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Proplastics

Pipe Systems That Last

Abridged Audited Financial Results

For the year ended 31 December 2021

Chairman's Statement

Introduction
It is my pleasure to present to you the operational and financial performance for the Group for the full year ended 31 December 2021.

Despite the slowdown in inflation during the year, the Country is still classified as a hyper-inflationary economy. As a result, the financial performance has been prepared in accordance with the provisions of IAS 29 "Financial Reporting in Hyper-inflationary Economies" for the Group and Company. In the report, "Group" refers to Proplastics Limited and its subsidiary companies; Promouldings (Private) Limited and Dudway Investments (Private) Limited.

Operating Environment
The general macroeconomic environment continued to improve with inflation slowing down and exchange rates more stable compared to prior year. However, the disbursement of foreign currency on the Auction platform continued to lag despite the liquidation of the local balances at the time of allocation. In addition, the gap between the official and the alternative market remain hugely distorted. The allocation of foreign currency from the Auction platform does not adequately cover the net requirements of the Group thereby causing operational challenges on the procurement of requisite raw material stocks. We urge the authorities to continuously review the current approach to this pertinent issue which has a fundamental impact on the performance of the economy at large.

During the year under review, the World experienced crippling raw material shortages of hydrocarbons derivatives accompanied by massive global price increases of the main ingredients used in the manufacture of our key products. This was exacerbated by the logistical challenges faced by the shipping lines owing to the Covid-19 pandemic which resulted in severe shortage of vessels resulting in long lead times in transporting products via the seas.

However, the above challenges were anticipated and adequate mitigatory measures were put in place to minimize total disruptions in the entire value chain. As a result, the factory was able to run largely uninterrupted during the year under review. The supply of electricity was very unstable during the year with the factory having to run on the standby generator for lengthy periods adding significant costs to operational overheads.

It is, however, pleasing to advise all stakeholders that despite these challenges, demand for the Group's products remained strong during the year and as a result, the performance showed solid growth in volumes over the prior year.

Financial Performance
The commentary is based on inflation adjusted figures, which form the primary reporting framework.

Turnover grew 57% to ZWL2,773 billion from ZWL 1,762 billion in prior year on the back of a 24% increase in volumes and taking cognizance of price adjustments due to the global increases in the main components of raw materials. Encouragingly, exports grew by 149% and contributed 11% to total turnover for the period under review. It is also important to note that a significant portion of the Group's revenue was recorded at the auction rate, having been received in United States Dollars.

Given the global raw material shortages, cost of sales rose by 48% from prior year. The Group posted a gross profit of ZWL 933million compared to ZWL 515 million in prior year.

Overheads were contained to manageable levels and as a result, the Group recorded an EBITDA of ZWL 624 million compared to ZWL 442 million in prior year and profit before tax of ZWL 408 million compared to ZWL 279 million in prior year.

The statement of financial position remained strong with total assets amounting to ZWL 3,465 billion. The Asset base of the Group is fairly new and has been accounted for in the financial statements in terms of IFRS 13 (Fair Value Measurement). Directors are mindful of the need to constantly review the asset valuations in order to accurately reflect the worth of the investment in the business.

The recently constructed factory is now fully functional, and the attention has shifted towards beefing up working capital to sweat out the investment to its installed capabilities. To this end, borrowings for the Group increased significantly with the debt to equity ratio now sitting on 16%. The current ratio closed the year on 2.21.

The Group closed the year with cash and cash equivalents of ZWL 328 million.

Safety, Health, And Quality Management Systems
The business recorded four lost time injuries with the severity rate at 10 compared to 4.4 in prior year. Most of the injuries were outside the Company premises. The Business will continue to rigorously work on this area as our policy remains zero harm. Proplastics Limited remain certified to the following key international compliance standards for its processes: -

- ISO 9001:2015 (Quality Management System)
- ZWS ISO 14001:2015 (Environmental) and
- ISO 45001:2018 (Health and Safety)
- SAPPMA (Southern African Plastics Pipes Manufacturers Association).

Migration to the new standard ISO 45001:2018 from the old Standard OSHAS 18001:2007 was completed during the year under review. This standard has an improved risk-based thinking approach.

Outlook
With the business and the general economic environment improving, and the recently constructed new factory and mixing plant fully operational, the focus is now on strengthening the Group's working capital position. It is expected that demand for the Group's products will continue to firm buoyed by the various sectors of the local economy. There is an upsurge in demand especially from the mining sector as well as other sectors.

