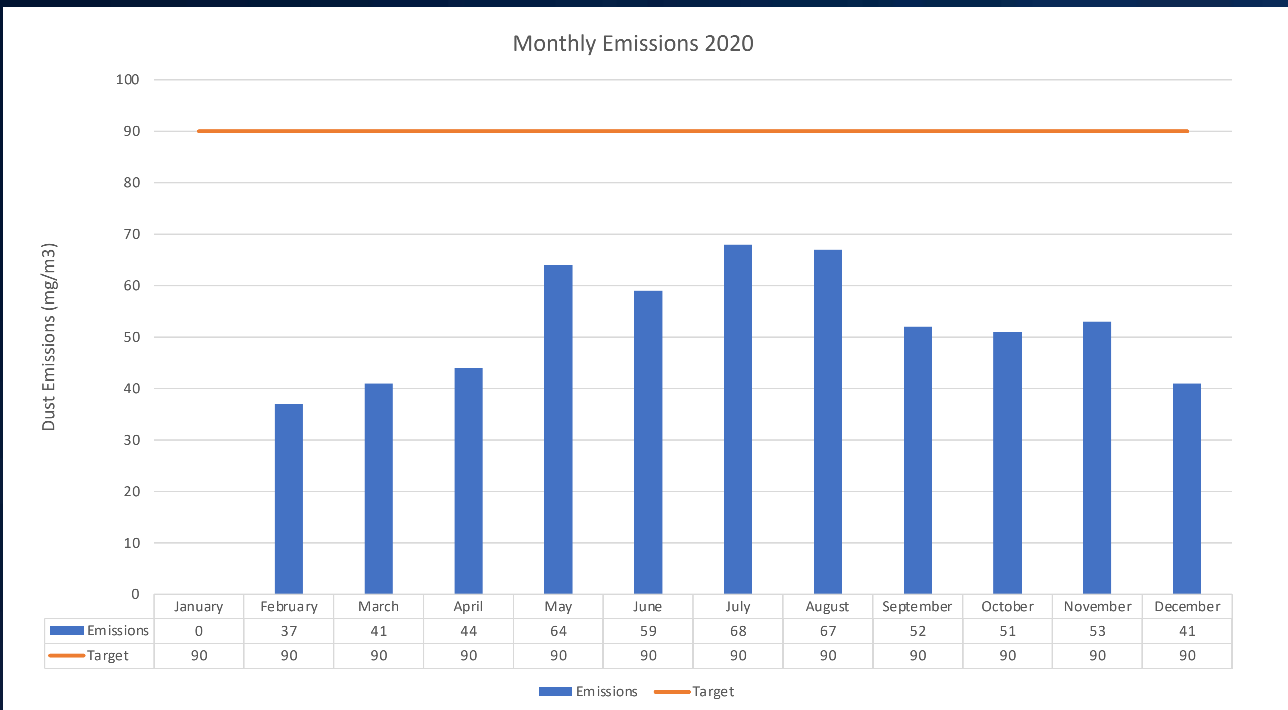
CONTINUOUS IMPROVEMENT IN EMISSIONS MANAGEMENT

Management of emissions remains a key priority as the Company works towards greener and more sustainable operations. Emissions do arise in manufacturing of cement. In July 2020, the Company did experienced a considerable surge in emissions during a trial of alternative fuels in the kiln. Emissions are encountered due to process failures relating to power fluctuations or water shortage in the dust abatement system. The Company is, however, mindful of the possible impact of these emissions on the environment and to the health of employees and members of the communities that surround the Business. As such, Lafarge commits resources and employs systems to contain the amount of emissions attributed to its operations.

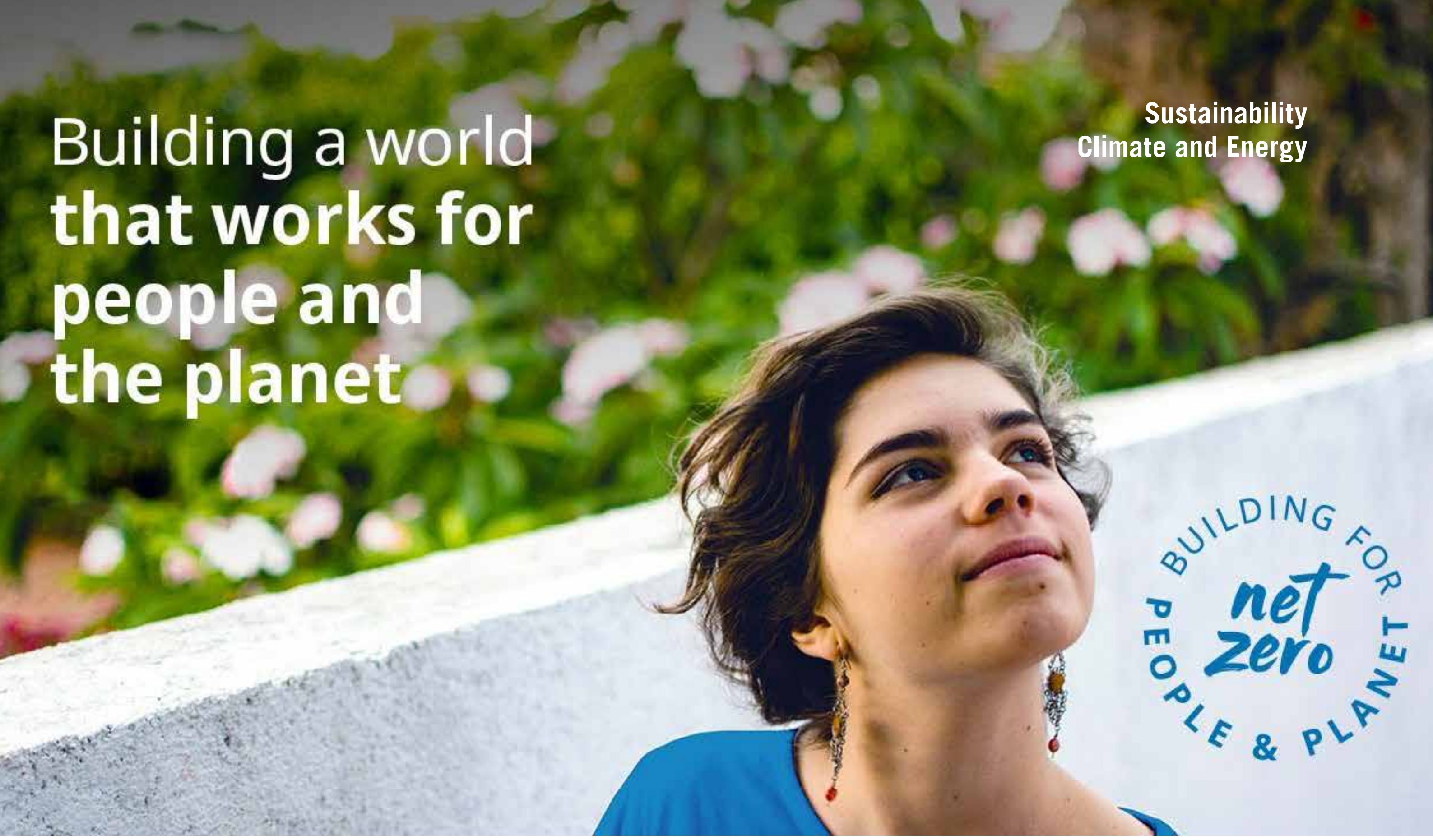
In 2016 the Company invested in a dust management system which realized a 60% reduction in dust emissions. Prior to the installation of this system, Lafarge was already operating within the legal limits for emissions and the further 60% reduction has placed the Company well within acceptable limits for emissions as per local regulations. Over and above this, the Company continuously takes steps to achieve further reduction of emissions through critical process and behavioural improvements. This saw even the achievement of further improvements in the occurrence of emissions in 2020.

Lafarge also has an Environmental Management System in place which enables constant review of processes related to environmental impacts. The local community is also involved in monitoring the performance of the Business as related to emissions and there is continuous open dialogue on the progress between the parties. This means that each process is effectively managed through the necessary resources and the Company's operations are continuously updated to the community.

It is Lafarge's commitment to protect the environment and reduce all forms of emissions. The Company will therefore continue to monitor its environmental impact and take the necessary steps to uphold the highest standards of emissions management.



	January	February	March	April	May	June	July	August	September	October	November	December
Emissions	0	37	41	44	64	59	68	67	52	51	53	41
Target	90	90	90	90	90	90	90	90	90	90	90	90



NET ZERO PLEDGE

Holcim is reinventing how the world builds to make it work for people and the planet. As a subsidiary, Lafarge is doing its part to innovate in products and processes that contribute towards achieving this ambition.

On our way to becoming a net zero Company, we are accelerating green construction by joining the net zero pledge with science-based targets. Under this pledge we are setting ourselves ambitious 2030 climate targets that are validated by the Science-Based Targets initiative (SBTi). We are also accelerating our reduction in CO2 intensity to exceed 20% (compared to our 2018 baseline) and partnering with SBTi looking beyond 2030, to support the development of the first climate targets for a 1.5°C future in the cement sector.

On our journey to net zero we are taking a holistic approach from shaping the plants of tomorrow with automation and artificial intelligence to accelerating green solutions such as ECOPact green concrete. In Zimbabwe, we have begun this journey by setting new plant performance targets for our business on the current infrastructure while the coming to stream of our new Dry Mortars Plant sets us up for improved contribution to these targets. The Vertical Cement Mill set to be commissioned in 2022 will go a long way in capacity expansion; giving latitude for the Business to innovate in a wider variety of greener, low carbon, cement varieties.

LAFARGE BUILDING FOR PEOPLE AND THE PLANET THROUGH SUSTAINABLE WASTE MANAGEMENT SOLUTION – GEOCYCLE.

Geocycle is a waste management unit established by Holcim which sustainably manages waste through co-processing. Co-processing is a globally recognized technology through which waste is treated in energy intensive industries such as cement factories instead of being buried or burnt inefficiently. The temperature in the cement kiln process varies from about 1400 deg C to 2000 deg C. Therefore, co-processing completely destroys waste materials through high temperatures and long residence time. The time, temperature and turbulence in cement kilns provides an extremely high destruction removal efficiency (DRE) for all waste types up to >99.9999%.

Co-processing leaves no residue as the incombustible, inorganic content of the waste materials are incorporated in the clinker matrix. Therefore, after the waste is co-processed, it becomes a part of the product and no liability lies with the waste generators. This method of waste management helps in solving societal waste challenges responsibly and in an environmentally sustainable manner.

In 2020, Geocycle provided sustainable waste management solutions for 10 million tons of waste across the world, which otherwise would have been a potential source of health and environmental issues. With a global network in more than 50 countries, Geocycle serves more than 10,000 customers worldwide with a workforce of over 2000 employees dedicated to waste management. Geocycle has 80 waste pre-processing facilities and over 180 LafageHolcim cement plants have dedicated co-processing installations. In 2019, Holcim recorded that 20.4% of thermal energy used in cement manufacturing worldwide was from alternative resources through Geocycle and this saw a reduction of 8million CO_2 emissions in the same year.

An array of over 30 waste streams may be co-processed through Geocycle and these include municipal waste, agricultural and medical waste. However, there are some waste streams that cannot be co-processed. These include radioactive waste, asbestos containing waste, explosives and ammunition as well as anatomical medical waste.

Economic and population growth, along with rising urbanisation and increasing consumer purchasing power, are creating ever-growing amounts of refuse. The safe disposal of these enormous quantities of waste is a global challenge, impacting plant, human, animal and oceanic life alike. Between 3.4 and 4billion tonnes of waste is generated every year and it is estimated that by 2050, waste generation will outspace population growth by more than double. Waste handling can be time consuming and costly, exposing industries to environmental and reputational risk. Complex waste management operations compete for funding with other priorities such as clean water and general utilities. Municipalities struggle with lack of infrastructure and budgets to manage waste, while improper waste management puts a strain on the health of urban dwellers and the environment

Geocycle emerges as a leading provider of sustainable waste management solutions to countries as it serves industrial and service companies, municipalities and the agricultural sector across the world. The unit collaborates closely with players in various value chains to understand their specific requirements and construct tailored solutions that deliver efficient waste management options.

Traditionally employed waste management options such as land filling and incineration are no longer considered viable and long-term solutions. Both have distinct drawbacks and consume, rather than conserve, valuable resources.

Senior Market expert for Geocycle, Sharmistha Nandi explains the principles behind this disruptive waste management system. “Geo means ‘earth’ in Greek. Cycle evokes recycling. But it also suggests a larger process, the regenerative cycle in nature where waste materials are the foundation for blossoming new life. The name Geocycle alludes to the ‘holistic’ nature of what we do: turning unusable waste into a safe, usable resource.State-of-the-art technology, tailored processes and in-depth expertise enable us to provide sustainable, safe and reliable solutions utilizing existing facilities in the cement industry”

Novel waste management solutions that ensure efficient use of the value inherent in waste are the need of the hour. Providing waste management solutions in a future oriented way requires disruptive thinking, active engagement and collaboration. Geocycle rethinks waste challenges to provide innovative ways to manage it.

Geocycle aims to promote the transition towards a more extensive circular economy and create a zero waste future.

geocycle

CO-PROCESSING SOLUTION IN ZIMBABWE:

Currently Geocycle is not yet providing co-processing solution in the country but trials have been undertaken at Lafarge as the host partner for this technology. A number of key considerations and moderation are to be considered before going full scale on co-processing and work is underway to create the necessary capacity for this Geocycle to operate in the country. The co-processing capacity will enable the processing of both Hazardous and Non-Hazardous Waste and these waste streams which would either be incinerated or taken to Pomona and Golden Quarry Dump Sites will be considered for co-processing.

BUILDING BETTER COMMUNITIES

The Business continued to support local communities under its main strategic social investment pillars of Education, Empowerment, Environment and Health, Safety and Wellness. Due to the COVID-19 pandemic, a number of adjustments were made in terms of resource allocation and programme implementation in the various community initiatives which were lined up for the year. These adjustments were in response to the new needs that emerged due to the pandemic on one hand, and the slow down of implementation due to the COVID-19 induced lockdown measures on the other. The Company however, remained with its commitment to build better communities through the various community initiatives and managed to reach just under 13,000 new beneficiaries across the four pillars, which was about 50% below our reach last year.

Shine-Simuka Upenye Empowers young women to set up small businesses.

The second cycle of the Shine Simuka Upenye program continued throughout 2020, albeit being slowed down by the COVID-19 pandemic which impacted the program calendar. The 2020 program year was scheduled for vocational training and industrial attachment. However, only the beneficiaries undertaking the Professional Cookery and Bakery course, as well as Cosmetology, managed to complete their training courses including assessment tests in December 2020. Meanwhile placements for industrial attachments were not forthcoming as the industries most impacted by the COVID-19 include the hospitality and fashion industries. As such, more focus was given to business development initiatives to enable the girls to start monetizing their skills and continue to gain experience. Through the services of the Shine Business Incubation Centre, Lafarge assisted the girls with basic equipment, a space to work from, and assistance with marketing their products and services. This enabled them to make significant revenue for themselves and also establish a size able clientele in their localities at a time, during the festive season when demand for services such as those they offer was high. However, the other groups undertaking construction courses, clothing, and design could not complete their training within the calendar year and are set to complete training in 2021.

SHINE: SIMUKA UPENYE BENEFICIARIES PARTICIPATE PROFITABLY IN THE MANUFACTURE OF PPE.

During the first lockdown, as the phased reopening of the economy was underway, a group of the Shine: Simuka Upenye Programme beneficiaries set up a cooperative to supply washable face masks with the assistance of Lafarge. These were supplied to Lafarge and other companies and individuals. By the close of the year, the cooperative had produced close to 4 000 masks, earning a profitable revenue base to support the continuity of the project. The success of the cooperative under the first lockdown inspired the members to expand their scope beyond masks to other fast-moving products required by their local communities. The COVID-19 pandemic brought about a unique opportunity that stimulated a successful mask and clothing enterprise by the Shine: Simuka Upenye Programme beneficiaries. More guidance and assistance will continue to be offered to ensure the growth and sustainability of this initiative.

SENSITISE, SUPPLY ,SUSTAIN APPROACH TO COMMUNITY BASED COVID-19 MITIGATION.

The COVID-19 pandemic posed an unanticipated demand pressure on health care resources. Communities had to make drastic adjustments to curb the spread of the virus. Lafarge, therefore, embarked on a campaign dubbed Tripple S Covid Response Program which stands for Sensitize, Supply and Sustain.

Under Sensitize, the objective of this program was to close the information gap in local communities and curb the rising "infordemic" that was causing unnecessary panic. To this end, Lafarge designed various communication materials which included fact sheets about COVID-19, methods of prevention and how to remain healthy during the lockdown period. This information was disseminated through various channels including posters, WhatsApp, email and bulk SMS. The Company also partnered with a local peer group in creating audio dramas that carried various key messages to encourage prevention and adherence to lockdown regulations.

Under Supply, the Company donated a consignment of sanitizing detergents and personal protective equipment to the local poly clinic in order to strengthen the clinic's response capacity for all health cases. These provisions capacitated the clinic to better respond to patients during the early days of the pandemic while more response procedures were being put into place in health facilities across the country. .

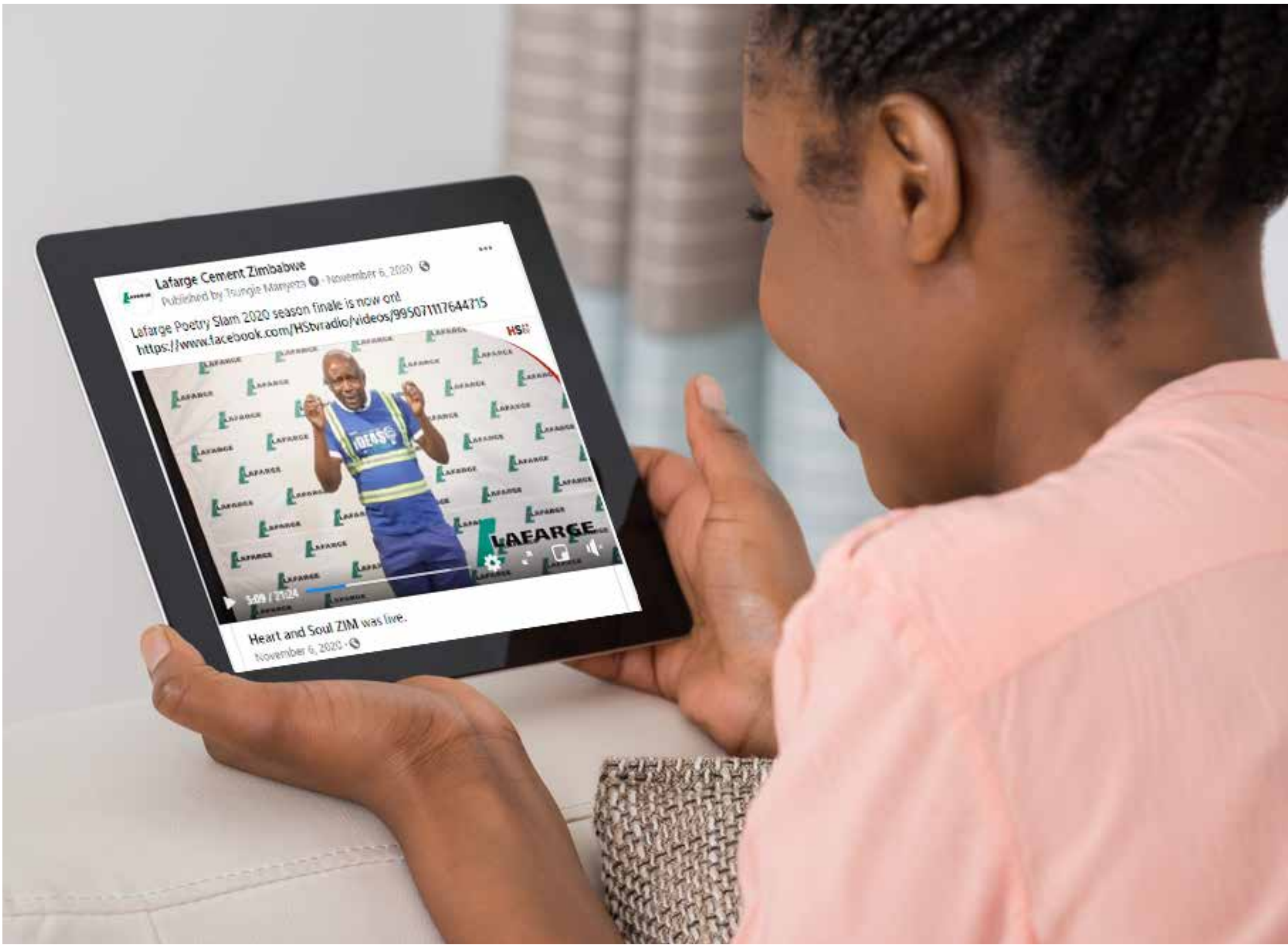
Lastly, the Company put in place a mechanism to aid in Sustaining the health of the community through an elaborate monitoring and health promotion framework. The monitoring framework entailed regular community health checks and reports through representatives of various demographic groups in the community. Information gathered in this exercise was relayed to the Business Resilience team and an action plan to mitigate the risk of spread of COVID-19 within the community and on Company site was put in place. Some of these actions included the distribution of communication material that carried information on creating safe workplaces for employees and customers. These were shared with local business owners and home industry operators, empowering them to put in place critical prevention measures that simulteneously allowed for safe business continuity. Additionally the Company deployed a return to school programme to some of the local schools with a view that school set up posed the highest risk for COVID-19 infections. This exercise included COVID-19 prevention education as well as refresher road safety lessons. The Company distributed sanitizers and soap on these occasions to support the efforts by the schools for creating safe learning environments for students. The Company continues to support COVID-19 response and leads in strengthening the capacity of the community to better respond to COVID-19 and its impact.

COVID-19 ADVOCACY AND AWARENESS

The dynamics surrounding the COVID-19 pandemic were largely unpredictable and the whole world had to learn to react to it and mitigate its impact as it spread across the globe. However, what remained constant was the fact that the combatting of COVID-19, like most communicable diseases, would only be possible through collective effort coupled with individual discipline and accountability. As such, there was an immense need to ensure community awareness of the pandemic and how to prevent its spread. Lafarge therefore came up with creative and impactful means to complement already running communication material deployed in the community. Lafarge partnered 20 local poets and a local online radio station in hosting a virtual poetry slam under the theme, "Prevention starts with me, spread stops with me, #keepthecurveflat" The poets performed pieces that ranged from melancholy expression of the deadly virus to humoristic metaphors, all carrying the very critical message to stop the spread of COVID-19. The slam, which ran on multiple online platforms over five days, had an estimated cumulative reach of close to 200,000 viewers which also served to popularise and promote the performing poets.

Lafarge Poetry Slam remains one of the most acclaimed talent development platforms in the country, and on this occasion, it also provided the participants with a lucrative opportunity at a time when the entertainment sector was suffering a huge setback due to the pandemic. Lafarge has been supporting grassroots poetry for the past three years in line with our thrust and commitment to contributing towards education and empowerment.

"When I learned of the COVID-19 pandemic and how rapidly infections were rising, I started doing some in-depth research and used the information to communicate to my small audience of followers through poetry. Participating in the Lafarge Poetry Slam opened up my work to more audiences and this way I was able to contribute to efforts towards beating both the pandemic and the infor-demic that plagued social media during the time. I am honoured to have partnered Lafarge on this good cause" Thaluso Da Poet (Bulawayo)



PARTNERING COMMUNITIES IN SUSTAINABLE FORESTATION ACTIVITIES

Over the past few years, Lafarge employees have participated in an annual tree planting exercise as part of the Quarry rehabilitation programme. This has seen over 5 000 trees being planted in the past 5 years around Sternblick quarry. In 2020 the Lafarge team partnered the Manresa Park Estate and Chishawasha rural community in the planting of 1000 trees along the Quarry Road which divides the two communities and links the Lafarge Plant to the Sternblick Quarry. This programme is part of an effort to achieve long term fugitive dust management on this road which has high traffic of heavy motor vehicles delivering quarry stones to the Plant. By undertaking this exercise together, it is anticipated that all parties will continue to work together in nurturing and protecting the trees until they mature to fully grown trees capable of blocking out any fugitive dust that may escape the already in place dust abatement system. Lafarge remains committed to operations that foster positive co-existence with local communities.

PARTNERING THE MEDIA IN SUSTAINABILITY

Efforts to curb climate change and promote environmental protection continues to be high on the global agenda for governments, corporates and civil society. Communities too are beginning to take action against environmental degradation practices, working collaboratively with the aforementioned entities to drive for rehabilitation and reclamation of the environment. The work to halt and reverse the progression of climate change is a mammoth task requiring extremes in behaviour change in both individual and economic practices. The media plays a crucial advocacy role in peddling correct and change triggering information while also profiling best practices for benchmarking.

It is against this background that Lafarge convened the Journalists Sustainability Reporting Workshop aimed at equipping participants with in-depth insight into sustainability issues so as to further enhance the quality of reporting on this very important topic. Through this training, 30 media practitioners from various media houses across the country were trained to develop change influencing reportage on corporate and community sustainability issues through objective and facts-based analysis into the impact of businesses and communities on the natural environment. This programme was in partnership with Practical Action, Non-Governmental Organisation funding various sustainable development and community empowerment programmes across Southern Africa. It is expected that this training will continue to run as an annual programme for local and regional journalists.

06

Restoring Profitability

The trading environment was generally unpredictable as national responses to the COVID -19 pandemic were shaped by various dynamic factors and had a spiralling effect on economic activity. This necessitated a rigorous business approach which sought to achieve business resilience above survival. To this end, the Business activated a work plan focused on Health Cash and Costs as the key pillars for sustaining the Business into the future. Under this plan, structures were set up to protect the health of employees and their families as well as creating COVID-19 free site. This was successfully done through various prevention and case management protocols which yielded minimal loss time related to COVID-19 cases. Meanwhile, a rigorous cost discipline system was established across the board to ensure priority and critical spending in all sections of the Business. This contributed significantly in containing the cost burden and yielding a profit margin of ZWL 3.1 billion. Innovations in customer service enhanced the Company's position to continue to serve the market under the new operating conditions characterised by limited in-person contact. Through the Lead Retail Platform and Binastore online store, the Business continued to generate sales and leveraged multiple sales gateways to conveniently serve the customers. This kept the Business on steam,and closing the year in a profit position.

In addition to the Health, Cash and Costs action plan, the Business also scaled up on the minimum control standards programme across the Business unit, coupled by a robust enterprise risk management exercise which was followed up with mitigatory action plans. These programmes continue to protect the Business against potential losses through proactive risk monitoring while also strengthening the Business position for profitability. The minimum control standards continue to be activated widely in the Business through instruments and procedures, while relevant training is deployed to all employees annually.

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Corporate Governance 07

Corporate Governance

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors provides oversight and strategic direction for the Company. It is committed to the highest standards of corporate governance as a strategic tool for the attainment of long-term value and success for all stakeholders. The work of the Board is further strengthened by adherence to the Holcim Code on Ethics and Business Conduct which articulates the Company's values, business principles and provides the ethical road map for the Company's operations as well as appropriate mechanisms for reporting non-adherence. Compliance with regulatory requirements is a priority for the Board.

The Company has in place a robust internal control system designed to provide reasonable assurance concerning:
(i) the reliability of financial reporting and financial statements;
(ii) compliance with laws and regulations;
(iii) protection of assets and fraud prevention;
(iv) effectiveness and efficiency of processes.

The Board subscribes to the code of good corporate practices and conduct as articulated in the King IV Report on Corporate Governance for South Africa 2016 (King IV). The Board has satisfied itself that the Company has complied in all material aspects with King IV, the Companies and Other Business Entities Act (Chapter 24:31) as well as the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (Statutory Instrument 134 of 2019). The Board is committed to continuous enhancement of the Company's corporate governance standards through a continuous and robust review of the Company's policies, procedures and processes.

BOARD OF DIRECTORS

For the major part of the year ended 31 December 2020, the Board of Directors consisted of seven (7) Directors, five (5) of whom are Independent Non-Executive Directors. Mr. Kaziwe Siame Kaulule resigned from his role as Chief Executive Officer following his reassignment to Lafarge Cement South Africa effective 29 February 2020. Mrs. Precious Murena was appointed Chief Executive Officer with effect from 1 March 2020. The Board is comprised of highly experienced professionals with the requisite skills, background and knowledge to fulfil its mandate. All executive and non-executive Directors recognise their duty to discharge their responsibilities with independence of mind in the best interests of the Company. Board's skills and gender diversity provide a unique balance of views and perspectives to the Board's deliberations and decision making. The Board achieves results and efficiencies through the work of its well constituted Board Committees.

The Company achieves a balanced relationship between board independence and oversight, and executive management control by keeping the roles of the Chairman and Chief Executive Officer separate and distinct. The Chairman of the Board of Directors is an Independent Non-Executive Director.

BOARD MEETINGS

The Board meets formally at least four times annually. During the financial year under review, the Board held four meetings.

In accordance with the Companies and Other Business Entities Act [24:31] and Zimbabwe Stock Exchange Listing Requirements, the record of Directors' attendance and meetings held for the 2020 financial year is available for inspection. All Board Meetings were presided over by the Chairman. Minutes of the meetings were appropriately recorded, approved and filed.

The Table below shows Board membership and attendance of the meetings held.