The optimisation of the Group's working capital, in particular raw material stocks, will depend on foreign currency availability on the Auction platform as current allocations are well below the Group's requirements. The Group has maintained sound relationships with suppliers, but there is risk of straining these if allocations remain inadequate and the settling thereof experience delays. The Reserve Bank of Zimbabwe has recently provided some assurance that the auction backlog is to be significantly reduced and the auction made more relevant to the requirements of the market.

The war in Ukraine will certainly have an impact on the business, in particular raw material supply of hydrocarbons origin, and the Group is already working on mitigatory measures to minimise the risk posed. The impact of the war on agriculture, however, will most likely result in more aggressive investment in this sector in our economy and this augurs well for our business.

The new 500mm line has since arrived and is already under commissioning. This line will undoubtedly address the demand for large bore PVC diameter pipes which is on the rise and significant orders for this product have already been received prior to commissioning.

The Group is now well positioned to capitalise on certain opportunities to widen its footprint in the Region and efforts are underway to investigate in detail these potential initiatives.

The Board is pleased to announce that 100% of its staff received both the first and second inoculations against the COVID -19 virus. Whereas the pandemic is no longer as pertinent a risk as it was in prior year, the Group will continue to observe all COVID -19 protocols as announced by the Ministry of Health and Child Welfare, as well as the World Health Organization for the well-being of all our stakeholders.

Dividend
In view of the performance for the year, the Board proposes a final dividend of ZWL38 cents per share. To preserve cash reserves for possible growth initiatives, the dividend will have a scrip option. The details on the dividend will be published separately.

Acknowledgements
I would like to extend my appreciation to management and all the employees for their hard work during the year under review. I would also like to thank my fellow Board members for their commitment and guidance to steer the Group through these challenging but exciting times as well as all our stakeholders for their continued support.

G. SEBBORN
29 April 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 DECEMBER 2021

	Notes	Inflation adjusted		Historical	
		31 Dec 2021 ZWL 000 Audited	31 Dec 2020 ZWL 000 Audited	31 Dec 2021 ZWL 000 Unaudited	31 Dec 2020 ZWL 000 Unaudited
Assets					
Non-current assets					
Property, plant & equipment	3	2,148,040	1,968,977	2,136,207	1,220,648
Right of use assets	4	48,247	22,192	6,433	4,651
Total non- current assets		**2,196,287**	**1,991,169**	**2,142,640**	**1,225,299**
Current assets					
Inventories	5	499,646	510,964	384,034	250,793
Trade and other receivables	6	440,764	234,569	394,521	140,758
Cash and cash equivalents		328,063	45,434	328,063	28,265
Total current assets		**1,268,473**	**790,967**	**1,106,618**	**419,816**
Total assets		**3,464,760**	**2,782,136**	**3,249,258**	**1,645,115**
Equity and liabilities					
Equity					
Share capital		1,542	1,542	26	26
Reserves		1,643,584	1,393,265	1,639,364	875,272
Retained earnings		608,714	447,612	446,751	194,648
Total equity		**2,253,840**	**1,842,419**	**2,086,141**	**1,069,946**
Non-current liabilities					
Long-term borrowings	7	113,878	50,354	113,878	31,327
Long-term lease liability		5,749	6,989	5,749	4,348
Deferred taxation		516,937	397,180	472,140	239,200
Total non-current liabilities		**636,564**	**454,523**	**591,767**	**274,875**
Current liabilities					
Trade and other payables	8	275,286	371,111	272,280	229,320
Short-term borrowings	7	241,547	16,074	241,547	10,000
Current tax payable		53,882	93,508	53,882	58,174
Short-term lease liability		3,641	4,501	3,641	2,800
Total current liabilities		**574,356**	**485,194**	**571,350**	**300,294**
Total liabilities		**1,210,920**	**939,717**	**1,163,117**	**575,169**
Total equity and liabilities		**3,464,760**	**2,782,136**	**3,249,258**	**1,645,115**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Inflation Adjusted		Historical	
	12 months to 31 Dec 2021 Audited ZWL 000	12 months to 31 Dec 2020 Audited ZWL 000	12 months to 31 Dec 2021 Unaudited ZWL 000	12 months to 31 Dec 2020 Unaudited ZWL 000
Revenue	**2,772,998**	**1,761,570**	**2,215,369**	**813,368**
Cost of sales	(1,839,612)	(1,246,169)	(1,292,733)	(418,695)
Gross profit	**933,386**	**515,401**	**922,636**	**394,673**
Net monetary gain	86,959	268,260	-	-
Other (expenses)/ income	(3,169)	2,172	(3,423)	986
Distribution costs	(92,396)	(60,135)	(76,286)	(27,367)
Administrative expenses	(459,292)	(389,899)	(364,499)	(163,343)
Profit before interest and tax	**465,488**	**335,799**	**478,428**	**204,949**
Finance costs	(57,441)	(56,457)	(43,270)	(10,618)
Profit before tax	**408,047**	**279,342**	**435,158**	**194,331**
Income tax expense	(174,526)	(144,993)	(128,624)	(32,945)
Profit for the year	**233,521**	**134,349**	**306,534**	**161,386**
Other comprehensive income				
Items that will not be reclassified to Profit and Loss				
Revaluation of Property, Plant and Equipment	323,950	327,959	996,806	1009,725
Related tax	(75,764)	(70,495)	(234,847)	(244,270)
	248,186	**257,464**	**761,959**	**765,455**
Items that may be reclassified to Profit and Loss	-	-	-	-
Other comprehensive income net of tax	**248,186**	**257,464**	**761,959**	**765,455**
Total comprehensive income for the year	**481,707**	**391,813**	**1,068,493**	**926,841**
Basic earnings per share (cents)	**90.83**	**52.39**	**119.23**	**62.93**
Diluted earnings per share (cents)	**89.49**	**51.86**	**117.47**	**62.30**
Headline earnings per share (cents)	**89.78**	**52.24**	**119.20**	**62.88**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

Inflation adjusted Audited	Share capital ZWL 000	Reserves ZWL 000	Retained Earnings ZWL 000	Total equity ZWL 000
Balance at 31 December 2019	**1,542**	**1,137,226**	**313,263**	**1,452,031**
Revaluation surplus (net of tax)	-	257,464	-	257,464
Share based payments	-	(1,535)	-	(1,535)
Share Premium on share options	-	110	-	110
Profit for the year	-	-	134,349	134,349
Balance at 31 December 2020	**1,542**	**1,393,265**	**447,612**	**1,842,419**
Dividend paid	-		(72,419)	(72,419)
Revaluation surplus (net of tax)	-	248,186	-	248,186
Share based payments	-	2,055	-	2,055
Share options exercised	-	78	-	78
Profit for the year	-	-	233,521	233,521
Balance at 31 December 2021	**1,542**	**1,643,584**	**608,714**	**2,253,840**

Historical Unaudited	Share capital ZWL 000	Reserves ZWL 000	Retained earnings ZWL 000	Total equity ZWL 000
Balance at 31 December 2019	**26**	**110,703**	**33,262**	**143,991**
Revaluation surplus (net of tax)	-	765,455	-	765,455
Share based payments	-	(955)	-	(955)
Share premium	-	69	-	69
Profit for the year	-	-	161,386	161,386
Balance at 31 December 2020	**26**	**875,272**	**194,648**	**1,069,946**
Dividend paid	-		(54,431)	(54,431)
Revaluation surplus (net of tax)	-	761,959	-	761,959
Share based payments	-	2,055	-	2,055
Share options exercised	-	78	-	78
Profit for the year	-	-	306,534	306,534
Balance at 31 December 2021	**26**	**1,639,364**	**446,751**	**2,086,141**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Inflation adjusted		Historical	
	12 months to 31 Dec 2021 Audited ZWL 000	12 months to 31 Dec 2020 Audited ZWL 000	12 months to 31 Dec 2021 Unaudited ZWL 000	12 months to 31 Dec 2020 Unaudited ZWL 000
Cash flows from operating activities	**253,094**	**(53,014)**	**234,552**	**63,124**
Interest paid	(57,441)	(33,523)	(43,270)	(8,780)
Income tax paid	(165,508)	(58,868)	(134,824)	(23,422)
Net cash flows from operating activities	**30,145**	**(145,405)**	**56,458**	**30,922**
Net cash flows utilised in investing activities	(17,142)	(91,771)	(14,425)	(48,512)
Net cash flows generated from financing activities	250,622	24,211	251,455	27,920
Net increase/(decrease) in cash and cash equivalents	**263,625**	**(212,965)**	**293,488**	**10,330**
Opening cash balance	45,434	40,403	28,265	5,603
Effects of IAS 29 on inflation adjustment of cash flow items	9,667	158,587	-	-
Effects of currency translation on cash and cash equivalents	9,337	59,409	6,310	12,332
Closing cash and cash equivalents	**328,063**	**45,434**	**328,063**	**28,265**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2021

1. Basis of preparation
The Consolidated Financial Statements have been prepared in accordance with IFRS Standards as well as under the current cost basis as per provision of IAS 29: "Financial Reporting in Hyperinflationary Economies." The Group adopted IAS 29 effective 1 July 2019 as per guidance issued by the local accounting regulatory board, the Public Accountants and Auditors Board (PAAB) which relates to financial reporting period on or after 1 July 2019. These financial statements were approved by the Board of Directors on 29 April 2022.