		Main Board	Audit and Risk Committee	Safety Health & Environment and Corporate Social Responsibility Committee
	Number of meetings held	4	4	2
1.	K.C. Katsande***	4		
2.	M. A. Masunda***	4	4	2
3.	S. M. Mutangadura***	4		
4.	G. Zvaravanhu***	4	3	
5.	D.G.F. Drouet**	1	N/A	
6.	D. L. Cruttenden***	4	4	2
7.	P.M.S. Deleplanque**	1	N/A	
8.	V. Darbo**	N/A	N/A	
9.	P. Murena*	3	3	
10.	K. S. Kaulule*	1	N/A	
11.	F. Kovhiwa*	3	3	

* Executive Director
**Non-Executive Director
***Independent Non-Executive Director

N/A – Left/Not yet appointed

RETIREMENT AND REAPPOINTMENT OF DIRECTORS

Article 21 of the Sixth Schedule of Company and Other Business Entities Act [Chapter 24:31] requires that all Directors who have been appointed by the members since the last Annual General Meeting or who were not appointed or reappointed at one of the preceding two Annual General Meetings, must retire from office and may offer themselves for reappointment by the members.

BOARD COMMITTEES

During the period under review, the Board had two Committees, the Audit and Risk Committee and the Safety, Health & Environment and Corporate Social Responsibility (SHE & CSR) Committee to promote independent judgment, to assist with the balance of power and to assist it with effectively fulfilling its responsibilities. Nonetheless, the Board acknowledges that the delegation of authority to its Committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

Each Board Committee has its own terms of reference which set out the committees' roles and responsibilities, functions, scope of authority and composition. Committees report to the Board at each Board Meeting and make recommendations in accordance with their terms of reference.

AUDIT AND RISK COMMITTEE

The Audit Committee was renamed the Audit and Risk Committee to comply with the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (Statutory Instrument 134 of 2019) which became effective on 14 June 2019. The Committee meets at least twice a year, assists the Board in discharging its duties relating to the safeguarding of the Company's assets; the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the Company.
The Committee also considers the nature, extent and categories of the risks facing the Company and the likelihood of such risks materializing, the Company's ability to reduce the incidence and the impact on its business, if the risks do materialise.

The Table below shows Committee membership and attendance of the meetings held.

Audit & Risk Committee Meetings	Designation	Number of meetings
D.L. Cruttenden	Chairperson	4
M. A. Masunda	Member	4
G. Zvaravanhu	Member	3

SHE AND CSR COMMITTEE

The Company is committed to managing its activities so as to minimise harm to the environment and to safeguard the health and safety of its stakeholders. The SHE and CSR Committee, which meets at least once a year, assists the Board to oversee the significant risks that the Company faces in the critical areas of safety, health and environment and ensure that they receive due attention at all times.

SHE & CSR Committee Meetings	Designation	Number of meetings
M. A. Masunda	Chairperson	2
D. L. Cruttenden	Member	2

EXECUTIVE COMMITTEE OF MANAGEMENT

This Committee, headed by the Chief Executive Officer, is empowered and responsible for implementing the strategies and policies determined by the Board, managing the Business and affairs of the Company on a daily basis, prioritising the allocation of technical and human resources and establishing best management practices. The Executive Committee meets once a week.

MANAGEMENT REPORTING

The Company has comprehensive management reporting procedures which include the preparation of annual strategic plans, mid-term plans, plant development plans and annual budgets. The Company's budget, including budgeted capital expenditure, is reviewed and approved by the Board. Monthly results of the Company are reported against approved budgets and revised forecasts and compared to the prior year. These are periodically reviewed by the Executive Committee.

COMPANY SECRETARY

The Company Secretary, as the custodian of good corporate governance, is responsible for implementing and sustaining high levels of corporate governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the Company. The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance as to how to fulfil their responsibilities as Directors in the best interests of the Company. To achieve these objectives, independent advisory services are retained by the Company Secretary at the request of the Board or its Committees. The Company Secretary maintains up to date knowledge of developments in corporate governance best practice and regulation.

CODE OF ETHICS AND BUSINESS CONDUCT

The Company has a code of business conduct and ethics for internal and external stakeholders. The Company has adopted the Holcim Code on Ethics and Business Conduct which ensures that all Directors, officers and employees share Holcim's commitment to conducting business with integrity and provides guidance on how to put this commitment into practice. This code has been communicated to all internal and external stakeholders. The code of business conduct is applicable to the Board, senior management, other employees and third parties. The Company strives to ensure all suppliers adhere to principles set forth in the Holcim Supplier Code of Conduct, particularly principles on human rights, labour matters, environment, anti-bribery and corruption.

Understanding that the issue of good governance and ethical conduct is critical to counterparty and investor perceptions of the Company, it strives to ensure that its integrity and professional conduct are beyond reproach at all times. Full disclosure is made by all Directors, management and employees concerning their interests, including those of their families in outside activities or in businesses which may conflict with their positions at the Company or result in relationships that need to be disclosed.

EXTERNAL AUDITORS

External Auditors are appointed by the shareholders and are subject to re-appointment at the Company's Annual General Meeting. The Company periodically rotates external auditors to ensure that independence is sustained. The current auditors are Deloitte & Touche. External audit, with support of management, ensures that value-adding and independent audits are undertaken.

SUSTAINABILITY POLICY

The Company has an approved sustainability policy. The sustainability policy is in line with Holcim Group policy applicable to all group companies. Compliance is monitored through regular updates on sustainability.

ANTI-BRIBERY AND CORRUPTION STATEMENT

The Company has adopted the "Anti-Bribery and Corruption Statement" in accordance with global best practices and the Company's commitment to upholding the highest standards of Corporate Governance. The full Anti-Bribery & Corruption can be accessed on the Company's website by following https://www.Holcim.com/additional-esg-resources.

Board of Directors

Kumbirayi Katsande
Board Chairman

Chairman of the Board of Directors and member of Nomination and Renumeration Committee of Lafarge Cement Zimbabwe Limited.

Mr. Katsande, is a well-known business leader in Zimbabwe who has managed several businesses. He is a former Deputy Chairperson of the Reserve Bank of Zimbabwe, a former member of the Monetary Policy Committee and has been President of the Confederation of Zimbabwe Industries on five occasions.

He was the Cluster Manager for Nestlé business interests in Zimbabwe, Zambia and Malawi from 1992 to 1996 and then again from 2010 till 2014. He is the current Chairman of Nestlé Zimbabwe (Private) Limited.

His career was punctuated by periods as the Chief Operating Officer (Manufacturing) of PG Industries from 1998 to 2003 and the Managing Director of Ariston Holdings Limited from 2003 to 2010.

He is presently the Chairman of Old Mutual Zimbabwe Limited, Nampak Zimbabwe Limited and sits on the board of BOC Zimbabwe Gases (Private) Ltd.

David Cruttenden
Independent Non-Executive Director

Independent Non-Executive Director, Chairman of Audit and Risk Committee and member of the Safety Health, Environment and Quality & Corporate Social Responsibility of Lafarge Cement Zimbabwe Limited.

He possesses over 40 years' experience in formal employment in rail and road transport and was Chairman and Chief Executive of the Unifreight Group from 1991 to 2005. Subsequently he has undertaken several consultancy roles and acts as an arbitrator of disputes in the fields of transport, contracts and labour relations.

He has been a committee member of the Transport Operators' Association of Zimbabwe for 40 years and served as Chairman for 25 years.

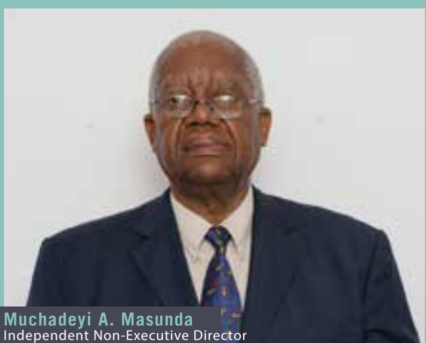
He is a Non-Executive Director and Member of the Finance and Audit Committee of Curechem Overseas (Private) Limited, is a Non-Executive Director and Chairman of the Business Development Committee, Duly Holdings Limited and a Non-Executive Director and Chairman of the Audit and Risk Committee of City Parking (Private) Limited.

BOC Zimbabwe Gases (Private) Ltd.

Virginie Darbo
Non-Executive Director

Non-Executive Director, Member of the Nomination and Renumeration Committee and Audit and Risk Committee.

Virginie Darbo is currently the Head of Finance, Middle East and Africa at the Holcim Group. She was appointed to the Board of Lafarge Africa Plc in December 2020. She is a high calibre Chief Financial Officer with 24 years of international experience, dealing with complex environments in various finance positions. Virginie has worked with the Holcim Group for a period of 17 years, during which she led five strategic assignments across France, China, Russia, and Algeria. She had occupied various positions as Chief Financial Officer, Algeria; Chief Financial Officer, Russia; Project Controller, Russia; Internal Control Director, China and Asia among others. Virginie has extended experience in crisis management. She is a change agent, greatly contributing to digital and commercial transformation, with exceptional skills in dealing with delicate situations and strategic issues. She is an inspirational leader and talent developer, managing multicultural teams with empathy, passion and drive.



Muchadeyi A. Masunda
Independent Non-Executive Director

Independent Non-Executive Director, Chairman of Safety Health, Environment and Quality & Corporate Social Responsibility Committee and member of the Audit and Risk Committee of Lafarge Cement Zimbabwe Limited.

Muchadeyi Ashton Masunda is an attorney and international arbitrator with extensive experience in business, corporate law and governance as well as Alternative Dispute Resolution. He is a Fellow and Accredited Tutor of the Chartered Institute of Arbitrators & Mediators [U.K.].

During the last 40 years he has served as Chairman, Patron, Trustee, President and/or Director of a number of corporate, professional, educational, cultural, charitable and sports organisations nationally, regionally, continentally and internationally.

He has presented papers on good corporate governance practices, alternative dispute resolution and governance of local authorities in over 30 countries.

He served as Mayor of Harare from 1st July, 2008 to 30th June, 2013. During the period 2010 – 2013, he served as Co-President of the United Cities & Local Governments (UCLG), representing Africa in the worldwide association of Mayors and Governors of Local and Regional Authorities.

He is a member of the Advisory Committee of the New York-based BMW Guggenheim LAB, an international mobile laboratory focused on making cities more liveable, inclusive and capable of catering for the diverse interests of citizens.
He served for a considerable length of time on the panel of arbitrators for the International Court of Arbitration for Sport (ICAS) in Lausanne, Switzerland.

SUSAN MUTANGADURA
Independent Non-Executive Director

Independent Non- Executive Director and Chairperson of Nomination and Remuneration Committee of Lafarge Cement Zimbabwe Limited.

Susan is an internationally certified Commercial Arbitrator and Associate of the Chartered Institute of Arbitrators (UK). She is a former partner in a law firm, and was the inaugural Company Secretary and Legal Advisor for the Zimbabwe Revenue Authority and subsequently Managing Director/ Country Manager in a multinational corporation. She is a former Chairman of the Institute of Directors Zimbabwe. Susan has served as non-executive director in various industries including banking, insurance, telecommunications, real estate and not-for-profit organisations.

She holds an LLB Hons degree from the University of Zimbabwe, an MBA and LLM from the United Kingdom and an arbitration degree from Switzerland. She sits on the AFSA SADC Division panel of arbitrators and currently practices as a full time independent commercial arbitrator.

John Stull
Non-Executive Director

Non-Executive Director

John is the Area Manager for Sub-Saharan Africa based in Switzerland. Prior to this role, he was the President and Chief Executive Officer of Holcim Philippines from 2018 to 2021. His diverse professional background spanning over 29years includes senior leadership in cement and ready-mix operations for several United States of America divisions as well as operations in a number of markets across the world under the Holcim group. Some of his notable appointments include Regional President for the

Gloria Zvaravanhu
Independent Non-Executive Director

Independent Non-Executive Director and member of the Audit and Risk Committee of Lafarge Zimbabwe Cement Limited.

Gloria is the Chief Executive Officer of the Institute of Chartered Accountants of Zimbabwe (ICAZ). She has 18 years of experience in financial management, thirteen of which are at Executive Management level in the insurance sector. She serves and has served on the Boards of several other organizations in Zimbabwe Malawi and Mozambique.

At continental level she serves on the Pan African Federation of Accountants Board where she represents 15 countries in Southern Africa. She is also a non-executive Director of a life assurance Company in Malawi.

At International Level, she serves on the Business advisory council of the International Federation of Accountants.

Precious Murena
Chief Executive Officer

Chief Executive Officer (CEO) of Lafarge Cement Zimbabwe Limited.

Precious was previously the Human Resources and Strategy Director at Lafarge Cement Zimbabwe Limited. She is the immediate past president for the Institute of People Management of Zimbabwe. She holds a degree in Psychology and Masters in Business Administration from the University of Zimbabwe and a postgraduate diploma in leadership from the Harvard Business School.

Precious has served on Boards for several organisations across various industries covering professional institutions, banking organisations, non-governmental organisations and parastatals.

Amr E. A Mowafy
Chief Financial Officer

Chief Financial Officer, Lafarge Cement Zimbabwe Limited.

Amr has experience spanning over 20 years in Finance. He worked for Unilever as Supply Chain Business Partner and Sourcing Officer. He was a Finance Manager at Unilever Mashreq and Pepsi Saudi Arabia. He was Financial Officer for Islami Foods in Dubai. Before coming to Lafarge Cement Zimbabwe Limited, he was with Holcim Limited, Dubai/Oman as Chief Financial Officer and Georgian Cement Company LLC as the Chief Financial Officer.

Faithful Sithole
Company Secretary

Company Secretary of Lafarge Cement Zimbabwe Limited

Faithful holds a Master's in Business Administration (MBA) from the University of Gloucestershire . She obtained her Law degree from the University of Zimbabwe. She has over 17 years work experience in many sectors including insurance, banking, public and non-governmental organisations. She was Legal Counsel of Standard Chartered Bank Zimbabwe Limited before joining Lafarge Cement Zimbabwe Limited. She was past Chairperson of the Legal Committee of the Life Offices Association. She was an Executive Committee Member of the Legal Committee of the Bankers Association of Zimbabwe.

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Financial Statements

08

Contents

Directors' Responsibility for financial reporting

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the annual financial statements and related information. The financial statements are prepared with the intention to comply with International Financial Reporting Standards ("IFRSs") and the requirements of the Companies and Other Business Entities Act [Chapter 24:31], and the Zimbabwe Stock Exchange Listing Requirements. The Company's independent external auditors, Deloitte & Touche, were engaged to audit the financial statements.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Other than the matters discussed in Note 31, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Company's current operational performance, the forecast for the three-year period from 1 January 2021, the projected cashflows for the forecast period, assumptions and judgements made on the structures with the RBZ and the impact of the ongoing COVID-19 pandemic. On the basis of this review and assessment of the current financial position, the Directors believe that the Company will remain a going concern for the foreseeable future.

Compliance with IFRSs
The financial statements are prepared with the aim of complying fully with IFRSs. IFRSs comprise standards issued by the International Accounting Standards Board (IASB) and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC). Complying with IFRSs is intended to achieve consistency with the financial reporting framework adopted by the ultimate parent Company, Holcim Limited, which is incorporated in Switzerland and is listed on the Euronext Paris and Swiss SIX stock exchanges. Using a globally recognized reporting framework also allows comparability with similar businesses and consistency in the interpretation of the financial statements.

In preparing its financial statements, the Company has complied with the requirements of Statutory Instrument 33 of 2019 ("SI 33/2019") for the periods 22 February 2019, and thereafter adopted the official rate of exchange (interbank and auction exchange rates) for translation of foreign currency amounts in to the Zimbabwe dollar ("ZW$") functional and presentation currency.

The need to comply with SI33/2019 has made it impossible to comply fully with the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' and IAS 29 'Financial Reporting in Hyperinflationary Economies' in respect of both the current and prior period amounts presented. The non-compliance with IAS 21 had a consequential impact on elements of the financial statements whose fair values (IFRS 13) was determined by inputs measured in foreign currency. The Directors urge the users of these financial statements to exercise due caution.

The financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 9 July 2021 and signed on its behalf by:

____

K. C. Katsande
Chairman
9 July 2021

____

P. Murena
Chief Executive Officer
9 July 2021

Preparer of the financial statements

The financial statements have been prepared under the supervision of:

____

W. T. Mandisodza CA(Z) R.P.Acc
PAAB No 03322
9 July 2021

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAFARGE CEMENT ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the inflation adjusted financial statements of Lafarge Cement Zimbabwe Limited ("the Company"), which comprise the inflation adjusted statement of financial position as at 31 December 2020, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying inflation adjusted financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these inflation adjusted financial statements.

Basis for Disclaimer of Opinion

Our basis for disclaimer of opinion has been arrived at after consideration of the following matters.

1. <u>Matters that gave rise to the Disclaimer of Opinion issued on the financial statements for the prior year and that have persisted or remained unresolved in the current year</u>

   Our audit report on the Company's financial statements for the year ended 31 December 2019 included a disclaimer of opinion with respect to the following items, which also remained unresolved as at 31 December 2020:

   i. *<u>Impact of exchange rates on compliance with the requirements of International Accounting Standard ("IAS") 21 – 'The Effects of Changes in Foreign Exchange Rates'</u>*

   The Company complies with the legal requirements of Statutory Instrument 33 of 2019 ("SI 33/2019").

   As a result, for the prior year ended 31 December 2019, the Company selected 22 February 2019 as its date of change in functional currency from US dollars ("USD") to Zimbabwe dollars ("ZWL"). Complying with the requirements of IAS 21 would have resulted in the Company's date of change in functional currency being 1 October 2018. The misstatements arising from the disparity in the dates of change in functional currency prescribed by SI 33/2019 and IAS 21 were considered to be material and pervasive for the year ended 31 December 2019, and we were unable to obtain sufficient and appropriate evidence to quantify the impact. For the year ended 31 December 2020, these prior year misstatements remained unresolved for all the corresponding figures presented for 31 December 2019 and thus impact the comparability of the current year's figures and the corresponding figures across multiple line items. There is also a carry-over effect of these prior year misstatements on the current year figures. The possible effects on the current year are considered to be material and we have been unable to obtain sufficient and appropriate evidence to quantify the impact.

   In the current year ended 31 December 2020, in compliance with the legal requirements of Section 4(1)(e) of SI 33/2019 and overriding exchange control laws and regulations of the country, the Company applied the Interbank and Foreign Exchange Auction Trading System ZWL/USD exchange rates, as published by the Reserve Bank of Zimbabwe ("RBZ"), in translating its USD denominated transactions and balances for the year into the ZWL functional and presentation currency used in its financial statements.

Basis for Disclaimer of Opinion (continued)

1. Matters that gave rise to the Disclaimer of Opinion issued on the Financial Statements for the prior year and that have persisted or remain unresolved in the current year (continued)

i. *Impact of exchange rates on compliance with the requirements of International Accounting Standard ("IAS") 21 – 'The Effects of Changes in Foreign Exchange Rates' (continued)*

Based on an assessment of ZWL prices and the corresponding USD prices for certain transactions, as well as our understanding and observations of actual market pricing practices between ZWL and USD prices for goods and services, we determined that the effective and implied ZWL/USD exchange rates that the Company actually experienced during the course of the financial year were not always consistent with the interbank or auction ZWL/USD exchange rates. The Company also did not manage to participate on the Foreign Exchange Auction Trading System during the year. Under these conditions, from an IAS 21 perspective, the Company is considered to have experienced a lack of exchangeability between the ZWL and USD on this foreign exchange trading mechanism in the country.

Given the foregoing circumstances, the exchange rate to be used by the Company in translating foreign currencies into its functional and presentation currency during the year ended 31 December 2020 should have been determined as an estimate of the ZWL/USD exchange rate. As a consequence, foreign currency denominated transactions and balances are materially misstated as they have not been translated in accordance with the requirements of IAS 21. As the Company has not determined estimates of its entity specific ZWL/USD exchange rates for the financial year as required by IAS 21, we have thus been unable to obtain sufficient and appropriate evidence with which to determine the impact on the financial statements.

ii. *Impact of exchange rates on the ZWL valuation of Property, Plant and Equipment based on attributes of market participants and price as prescribed in IFRS 13 'Fair Value Measurements'*

The Company engaged professional valuers to revalue its property, plant and equipment as at 31 December 2019 and 2020. The revaluation was done in USD, and management subsequently determined the ZWL equivalent fair values by translating the USD valuations using the closing ZWL/USD spot exchange rates as at 31 December 2019 and 2020.

IFRS 13 requires:
- fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

While we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable, we were unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of property, plant and equipment, without any further adjustments to reflect how the economic conditions within the country as at those measurement dates would impact the assumptions that market participants would use in pricing the items of property, plant and equipment in ZWL. Such matters include, but are not limited to:
- the correlation of the responsiveness of ZWL valuations of property, plant and equipment to the auction exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property, plant and equipment reflects the implications on market dynamics of the auction exchange rate.

The current year depreciation expense arising from the prior year closing balance of revalued property, plant and equipment is therefore also impacted. We are also unable to obtain sufficient and appropriate audit evidence to quantify the impact as a result of the foregoing matters.

TO THE MEMBERS OF LAFARGE CEMENT ZIMBABWE LIMITED

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED FINANCIAL STATEMENTS (continued)

Basis for Disclaimer of Opinion (continued)

1. Matters that gave rise to the Disclaimer of Opinion issued on the Financial Statements for the prior year and that have persisted or remain unresolved in the current year (continued)

   iii. *Non-compliance with the Requirements of IAS 29 'Financial Reporting in Hyperinflationary Economies'*
   In the prior year, the Public Accountants and Auditors Board ("PAAB") issued out Pronouncement 01/2019 which set out guidance and other requirements for the application of IAS 29. Under IAS 21, the Company's functional currency would have changed from USD to ZWL on 1 October 2018, and the restatement approach prescribed in IAS 29 would have required the Company to use 1 October 2018 as the principal reference point for the determination of the relevant hyperinflation restatement indices for ZWL denominated transactions and balances. However, in both the prior year and the current year, the Company has applied the requirements of IAS 29 from 1 January 2019.

   For the year ended 31 December 2020, these prior year misstatements remain unresolved for all the corresponding figures presented for 31 December 2019 and thus impact the comparability of the current year's figures and the corresponding figures across multiple line items.

   We were unable to obtain sufficient and appropriate evidence to accurately determine the effects on the inflation adjusted financial statements of this departure from the requirements of IAS 29 on the current year.

2. Absence of contractual documentation to support the accounting treatment of the cash cover provided under the RBZ Blocked Funds Framework

   During the year, the Company placed ZWL 16.2 million cash cover with its bankers, in line with the RBZ's directives, circulars and press statements related to Blocked Funds Administration framework, as cash cover in pursuance of settlements of USD 29.5 million in principal of its group loan obligations and USD 1.2 million in other foreign creditor amounts.

   As set out in note 23, the Company has treated the ZWL 16.2 million cash cover placed with the RBZ in respect of the group loan obligations as a derivative asset, with a deemed intrinsic USD equivalent value of USD 16.2 million, and at a translated ZWL value of ZWL 1.38 billion as at 31 December 2020. Consequently, the Company has re-measured the derivative asset for changes in the ZWL/USD exchange rate and recognised fair value gains of ZWL 1.36 billion for the year ended 31 December 2020.

   We were unable to obtain sufficient appropriate audit evidence to support this accounting treatment, as the Company had no specific written contractual agreement with the RBZ as at 31 December 2020 that qualifies the ZWL 16.2 million cash cover to be classified as a derivative. The resulting misstatements of ZWL 1.38 billion and ZWL 1.36 billion is considered to be material and pervasive to the annual financial statements.

3. Material weakness in internal control over financial reporting resulting in unauthorised foreign currency transactions

   During the year, the Company experienced a material weakness in internal control over financial reporting that resulted in unauthorised foreign currency transactions as described in note 31.

   While we identified exceptions, such as missing or insufficient supporting documentation and explanations for transactions in exchange differences and finance costs related to the material weakness described in note 31, we were unable to obtain sufficient and appropriate evidence as to whether all transactions impacted by the matters set out in note 31 had actually occurred, been classified correctly, and had been completely and accurately recorded, in both the current and prior year.

   We have also been unable to conclude on whether all relevant laws and regulations have been complied with in respect to foreign currency transactions and have been unable to quantify any potential impact on the financial statements.

Basis for Disclaimer of Opinion (continued)

3. <u>Material weakness in internal control over financial reporting resulting in unauthorised foreign currency transactions (continued)</u>

   We were thus unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the unauthorised foreign currency transactions, if any, could have been material and pervasive. We were unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management and the Directors are responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with IFRSs, the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements, and for such internal control as Management and the Directors determine is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Inflation Adjusted Financial Statements

Our responsibility is to conduct an audit of the Company's inflation adjusted financial statements in accordance with International Standards on Auditing, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these inflation adjusted financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the inflation adjusted financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements.

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

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per Stelios Michael
Partner
(PAAB Practice Certificate 0443)
Harare, Zimbabwe

Date: 12 July 2021

LAFARGE CEMENT ZIMBABWE LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020

		Inflation Adjusted		*Historical Cost	
			**Restated		**Restated
		2020	2019	2020	2019
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Revenue	5	6,926,386	4,119,780	2,854,212	422,272
Cost of sales		(2,733,249)	(1,897,545)	(1,101,672)	(249,589)
Gross profit		**4,193,137**	**2,222,235**	**1,752,540**	**172,683**
Other losses	6	(336,132)	(3,491,482)	(92,021)	(572,993)
Quarry rehabilitation decrease / (increase)	19.2	17,483	(78,046)	61,776	(17,404)
Distribution expenses		(415,601)	(276,303)	(173,567)	(33,495)
Administration expenses		(1,651,080)	(1,089,581)	(826,142)	(63,724)
Restructuring costs		(5,325)	(33,414)	(3,253)	(2,000)
Other income	7	155,893	11,965	60,600	726
Profit/(loss) before finance costs and tax		**1,958,376**	**(2,734,626)**	**656,382**	**(516,206)**
Finance costs	8	(372,223)	(213,364)	(154,191)	(23,326)
Net monetary gain		406,281	759,937	-	-
Profit/(loss) before tax		**1,992,354**	**(2,188,053)**	**502,191**	**(539,531)**
Income tax credit/ (expense)	9.1	1,122,057	(1,334,723)	86,895	(128,390)
Profit/(loss) for the year	**10**	**3,114,411**	**(3,522,776)**	**589,085**	**(667,921)**
Other comprehensive income for the year, net of tax	**18.1**	-	**1,391,373**	**1,279,635**	**310,267**
Total profit/ (loss) for the year		3,114,411	**(2,131,403)**	1,868,720	**(357,654)**
Number of shares	11.1	80,000,000	80,000,000	80,000,000	80,000,000
Basic and diluted earnings /(loss)per share (ZW$ per share)		**38.93**	**(44.03)**	**7.36**	**(8.35)**
Headline earnings per share (ZW$ per share)		38.86	(44.47)	7.32	(8.38)

LAFARGE CEMENT ZIMBABWE LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

		Inflation Adjusted		*Historical Cost	
	Notes	2020 ZWL'000	**Restated 2019 ZWL'000	2020 ZWL'000	**Restated 2019 ZWL'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	2,806,798	2,454,326	2,481,595	482,922
Total non-current assets		**2,806,798**	**2,454,326**	**2,481,595**	**482,922**
Current assets					
Inventories	13	516,158	786,940	365,840	58,146
Prepayments and deposits	14	381,006	507,258	329,852	39,578
Trade and other receivables	15	406,049	116,174	406,049	25,906
Related party receivables	22.1	55,789	71,479	55,789	15,939
Short term investments	16.2	10,004	19	10,004	4
Cash and cash equivalents	16.1	127,480	421,889	127,480	94,079
Total current assets		**1,496,486**	**1,903,761**	**1,295,014**	**233,652**
Total assets		**4,303,284**	**4,358,087**	**3,776,609**	**716,574**
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	17.2	22,284	22,284	800	800
Revaluation reserve	18	1,391,373	1,391,373	1,589,902	310,267
Retained earnings / (accumulated losses)		663,386	(2,451,025)	(40,335)	(629,420)
Total equity (deficit)		**2,077,043**	**(1,037,368)**	**1,550,367**	**(318,353)**
Non-current liabilities					
Long term borrowings	23.2	294,202	2,220,658	294,202	495,193
Deferred tax liabilities	9.2	366,146	1,668,988	366,146	203,948
Provision for quarry rehabilitation	19.2	84,522	102,005	84,522	22,746
Total non-current liabilities		**744,780**	**3,991,651**	**744,780**	**721,887**
Current liabilities					
Trade and other payables	20	455,440	679,686	455,440	151,566
Related party payables	22.2	783,330	658,976	783,330	146,947
Provisions	19.1	48,957	23,909	48,957	5,332
Borrowings	23.1	47,575	8,138	47,575	1,815
Current Tax Payable	9.3	146,070	33,094	146,070	7,380
Total current liabilities		**1,481,372**	**1,403,803**	**1,481,372**	**313,040**
Total equity and liabilities		**4,303,284**	**4,358,087**	**3,776,609**	**716,574**

K. C. Katsande
Chairman
9 July 2021

P . Murena
Chief Executive Officer
9 July 2021

* The historical amounts have been presented as supplementary information, and the auditors have not expressed any opinion on those numbers.
** The presentation of loan from group companies was changed from equity to liabilities see note 26