1.1 Determination of Functional currency
The functional currency of the Company in the prior year was Zimbabwe dollars (ZWL). The Government of Zimbabwe issued statutory instrument "SI" 85 of 2020 which permitted use of free funds for domestic transactions. As a result, the Directors noted a mix of US$ and ZWL sales affecting determination of the functional currency of the Company. The Directors have applied their judgement and believe that the functional currency for the year ended 31 December 2021 remains ZWL. The Directors will continue reviewing this position going forward as they believe it's a close call.

1.2 Statement of compliance
The Group's Financial Statements, where practicable, have been prepared in accordance with International Financial Reporting Standards, except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates", in the comparative statement of profit and loss and other comprehensive income and in the manner required by the Zimbabwe Stock Exchange Listing Requirements. Due to the requirements of Statutory Instrument 33 of 2019, it was not practical to comply with requirements of IAS21: Effects of Changes in Foreign Exchange rates, in prior period, but the effect on the current year is immaterial.

1.3 Hyperinflation
The Group adopted IAS 29" Financial Reporting in Hyper-Inflationary Economies" with effect from 1 July 2019 as per the guidance issued by the Public Accountants and Auditors Board (PAAB) through pronouncement 1/2019. The restated approach was applied as if the economy had been hyperinflationary from October 2018.

Pro plastics
Pipe Systems That Last

Abridged Audited Financial Results

For the year ended 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
for the year ended 31 December 2021

The Group adopted the Zimbabwe Consumer Price Index (CPI) to restate the transactions and balances. The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website. The conversion factors used to restate the Financial Statements are as follows:

Date	Indices	Conversion Factor
CPI as at 31 December 2021	3,977.46	1
CPI as at 31 December 2020	2,474.51	1.61
Average CPI 2021	3,153.23	
Average CPI 2020	1,579.09	

2. Reporting Currency

The Group's financial statements are presented in Zimbabwe dollars (ZWL), which is the Group's presentation currency as at 31 December 2021. All the Group's subsidiaries operates in Zimbabwe and Zimbabwe dollar (ZWL) is both their functional currency and presentation currency.

3.1 Property, Plant, and Equipment

Group

Inflation adjusted **Cost**	Freehold Land & Buildings ZWL 000	Leasehold Improvements ZWL 000	Capital Work in Progress ZWL 000	Plant & Equipment ZWL 000	Motor Vehicles ZWL 000	Furniture &Office Equipment ZWL 000	Total ZWL 000
Balance at 31 December 2019	**242,445**	**6,129**	**481,628**	**1,214,422**	**95,572**	**46,289**	**2,086,485**
Additions	-	-	65,246	593	22,743	3,372	91,954
Disposals	-	-	-	-	(93)	(286)	(379)
Revaluation gains/(losses)	232,546	-	-	(377,648)	(44,090)	(19,245)	(208,437)
Transfer in/(out)	518,793	-	(533,132)	6,037	8,302	-	-
Balance at 31 December 2020	**993,784**	**6,129**	**13,742**	**843,404**	**82,434**	**30,130**	**1,969,623**
Additions	3,397	1,138	4,398	5,229	7,007	10,023	31,192
Disposals	-	-	-	(14,882)	(11,546)	(556)	(26,984)
Revaluation gains/(losses)	430,509	-	-	(281,697)	13,903	12,206	174,921
Transfer (out)/in	-	-	(365)	303	-	62	-
Balance at 31 December 2021	**1,427,690**	**7,267**	**17,775**	**552,357**	**91,798**	**51,865**	**2,148,752**
Accumulated Depreciation							
Balance at 31 December 2019	**(8,296)**	**(616)**	**-**	**(380,469)**	**(30,441)**	**(18,299)**	**(438,121)**
Depreciation for the year	(2,070)	(30)	-	(81,641)	(9,597)	(5,941)	(99,279)
Disposals	-	-	-	-	98	260	358
Elimination of Accumulated Depreciation	10,366	-	-	462,110	39,940	23,980	536,396
Balance at 31 December 2020	**-**	**(646)**	**-**	**-**	**-**	**-**	**(646)**
Depreciation for the year	(24,884)	(66)	-	(103,116)	(14,582)	(8,601)	(151,249)
Disposals	-	-	-	1,266	826	62	2,154
Elimination of Accumulated Depreciation	24,884	-	-	101,850	13,756	8,539	149,029
Balance at 31 December 2021	**-**	**(712)**	**-**	**-**	**-**	**-**	**(712)**
Carrying Amount							
Balance at 31 December 2020	**993,784**	**5,483**	**13,742**	**843,404**	**82,434**	**30,130**	**1,968,977**
Balance at 31 December 2021	**1,427,690**	**6,555**	**17,775**	**552,357**	**91,798**	**51,865**	**2,148,040**
Reconciliation of Revaluation gains /(losses)							
31 December 2020							
Revaluation gains/(losses)	232,546	-	-	(377,648)	(44,090)	(19,245)	(208,437)
Elimination of Accumulated Depreciation	10,366	-	-	462,110	39,940	23,980	536,396
Total revaluation gains/(losses) as per OCI	**242,912**	**-**	**-**	**84,462**	**(4,150)**	**4,735**	**327,959**
31 December 2021							
Revaluation gains/(losses)	430,509	-	-	(281,697)	13,903	12,206	174,921
Elimination of Accumulated Depreciation	24,884	-	-	101,850	13,756	8,539	149,029
Total revaluation gains/(losses) as per OCI	**455,393**	**-**	**-**	**(179,847)**	**27,659**	**20,745**	**323,950**