LAFARGE CEMENT ZIMBABWE LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Note	Issued capital ZWL'000	Revaluation reserve ZWL'000	Retained earnings / (accumulated losses) ZWL'000	Total ZWL'000
Balance at 1 January 2019		**22,284**	**348,409**	**723,342**	**1,094,035**
Loss for the year (**Restated)	26	-	-	(3,522,776)	(3,522,776)
Elimination of revaluation reserve on i nitial application of IAS 29		-	(348,409)	348,409	-
Other comprehensive income		-	1,391,373	-	1,391,373
Balance at 31 December 2019 (Restated)**		**22,284**	**1,391,373**	**(2,451,025)**	**(1,037,368)**
Profit for the year		-	-	3,114,411	3,114,411
Balance at 31 December 2020		**22,284**	**1,391,373**	**663,386**	**2,077,043**
Balance at 1 January 2019		**800**	**12,508**	**25,969**	**39,277**
Loss for the year (**Restated)	26	-	-	(667,921)	(667,921)
Transfer from revaluation reserve to retained earnings		-	(12,508)	12,508	-
Other comprehensive income		-	310,267	-	310,267
Adjustment		-	-	25	25
Balance at 31 December 2019 **Restated		**800**	**310,267**	**(629,420)**	**(318,353)**
Profit for the year		-	-	589,085	589,085
Transfer from revaluation reserve to retained earnings		-	-	-	-
Other comprehensive income		-	1,279,635	-	1,279,635
Balance at 31 December 2020		**800**	**1,589,902**	**(40,335)**	**1,550,367**

LAFARGE CEMENT ZIMBABWE LIMITED
STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

		Inflation Adjusted		*Historical Cost	
			**Restated		**Restated
		2020	2019	2020	2019
	Notes	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Cash flows from operating activities					
Profit (loss) for the year		**3,114,411**	**(3,522,776)**	**589,085**	**(667,921)**
Adjustments for:					
Tax expense (credit) recognised in profit or loss	9	342,983	1,334,723	(86,895)	128,390
Finance costs recognised in profit or loss	8	372,223	213,364	154,191	23,326
Loss on disposal of property, plant and equipment	6	-	1,344		(54)
Depreciation and amortisation expense	12	270,216	293,656	81,435	10,733
Write-off of property plant & equipment	12	-	3,619	-	807
Quarry rehabilitation	20.1	(17,483)	78,046	61,776	17,404
Net foreign exchange (gains)/losses	6	212,462	1,363,327	2,168	573,047
Effects of inflation on cashflow		(206,111)	1,896,694	-	-
Net cash from operations before working capital changes		**2,596,447**	**1,661,997**	**801,760**	**85,731**
Movements in working capital:					
Decrease (Increase) in inventories	13	270,783	(527,053)	(307,693)	(48,816)
Decrease in trade, other and related party receivables	15,21	(332,666)	(31,700)	(478,474)	(36,247)
Decrease/(increase) in prepayments and deposits	14	126,252	(312,612)	(290,274)	(32,590)
(Decrease)/increase in trade, related party and other payables, net of unrealised exchange gains and dividends paid	21,22,6	(99,893)	(1,016,168)	940,257	148,416
Decrease in provisions		25,049	26,021	43,626	4,219
Cash generated from operations		**2,585,972**	**(199,515)**	**709,201**	**120,714**
Finance costs paid	8	(313,742)	(213,364)	(95,710)	(23,326)
Income taxes paid	9.3	(67,809)	(107,509)	(32,416)	(18,711)
Net cash generated /(used in) from operating activities		**2,204,422**	**(520,388)**	**581,075**	**78,677**
Cash flows from investing activities					
Purchase of property, plant and equipment (replacement)	12	(601,826)	(231,459)	(382,443)	(42,200)
Payments to acquire short term investments	16.1	(9,985)	330,600	(10,000)	11,865
Proceeds from disposal of property, plant and equipment and assets classified as held for sale	6,12,	12.4	847	-	189
Net cash used in investing activities		**(611,810)**	**99,988**	**(392,443)**	**(30,146)**
Cash flows from financing activities					
Proceeds from long term borrowings	23	(1,926,457)	463,966	(200,991)	30,442
Proceeds from short term borrowings	23	39,436	(14,154)	45,760	1,015
(Decrease) / increase in bank overdraft	23	-	(10)		
Net cash generated from financing activities		**(1,887,021)**	**449,802**	**(155,231)**	**31,457**
Net increase/(decrease) in cash and cash equivalents		**(294,409)**	**29,402**	**33,401**	**79,988**
Cash and cash equivalents at the beginning of the year		421,889	392,486	94,079	14,091
Cash and cash equivalents at the end of the year	16	**127,480**	**421,889**	**127,480**	**94,079**

1. GENERAL INFORMATION

Lafarge Cement Zimbabwe Limited ("the Company") is incorporated in Zimbabwe and is engaged in the manufacture and distribution of cement and allied products. Its ultimate holding Company is Holcim Ltd, a Swiss Company which is listed on the Euronext and Swiss stock exchanges. The address of its registered office and principal business is Manresa Works, Arcturus Road, Greendale, Harare, Zimbabwe.

The Company's financial statements are presented in Zimbabwe dollar (ZW$). Amounts have been rounded to the nearest thousand dollars (ZW$'000).

2. ADOPTION OF NEW AND REVISED STANDARDS

a. New and amended IFRSs that are effective for the current year

The following are key changes, revisions and introductions in the IFRS reporting literature:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Where applicable: COVID-19-Related Rent Concessions – amendments to IFRS 16 and Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7]]

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affecthe current or future periods.

b. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements of the Company have been prepared using accounting policies that are consistent with International Financial Reporting Standards (IFRSs). In the current year, however, the Company has only achieved partial compliance with IFRSs, due to the need to comply with SI 33/2019 which resulted in non-compliance with IAS 21 "Effects of changes in Foreign Exchange Rates" and its consequential impact on inflation adjusted amounts. The financial statements have been prepared in the manner required by the Companies and Other Business Entities Act [Chapter 24:31] and in compliance with the Zimbabwe Stock Exchange Listing Requirements. The Company complied with Statutory Instrument 33 of 2019 and maintained an exchange rate of 1:1 between its functional currency and the ZW$ for the period up to 22 February 2019 and thereafter adopted the official rate of exchange to determine spot rate.

Functional and presentation currency

The financial statements have been presented in Zimbabwe Dollars ('ZW$'), being the functional and presentation currency. The Company had been using United States Dollars ('USD') as its presentation and functional currency since 2009 until the 22nd of February 2019, when Statutory Instrument ('SI') 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act (Chapter 22:15) which introduced a local currency.

Although a technical assessment conducted and guidance was issued by the Public Accountants and Auditors Board acknowledged that the functional currency of the Company and the wider market had changed from 1 October 2018, the Company followed the requirements of SI 33 of 2020 and maintained its functional currency as the USD using an exchange rate of 1USD:1ZW$ for its financial statements for the year ended 31 December 2018 and also between 1 January 2019 and 22 of February 2019.

The authorities formally changed the country's functional currency with effect from 22 February 2019 and the Company only concluded the necessary system configurations on 31 March 2019. The Company maintained amounts prior to the configuration date at an exchange rate of 1USD:1ZW$. On date the of configuration, foreign currency balances were converted at a rate of 1USD:2.5ZW$. Subsequently, foreign currency amounts were translated on a daily basis using the interbank rates as published by the RBZ and all local transactions were now being conducted in local currency.

The above non-compliance with IAS 21 resulted, among other matters, issuance of a disclaimer of opinion from the auditors. Consequently, the comparative financial information may be materially misstated. Since opening balances enter into the determination of the financial performance and cash flows, and we were unable to determine adjustments which might have been necessary in respect of the movements in the statement of comprehensive income, the net cash flows from operating activities reported in the statement of cash flows and the changes in equity reported in the statement of changes in equity would be affected by this non-compliance from the prior year.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain property, plant and equipment items that are measured at revalued amounts, and certain financial instruments measured at amortised cost, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Appropriate adjustments for changes in the general purchasing power of the Zimbabwe dollar for the purposes of fair presentation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, have been made in these financial statements to the historical cost financial information of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.1 Statement of compliance (cont.)

IAS 29 Financial Reporting in Hyperinflationary Economies, requires that the financial statements be prepared in the currency of a hyperinflationary economy and be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office.

The indices and conversion factors used to restate the acCompanying financial statements at 31 December 2020, are as follows:

Dates	Indices	Conversion Factor
CPI as at 31 December 2020	2 474.5	1.000
CPI as at 31 December 2019	551.63	4.49
Average CPI 2020	1 579.09	
Average CPI 2019	240.27	

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate.

The principal accounting policies are set out below.

3.2 Revenue recognition

The Company recognises revenue from the following major sources:
- Sale of cement and clinker
- Sale of aggregates
- Sale of Dry mortar products
- Other solutions and products Binastore
- Rendering of transport services to customers for delivery of purchased cement

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
For sales of cement, aggregates and clinker, revenue is recognised when control of the goods has transferred, being when the goods have been collected by the customer from the Company's premises, or shipped to the customer's specific location (delivery). Following collection or delivery, the customer has full discretion over the manner in which it handles the goods, and also bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company when the goods are collected by, or shipped to, the customer as appropriate, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Rendering of transport services
Revenue arising from transport services rendered in the delivery of cement to customers is recognised as the performance obligation for delivery is satisfied over time. This is often within less than 24 hours.

3.3 Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Determination of spot rate

The local US$ reference currency's exchangeability with other currencies is administered by Reserve Bank of Zimbabwe. The Reserve Bank of Zimbabwe's regulated exchange mechanism mandates the use of an exchange rate determined in the weekly foreign currency auction (official exchange rate). Prior to the auction rate, there was an interbank rate which prevailed till June 2020.

In its various literature and pronouncements, the RBZ confirmed an existence of an illegal foreign currency market colloquially called the parallel market. There is a notable divergence between the rates on that market compared to those obtaining at the official market rate. In the RBZ Monetary Policy Statement issued on 18 February 2021, the RBZ Governor acknowledged that the premium between the official rate and the parallel market was close to 20%.

The Company has assessed if the existence of the parallel market is an indicator of the lack of exchangeability of the local currency with other currencies which may result is the need for estimation of exchange rates. In this assessment the Company considered the purpose of obtaining foreign currency and how the foreign currency denominated assets would be realised. Having considered these, the Company concluded that the official rate of exchange is indicative of a spot rate under the requirements of IAS 21. The Company generates its own foreign currency from sales and sources supplementary foreign currency needs from the official channels.

Impact on fair-value measurements

The spot rate assessment is Company specific. Assets and liabilities which are denominated in foreign currency whose carrying amounts are determined by IFRS 13 – Fair Value Measurement could be understated by the aforementioned 20% premium margin in reflection of wider market participants views on exchange rates. Fair value is determined as 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

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.4 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Retirements benefits are provided for the Company's employees through an independently administered defined contribution fund and the Zimbabwe government's National Social Security Authority. With the Company's independent fund, contributions are charged to profit or loss so as to spread the cost of pension over the employee's working life within the Company. The amounts payable to the National Social Security Authority are determined by the systematic recognition of legislated contributions. Payments to the two retirement benefit schemes are charged as an expense as they fall due.

3.5 Termination benefits

Termination benefits are recognised at the earlier of when the Company can no longer withdraw the offer for the benefits or when the entity recognises costs for a restructuring that involves the payment of termination benefits. The calculation takes into account the employees' basic salary at agreed rate over the years of service.

3.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

<u>Current tax</u>
The tax currently payable is based on taxable income for the year. Taxable income differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the year</u>
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the Business combination.

3.7 Property, plant and equipment

Property, Plant and Equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. This is a change in the accounting policy from a cost approach in the prior year. The Company will conduct regular valuations going forward given the volatility in the economic environment to ensure that carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting date. The change in policy was done in line with the requirements of IAS8 and was applied prospectively as required.

Any revaluation increase arising on the revaluation of such property plant and equipment is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such property plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued property, plant and equipment is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, plant or equipment, the attributable revaluation surplus remaining in the assets revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Quarry stripping costs relate to the costs incurred in removing overburden from new limestone reserves. Depreciation of quarry stripping costs is recognised in profit or loss over the expected lives of the new limestone mines, once extraction activities commence.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.7 Property, plant and equipment (cont.)

Depreciation is recognised is recognised in profit or loss so as to write off the cost or valuation of assets (other than freehold land and quarry stripping costs) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment items other than land, capital work in progress and quarry stripping costs are depreciated over their estimated useful life. The maximum estimated useful lives are as follows:

Buildings	50 years
Plant and machinery	15 years
Motor vehicles	5 years
Earth moving equipment	25 years
Trailers	25 years
Furniture and office equipment	8 years

Items of capital work in progress are stated at cost, less accumulated impairments.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises costs of purchase, direct materials and, where applicable, direct labour costs, costs of conversion and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs are assigned using the first-in-first-out method for raw materials, work in progress and finished goods, and using the weighted average cost method for maintenance spares. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.10 Prepayments and deposits

The Company makes advance payments in respect of some key goods and services associated with its overall operations. The prepayments are initially recognised as assets in the balance sheet and subsequently expensed to profit or loss or capitalised to other assets on delivery.

3.11 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provision for rehabilitation

Quarry rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of the Company's limestone quarries. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating quarries; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and vegetating affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the quarry operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances which arise due to further development/construction at quarries are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature quarries, the estimate for the revised quarry assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income. The rehabilitation provision is assessed by a consultant after every three years using assumptions such as discount rate, inflation rate and as well as the life span of the mine.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

3.13 Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, specifically bank and cash balances.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.13 Financial assets (cont.)

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default;
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 120 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

(iv) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

3.13 Financial assets (cont.)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.14 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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

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

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying the Company's accounting policies

Recognition of RBZ support under blocked funds framework (RU 28 of 2019 and Exchange Control Circular no 8 of 2019)
On the 27th of August 2019, the Company submitted an application to the Reserve Bank of Zimbabwe through its bankers, to register its outstanding foreign obligations amounting to USD31 million under the blocked funds framework (RU 28 of 2020 and Exchange Control Circular no 8 of 2019). The Reserve Bank of Zimbabwe approved the blocked funds registration in April 2020 and the Business transferred cash cover of ZW$31 million to the Reserve Bank of Zimbabwe to secure its legacy debt in line with the RU 28 of 2019.

The Directors have made a judgement on the ability of the RBZ to avail the requisite foreign currency at a rate of 1:1 in accordance to the legacy debt framework. As at 31 December 2020, the Company has accessed US$3.7 million under the arrangements. The amounts receivable have been recognised as foreign currency receivables and accounted for in a accordance with IAS 21 accordingly.

The amounts are presented as part of the foreign currency borrowings reflecting the purpose for which the arrangement was entered.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont.)

b. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revaluation of property, plant and equipment

The Company has continued with the engagement of independent valuation specialist to perform a valuation of all items of property plant and equipment. The latest valuation was done 31 December 2020.