Freehold land and buildings with a carrying amount of $1,428 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie. The Group's and Company property, plant and equipment are insured at full replacement cost.

3.2 Property, Plant and Equipment
Group

Historical unaudited **Cost**	Freehold Land & Buildings ZWL 000	Capital Work in Progress ZWL 000	Leasehold Improvements ZWL 000	Plant & Equipment ZWL 000	Motor Vehicles ZWL 000	Furniture & Office Equipment ZWL 000	Total ZWL 000
Balance at 31 December 2019	**32,591**	**38,991**	**99**	**119,492**	**9,085**	**3,954**	**204,212**
Additions	-	32,699	-	300	13,723	1,890	48,612
Revaluation gains	524,956	-	-	402,715	27,307	13,074	968,052
Transfer in/(out)	60,708	(64,098)	-	2,193	1,197	-	-
Disposals	-	-	-	-	(27)	(174)	(201)
Balance at 31 December 2020	**618,255**	**7,592**	**99**	**524,700**	**51,285**	**18,744**	**1,220,675**
Additions	2,772	4,239	876	3,949	6,173	7,343	25,352
Revaluation gains	806,663	-	-	36,393	42,819	26,148	912,023
Disposals	-	-	-	(12,873)	(8,478)	(410)	(21,761)
Transfer (out)/in	-	(227)	-	188	-	39	-
Balance at 31 December 2021	**1,427,690**	**11,604**	**975**	**552,357**	**91,799**	**51,864**	**2,136,289**
Accumulated Depreciation							
Balance at 31 December 2019	**(120)**	**-**	**(18)**	**(5,934)**	**(468)**	**(274)**	**(6,814)**
Depreciation for the year	(630)	-	(9)	(28,623)	(3,762)	(2,045)	(35,069)
Disposals	-	-	-	-	28	155	183
Elimination of Accumulated Depreciation	750	-	-	34,557	4,202	2,164	41,673
Balance at 31 December 2020	**-**	**-**	**(27)**	**-**	**-**	**-**	**(27)**
Depreciation for the year	(14,733)	-	(55)	(56,757)	(9,275)	(5,783)	(86,603)
Disposals	-	-	-	1,098	621	46	1,765
Elimination of Accumulated Depreciation	14,733	-	-	55,659	8,654	5,737	84,783
Balance at 31 December 2021	**-**	**-**	**(82)**	**-**	**-**	**-**	**(82)**
Carrying Amount							
Balance at 31 December 2020	**618,255**	**7,592**	**72**	**524,700**	**51,285**	**18,744**	**1,220,648**
Balance at 31 December 2021	**1,427,690**	**11,604**	**893**	**552,357**	**91,799**	**51,864**	**2,136,207**
Reconciliation of Revaluation gains							
31 December 2020							
Revaluation gains	524,956	-	-	402,715	27,307	13,074	968,052
Elimination of Accumulated Depreciation	750	-	-	34,557	4,202	2,164	41,673
Total revaluation gains as per OCI	**525,706**	**-**	**-**	**437,272**	**31,509**	**15,238**	**1,009,725**
31 December 2021							
Revaluation gains	806,663	-	-	36,393	42,819	26,148	912,023
Elimination of Accumulated Depreciation	14,733	-	-	55,659	8,654	5,737	84,783
Total revaluation gains as per OCI	**821,396**	**-**	**-**	**92,052**	**51,473**	**31,885**	**996,806**

Freehold land and buildings with a carrying amount of $1,428 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie. The Group's and Company property, plant and equipment are insured at full replacement cost.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS
for the year ended 31 December 2021

	Group			
	Inflation adjusted		Historical	
	31 Dec 2021 ZWL 000 Audited	31 Dec 2020 ZWL 000 Audited	31 Dec 2021 ZWL 000 Unaudited	31 Dec 2020 ZWL 000 Unaudited
4. Right of use asset				
Balance at 1 January	**22,192**	**12,531**	**4,651**	**483**
Additions to right of use	32,830	16,970	6,787	8,040
Depreciation charge for the year	(6,775)	(7,309)	(5,005)	(3,872)
Balance as 31 December	**48,247**	**22,192**	**6,433**	**4,651**
5. Inventories				
Raw Materials	196,158	216,225	177,611	108,842
Work in progress	141,076	93,305	102,410	52,008
Finished goods	163,571	245,854	95,354	88,168
Spares and consumables	46,205	45,691	18,026	4,835
Provision for slow moving inventories	(47,364)	(90,111)	(9,367)	(3,060)
Total inventories	**499,646**	**510,964**	**384,034**	**250,793**
6. Trade and other receivables				
Trade receivables	44,025	52,034	44,025	32,371
Prepayments	306,508	108,221	260,317	62,303
Deposits and other receivables	100,442	75,331	100,390	46,716
	450,975	**235,586**	**404,732**	**141,390**
Less: Allowances for doubtful receivables	(10,211)	(1,017)	(10,211)	(632)
Total trade and other receivables	**440,764**	**234,569**	**394,521**	**140,758**
7. Borrowings				
Long term loan	113,878	50,354	113,878	31,327
Short term loan	241,547	16,074	241,547	10,000
Total borrowings	**355,425**	**66,428**	**355,425**	**41,327**

The loan is secured by Notarial General Covering Bond (NGCB) with cession of book debts i.e. trade receivables accruing to the group and company with a carrying amount of ZWL$ 6 million, and First Ranking Deed of Hypothecation over immovable assets. There are no specific covenants relating to the loan. It is payable over 3 years at an effective interest rate of 45% per annum. The borrowings are measured at amortised cost.

8. Trade and other payables				
Trade payables	213,602	249,626	211,574	155,298
Accruals and other payables	61,684	121,485	60,706	74,022
Total trade and other payables	**275,286**	**371,111**	**272,280**	**229,320**

9. Earnings per share

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

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

Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for profits or losses on disposal of assets for the year.

10. Contingent Liabilities

The Group and Company have no major pending cases which may impact on the future financial conditions of the Group. The current minor cases are related to labour and debt recovery issues. Bank guarantees in issue at the end of the year amounted to ZWL 24.7 million (2020 NIL).

11. Capital Commitments

Capital Expenditure for the year ended 31 December 2021 amounted to ZWL 31,192 million. The budgeted capital expenditure for the year ended 31 December 2022 is ZWL 408 million. The expenditure will be financed from internal resources and existing facilities.

12. Going Concern

The Board has performed a thorough assessment and confirms that the Group and Company has adequate resources to continue in business and into the foreseeable future. This is supported by both current performance and financial forecasts as well as regular upgrade of property plant and equipment. Accordingly, the financial statements have been prepared on the basis that the Group and Company are going concerns.

13. Events after the Reporting Date

Since the beginning of the year 2022, there has been significant movement of the interbank exchange rates at the auction market. As at the reporting date, the rate had increased from a closing rate of 1:111 to 1:159. This represents an average of 43% increase in a period of 4 months. Should this trend continue, the 2022 closing interbank rate could be significantly above the 2021 closing rate.

In addition to the rate movement, the CPI index has significantly increased to current rate of 5,507 from 3,977 as at end of the year.