The valuers use valuation methodologies based on market value comparatives for property, plant and equipment. Where there are no comparative prices, other valuation techniques such as the cost method are used. Refer to note 12 for the carrying amount of land and buildings included in property, plant and equipment.

In line with the conclusions made by Directors on the determination of spot rate, the property valuation specialist determined the property values in US$ and converted to the ZW$ at the official exchange rates. The Directors made a judgement that, as the value of the assets will be realised through use, the official exchange rate would be the ideal rate.

Useful lives of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment at the end of each reporting period. The Directors are of the opinion that the current estimated useful lives determined at the reporting period end were still reliable and relevant to the Company's property, plant and equipment as at 31 December 2020.

Quarry rehabilitation provision

The Company makes full provision for future costs of rehabilitation of quarry sites on a discounted basis.
There have been no significant changes in the underlying assumptions related to the quarry rehabilitation provision balance of ZW$84,522,000 as at 31 December 2020. The balance as at 31 December was based on the reassessment done by the environmentalist in 2020 for the three-year period to 2022. However, Actual rehabilitation costs will ultimately depend on future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Note 20 sets out the key assumptions.

Allowance for credit losses

In determining the expected credit losses for financial assets measured at amortised cost, the Company has taken the simplification available under IFRS 9 paragraph 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component by using a provision matrix. This matrix is generally based on assumptions for the future movement of different economic drivers and how these drivers impact each other.

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

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

Provision for obsolete inventory

The Company's inventories include maintenance spares which are intended to be used within the plant. Provisions for obsolete inventories are mainly recognized for slow-moving, obsolete or unsellable maintenance spares inventory and are reviewed on a regular basis. In determining the provision for obsolete inventory, the Company evaluates criteria such as inventory in excess of forecasted needs on both technological and economic criteria. Appropriate provisions are then made to reflect the risk of obsolescence.

Existence of inventory in stock piles

Stockpiles of certain raw materials are measured by aerial surveying. High resolution and multi-spectral images are collected by drones and software is used to convert the image data into tonnage information for each stockpile. Stockpile tonnages are verified by periodic surveys.

5. **REVENUE**

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at points in time in the following major product lines.

	Inflation Adjusted		*Historical	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Revenue from sale of goods:				
Third party sales:				
- Cement	6,209,269	3,985,250	2,557,565	401,372
- Aggregates	80,825	51,127	30,929	6,462
- Dry mortars	530,923	55,828	222,160	12,449
- Binastore products	94,987	3,133	39,069	699
Revenue from rendering of services				
- Transport of cement	10,382	24,442	4,489	1,290
	6,926,386	**4,119,780**	**2,854,212**	**422,272**

6. **OTHER LOSSES**

Other losses comprise the following amounts:

	Inflation Adjusted		*Historical	
	2020 ZW$'000	**Restated 2019 ZW$'000	2020 ZW$'000	**Restated 2019 ZW$'000
Loss on disposal of property, plant and equipment	-	(1,344)	-	(54)
Net foreign exchange losses	(336,132)	(3,490,138)	(92,021)	(572,939)
Foreign Exchange losses	(2,672,842)	(3,490,138)	(2,422,739)	(572,939)
Unrealised RBZ support	2,290,501	-	2,290,501	-
Realised RBZ support	69,191	-	63,199	-
Provision for ECL	(22,982)	-	(22,982)	-
	(336,132)	**(3,491,482)**	**(92,021)**	**(572,993)**

The income from RBZ support represents the gain on remeasurement of the RBZ receivable under the legacy debt framework.

7. **OTHER INCOME**

Other income comprises the following amounts:

	Inflation Adjusted		*Historical	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Recognised through profit and loss				
Rental income	2,967	2,098	1,486	145
Interest on staff loans	-	8	-	-
Interest earned on financial investments	-	7,080	-	377
Sundry income	152,926	2,779	59,114	204
	155,893	**11,965**	**60,600**	**726**

Rental income from the use of staff housing is recognised on the basis of the amount of time that employees have enjoyed use of the Company's staff houses. The Company provides subsidised accommodation to its employees. The estates form part of PPE and not classified as investment property.

Included in sundry income is a reversal of previously charged management fees by Lafarge France of ZW$150,143,000 (Historical ZW$38,842,000).

8. FINANCE COSTS

Finance costs incurred during the year comprise the following amounts:

	Inflation Adjusted		*Historical	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Interest charges on related party loan (notes 22.1)	255,712	141,702	101,991	17,410
Bank charges	50,888	44,273	26,175	1,335
Intermediated Money Transfer Tax	65,623	9,657	26,025	4,428
Management fees on loans and overdrafts	-	17,732	-	153
	372,223	**213,364**	**154,191**	**23,326**
Accrued Finance Costs	(58,481)	-	(58,481)	-
Finance costs Paid	**313,742**	**213,364**	**95,710**	**23,326**

9. INCOME TAXES

Income tax recognised in profit or loss

	Inflation Adjusted		*Historical	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Current tax expense	180,785	201,727	171,106	29,165
Deferred tax expense / (credit)	(1,302,842)	1,132,996	(258,001)	99,225
Income tax (expense) / credit	**(1,122,057)**	**1,334,723**	**(85,895)**	**128,390**

The current tax expense for the year can be reconciled to the accounting profit as follows:

Profit/ (loss) before tax	1,992,354	(2,188,053)	502,190	(539,531)
Income tax expense calculated at 24.72% (2019; 25.75%)	492,510	(563,424)	124,141	(138,929)
Tax effect of non-deductible expenses	65,440	775,303	65,440	165,967
Tax effect of income not subject to tax	(368,662)	(90)	(9,972)	(111)
Withholding taxes	(8,503)	-	(8,503)	-
Tax prepayments moved to Profit and Loss	-	10,038	-	2,238
Total income tax expense recognised in the current year	**180,785**	**201,727**	**171,106**	**29,165**

9.2 Deferred tax

Deferred tax liability at the beginning of the year	1,668,988	79,102	203,948	2,840
Deferred tax credit attributable to the reversal of temporary differences:	(1,302,842)	1,589,886	162,198	201,108
- Deferred tax credited to profit and loss	(1,302,842)	1,132,995	(258,001)	99,225
- Deferred tax credited to other comprehensive income	-	456,891	420,199	101,883
Deferred tax at the end of the year	**366,146**	**1,668,988**	**366,146**	**203,948**

Deferred tax comprises temporary differences from the following:

	Inflation Adjusted		*Historical	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Property, plant & equipment	400,852	312,356	400,852	69,693
Consumable stores	-	31,460	-	7,015
Provision for rehabilitation	(20,894)	(25,216)	(20,894)	(5,623)
Provision for bad debts	(938)	(2,619)	(938)	(584)
Bonus provision	(4,344)	(2,039)	(4,344)	(455)
Unrealised exchange losses	-	1,376,235	-	135,155
Provision for leave pay	(7,684)	(3,670)	(7,684)	(818)
Provision for obsolete stock	(846)	(17,700)	(846)	(436)
	366,146	**1,668,988**	**366,146**	**203,948**

9.3 Current tax asset payable

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Opening balance	33,094	(85,627)	7,380	(3,074)
Corporate tax payments	(67,809)	(83,006)	(32,416)	(18.711)
Tax expense	180,785	201,727	171,106	29,165
Closing balance	**146,070**	**33,094**	**146,070**	**7,380**

10. PROFIT/(LOSS) FOR THE YEAR

Profit /(loss) for the year has been arrived at after charging;

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Auditor's remuneration:	13,308	4,467	5,594	996
Amortisation of quarry stripping costs	12,133	34,104	436	1,247
Depreciation of property, plant and equipment (note 12):	230,869	259,552	80,999	9,486
- Cost of sales	221,634	249,170	77,759	9,107
- Administration expenses	9235	10,382	3,240	379
Directors' fees	3,772	3,572	1,303	355
Technical fees (note 21)	282,055	145,779	208,768	10,900
Employee benefits expense:	737,200	488,418	356,328	46,678
- Post employment benefits (note 24)	29,448	23,850	12,988	2,344
- Short term employment benefits	702,428	431,154	340,086	42,335
- Termination benefits	5,325	33,414	3,253	2,000

11. EARNINGS / (LOSS) PER SHARE

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Basic and diluted earnings / (loss) per share	38.93	(44.03)	7.36	(8.35)
Headline Earning per share	38.86	(44.47)	7.32	(8.38)

The calculation of the basic and diluted earnings / (loss) and headline earnings per share is based on the following data;

Earnings / (ZW$ 000):				
Earnings / (loss) used in the calculation of basic and diluted earnings / (loss) per share	3,114,411	(3,552,776)	589,085	(667,921)
Earnings / (loss) used in the calculation of headline earnings /(loss) per share	3,,109,086	(3,557,534)	585,832	(670,676)
Calculation of headline Earnings:				
Profit after Tax (Earnings)	3,114,411	(3,522,776)	589,085	(667,921)
Adjusted for: Profits from disposal of assets	-	1,344	-	(54)
Asset write downs	-	-	-	809
Restructuring costs	5,325	33,414	3,253	2,000
Headline Earnings	**3,109,086**	**(3,557,534)**	**585,832**	**(670,676)**

11.1 Number of shares

	2020 Shares	2019 Shares
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	80,000,000	80,000,000

12. PROPERTY, PLANT AND EQUIPMENT

Inflation adjusted

	Freehold land & buildings ZW$'000	Plant and machinery ZW$'000	Motor vehicles and earthmoving equipment ZW$'000	Furniture & office equipment ZW$'000	Capital work in progress ZW$'000	Quarry stripping costs ZW$'000	Total ZW$'000
COST / REVALUATION							
Balance at 1 January 2019	**359,720**	**824,695**	**60,472**	**18,900**	**125,786**	**453,293**	**1,842,866**
Additions	-	13,130	8,472	-	209,857	-	231,459
Capital work in progress transfers	952	53,372	-	-	(54,324)	-	-
Revaluation Increase	431,901	912,473	58,015	-	-	-	1,402,389
Disposals	-	-	(5,508)	-	-	-	(5,508)
Assets Derecognised	-	(11)	-	-	(3,619)	-	(3,630)
Reclassification from Assets held for sale	5,264	-	-	-	-	-	5,264
Accumulated depreciation on revaluation	(74,221)	(631,814)	(48,377)	(18,365)	-	-	(772,777)
Balance at 31 December 2019	**723,616**	**1,171,845**	**73,074**	**535**	**277,700**	**453,293**	**2,700,063**
Additions	-	-	-	1,399	600,427	-	601,826
Capital work in progress transfers	57,142	338,501	-	4,669	(400,312)	-	-
Disposals	-	-	(6,335)	-	-	-	(6,335)
Assets derecognised	-	-	-	-	(17)	-	(17)
Accumulated depreciation of revaluation	(65,189)	(149,811)	(15,830)	(39)	-	-	(230,869)
Balance at 31 December 2020	**715,569**	**1,360,535**	**50,909**	**6,564**	**477,798**	**453,293**	**3,064,668**
ACCUMULATED DEPRECIATION							
Balance at 1 January 2019	**31,067**	**420,729**	**45,435**	**18,127**	**-**	**211,633**	**726,991**
Depreciation expense	43,154	211,085	5,075	238	-	34,104	293,656
Elimination on Revaluation	(74,221)	(631,814)	(48,377)	(18,365)	-	-	(772,777)
Elimination on disposals	-	-	(2,133)	-	-	-	(2,133)
Balance at 31 December 2019	**-**	**-**	**-**	**-**	**-**	**245,737**	**245,737**
Depreciation expense	65,189	149,811	15,830	39	-	12,133	243,001
Eliminated at Revaluation	(65,189)	(149,811)	(15,830)	(39)	-	-	(230,869)
Balance at 31 December 2020	**-**	**-**	**-**	**-**	**-**	**257,869**	**257,869**
CARRYING AMOUNT							
Balance at 1 January 2019	**328,654**	**403,966**	**15,037**	**773**	**125,786**	**241,659**	**1,115,875**
As at 31 December 2019	**723,616**	**1,171,845**	**73,075**	**535**	**277,699**	**207,555**	**2,454,325**
As at 31 December 2020	**715,569**	**1,360,535**	**50,909**	**6,564**	**477,798**	**195,423**	**2,806,798**

12. PROPERTY, PLANT AND EQUIPMENT

*Historical

	Freehold land & buildings ZW$'000	Plant and machinery ZW$'000	Motor vehicles and earthmoving equipment ZW$'000	Furniture & office equipment ZW$'000	Capital work in progress ZW$'000	Quarry stripping costs ZW$'000	Total ZW$'000
COST / REVALUATION							
Balance at 1 January 2019	**12,914**	**29,607**	**2,171**	**679**	**4,516**	**16,274**	**66,161**
Additions	-	550	845	-	40,805	-	42,200
Capital work in progress transfers	182	7,829	-	-	(8,011)	-	-
Reclassification from held for sale	189	-	-	-	-	-	189
Revaluation adjustments	150,769	246,149	15,233	-	-	-	412,151
Eliminated at Revaluation	(2,692)	(22,819)	(1,731)	(660)	-	-	(27,902)
Assets derecognised	-	(2)	-	-	(807)	-	(809)
Disposals	-	-	(223)	-	-	-	(223)
Balance at 31 December 2019	**161,362**	**261,314**	**16,295**	**19**	**36,503**	**16,274**	**491,767**
Additions	-	-	-	458	381,984	-	382,442
Capital work in progress transfers	9,189	68,259		-	(77,448)	-	-
Revaluation adjustments	563,192	1,080,465	49,987	6,113	-	-	1,699,757
Eliminated at Revaluation	(18,173)	(49,504)	(13,297)	(25)	-	-	(80,999)
Assets Derecognised	-	-	-	-	(17)	-	(17)
Disposals	-	-	(2,075)	-	-	-	(2,075)
Balance at 31 December 2020	**715,570**	**1,360,534**	**50,910**	**6,565**	**341,022**	**16,274**	**2,490,875**
ACCUMULATED DEPRECIATION							
Balance at 1 January 2019	**1,115**	**15,105**	**1,545**	**651**	**-**	**7,598**	**26,014**
Depreciation expense	1,577	7,715	185	9	-	1,247	10,733
Elimination on Revaluation	(2,692)	(22,820)	(1,730)	(660)	-	-	(27,902)
Balance at 31 December 2019	**-**	**-**	**-**	**-**	**-**	**8,845**	**8,845**
Depreciation expense	18,173	49,504	13,297	25	-	435	81,435
Eliminated at Revaluation	(18,173	(49,504)	(13,297)	(25)	-	-	(80,999)
Revaluation							
Balance at 31 December 2020	**-**	**-**	**-**	**-**	**-**	**9,280**	**9,280**
CARRYING AMOUNT							
As at 31 December 2019	**161,362**	**261,314**	**16,295**	**19**	**36,503**	**7,429**	**482,922**
As at 31 December 2020	**715,570**	**1,360,534**	**50,910**	**6,564**	**341,022**	**6,994**	**2,481,595**

12.1 Revaluation

The Company's property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's property, plant and equipment as at 31 December 2020 were performed by Pro-val Consultancy (Private) Limited, independent valuers not related to the Company. Pro-val Consultancy are members of the Real Estate Institute of Zimbabwe, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. In determining the fair value, the professional valuers used USD denominated inputs as it presented better historical trend and reasonable basis for forecasting. Having determined the fair value in USD, the amounts were then translated to ZW$ at the ruling rate at 31 December 2020 (USD1:81.78660). As noted in Note 3.3 the parallel market rate was 20% higher than the official rate. Had the Company applied the market rate, the carrying of PPE would have been ZW$3,233,395 The valuation conforms to International Valuation Standards.

12.2 Encumbrances on property, plant and equipment

The Company has no encumbrances on its property, plant and equipment as its borrowing facilities are all unsecured.

13. INVENTORIES

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Raw materials	66,998	105,962	53,966	4,901
Work in progress	108,600	197,733	108,600	20,148
Finished goods	10,601	85,219	10,555	6,814
Maintenance spares	406,112	469,627	196,141	28,045
	592,311	**858,541**	**369,262**	**59,908**
Provision for obsolete inventory (note 13.1)	(76,153)	(71,601)	(3,422)	(1,762)
	516,158	**786,940**	**365,840**	**58,146**

The cost of inventories recognised as an expense during the year was ZW$673,906,128 (2019,ZW$624,244,748)

13.1 Provision for obsolete inventory

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Opening balance	71,601	75,924	1,762	2,726
Provisions recognised / (reversed)	4,552	(4,323)	1,660	(964)
Closing balance	**76,153**	**71,601**	**3,422**	**1,762**

14. PREPAYMENTS AND DEPOSITS

Prepayments and deposits comprise the following amounts:

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Prepayments and deposits	254,312	436,654	226,426	32,776
Goods in transit	126,694	70,604	103,427	6,802
	381,006	**507,258**	**329,853**	**39,578**

15. TRADE AND OTHER RECEIVABLES

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Trade receivables - current portion	237,538	89,616	237,538	19,983
- Third parties	241,331	96,047	241,331	21,417
- Allowance for expected credit losses	(3,793)	(6,431)	(3,793)	(1,434)
Other receivables - current portion	168,511	26,558	168,511	5,923
- Staff loans and advances				
Related Party (Directors and Executive Committee members)	-	173	-	39
Other employees	10,525	9,393	10,525	2,095
- Other receivables				
Third parties	157,986	21,157	157,986	4,718
Allowance for expected credit losses	-	(4,165)	-	(929)
	406,049	**116,174**	**406,049**	**25,906**

Other receivables from third parties include amounts receivable from a third party contractor of ZW$2,796,604 which is secured by movable assets and ZW$9,450,970 advanced to an Affordable Housing scheme for employees. This amount is secured by employee pensions. No provisions have been made for these amounts.

	2020 Days	2019 Days
Debtor days	9	20

15.1 Trade receivables

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Company measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix which makes reference to past default experience of debtors and an analysis of the debtors' current financial positions, adjusted for factors that are specific to the debtors, general global economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

Before accepting any new credit customer, the Company performs a credit vetting process. The customer is required to have reputable business references and its directors must be in good credit standing. Credit is only offered to customers who comply with the conditions required by the Company.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Company has not recognised an allowance for credit losses because the amounts are still considered recoverable. The Company holds collateral or other credit enhancements over these balances and has a legal right of offset against any amounts owed by it to the counterparty.

Ageing of past due but not impaired trade receivables

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
30-60 days	11,935	265	11,935	59
+60 days	1,103	9,739	1,103	2,172
	13,038	**10,004**	**13,038**	**2,231**
Movement in allowance for expected credit losses				
Opening balance	10,595	9,134	2,363	2,037
Change for the year	(6,802)	1,461	1,430	326
Closing balance	3,793	10,595	3,793	2,363

15. TRADE AND OTHER RECEIVABLES (cont)

15.1 Trade receivables

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. 76% of the Company's credit risk stems from its twenty largest customers (2019:65%). The concentration of credit risk does not exceed 1% for each of the remaining individual trade debtors, due to the customer base being large and unrelated. The Company measures an expected credit loss allowance equal to lifetime expected credit losses for trade receivables held at amortised cost as these receivables do not contain a significant financing component. As trade receivables are due within a maximum of 30 days of invoice date, a provision matrix has been used to determine the provision amounts. Included in the allowance for doubtful debts are individually impaired trade receivables amounting to ZW$1,174,497 (2019:ZW$999,978) that have been handed over to the Company's lawyers. The impairment recognised represents the full extent of the amount due. The Company holds collateral over some of these balances.

16. CASH AND INVESTMENTS

16.1 Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period, comprise the following items:

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
Bank balances	126,355	371,248	126,355	82,786
Cash balances	1,125	50,641	1,125	11,293
	127,480	**421,889**	**127,480**	**94,079**

The carrying amounts of the items making up cash and cash equivalents approximates their fair value.

16.2 Short term Investments

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
Money market investments	10,004	19	10,004	4
	10,004	**19**	**10,004**	**4**

The short-term investments comprise of deposits with financial institutions with a tenor of less than 90 days. The carrying amounts approximates their fair value.

17 SHARE CAPITAL

17.1 Authorised share capital

Authorised share capital comprises 100 000 000 ordinary shares of ZW$0.01 par value each. (2019: 100 000 000 ordinary shares of ZW$0.01 par value each). Fully issued paid up shares amount to 80 000 000 (2019: 80 000 000). The Company has one class of ordinary shares.

17.2 Issued capital

Issued capital comprises:

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
80 000 000 fully paid ordinary shares of ZW$0.01 each	22,284	22,284	800	800

18. RESERVES

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
Revaluation reserve				
Balance at the beginning of the year	1,391,373	348,409	310,267	12,508
Increase from revaluation of PPE	-	1,391,373	1,279,635	310,267
Transfer to retained earnings on first time adoption of IAS 29	-	(348,409)		(12,508)
Balance at 31 December 2020	**1,391,373**	**1,391,373**	**1,589,902**	**310,267**

The revaluation reserve arises on the revaluation of property, plant and equipment. When revalued property, plant and equipment are sold, the portion of the property revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

18. RESERVES (cont.)

18.1 Revaluation of Property Plant and Equipment

	Inflation Adjusted		*Historical	
	2020 ZW$'000	**Restated 2019 ZW$'000	2020 ZW$'000	**Restated 2019 ZW$'000
Revaluation gain on Property Plant and Equipment	-	1,848,263	1,699,834	412,151
Deferred tax impact on revaluation of assets	-	(456,890)	(420,199)	(101,884)
	-	**1,391,373**	**1,279,635**	**310,267**

The determined revaluation surplus for the year was ZW$0.3 million which was deemed immaterial for quantitative disclosure above

19. PROVISIONS

19.1 Current provisions

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Employee benefits	48,657	23,091	48,657	5,149
Litigation provision	300	818	300	183
Total short-term provisions	**48,957**	**23,909**	**48,957**	**5,332**

19.2 Quarry Rehabilitation provision

	Inflation Adjusted 2020 ZW$'000	*Historical Cost 2019 ZW$'000
Balance at 1 January 2019	5,848	1,303
Provisions recognised	78,046	17,404
Revaluation from Currency translation adjustment	18,111	4,039
Balance at 31 December 2019	**102,005**	**22,746**
(Decrease)/ Increase in provision	(17,483)	61,776
Balance at 31 December 2020	**84,522**	**84,522**

20. TRADE AND OTHER PAYABLES

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Trade payables	91,703	437,941	91,703	97,658
Other payables	56,276	34,235	56,276	7,634
Customer prepayments	225,575	53,776	225,575	11,992
Accrued expenses	81,886	153,734	81,886	34,282
	455,440	**679,686**	**455,440**	**151,566**

Trade and other payables comprise amounts outstanding to third parties for inventories, and other services for day-to-day operations, that were obtained on credit. The terms of the payment are 30 days from date of invoices. Accrued expenses relates to services provided to the Company that had not been invoiced as at year end. The carrying amounts of the items making up trade and other payables approximates their fair value.

22. RELATED PARTY TRANSACTIONS AND BALANCES

22.1 Related party transactions during the year

The Company entered into the following related party transactions:

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Purchases of goods and services from related parties				
Cement and Clinker purchases from Lafarge Cement Zambia Limited	478,089	710,983	174,344	158,544
Interest charges on Company borrowings from Cemasco B.V.	255,712	141,702	101,991	17,410
Master intellectual property and Master Brand group fees charges from Lafarge S.A. and Holcim Technology	282,055	145,779	208,768	10,900
	1,015,856	**998,464**	**485,103**	**186,854**

22.2 Related Party receivables

The Company has the following balances receivable from transactions with related parties

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Amounts receivable from related parties				
Lafarge Cement Malawi Limited	1,919	8,328	1,919	1,856
Lafarge Cement Zambia Limited	395	1,079	395	241
Lafarge Cement South Africa	7,434	-	7,434	-
Lafarge Middle East and Africa IT	3,198	10,629	3,198	2,370
Technical Center Europe Africa	8,373	32,260	8,373	7,194
Holcim East Africa	21,985	7,701	21,985	1,717
Bamburi Cement Limited Kenya	10,380	9,546	10,380	2,129
Mbeya Cement plc Tanzania	2,105	1,936	2,105	432
	55,789	**71,479**	**55,789**	**15,939**

22.3 Related Party payables

The Company has the following balances payable to related parties

Amounts payable to related parties				
Lafarge Cement Malawi Limited	2,968	1,057	2,968	236
Lafarge Cement Zambia Limited	201,492	170,204	201,492	37,954
Lafarge Technical Centre Europe	8,003	6,716	8,003	1,498
Lafarge Middle East and Africa Building Materials S.A.E. (Egypt)	52,231	35,665	52,231	7,953
Lafarge Cement Cameroon	202	169	202	38
Lafarge SA (France)	98,610	202,525	98,610	45,162
Lafarge ITEO Shared Services	23,536	15,024	23,536	3,350
Lafarge International Services Singapore	52,358	39,460	52,358	8,799
Lafarge Poland	5,405	4,535	5,405	1,011
Lafarge France Other	7,997	6,711	7,997	1,496
Lafarge Egypt	37	34	37	8
Lafarge South Africa	4,062	2,737	4,062	610
Holcim Company Services	5,638	17,534	5,638	3,910
Lafarge Beijing	202	387	202	86
Lafarge Malawi Limited	3,221	2,963	3,221	661
Holcim Technology	249,864	79,302	249,864	17,684
Cemasco BV	58,481	68,391	58,481	15,251
Holcim East Africa Limited	9,023	5,562	9,023	1,240
	783,330	**658,976**	**783,330**	**146,947**

22.3 Related Party payables (cont.)

Amounts payable to the related parties listed above are unsecured and interest-free. There are no guarantees provided or received from any related parties.

a. Loans with related parties

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
Cemasco B.V. (refer to note 23.2)	2,589,001	2,220,658	2,589,001	495,193

b. Compensation of directors and key management personnel

Short term benefits	12,249,992	7,817,272	7,817,272	1,760,723
Directors' fees	5,911	3,572	1,303	355
Post-employment benefits	296,627	189,291	189,291	316,222
	12,552,530	**8,010,134**	**8,007,865**	**2,077,300**

23. BORROWINGS

Secured – at amortised cost

23.1 Short Term Borrowings

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
- Local loans and facilities	47,575	8,138	47,575	1,815

The Company also utilised ZW$48m of its Short Term Loan (STL) facility from a local bank to cover working capital requirements. The loan has an interest rate on the loan drawdowns of 7.5% per annum.

23.2 Long term borrowings

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	**2019 ZW$'000**	**2020 ZW$'000**	**2019 ZW$'000**
Long term borrowings	2,589,001	2,220,658	2,589,001	495,193
Carrying amount of the RBZ support	(2,294,799)	-	(2,294,799)	-
As presented on the Statement of Financial Position	**294,202**	**2,220,658**	**294,202**	**495,193**

Support from the RBZ has wholly been presented together with the Group loan as above. It is the directors` opinion that the whole structure was granted pursuant to settlement of the loan. In addition, the Capex support granted by the RBZ ordinarily would have come from the parent through an additional loan.

a. **Unsecured**
The Company did not obtain any new long-term borrowings during the year under review. The Company has an outstanding related party loan of US$31.65million with an interest rate of 6 months Libor plus 5%. The Company obtained this long term unsecured loan facility from Holcim, through a subsidiary Cemasco B.V., amounting to US$32 million to finance forex denominated long outstanding payables and working capital requirements. The loan is repayable at the option of the borrower, but must be settled in full by at least 1 August 2023.

	2020 USD'000	****Restated 2019 USD'000**
Related party loan	29,522	25,580
Interest charge	2,134	3,942
Closing carrying amount	**31,656**	**29,522**

There were no breaches of loan covenants during the period.

b. **Registration and recognition of RBZ support on legacy debt**
In April of 2020, the Company successfully registered, with the Reserve Bank of Zimbabwe ("RBZ"), blocked funds amounting to US$31 million. These blocked funds are in respect of outstanding amounts towards loans and foreign suppliers. The registration is consistent with the blocked funds guidelines provided in the Exchange Control Directive RU28 dated 21 February 2019 and Exchange Control Circular No. 8 of 24 July 2019. This registration was successful and the Company obtained assurance that the RBZ will provide the required foreign currency at 1:1. The RBZ availed this funding in two structures, support for capital projects US$15 million and support for creditors and group loan US$16 million. The Company has recognised this support as a foreign currency receivable as the Directors believe the amounts will be receivable as some of the amounts has already been disbursed. The table below summarises the position of these balances as at 31 December 2020.

	Inflation Adjusted 2020		
	Group Loan and Creditors ZW$`000	**CAPEX Support ZW$`000**	**Total ZW$`000**
Amounts registered	16,226	15,000	31,226
Amounts drawn down	-	(3,946)	(3,946)
Balance at the end of the year	16,226	11,054	27,280
Unrealised exchange difference	1,362,394	928,107	2,290,501
Provision of ECL	(13,271)	(9,711)	(22,982)
Carrying amount in ZW$	**1,365,349**	**959,450**	**2,294,799**

Included in the Group Loan and Creditors above is ZW$15.07 million for Group loan and capitalised accrued interest and ZW$1.15 million for other creditors.

24. RETIREMENT BENEFIT PLANS - DEFINED CONTRIBUTION PLANS

The Company makes contributions to two defined contribution plans; the Company's private pension scheme, and the national pension scheme.