The war in Ukraine will certainly have an impact on the business, in particular shortages in raw material supply of hydrocarbons origin. However, the Group is already working on mitigatory measures to minimise the risk posed. A positive impact of the war is likely to be felt in agriculture which will most likely experience more aggressive investment in our economy and this augurs well for our business.

There were no other 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.

14. Dividend Declaration

On 30 March 2022, the Proplastics Limited Board declared a final dividend of ZWL 38 cents per share for the year ended 31 December 2021 payable in respect of all ordinary shares of the Company. The dividend will have a scrip option.

15. Auditors' Statement

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2021, which have been audited by KPMG Chartered Accountants (Zimbabwe), with the responsible partner being Vinay Ramabhai. A qualified audit opinion was issued thereon, in respect of exchange rates applied in the comparative period, as the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates, and IAS 8, Accounting policies, Changes in Accounting Estimates and Errors, were not complied with. The audit report includes a section on Key Audit Matters for the year which include the following:

- Functional currency assessment.
- Valuation of property, plant and equipment.
- Appropriateness of exchange rates and;

The auditor's report on the financial statements, which forms the basis of these financial results, is available for inspection at the Group's registered office.

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Independent Auditors' Report

To the shareholders of Proplastics Limited

Qualified opinion

We have audited the inflation adjusted consolidated and separate financial statements of Proplastics Limited (the Group and Company) set out on pages 27 to 89, which comprise the inflation adjusted statement of financial position as at 31 December 2021, 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 notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of Proplastics Limited as at 31 December 2021, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for qualified opinion

Non-compliance with International Financial Reporting Standards IAS 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) in the prior financial year and inappropriate application of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) and the impact of this non-compliance on the comparative financial information.

As described in accounting policy notes 3.10 and 3.17, during the period 1 January 2020 to 23 June 2020, the Group and Company translated foreign denominated transactions and balances using the interbank rate. During this period, due to the lack of access to foreign currency for immediate delivery through the interbank foreign currency market, the interbank rate did not satisfy the requirements to be considered an appropriate exchange rate in accordance with IAS 21. This departure from IAS 21 led to an adverse opinion being issued in the prior year. The financial effects of this departure on the prior year inflation adjusted consolidated and separate financial statements, whilst considered to be material, have not been determined.

The Group and Company have not restated the inflation adjusted consolidated and separate financial statements, as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to resolve the matters which resulted in the adverse opinion in the prior years relating to the non-compliance with IAS 21.

Our opinion on the current year's inflation adjusted consolidated and separate financial statements are modified because of the possible effects of the matter on the comparability of the current year's inflation adjusted consolidated and separate financial statements with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the inflation adjusted consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the inflation adjusted consolidated and separate financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Functional currency assessment

(This key audit matter is applicable to both the inflation adjusted consolidated and separate financial statements)

Refer to accounting policy note 3.10 and 3.17, critical judgements in applying the Group and Company's accounting policies in the determination of the Company's functional currency.

Key audit matter	**How the matter was addressed in our audit**
As disclosed in accounting policy note 3.10 and 3.17, the directors have concluded that the Zimbabwean Dollar (ZWL$) remains the functional currency for the Company for the year ended 31 December 2021. Following the introduction of Statutory Instrument 85 of 2020 in the prior year, which permitted the use of US$ free funds for the settlement of	Our audit procedures included the following: • With the assistance of our technical accounting specialists, we evaluated the functional currency assessment prepared by management considering the primary and secondary indicators as set out in IAS 21 The Effects of Changes in Foreign Exchange Rates;

Key audit matter	How the matter was addressed in our audit
domestic transactions with effect from 29 March 2020 in response to the COVID-19 pandemic, and the ongoing multi-currency regime, the directors have applied their judgement in determining the functional currency with reference to the requirements of IAS 21 paragraph 12 particularly given the mix of foreign and local currencies used. We identified the assessment of the functional currency of Proplastics Limited as representing a key audit matter due to the judgement applied and the significance that the functional currency has on the inflation adjusted consolidated and separate financial statements, as a whole.	• Inspecting and evaluating the underlying data that was used in the quantitative analysis of the functional currency assessment, against source documents; • Evaluating the nature and extent of disclosures made in respect of this critical judgement made in respect of the determination of the functional currency under IAS 1 and IAS 21.

Valuation of property, plant and equipment

(This key audit matter is applicable to both the consolidated and separate inflation adjusted financial statements)

Refer to accounting policy note 3.6 on property, plant and equipment, note 3.16 in respect of significant estimates in applying the Group's and Company's accounting policies and property, plant and equipment note 4.