The contributions are made through direct deductions by the Company and remitted to the funds. The amounts remitted have been disclosed in note 10. Private pension scheme contributions were ZW$4,288,564 whilst NSSA contributions were ZW$1,029,895. (2019: ZW$3,652,211 and ZW$1,095,289).

a. Private pension scheme
The Company operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from the Company in funds under the control of fund's trustees. The only obligation of the Company with respect to the defined contribution scheme is to make the specified contributions.

b. National Pension Scheme - National Social Security Authority
The employees of the Company are members of the State-managed retirement benefit plan promulgated under the National Social Security Act of 1989. The Company's obligation under the scheme is limited to specific contributions legislated from time to time, which was currently 3.5% of basic salary up to a maximum of ZW$24.50 per employee per month.

25. FINANCIAL INSTRUMENTS

a. Classes and categories of financial instruments

The following table combines information about:
- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:
- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. FINANCIAL INSTRUMENTS (cont.)

	Inflation Adjusted		*Historical Audited	
	2020 ZW$'000	2019 ZW$'000	2020 ZW$'000	2019 ZW$'000
Financial Assets				
Fair value through profit or loss:				
Cash and bank balances (level 1)	127,480	421,889	127,480	94,079
Amortised cost:				
Trade receivables	237,538	89,616	237,538	19,984
Staff loans and advances	10,525	9,566	10,525	2,133
Other receivables	157,986	16,993	157,986	3,789
Related party receivables	55,789	71,479	55,789	15,939
Short term investments	10,004	19	10,004	4
Total	**599,322**	**609,562**	**599,322**	**135,928**
Financial Liabilities				
Amortised cost:				
Borrowings	341,776	2,228,797	341,776	497,007
Trade payables	91,703	437,941	91,703	97,658
Other payables	56,276	34,235	56,276	7,634
Debtors with credit balances	225,575	53,776	225,575	11,992
Accrued expenses	81,886	153,734	81,886	34,283
Related party payables	783,330	658,976	783,330	146,947
Total	**1,580,546**	**3,567,459**	**1,580,546**	**759,873**

b. Financial risk management objectives
The Company's executive committee meets on a regular basis to analyse, amongst other matters, currency and interest rate exposures and to re-evaluate treasury management strategies against revised economic forecasts. Compliance with the Company's policies and exposure limits is reviewed at quarterly Board meetings.

c. Foreign currency risk management
The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

25. 1 Foreign currency sensitivity analysis

The Company is mainly exposed to the United States Dollar, Swiss Franc and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the ZW$ strengthens 10% against the relevant currency. For a 10% weakening of the ZW$ against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Currency		
	USD	EURO	CHF
Effect on profit or loss ZW$ (2020)	298,936	11,800	423
Effect on profit or loss ZW$ (2019)	54,591	5,428	374

25. FINANCIAL INSTRUMENTS (cont.)

d. Interest rate risk management

The Company is exposed to interest rate risk on its offshore interCompany borrowings which are at a variable rate determined by the USD 6 months LIBOR plus a fixed margin. All local borrowings are at fixed rates.

Interest rate sensitivity analysis

If the interest rate had been 0.50% higher or lower and all other variables held constant, the Company's profit for the year would increase or decrease by:

	Amount	% Change	ZW$ Change
Borrowings (2020)	341,776	0.50%	1,709
Borrowings (2019)	2,228,797	0.50%	11,144

e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

f. Liquidity risk management

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

Borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions at acceptable interest rates. Expended overdraft facilities are repayable on demand. Approved financial institutions with sound capital bases are utilised to both borrow funds and invest surplus funds.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

***INFLATION ADJUSTED 2020**

	0-12 months	1-5 years	>5 years	Total as at 31 December 2020
Borrowings	47,575	294,202	-	341,777
Trade payables	91,703	-	-	91,703
Other payables	56,276	-	-	56,276
Debtors with credit balances	225,575	-	-	225,575
Accrued expenses	81,886	-	-	81,886
Related party payables	783,330	-	-	783,330
	1,286,345	**294,202**	**-**	**1,580,547**

***INFLATION ADJUSTED 2019**

	0-12 months	1-5 years	>5 years	Total as at 31 December 2019
Borrowings	8,138	2,220,658	-	2,228,796
Trade payables	437,941	-	-	437,941
Other payables	34,235	-	-	34,235
Debtors with credit balances	53,776	-	-	53,776
Accrued expenses	153,734	-	-	153,734
Related party payables	658,976			658,976
	1,346,800	**2,220,658**	**-**	**3,567,458**

26. 2019 RESTATEMENT DUE TO RECLASSIFICATION OF RELATED PARTY LOAN

Income statement	Inflation Adjusted As previously reported ZWL'000	Inflation Adjusted Restated ZWL'000	*Historical Cost As previously reported ZWL'000	*Historical Cost Restated ZWL'000
Other gains and losses	(1,364,672)	(3,491,482)	(183,709)	(572,993)
Profit before interest and finance costs	(607,816)	(2,734,626)	(126,922)	(516,206)
Profit/(loss) before tax	2,133,873	(2,188,053)	(150,247)	(539,531)
Profit/(loss) for the year	799,150	(3,522,776)	(278,637)	(667,921)
Total profit and loss and other comprehensive income	**2,190,523**	**(2,131,403)**	**31,630**	**(357,654)**

The change was as a result of the reclassification of exchange losses with respect of the Group Loan previously reported in other components of equity.

Statement of financial position	Inflation Adjusted As previously reported ZWL'000	Inflation Adjusted Restated ZWL'000	*Historical Cost As previously reported ZWL'000	*Historical Cost Restated ZWL'000
Other equity reserve	(2,101,268)	-	105,909	-
Retained Earnings	1,870,902	(2,451,025)	(240,136)	(629,420)
Total equity	1,183,290	(1,037,368)	176,840	(318,352)
Long term borrowings	-	2,220,658	-	495,193
Total non-current liabilities	**1,770,993**	**3,991,652**	**226,695**	**721,887**

In the 2019 financial year, a USD denominated loan from a group related Company was classified as a quasi-equity loan and presented within equity under as an other equity reserve.

In the 2020 financial year, following a reassessment of the loan contract's terms, it was determined that the classification and presentation for the 2019 financial year was incorrect, and it should have been treated as a financial liability.

The loan's classification and presentation was changed in the current year and presented as a financial liability, with the retrospective restatement being made from 2019. The above disclosures illustrate the impact of the restatement arising from the reclassification.

27. COMMITMENTS FOR CAPITAL EXPENDITURE

	Inflation Adjusted 2020 ZW$'000	Inflation Adjusted 2019 ZW$'000	*Historical Audited 2020 ZW$'000	*Historical Audited 2019 ZW$'000
Commitments for the acquisition of property, plant and equipment	446,302	231,459	446,302	103,850

The commitments relate to proposed capital expenditure approved by the Board of Directors.

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from previous years.

The capital structure of the Company consists of debt, as detailed in note 23, and equity of the Company comprising issued capital, reserves and retained earnings as detailed in notes 17 to 19.

The Company is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Inflation Adjusted 2020 ZW$'000	Inflation Adjusted 2019 ZW$'000	*Historical Audited 2020 ZW$'000	*Historical Audited 2019 ZW$'000
Debt (i)	294,202	2,220,658	294,202	495,193
Equity (ii)	2,056,163	(1,037,368)	1,550,368	(318,352)
Net debt to equity ratio	14%	(214)%	19%	(156)%

(i) Debt is defined as long term borrowings, as set out in note 23.
(ii) Equity includes all capital and reserves of the Company that are managed as capital.
(iii) Target debt to equity ratio is 0%.
(iv) The Company does not consider overdraft to be debt as it uses it intermittently to cover short term working capital requirements.

29. CONTINGENT LIABILITIES AND ASSETS

The Company has previously disclosed a contingent liability of ZW$2.2m relating to the Zimbabwe Revenue Authority. The tax appeal was heard in the courts in June 2019 and judgement was handed down post the year end, in March 2020. The Business submitted an application for tax amnesty legislated in Finance Act 1 of 2019 that was published on 15 March 2019 but no response has been received from the tax authorities at the time of publishing these financials. The tax amnesty protects the Business against interest and penalties which the judge had ordered the Company to bear. As a result, the Company is no longer disclosing a contingent liability as it had fully paid the principal amount required for it qualify for the tax amnesty against interest and penalties in accordance with the provisions of the tax amnesty.

30. GOING CONCERN

In preparing the financial statements, the Directors and management are required to make an assessment of the Company's ability to continue as a going concern. At the time of preparing the financial statements, there were no material uncertainties related to events and conditions prevailing within the country's economic environment that could cast significant doubt on its ability to continue as a going concern.

The Directors and management are continuously monitoring and evaluating the Company's operating landscape to re-assess and appropriately adapt its strategies around the existing COVID-19 pandemic. This is to ensure the continued operation of the Company into the foreseeable future. Such strategies include taking advantage of government policies and initiatives intended to support the continued operation of the Company, and continuously engaging related parties within the Holcim Group to ensure interCompany obligations are managed and settled in a manner that does not negatively impact operations.

The Directors have concluded that the Company's various responses are adequate, and that there are no uncertainties which can hinder the ability of the Company to continue operating as a going concern.

31. BREAKDOWN IN COMPANY'S INTERNAL CONTROLS

Breakdown in Company's internal controls: As described in the Chairman's Statement, the Company evaluated the effectiveness of the design and operation of its controls around treasury transactions following identification of inappropriate trading in foreign currencies. This evaluation was done under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") with adequate oversight of the Board of Directors. This evaluation resulted in the identification of certain material weaknesses in the Company's internal controls primarily related to: (a) a lack of consistent understanding and compliance with Company's policies and procedures related to some individuals, (b) a lack of segregation of duties around the specific areas in Treasury, and (c) lack of necessary tools to identify inappropriate or intentional circumvention of internal controls in that function.

On account of alleged contraventions of the Exchange Control Act (Chapter 10:05) during 2019 and 2020, the Company is in discussion thereupon with the Reserve Bank of Zimbabwe and investigations in this respect are ongoing. It is anticipated that finality herein will be achieved in the near future.

The Company has implemented a more robust, efficient and reliable foreign currency trading process and necessary actions have already been taken to improve its internal controls to mitigate the identified risks and strengthen the control environment. The Company has also implemented an extensive review around general compliance with laws and regulations by engaging an independent consultant to perform routine compliance audits.

32. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic. Due to a spike in cases of the COVID-19 variant, the Government of Zimbabwe imposed Level 4 lockdown measures from the 4th of January 2021 for 30 days. The national lockdown was further extended for a further four weeks until the end of February 2021. The Company's income and volumes for 2021 to date has not been materially impacted by the national lockdown because the Business was considered as "essential business" and this allowed selling to continue. Management will continue to implement, actions to maximise liquidity and profitability to ensure the sustainability of the Company given the unknown outcome of the pandemic. There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that require adjustments to the reported amounts in the financial statements or disclosure in the financial statements

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 9 July 2021.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of the members of Lafarge Cement Zimbabwe Limited (The Company) will be held on Wednesday 6 August 2021 at 1200hrs through an online virtual platform, details of which will be notified to all shareholders separately, for the purposes of transacting the following business:

A. ORDINARY BUSINESS

1. Financial Statements

To receive, consider and adopt the Financial Statements of the Company and the reports of the Directors and Auditors for the year ended 31 December, 2020.

2. Directorate

To re- appoint directors in terms of Article 21(1) (b) of the Sixth Schedule of the Companies and Other Business Entities Act [Chapter 24:31].

a) Mr. KC Katsande retires by rotation and being eligible, offers himself for re appointment.

b) Mr. DL Cruttenden retires by rotation and being eligible, offers himself for reappointment.

c) Mrs. V Darbo, who was appointed as a Non-Executive Director with effect from 11 November 2020, ceases to be a Director and becomes an alternate Director to JW Stull with effect from 10 June 2021.

d) Mr. JW Stull, who was appointed as a Non-Executive Director with effect from 10 June 2021, retires by rotation and being eligible, offers himself for reappointment.

Brief profiles of Directors are included in the Annual Report.

Resignations

e) To note the resignation of Mr. F Kovhiwa with effect from 22 September 2020.

f) To note the resignation of Mr. PMS Deleplanque with effect from 10 November 2020.

Board Appointments

a) To note the appointment of Mr. AEA Mowafy as Chief Financial Officer of the Company and as an Executive Director with effect from 1 March 2021.

Directors' Remuneration

b) To approve the fees paid to Directors of the Company for the year ended 31 December 2020 amounting to ZWL1 303 000.00.

2. External Auditors

a) To approve the remuneration of Auditors for the financial year ended 31 December 2021 amounting to USD61 000.00.

b) To appoint auditors for the ensuing year. Deloitte & Touche retires and being eligible, offers themselves for re-election as auditors of the Company. (Deloitte & Touche have been Auditors of the Company for the past four years).

3. Dividend

To note that no dividend was declared by the Directors in 2020 in order to preserve cash resources and safeguard the business amidst the COVID-19 pandemic.

B. SPECIAL BUSINESS

To note that there was no special business in 2020.

C. ANY OTHER BUSINESS

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

D. APPOINTMENT OF PROXY

In terms of the Companies and Other Business Entities Act [Chapter 24:31], member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company.

Proxy forms must be deposited at the Registered Office of the Group or scanned and sent by email to info@fts-net.com not less than forty-eight (48) hours before the time appointed for holding the meeting.

By Order of the Board

Faithful Sithole
Company Secretary

Registered Office
Manresa Works,
Arcturus Road,
Harare

Wednesday, 14 July 2021

LAFARGE A MEMBER OF HOLCIM

PROXY

FORM

POSTAL ADDRESS
THE SECRETARY
LAFARGE CEMENT ZIMBABWE LIMITED
P.O.Box GD 160
Greendale
Harare
Zimbabwe

Sixty-Seventh Annual General Meeting

I/We ....

of ....

being a member of the above Company and entitled to vote, hereby appoint ....

of ....

or failing him ....

of ....

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on our behalf at the Annual General Meeting of the Company to be held on Tuesday 6 August 2021 at 1200hrs through an online virtual platform and at any adjournment thereof.

Signed this ....day of.................................2021

Signature of member: ....

NOTE: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, vote and speak in their stead. A proxy need not be a member of the Company. Proxy forms must be lodged at the registered office of the company not less than forty-eight hours before the scheduled time of the meeting.

Change of Address

Shareholders are reminded of the need to keep the Company's transfer secretaries up to date with their contact details. If contact details have changed within the past year, complete this form and hand it over to the Company Secretary at the Annual General Meeting.

Shareholder's name in full **(Block letters please)**...

....

New address **(Block letters please)** ....

....

Email address ....

Shareholder's signature ....

form can be posted to info@fts-net.com

Lafarge Cement Zimbabwe Limited
Manresa Plant, Arcturus Road Manresa,
Harare, Zimbabwe

Switchboard: 086 77 215 000/ 086 88 005 000
Sales direct line: 086 77 215 215/ 086 88 005 215
Email: zim.sales@lafarge.com
Email: info@lafarge.com

www.lafarge.co.zw

A MEMBER OF
HOLCIM