Key audit matter	How the matter was addressed in our audit
As disclosed in note 4.6, the directors made use of an independent external valuer in determining the fair values of the Group's and Company's property, plant and equipment. Valuations by their nature involve the use of judgement and estimates which involve significant unobservable inputs such as: • Gross costs for construction and setup of specialised property, plant and equipment • Comparable market information and rental yields Valuers rely on historic market evidence for calculation inputs such as quantity surveyor's estimated quantities and costs of construction. The current economic environment is	Our audit procedures included the following: • Holding discussions with the independent property valuer to understand the assumptions and methodologies applied in valuing the properties, plant and equipment and the market evidence supporting the valuation assumptions; • Evaluating the appropriateness of the inputs to the valuations by reviewing supporting market transactions used for the valuations for property, plant and equipment valued using income and market approaches and by reviewing the reasonability of comparable costs used for the valuations of specialised property,

Key audit matter	How the matter was addressed in our audit
volatile hence the valuation intricacies impacting property, specifically land and specialised buildings, in the Zimbabwean market in context of the prevailing hyperinflationary market. We identified the valuation of property, plant and equipment as representing a key audit matter due to the significance of the balance to the inflation adjusted consolidated and separate financial statements as a whole, combined with the level of judgement and estimation uncertainty associated with determining the fair values.	plant and equipment valued using the depreciated replacement cost method; • Consulting with our technical experts on the appropriate methodology applicable to the translation of US$ valuations performed on specialised property, plant and equipment to ZWL$ in line with the requirements of the applicable financial reporting standards; • Assessing the competency, capability and objectivity of the qualified, independent valuer and inquiring about interests and relationships that may pose a threat to the valuer's objectivity, as well as validating their professional memberships; • Assessing the adequacy of the disclosures in respect of the revaluation model and assumptions adopted as per the requirements of IAS 16, Property, Plant and Equipment and IFRS 13, Fair value measurement as well as disclosures relating to significant estimation uncertainty around the valuations performed.

Appropriateness of Exchange Rates Applied

(This key audit matter is applicable to both the consolidated and separate inflation adjusted financial statements)

Refer to accounting policy note 3.17, critical judgements in applying the Group and Company's accounting policies in the determination of the Group and Company's exchange rates.

Key audit matter	How the matter was addressed in our audit
As disclosed in accounting policy 3.17, the directors have concluded that the auction rate is the most appropriate spot exchange rate applicable to the Group and Company as at and for the year ended 31 December, 2021. Management made this assessment taking into account the key elements disclosed in note 3.17.	Our audit procedures included the following: • Reviewing and challenging the appropriateness of management's assessment of the appropriateness of the exchange rates used by management considering actual success on the auction platform. • Evaluating the Group and Company's successful bids and

Key audit matter	How the matter was addressed in our audit
Throughout the year there was limited availability of foreign currency and the significant delays faced by entities in accessing foreign currency on the foreign exchange auction platform. A parallel foreign exchange markets trading at significant premiums continued to exist in the market during the financial year. Due to the judgement involved in determination of the appropriate exchange rate and the significance of exchange rates on foreign-currency denominated transactions and balances on the inflation adjusted consolidated and separate financial statements we determined this to be a key audit matter.	attainment of foreign currency on the auction platform in relation to their overall requirements for the year to assess the extent to which the entity has been able to access its foreign currency requirements. • Considering the accounting implications of any significant backlog of successful bids as at 31 December 2021 as well as their subsequent clearance. • Evaluating the nature and extent of disclosures made in respect of this critical judgement made in respect of the determination of the appropriate exchange rate.

Other information

The directors are responsible for the other information. The other information comprises all other information included in the document title "Propolastics Limited Annual Report for the year ended 31 December 2021", including any columns throughout the document titled "Historical Unaudited" but does not include the inflation adjusted consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described below, we have concluded that such a material misstatement of the other information exists.

As described in the Basis of qualified opinion section above, the Group and Company should have restated the comparative information, included in the performance statements, translating foreign currency transactions to ZWL$, using a rate determined in accordance with IAS 21. We have therefore concluded that reference to comparative information within the other information is materially misstated for the same reason.

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

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

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

Auditors' responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

KPMG

Vinay Ramabhai
Chartered Accountant (Zimbabwe
Registered Auditor
PAAB Practicing Certificate Number 0569

30 April 2022

For and on behalf of, KPMG Chartered Accountants (Zimbabwe), Reporting Auditors

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